



Social Security Measures for the Unorganized Construction Workers in India some Evidences

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Introduction

The unorganized sector in India comprises roughly of 92 per cent of the population in the working age group. Of the 376 million workers in 2000, only 8 per cent were in the organized sector, and had access to statutory social security benefits. The remaining workforce had been socially excluded and suffered from persistent deprivation associated with general low standards of living and social insecurity. The unorganized sector makes a significant contribution to the national wealth; yet, workers in this sector do not have access to sufficient and reliable social security. Although the unorganized workers have some access to risk-management mechanisms such as micro-finance, their access to statutory benefits like health care, old age pension, etc., has been quite poor. These workers adopt informal strategies such as borrowings, sale of assets, etc, which are very expensive and their continued dependence on such strategies only renders them more vulnerable.

The governments at the central and state levels have found it challenging to formulate social security schemes for unorganized workers for the following reasons: A large proportion of these workers is poor, illiterate, vulnerable and isolated. A vast majority of them do not have fixed employer and employee relationship. The unorganized sector work is usually temporary, seasonal and changing in nature, and many occupations within this sector are home-based. Notwithstanding the attempts of the government to provide social security in the form of pensions and other benefits, the problems of minuscule coverage and paltry amounts of benefits were often noticed. The workers in certain occupations like beedi industry in Karnataka, who were initially benefiting from statutory provisions such as minimum wages, provident fund, etc., chose to become 'unorganized' by way of withdrawing accumulated provident fund to meet the life-cycle needs (Rajasekhar and Sreedhar 2002). Attempts to initiate social security funds have ended up with high operational costs leading to poor viability. A severe resource crunch has not only disabled the governments to introduce social protection programs but also has been inviting questions from them, such as "where is the need to start universal health insurance scheme when free health care services are provided through public health centres?"

The policy makers, therefore, often encounter the following questions while formulating the social security schemes. What are the priority social security needs of unorganized workers? What existing mechanisms and strategies do they use to meet the social security needs? Do social security needs and risk management strategies vary across different categories and within a particular category of unorganized workers? Are workers willing to contribute to social security? If yes, how much? Is it sufficient to introduce financially viable and sustainable schemes for the workers? If not, what are the subsidy implications for the government? For which categories of unorganized workers are subsidies needed? And, so on. This paper is a modest attempt to address these questions with the objectives of analyzing the social security needs of the unorganized sector workers, examining the risk management mechanisms that are most frequently used by these workers and assessing their willingness to participate in contributory social security schemes. For this purpose, a large sample from agricultural, construction and domestic workers, accounting for a large proportion of unorganized workers in both urban and rural areas of four agro-climatically different districts in Karnataka, was drawn.

The paper has been presented in six sections. Section 2 places the research questions and hypotheses in the larger framework of social security and provides a brief note on the sample areas and workers. Section 3 explores the links between the protective and promotional

aspects of social security. Section 4, which analyses the different risks of workers, and the mechanisms employed to overcome these risks, shows that despite the efforts of the government to provide social security, there seem to be severe constraints with respect to their access. Section 5 looks at the willingness of the workers to contribute towards social security schemes to explore the feasibility of a contributory social security scheme. Section 6 presents the main conclusions of the analysis.

Social Security for the Unorganized Sector

Two dominant paradigms in the social security literature are Protection and Promotion. Protective Social Security is the label given to the following definition of ILO (1984) on social security: 'The protection which society provides for its members, through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death; the provision of medical care; and the provision of subsidies for the families with children'.

This definition presupposes that the members of society have already reached an acceptable standard of living and the main aim of social security is to protect them from a fall in their standard of living. Implicit in this is the understanding of social security as a concept whereby the core of income and welfare is assured through regular participation in work and production, leaving only specific contingencies to be tackled through public policy. While this type of social security succeeds in developed countries, its applicability and adaptability to developing countries are found to be questionable given the large unorganized sector in these countries.

The need for a broader concept of social security was, therefore, felt in developing countries as it became clear that protective social security did not take into account the high degree of deprivation and vulnerability of the majority of the population (Dev et al 2001). Dreze and Sen (1989) first articulated the broader concept of social security as '... social means to prevent deprivation and vulnerability to deprivation; known as the promotional aspect of social security. This concept has the objective of enhancing the normal living conditions and dealing with regular and often persistent deprivation. It is, in a sense, more ambitious, in wanting to eradicate problems that have persisted for thousands of years, and this ought to be the ultimate end of any social security program (Dreze and Sen 1999: 3).

There have been several debates on the two aspects of social security, but one thing is clear: while the objectives of protection and promotion are distinct, the pursuits of these objectives are not entirely independent of each other. Nor is the importance of one independent of the achievement of the other. This paper, therefore, raises the question of what are the protective social security needs of the workers, and how are they related to the basic entitlements of worker households. We hypothesize in this paper that there are links between the promotional and protective needs of the workers.

The provision of social security is also seen in a Social Risk Management (SRM) framework (Holzmann and Jorgensen 2000: 3). The main idea behind SRM is that all individuals, households and communities are vulnerable to multiple risks¹ from different sources, whether they are natural (earthquakes, floods, etc) or human-made (unemployment, environmental degradation, war, etc). These shocks hit the individuals, communities and regions in an unpredictable manner, and cause and aggravate poverty. This implies increased vulnerability since the poor are typically more exposed to risk while they have limited access to

risk management instruments. Therefore, the provision and selection of appropriate SRM instruments become important in order to reduce vulnerability and poverty. SRM, thus, clubs both the promotional and protective aspects of social security, and is useful in analyzing mechanisms and strategies adopted by the unorganized sector workers.

Arrangements are of three types; formal, market-mediated and informal (Holzmann and Jorgensen 2000). Formal arrangements typically refer to government-initiated programs. Under informal arrangements such as entering sharecropping arrangements with a landlord, borrowing from employers, moneylenders or relatives, sale of assets, etc, promises of reciprocity cannot be enforced due to lack of legally binding commitments. Market-mediated arrangements refer to the programs such as micro-finance² and micro-insurance having the potential to serve as effective risk management

mechanisms. The risk management strategies are prevention, mitigation and coping (Holzmann and Jorgensen 2000). Prevention strategies are employed before a risk occurs, the idea being to reduce the probability of a downside risk. Mitigation strategies are also used before the risks occur; but the main aim of mitigation is to reduce the adverse impact of a future risk. Coping strategies are used after the risk has occurred, when there is no other option.

Do all unorganized workers have access to the mechanisms and strategies? The literature suggests that access to and utilization of formal social security measures were uneven across different vulnerable groups (Gayathri 2001). It is, therefore, hypothesized that access to and utilization of formal social security measures vary across the workers in different occupations and within an occupation; that the unorganized workers mainly adopt informal strategies; and that the costs involved in employing informal mechanisms and strategies by the unorganized workers outweigh the benefits obtained by them.

Since the characteristics of unorganized workers (lack of fixed employer-employee relationship, etc.) do not easily permit the application of standard social security scheme, it becomes essential to design a scheme appropriate to their characteristics. Two sets of issues are important here. First, in view of the severely constrained public finances, most of the developing countries do not have resources to support a general social assistance program. It, therefore, becomes essential to analyze whether the unorganized workers are able to contribute to social security or not. The second set of issues relates to contributory mechanisms. Since the facility for the collection of contributions through deductions from wage payments made by the employers is either not available (as in the case of self-employment) or not easy (as in the case of informal type of employment), a workable arrangement is necessary. The widespread perception is that unorganized workers are unwilling to contribute towards social security.

The workers, if they are provided with a dependable scheme, may be willing to contribute, although the very poor may need assistance. We, therefore, hypothesize that the workers are willing to contribute to social security scheme provided that it is reliable and convenient; and that the willingness to contribute varies across the different categories of workers. These hypotheses have been analyzed with the help of data collected from 910 sample workers belonging to agriculture, construction and domestic work drawn from four agro-climatically different districts in Karnataka. Dakshina Kannada, being coastal and hilly area, is a highly developed district with plantation crops of areca, coconut and rubber making all the difference. As a contrast, Gulbarga is semi-arid and grows rain-fed crops such as jowar, bajra and sunflower. It is also a district from where a large number of unorganized workers migrate. Mysore is a developed district, with large tracts of irrigated lands. There is, therefore good demand for agricultural labour. Greater Bangalore represents both Bangalore Rural and Urban districts, which was chosen mainly because of its proximity to Bangalore city.

Of the 505 sample agricultural workers, most were landless. Some of the landless labourers, however, had entered into sharecropping agreements with the landlords in their villages. It was found that the sample agricultural workers in Dakshina Kannada were working in both farms and plantations. The sample covered both men (279) and women (226), belonging to the age group of 18 to 65 years. Of the 301 sample construction workers, only around 9 per cent of the workers were migrant workers from other states or other districts within the state. Over half of the workers were skilled with employment in

trades such as masonry, carpentry, painting, plumbing, electricals, bar-bending, etc. Around 45 percent of the sample workers were semi-skilled or unskilled workers. The entire sample of construction workers had only 6 female workers. Around 19 per cent of the workers interviewed were from rural areas, who were daily commuters to the cities for work. The total number of sample domestic workers was 104 and all of them were women³ in the age group of 20 to 60. While some had settled in the cities for some years, many belonged to erstwhile agricultural households and had come to the cities in search of employment.

Levels of Vulnerability and Social Security Needs of Unorganized Workers

It has been criticized that protective social security schemes for the unorganized workers in India were introduced arbitrarily by the government, and hence, they were largely counter-productive. It has also been argued that such a failure was because the policy makers failed to recognize the links between the promotional and protective social security. In this section, we defend the argument that in the case of the highly vulnerable workers, it was the lack of having met the promotional needs⁴ adequately that acted as the biggest constraint in their ability to access protective schemes. Making use of a 'vulnerability index'⁵, we show that different categories of workers have different levels of access to promotional social security (inclusive of food, drinking water, education, housing, health and employment security), and this determines the way they perceive protective social security.

The vulnerability index is used to classify the households into the following three categories – based on the extent to which they have met their basic entitlements.

- The households that face low level of vulnerability are those that have met their basic entitlements adequately and seldom face periods of extreme vulnerability. When they do, they are able to meet these periods effectively without the situation pushing them lower down the vulnerability ladder. More often than not, these households have access to productive assets (land, milch animals, etc.), own consumer durables and obtain significantly higher incomes.
- The households that face medium level of vulnerability are those that have not met their basic entitlements adequately, but still they do not face very high levels of vulnerability in their current lives. However, they are prone to risks, and when they do face high-risk situations, it is possible that these situations render them more vulnerable than they are, in the future.
- The households that face high level of vulnerability are those that have not satisfied their basic entitlements, and are characterized by persistent vulnerability. Typically, they are very low-income households, do not have any assets, and rely to a major extent on credit from moneylenders, who exploit them further.

Table 1: Distribution of households (%) by level of vulnerability and categories of workers

Level of vulnerability	Agricultural workers (n=505)	Construction Workers (n=301)	Domestic workers (n=104)	Allworkers (n=910)
	Mean index:1.44	Mean index:1.41	Mean index:1.40	Mean index:1.42
Low	21.98	28.57	38.46	26.04
Medium	42.38	38.54	26.92	39.34
High	35.64	32.89	34.62	34.62

Table 1 shows that while the average vulnerability indices of the three categories of workers were more or less identical, the distribution of each of the worker categories across the vulnerability indices was different. Agricultural workers were the most vulnerable group. They suffered persistent deprivation with respect to education, employment, drinking water and health.

Table 1 would be concealing much unless it is studied alongside Table 2, which shows the average daily wages of the three worker categories.

Table 2: Average daily wages of workers

Workers	Average daily wages (inRs.)
Agricultural	42.58
Construction	78.54
Domestic	23.10

Table 2 shows that with respect to average daily wages, the construc-

tion workers were way above the domestic and agricultural workers. This is significant in the light of the fact that they emerged as a relatively more vulnerable group. The construction workers earned incomes high enough for them to offset areas and phases of vulnerability in their everyday lives. A large number of these workers, for instance, did not have regular access to the PDS, given the migratory nature of their work, and therefore, had to depend on the open market. But this vulnerability was compensated by the relatively higher wages that they earn. In fact, in several cases, the construction workers did not even perceive their inability to access the PDS or the absence of proper housing facilities at various work-sites as rendering them vulnerable.

The domestic workers, on the other hand, were a mixed bunch. As Table 1 shows, while a good many workers were quite secure in terms of having met all their entitlements adequately (38.46 per cent), almost 35 per cent of these workers also faced a high level of vulnerability. The former category of workers typically belonged to households where the domestic worker's income was only supplementary to the household income, and therefore, despite their own low incomes, they did not face much vulnerability. The latter category of workers faced the most wretched form of deprivations. They were widowed/deserted women, who had to support their families with their incomes alone, they usually didn't have their own houses, nor did they have ration cards. Given the very low incomes, they were unable to educate their children beyond a certain point. The only surety that these workers had was the continuous employment with at least one employer.

One of the factors determining the extent to which the workers are able to meet their basic entitlements is the spatial aspect. Many construction and domestic workers were still recent migrants to the urban areas, and therefore, resided in rented/leased houses, which took away a considerable portion of their monthly incomes, which left them little residual income to meet other necessities. Those who lived in the slums in particular faced very poor housing conditions. Agricultural workers, on the other hand,

barring very few cases, typically had semi-pucca, but own houses. Many of them were recipients of the benefits of government-funded housing programs.

Health security is determined, on the supply side, by the availability of health facilities, and on the demand side, by the people's ability to access the health facility both physically and monetarily. In this sense, the agricultural workers were found to be at considerable disadvantage compared to the other two categories. The non-existence of Primary Health Centres in several villages necessitated the people to travel distances to access them. In the event that they could not do this, they chose to either turn to traditional healers (evidence of this was, however, marginal in the sample), or more often, not address the health problem at all. Even though some villages had private health facilities, most of the agricultural worker households could not afford to pay for these services. Construction workers were better off with respect to health security because usually, their higher incomes and the urban setting allowed them the freedom to choose what kind of services they wanted to avail of. Most construction workers preferred to go to private health centres as against PHCs.

Food Security, in this paper, refers to each household's ability to access the Public Distribution System, and the extent to which it is forced to depend on borrowings to meet the food requirements (See Annex 1). As far as the former is concerned, the agricultural workers were better off, because these were households that had been residing in the rural areas for several years, and most of them had some ration card or the other. A good many were found to have access to subsidized food grains. When it came to the construction and domestic workers, however, the fact that many of them were recent migrants into the urban areas acted to their disadvantage. The domestic workers, in particular, reported that since they lived in rented houses, and were often forced to shift residence, they were unable to get ration cards issued. With respect to borrowing from various sources to meet the food requirements, it was found that across sectors, households did borrow from shopkeepers on credit, informal agencies, etc, to meet food requirements, not necessarily only during periods of shortage.

The social organization of production is another important determinant of the extent of security that workers' households had with respect to employment and education. As mentioned earlier, the do-

mestic workers, in general, enjoyed a higher degree of employment security than the other two categories, and this was a function of their continuous employment throughout the year, which was not the case with the agricultural and construction workers. Education security was found to be highest among the construction workers, which was due to two reasons – their migration into the urban areas, and their higher incomes, which enabled them to send their children for college education, etc. For domestic workers, on the other hand, the relatively high education security was attributable to the relationships they had with their employers. Many domestic workers received the patronage of their employers when it came to their children's education, and were therefore, able to send their children to colleges as well.

The analysis thus far has made two points – a) The unorganized sector is not a homogenous unit – each sector faces a different kind and degree of vulnerability, and b) within each sector, all workers are not equally secure. The sample household had met their basic entitlements to varying extents. These results have an important bearing on the way in which the workers perceived the protective social security needs in relation to old age pension, unemployment, health, employment injury, death, maternity, etc.

Each respondent worker was asked to rank five protective social security needs, namely, old age, employment injury, unemployment, death and sickness. For women workers in the reproductive age, maternity was also included. PRA techniques were used to undertake this exercise. An important finding was that a majority of the workers who were unwilling to rank the protective needs belonged to the highly vulnerable category of households, and a good many belonged to households that faced medium level of vulnerability (Table 3). Table 3 shows that nearly half the sample workers who were unwilling to rank the protective social security needs belonged to the high vulnerability category, and 31.43 per cent belonged to the medium vulnerability category.

Table 3: Distribution of workers (%) by vulnerability categories and willingness to rank protective needs

vulnerability categories	Willingness to rank	
	Yes	No
Low	26.67	20.00
Medium	39.17	31.43
High	34.17	48.57
Total No. of Workers	840	70

The reason that workers were unwilling to rank the protective needs in these cases was quite simply that they did not consider them important enough in the light that even their basic entitlements had not been met entirely satisfactorily. Box 1 substantiates this point.

As in the case of Devamma (Box 1), promotional social security had not been met adequately for a large section of the unorganized workers but the problem was particularly acute for the most vulnerable category, and it kept them out of reach of any kind of protective social security. There was thus clearly a relationship between promotional and protective social security, especially in the case of the most vulnerable groups.

The percentage of workers who were unwilling to rank the needs was less than 10 percent. The remaining workers expressed their priorities for the social security needs. Many of them were able to give their opinion for all the needs, while some mentioned just the most important need. Table 4 shows that for the agricultural and domestic workers, the two most important protective needs were old age pensions and unemployment benefits, while for the construction workers, the three most important needs were unemployment benefits old age pensions and employment injury insurance.

Table 4: Distribution of workers (%) by proportion of top priority to needs and vulnerability categories

vulnerability categories	Sickness	Em- p- loy- ment Injury	Unem- p- loy- ment	Old age pensions	Death	Total No. workers
Agricultural workers						
Low	11.65	6.80	34.95	40.78	5.83	103
Medium	10.05	8.04	36.68	39.70	5.53	199
High	10.32	10.32	35.48	38.06	5.81	155
All workers	10.50	8.53	35.89	39.39	5.69	457
Construction workers						

Low	10.71	23.81	22.62	33.33	9.52	84
Medium	14.16	22.12	37.17	20.35	6.19	113
High	12.63	25.26	30.53	26.32	5.26	95
All workers	12.67	23.63	30.82	26.03	6.85	292
Domestic workers						
Low	13.89	5.56	22.22	41.67	16.67	36
Medium	8.33	4.17	33.33	50.00	4.17	24
High	15.15	9.09	30.30	33.33	12.12	33
All workers	12.90	6.45	27.96	40.86	11.83	93

From the table, it is clear that while there were only marginal differences among the vulnerability categories in the prioritization of agricultural workers, the differences were more marked in the case of the domestic workers. In the latter, a much greater number of workers among the low and medium vulnerability categories had given top priority to old age pensions as compared to unemployment benefits. In the highly vulnerable group, however, while 33.33 per cent had preferred old age pensions, around 30 per cent had also preferred unemployment benefits.

As far as construction workers are concerned, a disaggregation of social security needs by vulnerability categories shows that among the low vulnerability workers, there was a greater preference for old age pensions, while among the medium and high vulnerability workers, the greater preference was for unemployment benefits. This may be related to the fact that some workers had higher employment security and these were the workers who were able to rank old age pensions higher. When it came to the more vulnerable groups, here, basic employment security itself was not guaranteed, and therefore, they chose to give a higher preference for unemployment benefits.

The surprising finding from Table 4 is that the unorganized workers, across all categories of workers, insurance against sickness and death were the relatively less important needs. In the next section, it will be shown that a majority of the risks faced by the workers and their households were related to these two needs. Both these needs emerged to be more important for the domestic workers as compared to the agricultural and construction workers. Among the domestic workers, the low vulnerability workers tended to give greater preference to the life insurance, as compared to the more vulnerable workers. One trend that was noticed was that the workers, across categories, who had taken out a life insurance policy, tended to give this need much less importance, since they were already covered for such a contingency.

The reason the unorganized workers, in general, tended to give low importance to death may be found in their perception of such a contingency. Most of these workers lived day-to-day, and for them, death was a very distant and almost unreal phenomenon. They did not consider it very important in the context of their here-and-now problems. Also, some workers tended to get offended when 'death' was mentioned as an eventuality. The relatively lower importance accorded to this contingency by the sample workers may also be explained as a methodological issue. The death of an earning member of the household usually appeared to be more burdensome for the other members of the household, rather than for the respondent workers himself/herself⁸. Since the ranking of the social security needs was done only by the respondent worker, and did not involve the other household members, such a finding is perhaps not so surprising.

The low importance given to insurance against sickness, however, was a baffling result. It may be understood as follows: since the workers were asked to rank the needs, they tended to give continuous and persistent problems more importance. For instance, unemployment was a pressing problem for them almost all through the year, as in every month, they did not have employment at least for a few days. Or old age, for instance, showed an age-wise trend, where it was the older workers (above 35- 40) who showed a greater preference for old age pensions. These workers had been able to see and

live through their elders, in some cases, the continuous indisposition that old age put them in. However, events like sickness and death were also serious but short-term occurrences, the fall-outs of which might not last long enough for the workers to perceive them as being as important as the other needs.

Formal and Informal Means of Meeting Social Security Needs

This section aims to analyze the risks of the unorganized sector workers and the risk management strategies that they had adopted. One of

the obvious indicators of the risk-proneness of a household was the occurrence of risks during the reference period⁹ and the frequency of occurrence of risks.

Table 5: Distribution of households (%) by vulnerability categories and household crisis

vulnerability categories	Agricultural workers			Construction workers			Domestic Workers		
	Yes	No	Total No. workers	Yes	No	Total No. workers	Yes	No	Total No. workers
Low	36.89	63.11	122	38.82	61.18	85	30.00	70.00	30
Medium	43.98	56.02	216	42.48	57.52	113	37.93	62.07	29
High	41.32	58.68	167	43.69	56.31	103	37.78	62.22	45
Total	41.39	58.61	505	41.86	58.14	301	35.58	64.42	104

Table 5 shows that the risks at the household level, such as accidents, deaths, marriages and social obligations to organize, health problems, etc, had occurred in the case of all the workers. Fewer domestic workers, however, faced risks as compared to agricultural and construction workers. It is interesting to note that fewer households among the less vulnerable reported the occurrence of risks in the reference period. This supports our argument that the less vulnerable households were usually less risk-prone as compared to more vulnerable households. It may also be indicative of the fact that it was for the most vulnerable category that even predictable events were perceived as risks¹⁰. When it came to the frequency of risks, only 25 of 910 households had experienced more than one crisis, and 80 percent of them belonged to the medium and highly vulnerable categories.

Table 6: Distribution of households (%) by vulnerability categories and type of crisis

vulnerability categories	Death of household member	Health emergency (including operations)	Marriages and other festivities involving large and compulsory expenditure	Accident	Any other specify
Agricultural workers					
Low	26.42	19.05	24.32	19.23	0.00
Medium	47.17	47.62	35.14	53.85	100.00
High	26.42	33.33	40.54	26.92	0.00
Total no. workers	53	105	37	26	2
Construction workers					
Low	25.00	22.39	22.22	45.45	0.00
Medium	45.00	37.31	40.74	31.82	100.00
High	30.00	40.30	37.04	22.73	0.00
Total no. workers	20	67	27	22	1
Domestic workers					
Low	16.67	25.00	11.11	66.67	0.00
Medium	16.67	30.00	44.44	33.33	0.00
High	66.67	45.00	44.44	0.00	0.00
Total no. workers	6	20	9	3	0

Table 6 shows that across the sectors, the highly vulnerable households had been more affected by the different kinds of risks. Among the agricultural workers, this difference was most prominent when it came to expenditure on marriages held at short notice and other social obligation. With respect to the construction workers, the incidence of all types of risks except accidents was greater among the highly vulnerable households. Around 40 per cent of the households where accidents were faced by one or the other member belonged to the low vulnerability category. More than 40 per cent of all kinds of risks faced, except accidents, were by the highly vulnerable category of households.

It was among the domestic workers that the exposure to risks by the different vulnerability categories of households was most evident. What is also clear is that for all the categories of workers, the most recurrent crises were health related, followed by death of a household member.

Table 7: Sources of expenditure (percent in total expenditure) on household crises by vulnerability categories

vulnerability categories	Own sources	Borrowing from moneylenders	Relatives	Bank	Employer	Sale of assets	Other source	Total expenditure (in Rs.)
Agricultural workers								
Low	13.50	53.07	11.88	0.00	13.93	0.85	6.77	585,100
Medium	28.23	43.70	15.05	1.55	5.92	4.91	0.65	1,158,000
High	8.39	69.89	8.92	0.53	8.26	1.38	2.62	941,500
Total no. workers	18.06	54.92	12.21	0.86	8.49	2.79	2.67	2,684,600
Construction workers								
Low	12.60	67.93	13.62	0.00	5.75	0.00	0.09	539,500
Medium	26.395	42.79	11.56	0.89	3.30	6.69	4.82	1,120,600
High	26.78	44.38	12.10	9.78	4.49	0.88	1.59	1,135,000
Total no. workers	25.32	48.29	12.17	4.33	4.26	3.04	2.59	2,795,100
Domestic workers								
Low	25.70	30.96	40.25	0.00	3.10	0.00	0.00	161,500
Medium	11.06	66.50	4.92	0.00	3.38	12.29	1.84	162,700
High	19.06	53.62	9.85	13.13	1.71	1.00	2.63	228,450
Total no. workers	18.65	50.79	17.28	5.43	2.61	3.62	1.63	552,650

In order to analyze the hypothesis that the unorganized sector workers depend more on the informal strategies during periods of crises, Table 7 has been prepared. Across all categories of workers and the vulnerability categories (excepting the domestic workers in the low vulnerability category), the most important source of financing the crises was borrowing from moneylenders at a high rate on interest (Table 7). Among the agricultural and domestic workers, the highly vulnerable households tended to have greater dependence on this source. The construction workers, however, showed a contradictory picture. The less vulnerable construction workers showed greater dependence on borrowings as compared to the more vulnerable households. Equally surprising is the result that the dependence on own sources was very low among less vulnerable construction worker households as compared to their more vulnerable counterparts. The construction workers, in general, were significantly higher income groups as compared to the agricultural and domestic workers. This is reflected only at the overall level, where the dependence on own sources is highest among these workers.

One phenomenon that remains concealed in this table is that it shows only how the households faced the crises through dependence on some source or the other. There were also some households who had faced risks of varying degrees, but they were unable to do anything about them, and were therefore, forced to carry on with life as though nothing had happened. For example, many health problems would go untreated by these households because they would not have the resources to address these problems at that juncture. It is in this context that the dependence on borrowings is significant. While borrowing from moneylenders or others at high rates of interest might seem to be the most wretched and disabling form of coping with risks, even worse than this was the eventuality that the inability to borrow put some households in. This is probably the reason why the pattern of borrowing across the vulnerability groups among construction workers emerges as it does.

Non-borrowing was, thus, of two types. One category of households did not depend on borrowings, or depended to a lesser degree on this source to meet the requirements. This is the category that is reflected in Table 4.04, i.e. the households who alternatively depended on sources such as savings, own sources, etc. The even more vulnerable category was that comprising of households who not only did not have the luxury of sources other than borrowing, but also could not even borrow from any sources since they were sure they could never repay the amounts.

Relatives were also an important source of borrowing for the households during the crises, especially for the domestic workers. While across the sectors, the low and medium vulnerability category households appeared to have the luxury of dependence on family and relatives, it was in the case of domestic workers that this difference was very evident. Around 40 per cent of the workers who had borrowed from relatives belonged to the less vulnerable category of households.

Dependence on employers and sale of assets were also important sources for the expenditure on the household crises. Clearly, sale of assets was resorted to by medium and highly vulnerable households, but only marginally by the less vulnerable households (only in the case of agricultural workers). Surprisingly, all the households that were able to access banks during periods of crises were medium and highly vulnerable households.

The dependence on borrowing imposed on the unorganized sector workers, heavy costs in the form of interest rates. We may add that borrowing from relatives was also a costly mechanism for these workers, though not always monetarily. While relatives usually did not demand any interest on the amount lent, such borrowing and lending was always placed on the principle of balanced reciprocity¹², which could render them helpless and more vulnerable in the future.

In the case of borrowings on interest, on many occasions, these workers paid interest amounts for years together without having returned any of the principal amount borrowed. The following is an analysis of the costs incurred by these workers on borrowings. Table 8 shows the ranges of interest rates that informal borrowing imposed on them, and Table 9 shows the proportion of interest amount paid to the amount borrowed. If the workers had paid more than 100 per cent of the amount borrowed merely by way of interest, it indicates a situation of absolute vulnerability.

Table 8 shows that the domestic workers were the most vulnerable with respect to the rates of interest they paid per annum on borrowings. There is, however, a surprising picture that emerges here. It was the less vulnerable households among these workers who were more prominent in this category. With respect to agricultural and construction workers, it was the medium and highly vulnerable households who were seen to be more significant in terms of high interest rates.

Table 8: Distribution of households (%) by vulnerability categories and rates of interest paid on borrowings

vulnerability categories	Rates of interest (percent per annum)			
	<25	25-50	50-100	>100
Agricultural workers				
Low	23.68	31.58	42.11	2.63
Medium	13.24	41.18	38.24	7.35
High	15.38	36.54	32.69	15.38
Total no. workers	16.46	37.34	37.34	8.86
Construction workers				
Low	16.67	50.00	29.17	4.17
Medium	11.11	36.11	41.67	11.11
High	13.95	46.51	30.23	9.30
Total no. workers	13.59	43.69	33.98	8.74
Domestic workers				
Low	0.00	0.00	42.86	57.14
Medium	20.00	20.00	40.00	20.00
High	0.00	50.00	25.00	25.00
Total no. workers	6.90	27.59	34.48	31.03

REFERENCES

- The term is used in a broad sense to include both predictable and unpredictable risks, because, for unorganized workers, who typically lack risk management tools, predictable events such as seasonal drought, will also have negative welfare effects. | 2. Micro-finance in India, however, is clubbed with the informal arrangements since micro-finance programmes here are less dependent on the market forces. | 3. While male domestic help was observed quite often even around half a century ago, this trend has changed. Exceptions may be in the form of men who work in households as gardeners, drivers, agricultural workers, etc. and also undertake some domestic chores in their employers' houses as part of their overall employment agreement. | 4. Note that in the paper, we use the terms 'promotional social security needs' and 'basic entitlements' interchangeably. | 5. Refer Annex 1 for a note on the construction of the index. | 6. Note that the higher the index value, the higher the vulnerability of the household and vice versa. For more details, refer Annex 1. |