

# THE LONG ROAD TO SOCIAL SECURITY

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# THE CHALLENGE OF UNIVERSAL COVERAGE FOR THE WORKING POOR IN INDIA

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## Colophon

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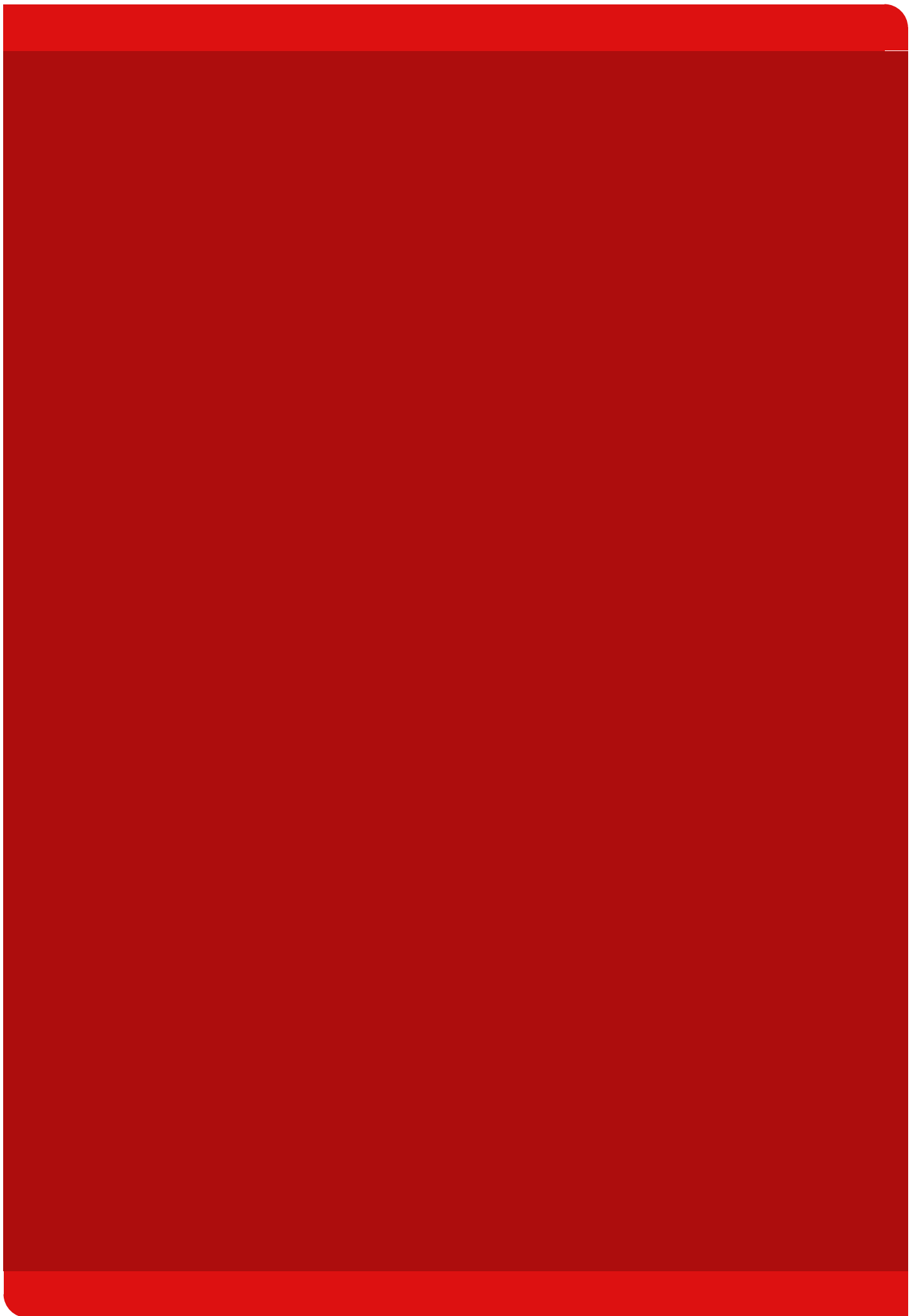


# **THE CHALLENGE OF UNIVERSAL COVERAGE FOR THE WORKING POOR IN INDIA**



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## Introduction

This paper attempts to trace, albeit briefly, the evolution of social security systems for the workers in India. Following Abram de Swan (1988), we may identify two generic concerns driving humanity's quest for social security. These are deficiency and adversity; the former refers to inadequacy of means for a minimum standard of life while the latter would refer to contingencies such as sickness or accidents and eventualities such as old age and death. While conceptualising and elaborating the need for social security in developing countries, an attempt was made (Kannan 2007) to distinguish these two sets of social security in terms of Basic Social Security (BSS) and Contingent Social Security (CSS). In a country like India where majority of workers who are called 'informal' have to struggle for a measure of livelihood security, it is needless to emphasize the importance of both the sets of social security. Following the work of the National Commission for Enterprises in the Unorganised Sector (NCEUS), we now know that 92 percent of the workers are informal who do not have either employment security or social security (NCEUS 2007 and 2008). Some state-assisted or sponsored social security for such workers did not exceed 6 per cent as on 2005. Social security arising out of employment status and provided by employers is largely confined to 8 percent of the workforce who are identified as formal workers in the formal sector (see Table 1 below).

In this chapter, we briefly discuss (a) the conceptual issues as it relates to Indian conditions, (b) the universe of workers and their poverty and vulnerability, (c) the evolution of social security legislation and implementation systems for formal and informal workers, and (d) the main challenges in securing a minimum of social security for all workers.

### Conceptualising Social Security in the Indian Context

Elaborating the notions of deficiency and adversity, we may say that BSS is directly linked to the problem of deficiency of those who are not in a position to access minimum of resources to meet their economic and social requirements for a dignified life in a society. The notion of CSS refers to social arrangements to take care of adversity i.e., contingencies of a wide ranging nature. These could be hazardous situations arising out of human life and work, such as ill-health, and injuries and eventualities such as old age and death. This broader understanding of social security emanated from the awareness that mere extension of formal sector social security measures like social insurance would not suffice to be social security for the poor in the informal sector; the need for targeted social assistance like the public distribution system as well as social insurance schemes for the unorganised or informal sector had to be specially designed to meet the needs of the unorganised sector (Guhan 1993).

Thus the current thinking of social security within the context of poverty and development in the developing countries reflect the growing understanding and acceptance of social security as a non-negotiable responsibility of the state. In the Indian context, Guhan (1993) claims that social security in poor countries will have to be viewed as part of and fully integrated with antipoverty policies such as employment guarantee and food security, a view shared by many other scholars ( see, e.g. Dev 2001).

Conceptually, it is better to separate the notions of BSS and CSS. Core constituents of BSS can be identified in the realms of security related to food, health, housing and education. When it comes to CSS, as most of the literature related to workplace security measures indicate they constitute provisioning for several contingencies that arise to the individual in relation to the inability to engage productively and earn a living. While historically 'contingencies' are often identified in relation to formal sector workers, increasing recognition of growing number of informal sector and un-organised sector workers has expanded the scope of CSS as well. The context of globalization characterized by quick mobility of capital has enhanced the vulnerability of the workers especially those of an informal kind. Social assistance programmes for the aged (who completed productive working age), infirm, disabled, widows and other such groups who face adversities would come under special groups for the want of social security of this nature.

Recognising the wide gap that exists in developing countries in extending social security to all working people, the International Labour Organisation recorded *inter alia* the following in its Resolution and Conclusions concerning social security based on discussions at the 89<sup>th</sup> session in 2001:

*“Social security is very important for the well-being of workers, their families and the entire community. It is a basic human right and a fundamental means for creating social cohesion, thereby helping to ensure social peace and social inclusion. It is an indispensable part of government social policy and an important tool to prevent and alleviate poverty. It can, through national solidarity and fair burden sharing, contribute to human dignity, equity and social justice. It is also important for political inclusion, empowerment and the development of democracy.”*

*“Of highest priority are policies and initiatives which can bring social security to those who are not covered by existing systems. In many countries these include employees in small workplaces, the self-employed, migrant workers, and people – many of them women – active in the informal economy” (ILO 2001:1-2).*

The ILO’s concerns and recommendations are indeed laudable and consistent with the objective of a modern, democratic and inclusive society. How far India, a founding member of the ILO, has lived up to this expectation is not a difficult question to answer. India has to go a long way even in providing a minimum measure of social security, be it BSS or CSS. The ascendancy of the neoliberal economic reform policies since the early nineties has made the task immensely more difficult than before because of a decline in employment elasticity especially that which provides a measure of social security. This is despite a growth rate of over six per cent per annum for the last three decades or a per capita growth in income of well over 4 percent. However, the battle is an ongoing one, albeit meek and often tortuous, largely because of the absence of a critical minimum of collective voice and power of the working poor who dominate the informal workers in the country.

## The Universe of Workers

It is important to understand the composition of existing work force and in terms of their social and economic status in order to situate the debate on social security. Some pertinent questions we ask at this juncture would be: Who are the workers? How are they engaged in various segments of the economy in order to earn livelihood and what are their social and economic conditions? Some of the reports of the National Commission for the Enterprises in the Unorganised Sector (NCEUS) – an expert body appointed by the Prime Minister in 2004 - have provided a detailed analysis of the state of affairs backed by a rich data base and followed up with a set of policy recommendations. (See<sup>1</sup> in particular, NCEUS 2006, 2007 and 2009).

From the point of social security, the most appropriate way to classify the workers would be along their formal/informal status. The following summary table gives the universe of workers in India divided into formal and informal workers belonging to informal and formal sectors of the economy<sup>1</sup>. It can be seen that the vast majority of workers come under the category of unorganised or informal workers. They are overwhelmingly in the informal sector (86 percent of total workers) and another 6 percent in the formal sector. Of the total workers in the formal sector, informal workers constitute around 47 percent in 2004-05 and this share is likely to increase given the tendency of the formal sector to opt for such workers when they want to absorb more people. So, we are talking about a massive 92 percent of the Indian workers without a formal social security system.

Table 1. :Composition of workforce in India 2004- 05			
Sector/Worker	Total Employment (Million)		
	Informal/Unorganised Worker	Formal/Organised Worker	Total
Informal/Unorganised Sector	393.5 (99.6)	1.4 (0.4)	394.9 (100.0)
Formal/Organised Sector	29.1 (46.6)	33.4 (53.4)	62.6 (100.0)
Total	422.6 (92.4)	34.9 (7.6)	457.5 (100.0)

Source; NCEUS (2007: 4). Figures in brackets indicate row percentages

<sup>1</sup> The terms, Formal/informal workers and organized/unorganized workers are used interchangeably



The informal workers mainly consist of the self-employed and the casual (i.e. irregular) wage workers in the informal sector. Those who are classified as regular workers are mainly in the formal sector (see Table 2). In agriculture, these informal workers include the marginal and small farmers and agricultural labourers while in non-agriculture they are engaged in such self employment activities as handloom, street-vending, home-based workers in a range of manufacturing and services and casual workers in construction, manufacturing, retail trade and so on. As one can see from Table 2, 79 percent of informal workers are poor and vulnerable (i.e. belonging to households with no more than two times the poverty line as consumption expenditure). Their resource base is very poor and also lack skills and education in order to adjust to the changing nature of employment and work conditions (for a detailed analysis see NCEUS 2007 and Sengupta, et.al 2008).

**Table 2: Percentage distribution of unorganised workers in different activity status, 2004-05**

Poverty Status	Self-employed	Regular wage employees	Casual workers	Total
1. Ext Poor & Poor	16.6 (48.2)	15.3 (6.7)	30.6 (45.1)	20.8 (100)
2. Marginal & Vulnerable	58.1 (60.4)	51.4 (8.1)	59.4 (31.5)	57.9 (100)
3. Poor & Vulnerable (1+2)	74.7 (57.2)	66.7 (7.8)	90.0 (35.1)	78.7 (100)
4. Middle & High Income (5+6)	25.3 (71.4)	33.3 (14.3)	10.0 (14.4)	21.3 (100)
5. All	100 (60.2)	100 (9.1)	100 (30.7)	100 (100)

Note: Figures in the brackets is the percentage distribution of unorganised workers in different poverty status by activity status. Row 1 shows those below the official poverty line followed by the Government of India. Row 2 shows those above the official poverty line but not more than two times that line (roughly equivalent to the international poverty line of PPP\$2 per capita per day). Row 4 shows all those who do not belong to Rows 1 and 2. Source: Sengupta, et.al. 2008.

We should also note here the close correspondence between informal work statuses, poverty and vulnerability and low social status (see Table 3). Poverty among unorganised workers can be deciphered through Table 2. The bottom position here goes to, predictably though, to those classified as Scheduled Castes and Tribes with 88 percent of their informal workers being poor and vulnerable. The position of the intermediate groups (Muslims and OBCs) is also far from envious, to say the least. Given the record of least progress in human development among SCs and STs, their informal work status is indeed characterised by multiple deprivations. In such a context, the critical role of providing a measure of BSS and CSS hardly needs any emphasis.

**Table 3: Percentage Distribution of Population and Un-organised Workers by Poverty Status and Social Groups, 2004-05**

Poverty Status	Population					Unorg Workers
	Total	SC/ST	OBC	Muslim	Others	
1. Extremely Poor & Poor	21.8 [22.0]	32.4[33.3]	20.3[20.4]	27.4[28.1]	8.5[7.7]	20.8
2. Marginal & Vulnerable	55.0 [53.3]	55.4[53.8]	59.6[57.8]	57.1[54.7]	46.3[45.4]	57.9
3. Poor & Vulnerable (1+2)	76.7 [75.3]	87.8[87.1]	79.9[78.2]	84.5[82.8]	54.8[53.1]	78.7
4. Middle & High Income	23.3 [24.7]	12.2[12.9]	20.2[21.8]	15.5[17.2]	45.2[47.0]	21.3
5. All	100[100]	100[100]	100[100]	100[100]	100[100]	100.0

Note:

1. Figures in square brackets indicate estimates based on detailed Consumer Expenditure Survey.
2. 'Others' consist of all those who do not belong to SC/ST, OBCs and Muslims.
3. Unorganised workers consist of those working in the un-organised sector or households, excluding regular workers with social security benefits provided by the employers and the workers in the organised sector without any employment or social security benefits provided by the employers.

Source: From Sengupta et al (2008).

Given this scenario, the world of work in India is characterised by the absence of social security for workers qua workers for an overwhelming majority. Such a picture has to be seen along with the existence of statutorily provided social security for the formal workers in the formal sector to cover a

wide range of contingencies and eventualities which we shall deal with later. At the same time, we will also discuss the existence of some measure of social security for selected groups and in selected states for the informal workers that stands in some hopeful comparison to the almost shameful absence of such social security for most others. It needs to be emphasised, even at the cost of repetition that this is at a time when India's economic growth performance is being celebrated as the second fastest in the world.

### **The Evolution of Social Security of Formal Workers in the Formal Sector**

Social security as we know today in modern parlance i.e. with statutory backing, is of recent origin in India. During colonial times, the institution of modern factories, albeit limited to a selected industries and forming only a minute segment of the workforce, was introduced in the big cities of Kolkata (then Calcutta), Mumbai (then Bombay), Chennai (then Madras) and a few other places as mirror images of their European counterparts. Social security ensuring employment security, non-wage benefits, health care, old age and so on was non-existent for quite some time. Although a few legislations as they came up later were mostly in response to labour unrest (as in the case of the labour unrest in 1877 at the Empress Mills in Nagpur for improvement of wages) as well as pressure from Mill owners from Lancashire (strangely though but understandable given their perception of competition from low cost production in India) they were mainly intended to regulate employment. But some of these would currently be considered nothing less than outright exploitation of workers. For example, a new Factories Act in 1911 stipulated, for the first time, the work period of an adult male workers to be 12 hours a day and that of children to 6 hours a day!

Concerns about social security received some impetus with the establishment of the International Labour Organisation in 1919. Domestically, such a development received further impetus with the establishment of the All India Trade Union Congress in 1920. The ILO's Convention on Employment Injury in 1921 paved the way for demanding protection against employment injury and the Indian Legislative Assembly reluctantly passed the Workmen's Compensation Act in 1923 that provided security against the contingency of employment hazards, comprising industrial accidents and occupational diseases. The Bombay Maternity Benefit Act 1929 was another development. The first Royal Commission on Labour appointed in 1929 recommended similar legislation for other provinces also.

While these steps, reluctantly though, were being taken their coverage was indeed limited. From the workers side, early initiatives in the form of mutual benefit societies, again mimicking their European predecessors, sought to provide some social security to selected groups of workers. For example, the Amalgamated Society of Railway Servants of India and Burma, formed in 1897, started a series of benefit schemes. The Printers' Union in Calcutta and the Postal Union in Bombay introduced, in 1905 and 1907 respectively, mutual insurance schemes, night schools, educational stipends, and funeral allowances. The Kamgar Hitawardhak Sabha, formed in 1920, undertook such welfare functions as payment in the event of accidents to industrial workers and improvement in housing conditions.

However, the high watermark in the evolution of social security for formal sector workers in India started as a result of the developments in the labour welfare front during and following the Second World War. This period also marked the need for greater cooperation from the workers especially in the western countries because state and capital there became apprehensive of the increasing influence of socialism coming from the then Soviet Union. The publication of the Beveridge Report in England ushered in a new welfare state approach and the efforts of the ILO added to this momentum. The British Government in India appointed, in the face of the organised labour movement, three Committees in 1943: Professor B.P. Adarkar Commission to draw a health insurance plan for the workers in India; D.V. Rege Committee to investigate into the risks that bring about insecurity and the most suitable methods for meeting such risks; and the Sir Joseph Bore Health Survey and Development Committee to plan for medical care and health services. The most important of these was the Adarkar Committee that resulted in the Employees' State Insurance Act 1948. This committee went beyond its terms of reference (which originally meant to prepare a health insurance scheme covering only sickness) and made a strong case for setting up a unified and integrated system of health, maternity and employment injury insurance. When the report was submitted in 1944, the Government was against the recommendations of this report because of its comprehensive scope and on its share of contribution to the scheme, which rings a familiar bell even today. What we are referring here is the response of the Government of India in 2006 when the NCEUS submitted a comprehensive scheme for introducing a National Minimum Social Security for Unorganised Workers covering more than 300 million workers costing around half-a-percent of GDP when every eligible worker is covered. The legislation in 2008, which we shall deal with later, was a pale copy of this recommendation with a couple of schemes limited to certain segments of the poor workers without either a dedicated fund or an implementing agency.

Events took a favourable turn for the workers following the publication of the Beveridge Report. Professor Adarkar was instructed to draw a contributory social insurance programme which finally formed the basis for the ESI scheme of 1948. This continues as a major social security pillar for the workers in the formal or organised sector. The other two important statutory social security systems

are the Employees Provident Fund and Miscellaneous Provisions Act of 1952 and the Maternity Benefit Act of 1961. To this should be added a number of other social security support systems with statutory backing. These are listed in Table 4. What is important to note here is that, except for the Workmen's Compensation Act of 1923, all legislations took place after independence. Political independence and a constitutional democracy heralded a wide range of social security provisioning for formal sector workers in India, as indeed in the wider sphere of welfare legislations.

<b>Table 4: Social Security for Organised/ Formal Sector Workers</b>		
Legislation	Eligibility	Nature of benefit
Employees' State Insurance Act, 1948.	Factories employing 10 or more workers using power and factories and specified establishments with 20 or more workers without the use of power. Further eligibility is confined to those drawing a monthly wage of not more than Rs.10,000.	Sickness, maternity, disability and death due to employment injury. (Coverage 9.24 million as on 2007).
Employees' Provident Funds and Miscellaneous Provisions Act, 1952.	All establishments employing 20 or more employees and cooperative societies with 50 or more workers without using power.	Withdrawal of fund on retirement and old age monthly pension (Coverage 26 million as on 2007).
The Maternity Benefit Act, 1961	All shops and establishments employing 10 or more workers other than those covered under The ESI Act, 1948.	Maternity cover for those not covered under ESI Act. 12 weeks leave and medical allowance.
The Payment of Gratuity Act, 1972	All factories and establishments employing 10 or more workers. Only regular employees with a continuous service of 5 years and above are entitled.	15 days' wages for every year of service subject to a limit at the time of superannuation, retirement resignation or death.
The Workmen's Compensation Act, 1936.	All workers under The Mines Act, The Factories Act of 1948, government employees except armed forces. Workers covered under ESI Act 1948 are excluded.	Compensation for injury caused by accident, arising out of and in the course of employment, resulting in death or in total or partial disablement.
Specified social security schemes are in vogue for regular employees earning salaries/wages higher than those specified in the above Acts. These are the health care schemes such as Central Government Health Scheme (CGHS), old age pension (non-contributory) and other benefits for central government employees, similar schemes for state government and public sector employees. Most private corporate establishments also have similar one or more schemes.		

Thus, the social security provisioning for the formal workers in the formal sector has sound statutory backing and takes care of a whole range of contingencies. The main problem in respect of some of the schemes is to do with ensuring intended coverage and delivery of benefits. The legislations are in the form of Central laws applicable to the whole country with provision for the state level government to decide on extensions. But, as pointed out earlier, the coverage is limited to around 8 percent of the total workers or sometimes even lower than that depending on the legal specification for coverage. Two kinds of Acts are thus in existence. One set, consisting of ESI Act and EPF Act, are financed through joint contributions of employers and employees and administered through dedicated enforcement agencies – the Employee State Insurance Corporation and the Employee Provident Fund Organisation. The other Acts, especially those relating to compensation, maternity and payment of gratuity, place the liability on employers.

## **Social Security in the Unorganised or Informal Sector**

### *BSS Measures*

The critical role for a modicum of BSS for informal workers can be gauged from the close association between informality of work status and poverty and vulnerability discussed earlier (see Table 2). At the same time, it must be borne in mind that social security, whether of the BSS or CSS type, for these working poor should not be construed as a measure of charity although that is precisely the way the power elite in the country, especially through its media, makes out to be. The NCEUS estimated that, as per its definition, the informal sector contributes to half the GDP of the country (NCEUS 2008). Apart from the primary obligation of a developmental state in a modern political democracy, this factor also needs to be kept in view while discussing social security for workers in the informal sector. There is, as we noted earlier, a section of informal workers in the formal sector who are also denied the benefits of social security. Their problem has to be viewed in the context of

extending the benefits of social security that are currently available to the formal workers in the formal sector<sup>2</sup>.

The NCEUS stated in its report on *Social Security for Unorganised Workers* (2006), rightly so in our view, that “India is yet to evolve a comprehensive national social security policy for its entire working population” (p.10). While advocating the need for a broad policy framework, the NCEUS argued the case for a three-tier approach. First and foremost is the need for a universal programme for human development that should address the “creation and enhancement of human capabilities by offering entitlements to all citizens funded by the public exchequer”. At the second level is the creation of what we call Basic Social Security or BSS to all the poor citizens. This has often been referred to as ‘promotional social security’ *a la* Dreze and Sen (1989) for advocating mainly food, health and educational security. Many scholars have advocated the need for a combination of these two types of social security backed by empirical evidence on the nature and dimensions of poverty and insecurity (see, e.g. Dev 2001). In the Indian context, this would translate to addressing almost wholly the households of the working poor since there is very little non-working poor<sup>3</sup>. In practice, however there could be some overlap between the first and second sets of programmes because some of the universal schemes may have a self-selection mechanism built into it.

Under the BSS genre, there is an impressive list of schemes that are in operation in the country although there is only one recently initiated programme, the National Rural Employment Guarantee Programme (NREGP), which has a statutory backing. The schemes which have a large, if not complete, coverage are: (a) the Public Distribution System targeted at those who are Below the Poverty Line, (b) the supplementary nutrition programme for pre-school children and pregnant/lactating mothers called the Integrated Child Development Scheme (ICDS), (c) the Mid-Day Meal Scheme for school-going children (currently restricted to primary school level)<sup>4</sup>, (d) a programme to ensure full enrolment of children up to the secondary level called the Sarva Shiksha Abhiyan (SSA), and (e) a programme for providing/improving housing to the poor called the Indira Awas Yojana (IAY). A number of specific target-oriented schemes serving the same objectives but to ensure the inclusion of disadvantaged sections such as SC/STs and girl children are also in existence. Given the rising aspirations of the poorer sections complimented by the efforts of active civil society organisations, there is now a greater emphasis on claiming these basic social security measures as a matter of right. The NREG is the first such right that the working poor and vulnerable, who are in the informal sector, have been able to secure that has now captured the imagination of all those concerned with the plight of the poor and their quest for development with dignity.

### **National Rural Employment Guarantee Act**

National Rural Employment Guarantee Act (NREGA) provides a ‘rights based’ framework for basic social security in India. The NREG Scheme, which is the practical side of this Act, has been envisaged from the perspective of ‘right to employment’ and guarantees 100 days employment (manual work) for those seeking work at a minimum fixed rate of wage, but more importantly it bestows an entitlement. The Act has also identified roles and responsibilities for the central and state government, and local governments at the district, block and panchayat levels. The onus of guaranteeing 100 days of employment rests with the government and the applicant can demand for unemployment allowance in case he/she does not get work. Apart from creation of work opportunities, the Act also provides basic facilities at the worksite namely viz. crèche, safe drinking water, medical aid, etc.

Being implemented in all rural districts of the country, the scheme not only focuses on providing employment but also on building village assets through the employment. Most of the work projects taken up are related to land and water resource management and development. Various concurrent evaluations carried out so far show the varying levels of implementation and success of the scheme. Though the level of success is not uniform across the states and districts, yet most of the states and districts have started in right earnest. The reason for the success of the NREGA is the inbuilt mechanisms and implementation architecture that has in built checks and balances and also the role of elected local governments called Panchayat Raj Institutions. The NREGS is still evolving in terms of work selection and supervision, mode of wage payment, encouraging the participation of women workers and so on. Valuable lessons have been learnt and several detailed recommendations made for more effective implementation at different levels (see, e.g. NCEUS 2009:Ch.9).

The nature of the Act and its provisions, if properly implemented, have the potentiality to make it a very successful programme of BSS. Moreover, the response of the civil society has been very encouraging. Members of Parliament, political parties, intelligentsia, and non-government development organisations are actively involved in planning and implementation of the scheme. All these are expected to make it a successful social security programme. With the re-election of the

<sup>2</sup> However, there is a case for including them in any social security scheme for the informal sector workers so long as they remain vulnerable without any social security.

<sup>3</sup> Those who are outside of the working poor households are the destitute due to old age, disability and widowhood without family support.

<sup>4</sup> Primary level refers to up to 5<sup>th</sup> year of schooling. Some states like Kerala have extended it to children up to the upper primary (7<sup>th</sup> standard) level.

United progressive Alliance led by the Indian National Congress at the national level in May 2009, the NREG has acquired further political prominence and support, despite the tensions generated by the dominant paradigm of neoliberal economic reforms. Such political profile and prominence for a pro-poor national initiative has been rare in recent times in India especially since the early nineties when the current economic reform policies were started.

The other major schemes mentioned earlier that constitute BSS do not enjoy the kind of political attention given to NREG but they nevertheless form equally important core elements in tackling the insecurities arising out of deficiency.

## **Contingent Social Security for Workers in the Informal Sector**

### *Initiatives by the Central Government: Half-hearted and Piece-Meal*

It is the CSS type of measures that we are mainly concerned in this Report. Before we discuss the common insecurities and characteristics of those in the informal sector, it is important to briefly discuss the record of the central and state governments so far (till 2008). Until the enactment of the Unorganised Workers Social Security Bill of 2008, contingent social security schemes by the central government, which should have provided a leadership role to the state government, were very few in number and coverage. To begin with there were five Welfare Funds to provide some social security to selected mine workers, beedi workers and cine workers. These are: (i) The Mica Mines Labour Welfare Fund Act of 1946, (ii) The Limestone and Dolomite Mines Labour Welfare Fund Act of 1972, The Iron Ore, Manganese Ore and Chrome Ore Mines Labour Welfare Fund Act of 1976, The Beedi Workers Welfare Fund Act of 1976, and The Cine Workers Welfare Fund Act of 1981. Some of these Funds are hardly in operation (e.g. dolomite mine workers) or cover very few workers. The only significant one relates to the beedi workers. But here again the coverage is restricted to “employees” in beedi factories whereas a large number of workers, especially women, work from their homes and are classified as ‘self-employed’. It is also important to note that no official published sources are available that provide information on the actual number of workers covered and benefits received on a regular basis under any of these abovementioned Welfare Funds created and administered by the central government.

While the central government has been successfully following a programme of economic reforms since the early nineties that generally favours the employers vis-à-vis workers, there has been some initiatives to introduce a few more social security schemes that have, by and large, proved to be hardly effective in either covering a significant proportion of informal sector workers or provide any meaningful coverage for contingencies. Most of these are contributory schemes of a social insurance type. The Janshree Bhima Yojana (life insurance) introduced in 2000 targeted at the urban and rural poor who live below the poverty line or on the margin. The premium of Rs.200 half of which would be paid by the central government and the remaining half by the individual or the state government. This scheme met with only very limited success. Another scheme called Varishta Pension Bhima (old age pension insurance) was launched in 2003 for unorganised sector workers aged 55 years and above. It is a fully financed one through investment by the beneficiary to receive a pension ranging from Rs.250 to Rs.2000 per month depending on the total investment based on a guaranteed 9 per cent return implemented by the LIC. This again has met with only limited coverage. An Unorganised Sector Workers Social Security Scheme was introduced in 2004 but on a pilot basis restricted to 50 districts. This scheme was an attempt to follow the recommendations of the Second National Labour Commission. Although the scheme provided for an old age pension, medical and personal accident insurance, only 3,500 workers were enrolled. Subsequently the scheme has been virtually closed. Another scheme called Universal Health Insurance was introduced in 2004 as one scheme to be jointly implemented by the four public sector general insurance companies. The target group was persons and families below the poverty line with a premium of Rs.165 and Rs.248 respectively. The scheme was an attractive one because nearly ten million persons were reported to have been enrolled by 2006.

A couple of occupation-specific schemes were also initiated by the central government. One is the Scheme for Handloom Weavers and Artisans provided a thrift fund, insurance for sickness, maternity, accident and loss of dwelling and a pension plan restricted to master craftsmen. The other was the Krishi Samajik Suraksha Yojana launched in 2001 limited to just 50 identified districts to cover a million agricultural workers. The LIC, as the implementing agency, was entrusted to provide insurance cover for death and accidents and survival benefits on a periodic basis. While the worker was expected to pay a contribution of Rs.30 per month, the government undertook to pay Rs.60. Since the government could not keep its promise, the scheme was closed in 2004.

Another initiative by the central government was the enactment of umbrella legislation for construction workers in the form of two Acts namely, The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and The Building and Other Construction Workers Welfare Cess Act of 1996. Since these Acts were enabling in nature, the state governments were expected to come up with their own legislations and create mechanisms for providing the specified social security benefits to meet such contingencies as accident, old age,

housing loans, insurance premium, children's education, medical and maternity benefits. At the time of writing this paper, not more than ten states (out of a total of 30) have come up with the required legislations even after 13 years. Out of these ten only two states have a really functioning mechanism – Kerala and Tamil Nadu. In fact, Kerala gave the lead in such legislation even before the central government. The report of the NCEUS (2006) gives a detailed account of these initiatives and their characteristics in terms of coverage, benefits, etc.

### **Initiatives by State Governments: Limited and Uneven**

Since Labour is in the Concurrent List of the Indian Constitution, both central and state governments have the power to legislate on this subject. The relative neglect of the informal sector workers is something that is quite common to both central and state governments. However, there are some exceptions.

The notable one is the State of Kerala which has a fairly long history of labour movements that has included most, if not all, workers whom we now call unorganised or informal such as agricultural labourers, toddy tappers, coir workers, construction workers and so on. The model adopted by Kerala is that of Welfare Fund Model which has now been the main one in other states as well whenever social security arrangements have been thought of. The evolution of the welfare fund model of social security for informal sector workers in Kerala is rooted in its history of labour movement (see, for details, Kannan 1992). But what is interesting is that the agenda of social security for this group of workers has become part of the political agenda whichever political party (or combinations) come to power from time to time. Thus it enjoys a unique social and political consensus. Starting with 1969 the process of setting up Welfare Funds for the informal sector workers in different occupations/economic activities has been a continuing one. The latest one is the one for Social Security for Unorganised Workers intended to cover all those workers who have hitherto been excluded by occupation-specific welfare funds. Most of these welfare funds have statutory backing. They may be classified, in terms of their financing, into two groups. One, those that function without the financial support of the state government and the other functioning with financial support. Almost all of them have a contribution, even if nominal, by the workers. The employers' contributions are either collected from them wherever they are identifiable and easy to collect or through the imposition of a cess when such employers are not visible or transient. In terms of coverage, the core contingencies taken care of are: sickness, old age and death. But many have 'children's education' as a notable benefit and very often one can also see 'marriage of daughters'. 'Funeral expense' is yet another item that finds a place in many welfare funds.

Tamil Nadu may be rightly listed as the next best state in terms of the coverage and social security benefits to the informal sector workers. The coverage of workers mainly include, construction workers, washer men, hairdressers, tailors, palm tree workers, handicraft workers, footwear and leather workers tannery workers, handloom workers, taxi and autorickshaw workers and artists. Initially nine occupation-specific welfare funds and boards were created for the abovementioned groups which were later consolidated into Manual Workers Social Security and Welfare Board in 2004. In addition, there is a separate Welfare Board for Construction Workers established in 1995.

Apart from these two states of Kerala and Tamil Nadu, there are not many other states with social security legislation with an intention, if not actual coverage, to cover the informal sector workers. However, there are a number of states where some specific groups of informal workers have been able to secure a measure of social security arising out of regional socio-political situations. One such notable and relatively successful example is that of the head load workers engaged in the loading and unloading of goods in Maharashtra who have a body called The Mathadi Workers' Welfare Board arising out of legislation in 1969. Latest available information tells us that there are around 50 thousand registered employers with 150 thousand registered workers under 39 different Mathadi Boards in the state. Apart from regulation of the conditions of work, the Board provide social security cover with respect to health and sickness, accidents, injury and death, housing and education of children. The Mathadi Boards have set up two hospitals and 12 dispensaries. However, such a well-tested working organisational model does not seem to have been extended to the numerous other segments of the informal workers in that state.

Andhra Pradesh came out with a state level legislation called the Andhra Pradesh Unorganised Labour Welfare Fund Act of 2002. It has been reported that around one million workers have been enrolled mostly belonging to small factories, shops and other establishments. Apart from workers' contribution, the government also provide some grants. The intended benefits are medical aid to workers, funeral expenses and assistance for children's education. Not much progress seems to have been made in streamlining the delivery of benefits and extension of coverage.

Despite a long and continuing (as of 2009) period of pro-worker government of more than three decades, statutory provisioning of contingent social security for informal workers in the state of West Bengal is conspicuous by its absence and what has recently been introduced so meagre compared to the State of Kerala where a similar political coalition (a Left Front led by the Communist Party of India (Marxist)) comes to power alternating with another political coalition (led by the Indian National

Congress). Although a Left Front government has been in power continuously since 1977, it was only in 2001 that the West Bengal Government enacted legislation in the form of Provident Fund for Unorganised Workers. As the title suggests the social security provisioning is confined to the creation of a provident fund for all wage and self-employed workers between the ages of 18 and 55 years subject to an income ceiling. There is a worker contribution of Rs.20 per month with a matching amount contributed by the government. Not more than 5 percent of the total informal workers in the state have so far been covered. West Bengal has also enacted a Building and Construction Workers (Regulation of Employment and Conditions of Service) Act in 2004. A Board has been set up to implement the Act but its activities are yet to assume a significant scale primarily in terms of coverage of workers and collection of a building cess.

Another example is that of the State of Gujarat. Of the two important institutional mechanisms, a prominent one is The Gujarat Rural Workers Welfare Board which administers four insurance schemes viz., (a) Group Insurance Scheme for Landless Agricultural Labourers, (b) Group Insurance Scheme for Fishermen and Forest Workers, (c) Group Insurance Scheme for Salt Workers, and (d) Shramik Suraksha Scheme for both rural and urban unorganised workers. These schemes provide some financial compensation in the event of death or disability. The other one is The Welfare Scheme for Salt Workers but one which does not directly address the concerns on contingent social security but provides such assistance as establishing health care centres, children's crèches at worksites and financial assistance for housing. In recent times, the state government has taken some initiatives in establishing a department for unorganised sector workers with a view to provide a measure of welfare and social security. It is too early to evaluate the functioning of this new initiative but certainly should be welcomed as a relevant initiative from the point of social security to the informal workers.

Gujarat has been an unabashedly pro-capital state that prides itself on its economic growth that it often calls development. However, several studies, most notably by Jan Breman, brings out the underbelly of this pro-capital growth process in terms of the exploitative and undignified conditions of work and existence of a vast mass of labouring poor (see, e.g., Breman 2008)<sup>5</sup>. This has been manifested, among other things, in the state being one of the low wage regions especially for those in rural areas as well as low levels of human development indicators (see, e.g. Gujarat State Human Development Report 2004).

The State of Madhya Pradesh, a predominantly agrarian and low income one, is another state in India with some notable initiatives. The beginning of this is the Madhya Pradesh Unorganised Sector Welfare Act of 2003 under which two Welfare Boards have been set up – one for rural areas and the other for urban areas. The social security cover under these two boards is for old age pension, family and disability assistance, and assistance for housing and education of children.

Most other states do not have any statutorily backed social security provisioning especially for meeting the CSS for the informal workers. A few have some schemes to extend assistance of one kind or another with some patchy progress here and there. Details of state wise schemes are available in NCEUS (2006).

An exception to this patchwork of social security provisioning is the old age pension scheme now prevalent in almost all states in India although it is mainly confined to the destitute. This is because of the existence of a National Old Age Pension Scheme introduced in 1995. What gives as monthly pension is barely sufficient to cover even half the monthly expenditure required to cross the official poverty line. But some states have added their contribution to it and enhanced the pension amount in addition to lowering the eligible age from 65 to 60.

## Main Features and Lessons

Until the passage of the Unorganised Workers Social Security Act in 2008, about which we shall discuss later, the terrain of social security for the overwhelming majority of workers in India, who are informal and hence largely poor and vulnerable, is a deserted one with some patches here and there. Even such patchy social security provisioning is characterised by, with a few exceptions, a lackadaisical performance of low coverage, low benefits and weak delivery of entitlements. There are a few striking features of this type of social security provisioning that also provides some important lessons.

**First of all**, the response of the government to the issue of social security has been one of lukewarm, to say the least. Such hesitant steps remind exactly a similar attitude that was evident in providing social security to the formal workers in the organised sector during the pre-independent days. However the reasons might be quite different from that of a colonial government. Two plausible reasons could be advanced as hypotheses; (i) the belief in a particular development model that was expected to increase the size of the formal (modern) sector in the economy thereby attracting workers from the informal (traditional) sector ultimately reducing the latter to an insignificant size, and (ii) the belief that maximising aggregate economic growth should be the first priority such

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<sup>5</sup> Three of Breman's books that discusses in graphic detail the plight of the labouring poor based on extensive field work are brought out in *The Jan Breman Omnibus* (Breman 2008).

that part of the benefits of growth can then be redistributed as social security to the unprotected or informal workers (either as BSS or CSS or both). It is also possible to take a political economy perspective arguing that the balance of socio-economic and political forces is such that it is pitted against any significant redistribution in the economy in favour of the working poor (who constitute the majority of the informal workers) regardless of the growth performance of the economy. This might explain the absence of any real opposition to substantial redistribution in favour of the better off sections either through such state expenditure as in higher education, fiscal and monetary incentives in the name of industrial development, and various subsidies. The fact that non-poor classes are well organised add credence to such a hypothesis.

**Secondly**, the model adopted whenever some social security is provided to the informal workers is one of setting up Welfare Funds and Boards for implementation. This model while incorporating the tripartite system of participation suffers from the absence of effective participation from the workers side because of their weak voice, not to speak of organised strength. Therefore, in many instances, such a model ends up as bureaucratic mechanisms largely driven by government officials.

**Thirdly**, the source of financing is often through contributions from the workers and the government. This is understandable given the absence of steady or visible forms of employers in many occupations and activities. However, there exists the possibility of raising resources through a cess or tax on the products or services concerned. This has been an exception (e.g. building construction) rather than the rule with the result that there has more often been a resource crunch. While government often contributes to the funds of such social security provisioning, their adequacy is far from clear.

**Fourthly**, even when the welfare fund model has been in existence for a fairly long period of time and has worked in situations where there has been some political commitment or the collective strength of the workers concerned, most states have hardly shown any interest in setting up such a well tried mechanism. Even some of the ostensibly pro-worker/pro-poor governments at the state level have hardly shown any political urgency to take up this agenda that is so tied to the livelihood security and vulnerability of the vast mass of the working poor.

**Fifthly**, many of the relatively prosperous states such as Maharashtra, Punjab, and Haryana have hardly shown or taken serious initiatives to address this agenda.

**Lastly**, one would expect the trade union movement to vigorously champion the cause of social security, among other things, of the informal workers because of its propensity to depress the wages and working conditions of the formal sector workers. While many of the national trade unions would readily agree with this agenda and even espouse them on occasions in and out of parliament, such well-meaning espousals have not been backed by effective mobilisation and organisation of the informal or unorganised sector workers for a very long time. Of course there are exceptions to this as in the case of the establishment of national level trade unions for agricultural labourers and construction workers, to name only a few, by some of the major trade unions. But the fact remains that such attempts have not yet covered a critical minimum size of the unorganised sector workers to make a political statement that could result in a measure of social security and decent working conditions. This situation seems to be changing. From the point of membership of national trade unions, an increasing share is now from the ranks of the informal or unorganised sector workers but that could be the result of the stalemate in employment in the formal or organised sector.

In this otherwise depressing scenario, new forms of unions or unionism have also been emerging in India. This is manifest especially among the self-employed women engaged in such activities as petty trading, home-based work and other types of manual work. The fact that these organisations are by and large led, manned and managed by women themselves has also lent certain credibility. Here again, despite the huge coverage in absolute terms, the share of women unorganised workers under such organisational coverage is but a miniscule. For example, the two largest self-employed women's organisations (the SEWA and WWF) covered around two million workers that works out to less than two percent of the total women workers in the unorganised sector today.

### **Towards Universalising Social Security: Some recent initiatives**

A political turning point of sorts came about as a result of the absence of any perceptible improvement in the lives of the working poor since the initiation of neoliberal economic reforms characterized by a more prominent role for market, and biased more towards capital and the better off sections of the society. Even while embarking on a series of policy changes in tune with the market-friendly liberalisation, there were concerns about the speed with which such changes could be effected in so far as it directly affects the workers in the country. While there were no formal steps to effect what is called 'labour market flexibility' by either removing or drastically changing labour legislation, the overall economic and political situation both within and outside the country was one that reduced the power of organised labour vis-à-vis capital. Given the pro-capital economic policies, creation of special playing fields and liberalisation of trade, capital flow and access to credit, etc., the power of capital increased enormously. In the organised manufacturing sector, a continuously high rate of growth of output was not accompanied by any significant increase in employment that led to a debate on 'jobless growth' (see, e.g. Fallon and Lucas 1993, Ghose 1994, Papola 1994, Bhalotra



1998,). Although varying interpretations were given for such a performance, this has come to be a matter of serious concern given its long duration (see, e.g. Kannan and Raveendran 2009). In the economy as a whole, those with better educational and skill attainments benefited more than others. The government facilitated the recruitment of more labour in the organised or formal segment of the economy by permitting contract labour that *de facto*, if not *de jure*, did not enjoy any social security. All these resulted (a) in increasing informalisation of the formal sector and, (b) expansion of the informal sector as four fifths of the incremental labour force had to eke out a living in the informal sector (both in urban and rural areas) that effectively replaced agriculture as the 'reserve' sector for the army of the surplus labour. It is this process that was highlighted by the National Commission for Enterprises in the Unorganised Sector (NCEUS (2007 and 2009).

The culmination of such a process of economic reform accompanied by rapid growth of the economy but very little growth of gainful, let alone decent, employment resulted in a political campaign called 'Shining India' that, we now know, at best covered a little less than a quarter of the Indian people leaving the huge majority to fend for themselves. This had its political reaction when such a campaign was defeated in the general elections conducted in 2004 bringing back the Congress Party which started the reform process, but now presented itself as a party for the common people or what is called the *aam aadmi*.

While the new government, that was a coalition of many parties led by the Indian National Congress called the United Progressive Alliance, essentially continued the process of reform it also embarked, simultaneously, a series of measures intended to address the concerns of the common people. Among which was a promise to extend the coverage of social security to the unorganised sector workers. This resulted in the constitution of a national commission – the NCEUS – to examine the problems faced by unorganised sector enterprises and workers and suggest solutions to address them. The first report of this commission called *Social Security for Unorganised Workers* (NCEUS 2006) analysed this issue in some detail and recommended a universal (i.e. covering all unorganised workers) national minimum social security.

### **Unorganised Workers Social Security Bill 2008**

It is important to highlight the main features of the National Minimum Social Security recommended by the NCEUS because it was for the first time the idea of a 'national minimum' was put forward. The underlying logic was the need for a floor level contingent social security to all the informal workers that could be topped up by individual states in a federal political set up. Further, the concept of 'minimum' was one of a package and not stand alone benefits to be considered separately.

The scheme was indeed to cover all eligible unorganised or informal workers. Here there was no specification of 'sector' because it made informal workers working in formal enterprises also eligible. Eligibility was however restricted to paid or earning workers (i.e. wage workers or self employed) and thus it excluded a category called 'unpaid family workers' who assist the main worker/self employed in the family but do not receive a separate wage<sup>6</sup>. It also restricted the eligibility to those earning less than Rs.6500/- in 2005. The NMSS had three major social security cover. These are (a) health cover to take care of sickness of the workers and members of his family, maternity benefit to the spouse or self (in the case of women workers), (b) accident or death of the registered worker, (c) old age pension for those belonging to the poor households and provident fund to those outside this segment.

The NMSS would be implemented by an empowered organisational set up. At the national level there will be a National Social Security Board for the Unorganised Workers and similar boards at the state level. While the national board would be responsible for issues relating to mobilising finances and allocating them among the states as well as monitoring the progress of implementation and so on. The state level boards would be the key implementing agencies that will ensure the delivery of the social security entitlements. An organisational structure from the local, district, state and up to the national level was suggested as is the practice in a number of similar national level programmes.

A dedicated Fund at the national and state levels was also recommended. This will ensure the availability of resources for the NMSS. It will also be the depository for contributions from workers, governments and other sources. The contribution was divided, in a notional sense, equally between workers, employers and government. This worked out one rupee each per day by the worker, employer and government. Since there are practical difficulties, the government would pay the share of itself and the employer. It would then be left to the government to collect the share of 'employers' in a feasible manner such as through a cess imposed on selected products or a flat social security tax from all enterprises. The workers belonging to poor households were exempted and that contribution too will be borne by the government. Other workers will pay their contribution in a convenient way assisted by Workers Facilitation Centres.

The proposal went through a period of cooling followed by its resurrection. Ultimately a draft bill was introduced in the Parliament that accepted the principle of social security for unorganised sector

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<sup>6</sup> Some scholars criticized this exclusion and argued for the inclusion of such workers qua workers. See, e.g. Neetha (2006).

workers but did not accept the notion of a NMSS. It also did not accept the need for an empowered body for implementation but made it an advisory one. Nor did the government committed to the creation of a fund but preferred to leave it to the annual budgetary allocations. It also preferred to introduce specific schemes for specific groups of workers from time to time. Thus the notion of universal coverage was rejected. Since the draft bill met with opposition in the Parliament, it was referred to the Parliamentary Standing Committee on Labour (SCL). This was an all-party committee. In a significant move, this committee gave a unanimous report that was more demanding than the proposals of the NCEUS (Standing Committee on Labour 2007). Apart from accepting all the major proposals of the NCEUS, the PSC wanted the inclusion of all unorganised workers including 'unpaid family workers'. It did not accept the principle of contribution from workers but only a registration fee. It also wanted the whole scheme to be implemented in three years instead of the five years recommended by the NCEUS.

Although it was a unanimous report, the Government did not accept most of its recommendations. With some minor revisions to the earlier draft, the government managed to pass the bill in the parliament in December 2008. As per this Act, a number of schemes were included in a schedule. However, the major addition in the form of a new scheme were (a) a health insurance scheme for those belonging to the poor households (called BPL households), and (b) a life insurance scheme for rural landless households.

### **From a universal national minimum social security to segmented and piece-meal schemes**

The revised draft on Unorganised Workers Social Security Bill unanimously recommended to the central government by the Parliamentary Standing Committee (see Lok Sabha Secretariat 2007) was a comprehensive, yet modest, proposal provided the government an opportunity to demonstrate its commitment to the common people and its promise to address their livelihood security issues. However, the Bill that was again presented to the Parliament was basically the same as the original one which was a far cry from the notion of a 'national minimum social security' or the need for a 'dedicated fund' or the proposal for an 'empowered body' for implementation taking into account the heterogeneity of the unorganised workers, their compulsions to engage in multiple occupations depending on availability of work, migratory character for part or most of the year or the need for a facilitating agency at the local (the Workers Facilitation Centres). The main features of this first national level legislation – The Unorganised Workers' Social Security Act, 2008 - addressing, if not mandating, contingent social security for unorganised workers may be summarised as follows.

- a) The Act is more in the nature of an enabling legislation because it states that "The Central Government shall formulate, from time to time, suitable welfare schemes for unorganised workers ..." (Section 3(1))
- b) It has not accepted the proposal of the NCEUS and the PSC for creating a national fund but states that schemes notified by the government may be fully or partly funded.
- c) By providing for notification of schemes as and when the government deems necessary, the Act provides for specification such implementation mechanisms in the concerned schemes as may be necessary thus providing for no common implementation system.
- d) In the light of the above, the Act does not provide for an empowered implementing body but provides for constitution of national and state level social security boards that are basically advisory in character.
- e) While the Act states that "State Governments may formulate and notify, from time to time, suitable welfare schemes", it is indeed a superfluous one because the State Government do have the power to legislate on social security for workers, including the unorganised workers, since the subject of Labour is in the Concurrent List of the Constitution.
- f) Given the illiterate and low level of educational of a majority of unorganised workers and their general state of poverty and vulnerability characterised by a whole range of economic and social deprivation, the NCEUS and PSC proposal provided for the creation of Workers Facilitation Centres which could be designated agencies such as trade unions, organisations working among unorganised workers, labour cooperatives, or similar organisations. In the absence of such organisations, it was proposed to designate the Panchayat institutions at the local level as the WFCs. The Act merely states that "the State Government may set up such up such Workers" Facilitation Centres as may be considered necessary from time to

time to perform the following functions". As such a crucial 'hand-holding' mechanism has been left to the goodwill and discretion of State Governments.

While this national legislation is an important first step, it has indeed made further progress towards universalisation (i.e. coverage of all unorganised workers with limited economic means) not only a difficult but complicated task. The neoliberal lobby within the government was opposed to such a legislation right from the beginning but when it realised that total opposition would be politically unacceptable, it did not spare any effort to water down, indeed puncture, a right-based social security entitlement at every stage.

In order not to appear that the Act is indeed is more of a promise and hence an empty one in terms of immediate impact, the Government decided to provide a Schedule to the Act specifying a number of schemes as proof of its commitment to formulate schemes. As it turned out, eight of the ten schemes included in the Schedule 1 were ongoing, mostly small schemes for specified segments of workers; two were relatively new schemes that were announced a few months before the enactment in December 2008. The last two schemes have the potential to cover a much larger segment of unorganised workers than the earlier schemes but currently they are restricted to only those 'below the poverty line' and rural landless households respectively. Before we briefly discuss these, it is important from the point of the goal of universal social security to point out the inconsistencies and incongruities and thereby a lack of commitment to provide a measure of contingent social security to the vast mass of the working people in the country who are called unorganised or informal.

The eight existing schemes included in the Schedule 1 of the Act are (i) Indira Gandhi National Old Age Pension Scheme, (ii) National Family Benefit Scheme, (iii) Janani Suraksha Yojana, (iv) Handloom Weavers' Comprehensive Welfare Scheme, (v) Handicraft Artisans' Comprehensive Welfare Scheme, (vi) Pension to Master craft persons, (vii) National Scheme for Welfare of Fishermen and Training and Extension, (viii) Janshree Bhima Yojana, (ix) Aam Aadmi Bhima Yojana (Life Insurance Scheme for Common People), and (x) Rashtriya Swastha Bhima Yojana (National Health Insurance Scheme).

**First of all**, except the schemes for handloom weavers, handicraft artisans and fishermen, eligibility in all the other schemes is not based on the unorganised/informal work status of the person but something else. While there could be congruence between the informal work status and the eligibility in these schemes, this is more a coincidence than one by design. A more liberal position to take would be to view these schemes, however limited in their outreach and social security cover, to accept them as 'something better than nothing'.

**Secondly**, in many of these schemes eligibility is based on persons belonging to Below poverty Line (BPL) households. There is a continuing debate and a tug-of-war between the central and state governments as to the determination of population Below the Poverty Line. While the central government goes by the estimates of the Planning Commission (based on consumer expenditure data) to determine the percentage of population below the poverty line, this method is not a helpful one to identify the households who are BPL. Such identifications are carried out by state governments based on criteria/indicators developed for the purpose. The results of such exercises invariably exceed the estimates of poor carried out by the Planning Commission. This results in state governments having to bear the burden of additional expenditure since it would be politically difficult or even unacceptable to them to adjust the number of poor based on the estimates of the Planning Commission. Of course this leaves out such larger issues of local level dynamics where people would find it unacceptable to exclude someone whom they perceive as poor not to speak of the consequences for effective implementation because of the absence of social solidarity.

**Thirdly**, the schemes provide a picture of a plethora of schemes implemented by different agencies with their own criteria for identification, registration, delivery of benefits and implementation mechanisms. Apart from duplication of efforts, such a segmented approach hardly takes into account the switching of work from one occupation to another as well as the need to migrate for part of the time.

Perhaps the idea underlying the segmented approach, with additions and amendments as and when deemed necessary, is to emphasise the political unwillingness to accept the collective provisioning of a minimum social security as a package to the unorganised workers *qua* unorganised workers as an entitlement based on a legal right. This of course can be advanced at this stage only as a plausible hypothesis and not as an evaluative judgement. But what it brings out is the absence of a national minimum social security provisioning for the majority of workers and consequentially the majority of the working poor in a political democracy.

## Developments since the enactment

Be that as it may, the launching of two schemes in 2007 has evoked considerable interest among the unorganised workers on the one hand and the state governments, who are the critical implementing governments, on the other. For example, the scheme for providing a health insurance to BPL families (the RSBY) has been enthusiastically welcomed in most States. The attractive features of this scheme are (i) the beneficiary need not pay any premium since that will be provided by the

central and state governments in the ratio of 75:25, (ii) it will cover five members in a household, (ii) it will provide cashless insurance cover up to Rs.30 thousand per annum, and (iv) it will take care of migration through the smart card system which would entitle the beneficiary to avail of hospital services in any designated hospital across the country. Between October 2007, when the scheme was launched, and the latest reporting period of May 2009, 22 States and Union Territories have initiated the process to implement the scheme. 17 of them have started issuing smart cards resulting in the issue of 4.18 million smart cards covering 20.9 million persons.

The other scheme, which has evoked a similar response, relates to insurance cover for natural/accidental death and disability due to accidents (the AABY) for rural landless households. Between October 2007, when the scheme was launched and the last reporting period of December 2008, the scheme has covered 6.03 million persons. The scheme is being implemented by the Life Insurance Corporation of India, a public sector insurance company of long standing repute.

### **Social Security as an element in the creation of a Social Floor**

Although this chapter has mainly discussed the contingent social security concerns of the workers in general and the unorganised workers in particular, whose coverage at the moment is abysmally limited, it was stated in the beginning that the provision of what we call Basic Social Security relating to food, health, education and housing for all the poor households is a precondition for effective provisioning of contingent social security to the working poor. Given the fact that 86 percent of workers in India are informal workers in the informal/unorganised sector, there is also the question of the conditions of work that lays down the critical minimum rules for the work place. These relate to hours of work, safety standards while handling hazardous and dangerous materials and tasks, physical environment, availability of drinking water and so on. The provision of such a minimum conditions of work needs to be viewed as complementary to the provisioning of contingent social security because much of the insecurities (especially health) are reinforced by poor working conditions. Such a perspective has, in fact, been adopted by the NCEUS when it advocated a legislation on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector (see NCEUS 2007). If these are two sides of a security-oriented work status a third and important element in the Indian context is the need for ensuring the payment of a minimum wage. The concept of minimum wage has been accepted for quite some time but they are determined and implemented at different levels depending on occupation/trade and place of work/region. Such multiplicity of minimum wages may be justified on the basis of differential conditions, cost of living, and related factors. But the reality is one where significant proportions of workers are not in a position to secure such minimum wages. Also there exist minimum wages that do not even meet the requirement to cross the officially determined poverty line which itself is only half the international poverty line of two PPP dollars per person per day. It is in such a context that there has been the demand for a national floor level wage below which no minimum wage should be set. Such a wage has in fact been calculated and suggested by the Ministry of Labour and Employment but it lacks statutory backing. This national minimum wage was Rs.66 per day as on 2004-05. Using this threshold the NCEUS found that 84 percent of casual workers in rural areas and 57 per cent in urban area did not get this proposed national minimum. It therefore recommended a statutorily backed National Minimum Wage below which no minimum wage (occupation or trade or region specific) should be set. This would then contribute to eradicating a situation of working poor that we have highlighted earlier.

These three measures i.e. a National Minimum Social Security, Minimum Conditions of Work and a National Minimum Wage contribute, along with the provisioning of BSS, to the creation of what the NCEUS called a 'social floor'. Such a social floor would not only be a poverty reducing one but would also contribute to growth and development through its effects on lessening vulnerability, improving health and education and a measure of livelihood security. These will certainly, in the view of this Report, contribute to enhancing the productivity of the working poor and thereby to the aggregate output that would contribute to the creation of a virtuous cycle of growth with development.

Of course the idea of a social floor could be widened depending on the initial conditions. In the Indian context building up of a social floor for the working poor should be based on the effective provisioning of BSS that addresses the problem of deficiency. At the international level, the ILO has been in the forefront in advocating the creation of a global social floor as the first step towards the achievement of decent work conditions. But it has recognized that there is no one global social floor and that nations will have to find out their own respective social floors. The developing countries in particular face structural poverty and that cannot be taken care of by relying on the mantra of trickle down of the growth process. It is pertinent here to quote the observations of the ILO in the words of its Director General.

*"The primary causes of poverty are not individual, but structural, and they must be tackled as a social responsibility. With a social floor in place, society is in a position to ask women and men to accept their responsibility for taking the available opportunities to work their way out of poverty. Indeed, in wealthier countries, there is a trend towards the provision of more specific support to individuals facing difficulties in securing regular*

*work. However, in most of the developing world, the overwhelming priority is the construction of a basic social floor” (ILO 2007).*

The long and often tortuous road to extending social security to the working poor in India who, as we have seen earlier, are overwhelming in the informal sector, could be seen as a struggle to secure a basic social floor that addresses the problem of deficiency and adversity. The fact that the real achievements have not yet been adequate does not make it any less noteworthy. By historical experience the recent achievements in terms of right to employment and the right to some social security, despite limited and half-hearted in nature, are indeed important milestones. The real challenge is to assess how effectively they are implemented and to what extent they provide some meaningful fillip to the idea of constructing a social floor.

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