

IMPACT OF SOCIAL SECURITY MEASURES IN UNORGANIZED SECTOR

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ABSTRACT

The concept of social security is based on the ideas of human dignity and social justice. The principle underlying the social security measures said that the members of a community should be protected by collective action against social risks causing undue hardships to individuals whose resources are so limited to provide protection adequately. These risks are of such kind that an individual with little means available to his disposal cannot overcome them effectively, nor can in combination with others. The philosophy behind the social security scheme is that a citizen who has contributed or is likely to contribute to this country's welfare deserves due protection in times of distress. Article 21 of our constitution also guarantees Right to Life and as interpreted by the Supreme Court of India, it includes Right to Livelihood. The problem is acute in the unorganized sector which comprises those employed in small establishments outside the purview of the current social security legislation, those who are employed in a casual or on intermittent basis without any security of employment or income. In addition, the unemployed and the unemployable i.e., the aged, the handicapped, etc. also need social security. So, the Government of India has come out with various schemes which are highlighted in this study. Accordingly, the objective of this study is to highlight the schemes sponsored by the Government of India and the effect it has on the unorganized sector.

KEY WORDS

Unorganized Sector, Social Security, Rashtriya Swasthya Bima Yojana (RSBY), Aam Admi Bima Yojana (AABY), National Pension Scheme (NPS)

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INTRODUCTION

The underlying idea behind social security measures is that those who have contributed or is likely to contribute to his/her country's welfare should be given protection against certain hazards of life to which he is exposed either in his working life or in consequence of it. Notwithstanding the above, social security schemes generally depend on the scarce resources of the country, although the economic content of the social security measures is being increasingly recognized. It is fervently hoped that such measures are more likely to contribute to the raising of standard of living of large masses of the population. In other words, it is considered as an incentive for development with avenues available for absorbing its cost by gains in productive efficiency on one hand and increased safe future on the other hand. Approximately 85% of India's 460 million strong labour force are categorized as 'unorganized sector' workers. As the National Commission for Enterprises in the Unorganized Sector (NCEUS) argues, the unorganized sector workforce does not enjoy three types of social protection, namely,

1. Employment Security: no protection against arbitrary dismissal
2. Work Security: no protection against accident and health risks at the workplace and
3. Social Security: health benefits, pensions and maternity benefits.

In the spirit of extending social security to the unorganized sector and keeping in mind long term demographic trends which indicate a rapidly ageing population and a non-declining unorganized sector workforce, the Government of India passed the Unorganized Workers' Social Security Act (UWSSA) in 2008. The passage of the UWSSA also tied in with the introduction of several publicly provided social security schemes in the insurance and pension sectors, the three predominant schemes being:

- (a) Rashtriya Swasthya Bima Yojana (RSBY)- A national health insurance scheme largely for the Below Poverty Line population
- (b) Aam Admi Bima Yojana (AABY) - A life insurance scheme; and
- (c) National Pension Scheme - Swavalamban (NPS-S), a pension scheme specifically for the unorganized sector workforce.

REVIEW OF LITERATURE

The various Social Security schemes available for the unorganized sectors is summarized in Annexure 1. However, the focus of this study is restricted to the 3 above-

mentioned schemes, namely RSBY, AABY and NPS-S, and are explained in detail below.

In the present institutional design of the three Social Security Schemes, the biggest challenge is that they are covered by separate Agencies/Ministries. For example, RSBY is under the Ministry of Labour and Employment, AABY is under the Ministry of Finance and NPS-S, Life is overseen by the Pension Fund Regulatory and Development Authority (PFRDA). Thus, the data available is fragmented as multiple stakeholders own the social security schemes. Moreover, AABY is a scheme owned by three entities. For example, at the national level, the scheme is administrated by LIC but the implementation is done through state level nodal agencies and SERP (the Society for Eradication of Rural Poverty (SERP) who is responsible for overall facilitation, monitoring and evaluation and at the district level the Zilla Mukhya functions as implementation agencies for overall management of the schemes.

Since social security is a subject matter of the Concurrent list of the Constitution, there are several instance of overlapping between Social Security Schemes provided by the Centre and the State Govt. For instance, many states provided a minimum pension floor that has come into conflict with the centrally provided National Old Age Pension Scheme (NOAPS) and the NPS. While it is admirable that some states provide higher benefits to their citizens, unfortunately poor coordination between the Centre and the State Govt has led to inequitable distribution of Social Security benefits across India, wherein richer States provide much higher benefits compared to poor ones. There are also wide disparities in the coverage of Social Security schemes across states. For instance, beneficiaries in two states, Andhra Pradesh and Maharashtra, accounted for 52% of all beneficiaries covered under the AABY scheme. Additionally, close to 80% of claims processed under the scheme were from Andhra Pradesh. Moreover, schemes like AABY and RSBY rely on beneficiary lists like the BPL list, merged with other employment lists such as NREGA workers or Railway porters list to identify beneficiaries. The use of such lists is filled with multiple difficulties. First, people move in and out of poverty frequently due to various income and health related shocks that can occur instantaneously, and a listing exercise conducted once every ten years is an inadequate mechanism to capture these shifts in economic well-being. Second, there is a question on the variety of BPL lists as being actually representative of the true BPL population. BPL lists often suffer from the dual problems of capture of benefits by those who are under-privileged due to the mass-allocation and the non-issuance of BPL cards to those who deserve them. These problems have further aggravated the inequitable distribution of Social Security benefits.

Aam Aadmi Bima Yojana

The salient features of the scheme are as follows:

- (a) Aam Aadmi Bima Yojana, was launched by the Ministry of Finance.
- (b) This scheme was a result of a merger of AABY with JBY i.e. Janashree Bima Yojana, which was renamed to Aam Aadmi Bima Yojana, on 1st January, 2013.
- (c) The members should be aged between 18 years completed and 59 years nearer birthday.
- (d) The member should normally be the head of the family or one earning member of the BPL family or marginally above the poverty line under identified vocational group/rural landless household.
- (e) "Nodal Agency" shall mean the Central Ministerial Department/State Government / Union Territory of India/any other institutionalized arrangement/any registered NGO appointed to administer the Scheme as per the rules.
- (f) The premium to be charged initially under the scheme will be Rs.200/- per annum per member for a cover of Rs. 30,000/-, out of which 50% will be subsidized from the Social Security Fund. In case of Rural Landless Household (RLH), remaining 50% premium shall be borne by the State Government/ Union Territory and in case of other occupational group, the remaining 50% premium shall be borne by the Nodal Agency and/or Member and/or State Government/ Union Territory.

Rashtriya Swasthya Bima Yojana

- (a) RSBY was launched by the Ministry of Labour and Employment, Government of India to provide health insurance coverage for BPL families.
- (b) RSBY provides the participating BPL household with freedom of choice between public and private hospitals.
- (c) RSBY has been launched by the Ministry of Labour and Employment, Government of India to provide health insurance coverage for BPL families.
- (d) Beneficiaries under RSBY are entitled to hospitalization coverage up to Rs. 30,000/- for most of the diseases that require hospitalization.
- (e) The insurer has the motivation to enroll as many households as possible from the BPL list. This will result in better coverage of targeted beneficiaries.
- (f) The inclusion of intermediaries such as NGOs and MFIs which have a greater stake in assisting BPL households. The intermediaries will be paid for the services they render in reaching out to the beneficiaries.

- (g) Maximum sum up to Rs. 750/- per family per year, is being paid by the Government to cover more and more households under the gamut of the scheme.
- (h) A beneficiary of RSBY gets cashless benefit in any of the empanelled hospitals. He/ she only needs to carry his/ her smart card and provide verification through his/ her finger print.
- (i) The majority of the financing, about 75%, is provided by the Government of India (GOI), while the remainder is paid by the respective state government. GOI's contribution is 90% in case of North-eastern states and Jammu and Kashmir and respective state governments need to pay only 10% of the premium.
- (j) Beneficiaries need to pay only Rs. 30 as the registration fee. This amount shall be used for incurring administrative expenses under the scheme.

National Pension Scheme

The major characteristics include:

- (a) Launched on 1st January, 2004 by the Government of India.
- (b) Aims to inculcate the habit of savings among the citizens.
- (c) Initially, NPS was introduced for the new government recruits (except Armed forces). With effect from 1st May, 2009, NPS has been made available for all citizens of the country including the unorganized sector workers on voluntary basis.
- (d) NPS offers important features to help subscribers save for retirement. The subscriber will be allotted a unique Permanent Retirement Account Number (PRAN). This unique account number will remain the same for the rest of the subscribers' life and can be used from any location in India.
- (e) PRAN will provide access to two personal accounts:
 - (i) Tier I Account: This is a non-withdrawable account meant for savings for retirement.
 - (ii) Tier II Account: This is simply a voluntary savings facility. The subscriber is free to withdraw savings from this account whenever subscriber wishes. No tax benefit is available on this account.
- (f) The benefits of NPS are as follows, -
 - (i) It is a transparent and cost effective system, the individual can keep oneself updated on the value of investment on a daily basis due to the integration of IT services in the NPS.
 - (ii) Due to the allocation of the PRAN card, the registration and monitoring of account by the card holder is simpler than before.

- (iii) Due to the unique identity of the PRAN card, it is portable and has validity through out India.

NPS is regulated by Pension Fund Regulatory and Development Authority - external website that opens in a new window, with transparent investment norms and regular monitoring and performance review of fund managers by Window.

SCOPE OF STUDY

In the last few years, the Indian Government has been responsible for formulation and implementation of multiple schemes aimed at social security of the unorganized labour. Out of the many schemes available, the study has been narrowed down to three specific schemes namely **Aam Admi Bima Yojana (AABY)**, **Rashtriya Swasthya Bima Yojana (RSBY)** and **National Pension Scheme** that is 'Swabalabam'. The reason for the choice is that these three covers three broad areas of content for a labour working under unorganized sector. The AABY offers cheap, but affordable insurance facilities that would otherwise be impossible for the workers to afford. The RSBY facilitates the all-India access to cheap, but quality healthcare facilities and access to government hospitals without falling into the trap of middlemen who rob individual patients even for the basic amenities like beds, medicines, and appointments with doctors, etc. Lastly, old age is a primary area of concern for the unorganized labour as at old age the workers are hardly capable of continuing with the kind of work they are normally offered. Being 'unorganized', the workers do not fall under the periphery of post-retirement benefits. The 'swabalambam' scheme, that is the national pension scheme, addresses those concerns as well.

The respondent size is 25 from six different categories of unorganized workers, namely:

- (a) Coolies
- (b) Lady vendors
- (c) Domestic workers
- (d) Lady construction workers
- (e) Drivers
- (f) Security workers

OBJECTIVE OF STUDY

The main objectives of the study are to highlight on:-

- (a) The various social security schemes available for the unorganized workers.

- (b) The awareness level amongst the workers in unorganized sector about these schemes.
- (c) The level of satisfaction that they have with the prevailing social security benefits by the central and state governments, and also the shortcomings, that gives new scope of improvement in the existing legislations.

RESEARCH METHODOLOGY

The type of research done for the study is descriptive research. Data has been collected in the form of a structured questionnaire administered to the target group of coolies / porters and lady vendors in Howrah railway station, female domestic workers and lady construction worker, drivers and security guards.

The sample size is 25 respondents each from the target groups. The method used is convenient sampling due to the first hand access to the target groups. Then the collected data has been narrowed down to represent them statistically, reflecting the response with respect to the various aspects specific to the three social security schemes for the unorganized sector considered for the study. The structured questionnaire used a Likert scale, which yielded the percentage of respondents satisfied and dissatisfied with the government schemes as well as the degree to which they believe that the schemes would bring any significant improvement in their status as unorganized labour in an industry.

To understand the way the respondents feel about the various schemes as well as the prevailing status of the unorganized labour in the country, various statements were asked regarding their awareness about the 3 schemes chosen for the study namely RSBY, AABY and NPS-S, and other social security schemes, as the most popular method of saving for the future.

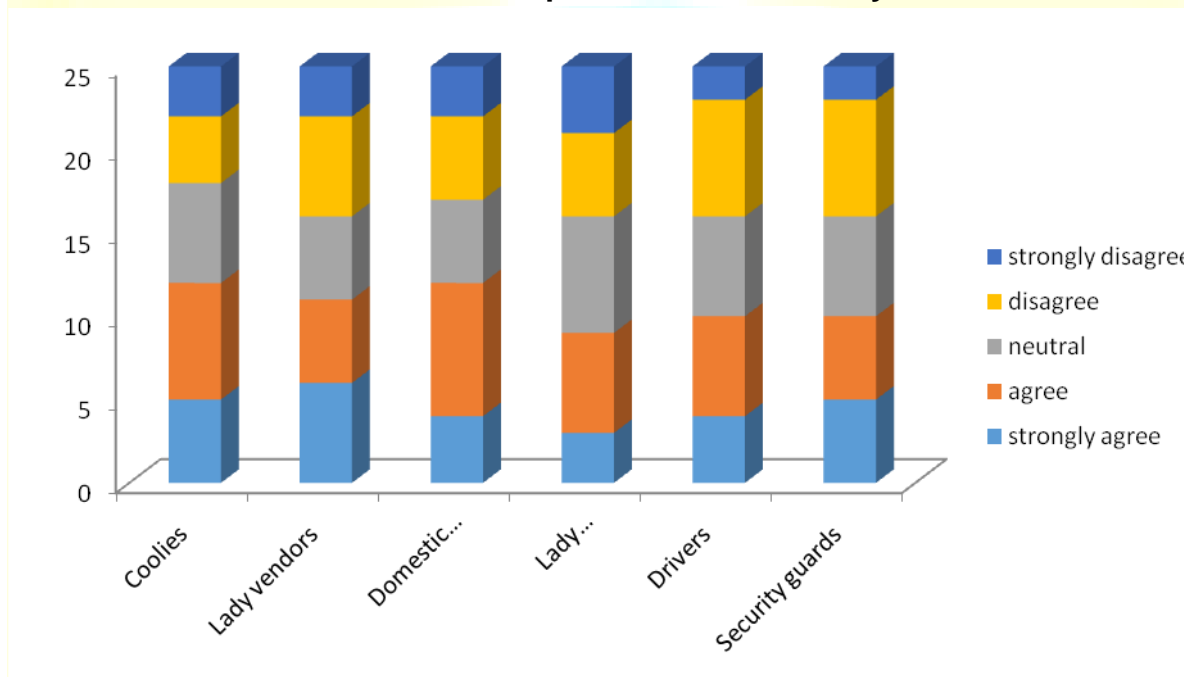
DATA ANALYSIS

The analysis has been done on the total respondents as a group and not the six different categories from whom the data was collected. Thus, from the data gathered through the questionnaire survey, the following inferences can be drawn.

Firstly, the efficacy of the various social security schemes relies heavily on the degree of acceptance of the target group. Only after that can the question be asked as to what degree of penetration has been successful for independent target groups, by the social security schemes in the unorganized sector. Figure 1 summarizes the responses from

the six target groups, to assess if they believe that the government is serious about the emancipation of the status of the unorganized labour.

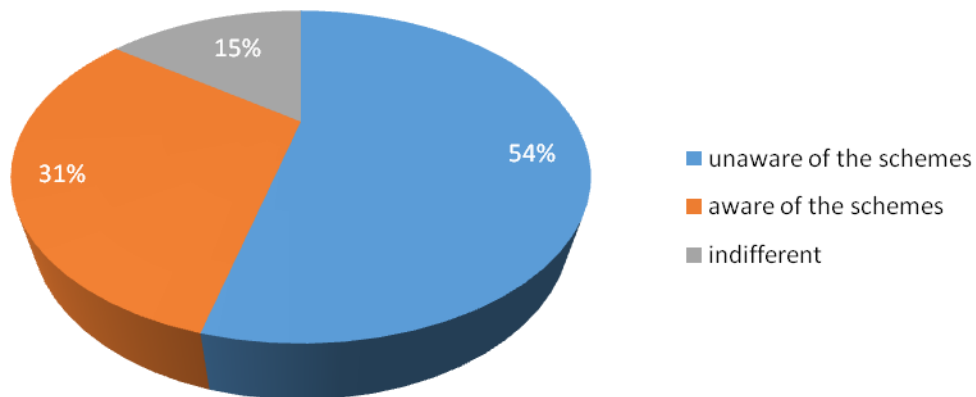
Figure1: Degree of Level of Agreement Regarding the Seriousness of Government with respect to Social Security schemes



From the histogram, it is clear that domestic workers largely are in agreement about the seriousness of Government but on whole as approximation all categories are somewhat in agrees about the seriousness of the efforts being put by the Government.

Now, the question arises, as to what extent are the workers belonging to the unorganized sector up to date with the new schemes or are making any effort in their personal capacity to explore the various aspects of the schemes that might benefit them.

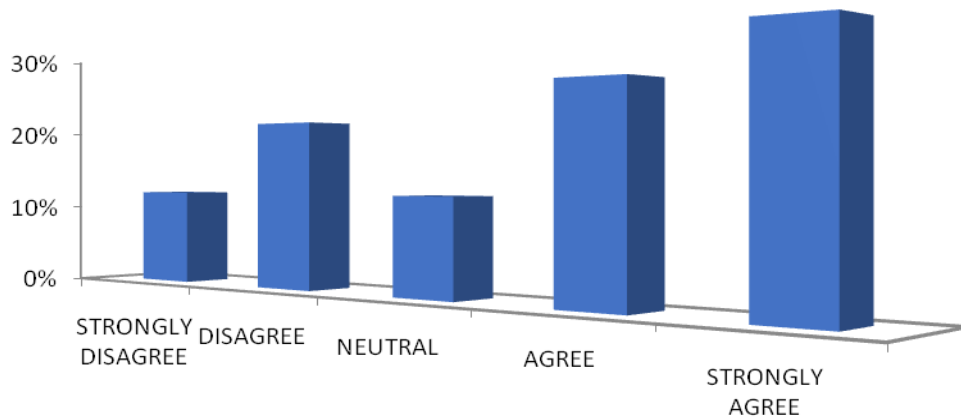
Figure2: Degree of Awareness among the respondents about the Social Security schemes



From the pie chart it can be seen that a majority -- 54% - of the respondents were unaware of the schemes launched by the Government of India. This might be due to two-fold effects. Firstly, the lack of education renders them incapable of finding out the benefits of the schemes all by themselves, without external assistance, and even if they know about the schemes, they cannot comprehend the effect that the schemes might have on their lives in totality. This lack of quality and reliable information often leads to the indifference in the people, as is evident 15% of respondents do not heed any special significance to these schemes.

Now for those individuals who keep a close watch on the different steps that the state takes to address the plight of the unorganized labourers, it is interesting to find out how many are satisfied with the incremental steps that are being taken. So, the question is, is the Government making good effort?

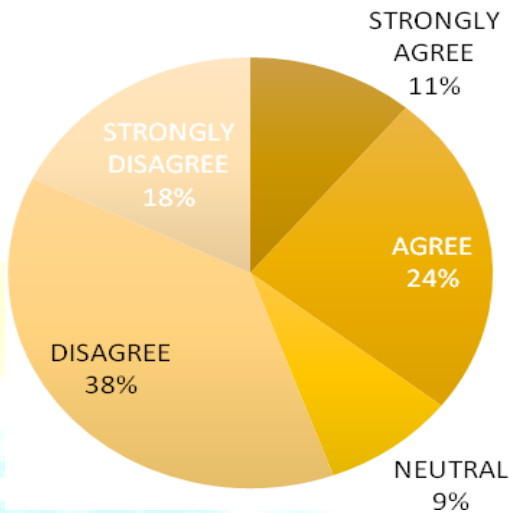
Figure3: Is Government making efforts for implementation of the Social Security Schemes?



It is clearly evident from the chart that the government is really making an effort towards implementation of these schemes.

The analysis shows that 30% of the respondents who keep a vigil on the latest schemes of the Government strongly agree with the fact that the Government is making incremental but good efforts, through their various social security schemes each year. A smaller share of 21% disagree with the statement and an even smaller number of respondents, that is, 12% rejects the possibility of a greater effort by the state to address the burning issues of the unorganized labour of India. The 12% neutrality among the respondents, signify the ambiguity regarding the implementation of the schemes, or their penetration into the target group.

Assuming the fact that the Government has been sincere in its efforts to address the important issues regarding the welfare of the unorganized labour, the question still remains as to in what degree these steps are being implemented at the grass root level. The figure below represents the responses, to reflect if the penetration of the schemes is enough to significantly affect the lives of such workers, positively.

Figure4: Implementation of the Social Security Schemes at the Grass root Level

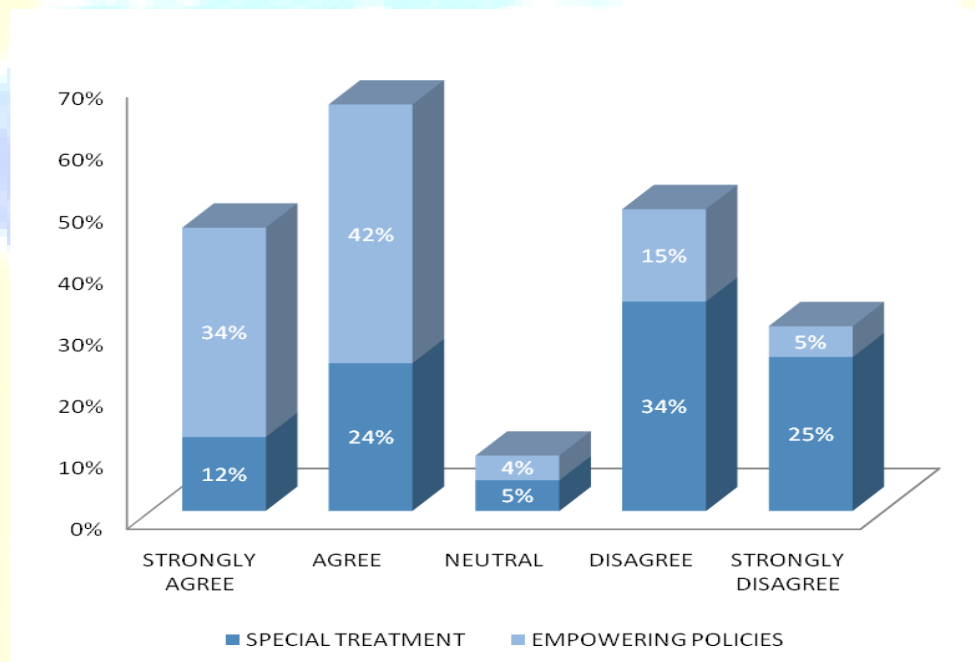
The figure shows that majority (38%) disagree with the fact that the steps have been substantial enough to bring any change in the grass root level. Only 11% strongly agree that the initiatives by the govt. are adequate to emaciate the problems that they face. This implies that though the Government has been quite proactive in policy-making and fund allocation, the area of implementation has been hugely miscalculated. One of the primary reasons for this being, negligible scope of participation of people belonging to the target groups of the schemes.

The above mentioned data is in coherence with the responses that have been received through the study, when the researchers proceeded with the notion that the schemes by the Government have had significant social impact, and has been instrumental in alleviating the concerns of the workers in the unorganized sector.

44% of the respondents express their disagreement, since they believe that the schemes have not significantly addressed their concerns. This might be because the workers expect some overnight transformation to their plight or some dramatic turn in the labour policy of the nation, which is almost unrealistic. But, nonetheless, this is a public opinion that has manifested into larger disillusionment. Ambiguity of the future has left 22% of respondents in uncertainty. Merely 14 % of the respondents have shown confidence and testify to the change in the status of the unorganized labour, which might be slow, but undoubtedly progressive in nature.

The above mentioned data reflects to what extent the unorganized labour from different sectors in different industries are viewing the initiatives of the central government to neutralize the threats that they face in the work spheres. But the labour legislation is falling under the concurrent list. This means that the policy making as well as the

implementation is decentralized. With different political and economic forces at play, conditions are never going to be uniform even for the marginalized unorganized workers. Labour being a mobile capital all by itself, formulating a generic policy to facilitate the survival of the unorganized sector would obviously leave a huge section deprived. Thus, an alternative approach towards addressing this issue might not be a piecemeal approach that governments have been undertaking but the one that addresses the core issues. This implicit dilemma gives rise to two kinds of choices before the respondents, i.e., do they seek comfort in legislations and schemes that merely facilitate their survival, through some special treatment or specific amendments and legislations should be undertaken that would directly empower them to enrich their standard of living, and despite the obvious differences with the permanent workforce, bring the unorganized labor pool under the larger gamut of industrial workers where maximum uniformity should be the goal, for workers doing similar or same job, in any industry.



The respondents were asked to give their opinion separately for the two alternatives. From that we see that majority of the respondents, that is, 34%, strongly prefer policies that empower them and render them capable to fend for themselves. In contrast, only 12% prescribe for the piecemeal approach. The overall preference of 24% for the special treatment approach has been overshadowed by the counter argument by a margin of 37%. This trend is consistent as the zone of neutrality is very narrow, ranging between 4 to 5%, only. The huge disagreement towards the special treatment approach of 34% against 15% for the alternative gives us a clear mandate, that the unorganized workers would feel more secure if they are given opportunities to empower themselves,

rather than remaining in the doldrums of policy paralysis, that might not be able to address their concerns every time in the dynamic trends of the national economy. After all, the workers cannot run to the government every quarter for extra added benefits for social security. Rather, the flexibility should be built into the backbone of the unorganized labour structure, such that with changing economic priorities, they would be able to adapt accordingly.

SUGGESTIONS AND RECOMMENDATIONS-

- (a) Instead of having various schemes the Government must have a single scheme which shall look after the medical expenses in case of sickness.
- (b) A monthly emolument after the age of 60 yrs to look after the day to day expenditure in the unorganized sector.
- (c) Within the amount there should be some savings which can be deposited in the banks and an equal contribution be made by the government so as to save for the future.
- (d) All the workers of the unorganized sector must be brought in the gambit of ESI and PF schemes

CONCLUSION

From this study, it is clear that the Indian Government in collaboration of all the states aims to bring the unorganized labourers under a uniform protective umbrella of social security. But India is a gigantic nation. If the will is even present, even then, there can be multitude of roadblocks in the way to universalization of the social security schemes. Variety of factors is at play, which halt the march of a systemized society where every individual is a part of the national structure. Poverty, lack of information, predominant forms of lending and erstwhile trends of financing one's immediate need dies hard. The most crucial factor acting as an impediment is the fear of change. In the past there has been many such schemes, which never got to see the light of the day, due to various political and economic compulsions. This accumulated distrust has alienated the marginalized classes and daily labourers of the society. Bringing them back in this purview, would take efficient change management practices, through many sessions and means of inculcating financial education in their hearts and minds. Only then, can the Indian government successfully integrate the unorganized labourers in the main stream and secure their present as well as future. Through the above mentioned, in tandem with various other schemes like that of Pradhan MantriJan DhanYajna launched in 2015, the Indian government has so far, successfully embarked on the journey.

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Schemes available for the unorganized sector

