



## 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 conditions 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](#)



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