Social Security in India

Why in news?

India needs a well-crafted social security to all its work force, in a manner that is fiscally and administratively feasible.

Status of Social Security in India
• **Data-** Around 53% of all of the salaried workforce does not have any social security benefits in India, according to the Periodic Labour Force Survey Annual Report 2021-22. • It is just 1.9% of the poorest 20% quintile of India's workforce has access to any benefits. • **Gig workers**- "India's Booming Gig and Platform Economy" report by Niti Aayog found that around 7.7 billion workers are engaged in workforce (1.3% of India's active labour force), but rarely have access to any social security benefit. • **Informal sector**- Around 91% of India's workforce works in the informal sector. • **Rank-** India's social security system rank in Mercer CFS is 40 out of 43 countries in 2021.

What is the need for social security?

> *International Labour Organization (ILO) defines social security as protection which society provide for its members through a series of public measures, against the economic and social distress.*

- **Buffer against social risk-** Social security is an *instrument for social transformation and progress* as per International Labour Organisation.
- It helps people to plan their own future through insurance and assistance.
- **Medical treatment**- It is required when an employee falls sick.
- It helps to provide monetary support for treatment and family maintenance during the absence of work.
- **Maternity benefit**- Women employees need help and support for their sustenance.
- **Work accident**- Compensation scheme under social security measures may save the employees and their families from ruining.
- **Old age** -They need retirement benefit as during such time they lose their ability to perform work and cannot earn.
- **Security against layoff**- Social security helps the retrenched employees to restart their way of life.
- **Develop organization**- A sense of belongingness, 'we feeling', 'togetherness', amongst employees is developed which helps to achieve team goals and organizational goals.
- **Motivation -** It inspires employees to give more attention on their production and services than on activities like planning for future employment, sorting out medical

issues etc.

How about the international practice on social security?

- **ILO-** It was established under the treaty of Versailles in 1919 for the need of social security right to workers.
    - **1944 resolution**- Extension of social security measures
    - **Convention 102-** Minimum standards of social security was adopted in 1952.
- **Germany-** It is the first European industrial nation to start a social security programme that was extended to people other than military forces
- **Brazil-** Brazil's General Social Security Scheme is contribution-based, substituting income loss for a worker (and his family), whether in partial or full.

What steps were taken by India to promote social security?

Constitutional Provisions
• **Concurrent list-** • Social Security and insurance, employment and unemployment. • Welfare of Labour- work conditions, provident funds, employers' liability, workmen's compensation, invalidity and old age pension and maternity benefits. • **Article 41-** It directs the state to secure the right to work, education and public assistance in certain cases such as unemployment, old age, sickness and disablement. • **Article 42-** It deals with the provisions for just and humane conditons of work and maternity relief. • **Article 43-** Participation of workers in the management of industries.

Legislations

- **The Employees' State Insurance Act, 1948**- It covers factories and establishments with *10 or more employees* and provides for comprehensive medical care to the employees and their families as well as provides cash benefits.
- **The Employees' Provident Funds & Miscellaneous Provisions Act, 1952 -** It applies to specific scheduled factories and establishments employing *20 or more employees* and ensures terminal benefits to provident fund, superannuation pension, and family pension in case of death during service.
- **The Employees' Compensation Act, 1923 -**It requires payment of *compensation to the workman* or his family in cases of employment related injuries resulting in death or disability.
- **The Maternity Benefit Amendment Act 2017**- It extends the paid maternity leave from *12 weeks to 26 weeks.*
- **The Payment of Gratuity Act, 1972** - It provides *15 days wages for each year of service* to employees who have worked for *5 years or more* in establishments having a *minimum of 10 workers.*
- **Code on Social Security in 2020-** It provides for a statutory framework to enable social security for the urban and rural poor, construction workers, those in the gig industry and informal sector workers.

Schemes

- **Pradhan Mantri Shram Yogi Maan-Dhan Yojana -** Launched in 2019, it is an old age protection, voluntary and contributory pension scheme for unorganised workers.
- **Pradhan Mantri Jeevan Jyothi Yojana**- It is a government-backed life insurance scheme in India launched in 2015.
- **Pradhan Mantri Suraksha Bima Yojana** - It is a government backed accident insurance scheme launched in 2015 at Kolkata.
- **Atal Pension Yojana**- It is a government-backed pension scheme in India, launched in 2015 which primarily targeted the unorganised sector.
- **E-Shram portal-** A push for greater digitisation under the e-Shram platform has enabled the enrolment of approximately 300 million workers while expanding coverage of accident insurance (of Rs 2 lakh cover) and disability (of Rs 1 lakh cover).

What steps need to be taken?

It is estimated that the cost of providing social protection to the poorest 20% of the workforce would be Rs. 1.37 trillion — a cost of approximately 0.69% of GDP in FY20.

- **Formal workers**- There is a need to expand employer and employee contribution under the Employees' Provident Fund Organisation (EPFO) system for formal workers.
- **Informal workers-** There is a need to make social security entitlements mandatory and not voluntary for informal workers.
- **Incentives-** There is a need to provide incentive to employer to foster registration which would enable the formalisation of employee-employer relationships.
- **Expand schemes**- India needs to strengthen existing schemes, for with budgetary support and expansion of coverage.
- **Special attention -** It is required for female domestic workers and migrant workers who often face discrimination.
- **Improve fund**- Organisations such as the Self-Employed Women's Association which run Shakti Kendras (worker facilitation centres), may be funded to run campaigns to provide greater information on social security rights.

References

1. The Hindu- A Well-crafted social security Net for all
2. Ministry of Labour- General overview about social security
3. eshram- social security welfare schemes

SHANKAR IAS PARLIAMENT
Information is Empowering