

Social Security for Informal Workers In India: A Critical Review

Anand Kumar
Post Doctoral Fellow (UGC)
Deptt. of Sociology
University of Lucknow

Abstract

The unorganized sector contributes significantly to the Gross Domestic Product of the nation⁷; The overwhelming majority of workers are engaged in informal and unorganised sector for employment in India. The government also introduced Unorganised Workers Social Security Act in 2008, however, the coverage of social security to workers is reported to be about 10 percent. Many states failed to implement the Act effectively while the performance of social security schemes has been found poor in many states. The relevance of social security provisions has increased in the context of COVID -19 pandemic, and government is keen to introduce labour reforms and wider coverage of the social security and welfare measures for workers engaged in unorganised sector. Against this, backdrop, present paper highlights the performance of Unorganised Workers Social Security Act in India.

Introduction:

The concept of social security has evolved over time. One of its earliest mentions was in the Beveridge Committee Report in 1942, where it was described as “freedom of want,” and its provisions were limited to maintenance of employment, children’s allowances, and comprehensive health services (Majumdar and Borbora, 2013). Subsequently, in 1952, the International Labour Organisation proposed a more nuanced understanding of social security- as protective measures against social and economic distress. These included protective measures against abrupt reduction or stoppage in income resulting from sickness, maternity, employment injury, unemployment, disability, old-age death, and provision for medical care (ILO, 1952). . ILO’s approach to social security was criticised for being limited to the experience of developed countries (Sarkar, 2004). Developing countries, generally speaking, had (and continue to have) a much larger informal sector, higher levels of poverty, low levels of industrialisation, among other constraints. They require a wider conception of social security. Jean Drèze and Amartya Sen argue that, in developing countries, social security should be seen more broadly as pro-

poor measures implemented through public means (Sen & Drèze, 1989). Of the total workforce in India, majority (80 per cent) were engaged in the informal sector, followed by 20 per cent in the formal sector, and a small proportion (1 per cent) in the household sector during 2018-19. About 90.3 percent of the total workforce was engaged in informal employment during 2018-19. Moreover, 9.5 per cent of workers had informal nature of jobs even though they were employed in the formal sector.

Unorganized workers constitute nearly 94% of India's total workforce. A NSSO survey in 2009-10 estimated that out of total 46.5 crore workers in India, 43.7 crores are employed in unorganized sector. For the National Commission for Enterprises in the Unorganized Sector (NCEUS) constituted in 2004, unorganized workers are a vulnerable workforce, for most of them conditions of work are utterly deplorable and livelihood options extremely few (NCEUS, 2008). Their vulnerability and persistent poverty is due to lack of any livelihood security, job security and social security. This problem has been rectified and highlighted in number of policy proposals and study reports in the past seven decades. Numerous commissions appointed by the Government of India have advocated for a comprehensive legislation to protect working conditions of these workers and ensure adequate social security to them (Singh, 2018).

Social Security Act, 2008:

The unorganized Workers' Social Security Act, 2008 also provides for constitution of National Social Security Board which shall recommend social security schemes such as life and disability cover, health and maternity benefits, old age protection and any other benefit as may be determined by the Government for unorganized workers. The National Social Security Board was constituted vide Notification number S.O 2132 (E) dated 18.8.2009. "The unorganised sector" consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers". "Unorganized worker" means a home-based worker, self-employed worker or a wage worker in the unorganized sector and includes a worker in the organized sector who is not covered by any Acts mentioned in Schedule II of the Unorganized Workers Social security Act 2008. "Unorganized worker" means a self-employed worker or a wage worker in the unorganized sector and includes wage workers in the organized sector without any social security cover. Social security may be defined as any programme of social protection established by legislation, or any other mandatory arrangement, that provides individuals with a degree of income security when faced with the contingencies of old age,

survivorship, incapacity, disability, unemployment or rearing children. It may also offer access to curative or preventive medical care. As defined by the International Social Security Association (an international institution to promote dynamic social security), social security can include social insurance programmes, social assistance programmes, universal programmes, mutual benefit schemes, national provident funds, and other arrangements including market-oriented approaches that, in accordance with national law or practice, form part of a country's social security system.

Kalyani (2015) has analyzed the condition of the unorganized workers who generally considered as the core strength of Indian labour force. It is widely acknowledged that the informal sector in India suffers from a low productivity disorder, compared to the formal sector. Author has suggested by improving the security needs of the unorganized sector like Food, Nutrition, Health, Housing, Employment, Income, Life and accident, and old age. Still the exclamation of the unorganized sector drives unattended with the governments. Devi et al (2015) the authors tried to judge the working conditions of the people working in various organizations. Under present globalized working environment it is important to make the employees The present study is a critical examination of the selected cases exist in the literature on the musculoskeletal disorders among the workers performing similar types of works in different industry, and answer the question whether types and level of musculoskeletal disorders among the workers engaged in these industries are same or not. Sankaran Kamala and Roopa Madhav (2011) the life of unorganized sector workers is very tough. Social workers and educationists have been for a long time concerned more with women empowerment and have contributed a great deal in focusing attention of the people to the importance of several factors which should be taken care of in helping women to develop fully. The coverage of labour laws has not benefited these women workers in many crucial area, especially health, maternal and social security. A striking feature of most unorganized sector employment is that workers are employed largely through unorganized contractors or subcontractors. Sodadas Kumar Vijya (2011) conducted a study on the working and living conditions of stone quarry workers. This study attempted to discuss the problems faced by stone quarry workers in India. The study examined the hiring practices, compensation, the role of government and trade union in this sector. In this regard not much help is provided by the government and legal frame work of the country.

The Unorganized Workers' Social Security Act, 2008 is a landmark legislation, which aims at protection of vulnerable unorganized workers across the country. Main

features of the Act are (1) Formulation of Social Security Schemes; (2) Constitution of National Social Security Board ; (3) Functions of National Social Security Board; (4) Constitution of State Social Security Boards; (5) Functions of State Social Security Board; (6) Registration of Unorganised Workers and (7) Social Security Schemes; (8) Scheduled Welfare Schemes.

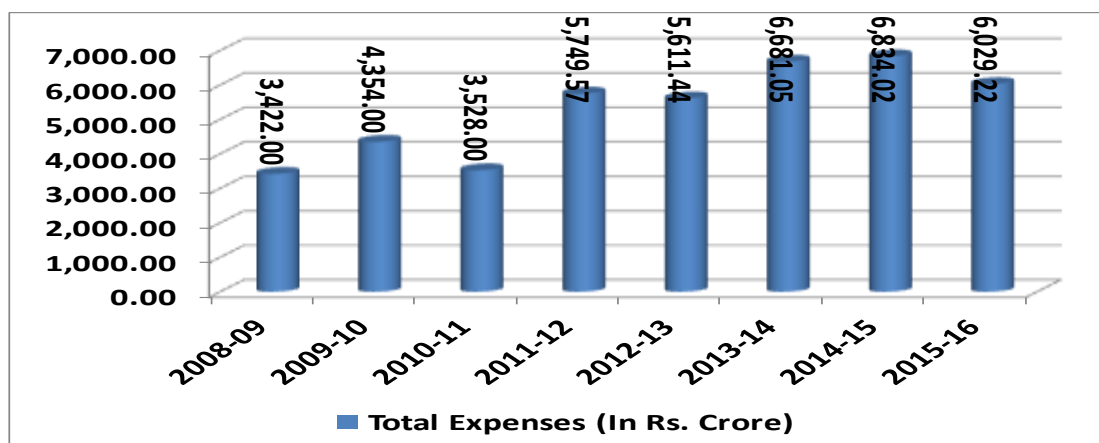
The Government of India has initiated major labour law reforms in the country in recent years. Following the recommendation of the 2nd National Commission of Labour, the Ministry of Labour and Employment (MoL&E) had begun categorising all existing labour laws into four 'Labour Codes'. This codification is expected to rationalise and simplify current legislations across a variety of labour issues. The four Labour Codes are: (a) The Code on Wages, 2019; (b) The Occupational Safety, Health and Working Conditions Code, 2020; (c) The Code on Social Security, 2020; and (d) The Industrial Relations Code, 2020. In this section, we briefly discuss these labour market legislations, with a focus on informal workers in the Code on Social Security. The Code on Wages was passed by the Parliament and received the President's nod in August 2019 (MoL&E, "Code on Wages" 2019). It consolidates the following legislations concerning wages: (1) Minimum Wage Act, 1948; (2) Payment of Wages Act, 1936; (3) Payment of Bonus Act, 1965; (4) Equal Remuneration Act, 1976. The Industrial Relations Code was passed by the Parliament in September 2020. It consolidates the following labour laws: (1) Industrial Disputes Act, 1947; (2) Trade Unions Act, 1926 ; and (3) Industrial Employment (Standing Orders) Act, 1946. The Occupational Safety, Health and Working Conditions Code, 2020 comprises 13 laws. The Code lays down the regulatory framework for establishments with 10 workers or more, and all mines and docks, regarding health and safety conditions of employees. Establishments that fall under the Code are required to register themselves with relevant officers assigned by the Union or state governments. The minimum standards of working conditions and welfare facilities are to be notified by the Union government. The Code also stipulates the setting up of 'Safety Committees' for certain establishments and classes of workers. These committees will be represented equally by employers and employees, and function as a bridge between the two. The Code on Social Security was passed by the Parliament in September 2020. Under this Code, social security is defined as "*...the measures of protection afforded to employees, unorganised workers, gig workers and platform workers to ensure access to health care and to provide income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner by means of rights conferred on*

them and schemes framed, under this Code.” The Code provisions for the central government to introduce social security schemes for workers. Such social security measures include schemes such as: Employees’ Provident Scheme; Employees’ Pension Scheme; schemes for the benefit of unorganised workers, etc. It also directs governments to take into account the welfare of gig economy workers such as for-hire drivers or delivery persons.

Performance of Social Security Schemes:

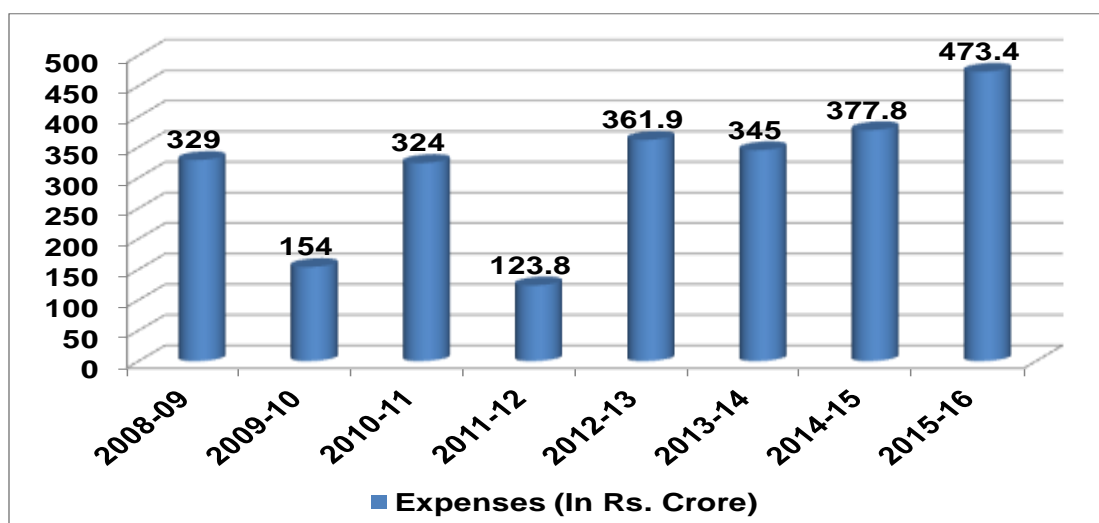
The Indira Gandhi National Old Age Pension Scheme is one of the sub-schemes under National Social Assistance Program of Ministry of Rural Development, Government of India. It is a centrally sponsored flagship scheme that aims to provide pension to person of 60 years and above belonging to family living below poverty line. There has been significant growth in the number of beneficiaries and expenditure occurred under the scheme over the period of 2008-9 to 2015-16. The number of beneficiaries increased from (1.5 crore in 2008-09 to 2.29 crore in 2015-16. Chart 1)

Chart 1 :Indira Gandhi National Widow Pension Scheme



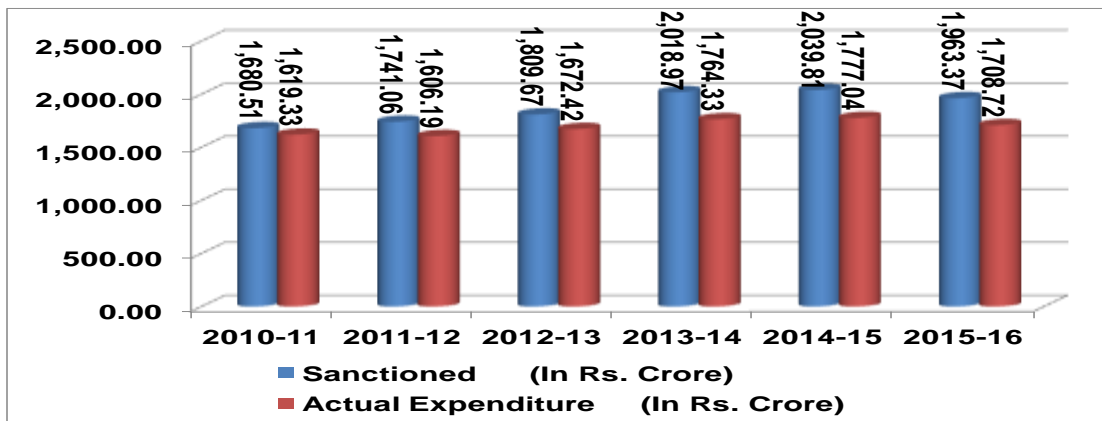
Source: Twelfth Five Year Plan Document, Planning Commission of India, Government of India

The National Family Benefit Scheme is another sub-scheme under National Social Assistance Programme funded by the Ministry of Rural Development., Government of India. Under this scheme, a BPL household is given a onetime financial assistance of Rs. 20,000 on the death of primary bread winner aged between 18 and 59 years. This amount of financial assistance was Rs. 10,000 from 2006 to 2012. There has been significant increase in the number of beneficiaries and budgetary allocations under the scheme. During 2015-16, 3.60 lakh beneficiaries received benefits while Rs. 473.4 crores were spent (Chart2) ..

Chart 2: National Family Benefits Scheme

Source: Twelfth Five Year Plan Document, Planning Commission of India, Government of India

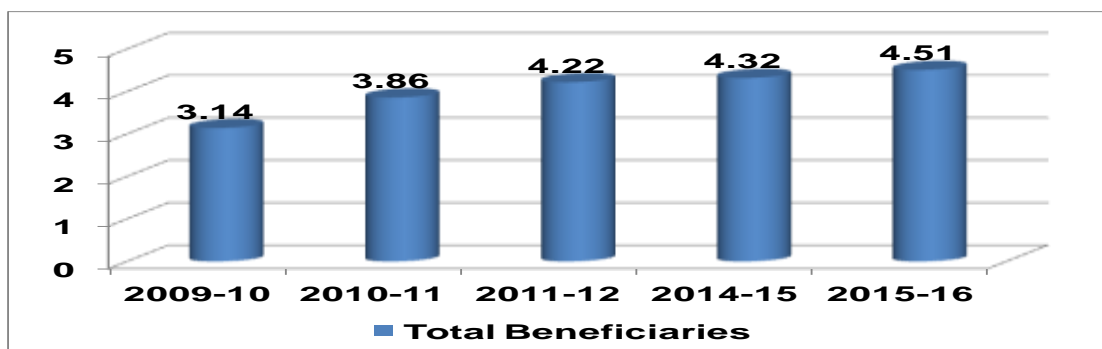
Janani Suraksha Yojana is a safe motherhood intervention under the National Health Mission. The aim of the scheme is to reduce maternal and neo-natal mortality by promoting institutional deliveries among poor pregnant women. The scheme has two types of financial incentive schemes, one for pregnant women from low performing states and second for women of state performing relatively better on maternal and child health indicators. Based on these health outcomes, Uttar Pradesh, Uttarakhand, Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Assam, Rajasthan, Orissa and Jammu & Kashmir are categorized as low performing states (LPS). Remaining States and UTs are High performing states (HPS) for the purpose of this scheme. Pregnant women from LPS are entitled for one time cash incentive of Rs. 1400 for her institutionalized delivery. The same incentive is Rs. 700 for pregnant women from HPS. JSY is a centrally sponsored scheme launched in April 2005, run by the Union Ministry of Health and Family Welfare. State governments execute the scheme. Year wise detail of beneficiaries and actual expenditure of the scheme is given in Chart 3.

Chart 3: Jannani Suraksha Scheme

Source: Rajya Sabha, Unstarred Question. No. 2671, Answered on 22.12.15

Janshree Bima Yojana is a group insurance scheme launched by Life Insurance Corporation of India to provide life and disability protection to the rural and urban poor persons below poverty line. It also covers persons marginally above poverty line engaged in selected occupations. LIC launched this policy in August 2000 and merged with Aam Aadmi Bima Yojana in January 2013. A group of minimum 25 people in the age group of 18 to 59 years was eligible for life and disability cover at nominal annual premium of Rs. 200 per person. 50 percent of the premium cost was born by government of India through Social Security Fund administered by LIC and remaining 50 percent by nodal agency or members (Chart 4).

Chart- 4: Beneficiaries of Aam Adami Bima Scheme and Janshree Bima Scheme
(In Crore)



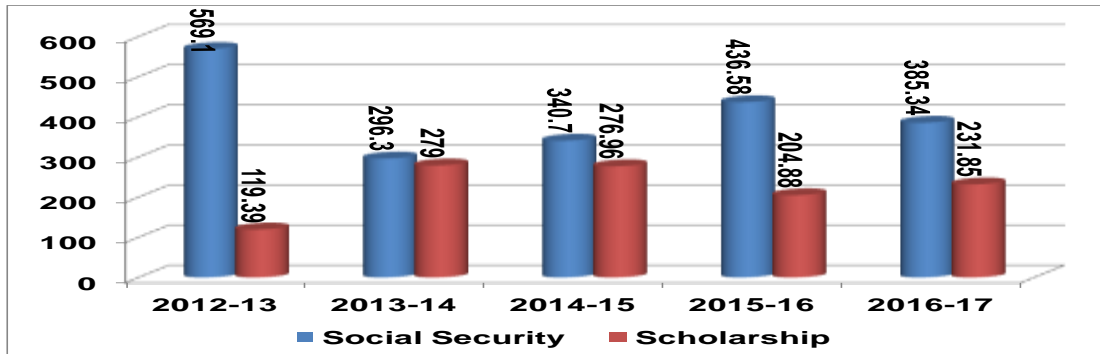
Source: Rajya Sabha, Unstarred Question No. 3136, Answered on 23.4.13

There has been steady growth in number of enrollments in last few years. The total beneficiaries under AABY and JBY has increased from 3.14 crore in 2009-10 to 4.51 crore in 2015-16. After the enactment of the UWSSA, 2008 the enrollment under the scheme increased by more than a crore. However this enrollment is very little as compared to the size of its target group. According to the NSSO report there are more than 43 crore

unorganized workers in India. The current enrollment is barely 10% of total workers. Actual expenditure under the scheme in last few years is given in Chart 5.

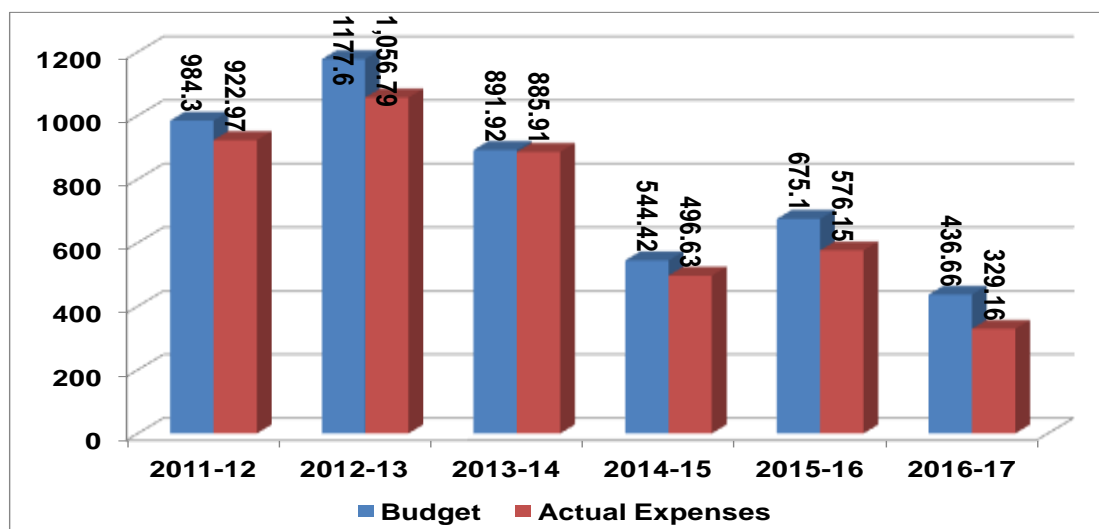
Chart 5: Expenditure Under Aam Adami Bima Scheme

(Rs. In Crore)



Source: Rajya Sabha, Unstarred Question, Answered on 07.08.2015

Rashtriya Swasthya Bima Yojana is a centrally sponsored scheme currently implemented by Union Ministry of Health and Family Welfare. It provides health insurance coverage of Rs. 30,000 per year to Below Poverty Line families. It became operational in April 2008 and rolled out by Union Ministry of Labour and Employment. The scheme later shifted to Ministry of Health and Family Welfare and was renamed as Rashtriya Swasthya Suraksha Yojan and has been again renamed as National Health Protection Scheme in the last budget. After the enactment of the scheme in 2008, the government of India extended it to workers even above poverty line engaged in certain occupations. Currently it provides health insurance to 11 occupational groups of unorganized workers including Building & Other Construction Workers, Licensed Railway Porters, Street Vendors, MGNREGA workers (who have worked for more than fifteen days during preceding financial year), Beedi workers, Domestic workers, Sanitation Workers, Mine Workers, Rickshaw pullers, Rag pickers and Auto/Taxi drivers. The performance of the schemes is shown in chart 6.

Char 6: Rashtriya Swasthya Bima Yojana**(Rs. In Crore)**

Source: Rajya Sabha, Unstarred Question, Answered on 07.08.2015

During 2011-12 and 2018-19, there has been only slight improvement in access to social security benefits by informal workers from 23 per cent to 26 per cent. Similarly, there has been negligible change in the share of workers eligible for paid leave or having a written job contract. Infact, in urban areas, there was a decline of 4 percentage points in the proportion of workers having a written job contract between 2011-12 and 2018-19. This indicates that the labour market policies haven't been implemented with a focus on transitioning towards ensuring formal employer-employee relationships over these seven years. A considerable share of the informal workers in 2018-19 was self-employed (58 per cent), followed by one-fourth (26 per cent) being casual labourers, and 16 per cent regular salaried earners. Those who are self-employed can be subdivided into own-account workers, employers, and unpaid family workers. Majority of the self-employed were own-account workers in household enterprises (41 per cent of total). Again, 15 per cent of the total informal workers contributed to family-based enterprises without getting formally paid (Centre for Policy Research , 2020). **Conclusion:**

The existing policy provisions on social security should be re-examined to guarantee certain basic minimum social security benefits to all workers irrespective of any eligibility criteria. The existing labour laws regarding social security for workers, urgently need a robust mechanism for enforcement of employers' compliance and monitoring. Unless, there is a strong monitoring process in place, compliance to these legislations, or the scheme guidelines, will run into similar problems experienced in the past. It is a matter of serious concern that the Code on Social Security, 2020, and the Wage Code, 2019,

instead of buttressing enforcement mechanisms, weakens it further by replacing the erstwhile Inspector with Inspector-cum

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