

By Invitation

Social Protection of the Workers in the Unorganized Sector

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In India, there is a broad framework of social protection which includes employment security, health security, food security and other conventional forms of income security such as maternity benefit, invalidity benefit, old age benefit. This paper critically reviews some of the most important ones such as National Social Assistance Program, Mahatma Gandhi National Rural Employment Guarantee Program, Food & Nutrition Security, Mid Day Meals in Schools, Integrated Child Development Services (ICDS) etc.

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Introduction

For purposes of this paper the term social protection is taken to be an extension of the term social security in its broadest sense.

The Director General of the ILO in his report to the 80th Session of the International Labor Conference stated that the system of social insurance in the early 1900s, their subsequent development into generalized systems of social security and their more recent evolution into nearly universal systems of Social Protection have been the central features of social development in the 20th Century. Tracing this development the DG stated that the term social protection “encompasses a framework of social protection which provides generalized basic social support for all citizens regardless of contribution or employment history although these factors remain important in determining the level of some benefits above the basic minimum. This has enabled the State to extend income support to individuals on the basis of need rather than acquired rights, and has facilitated the provision of health care to the entire populations. In

these new structures benefit levels tend to be set by governments in relation to needs rather than entitlements and contribution rates have become the dependent variable frequently indistinguishable from general taxes in their incidence.” (ILO,1993)

More recently the ILO has adopted a recommendation concerning Social Protection Floors which require the member states to establish social protection floors constituting “nationally defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion.” The recommendation further requires that “the guarantees should ensure at a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level.”

So defined, the term social protection includes all measures designed by the state or society to assure every person access to essential medical care and a minimum income necessary for maintenance of an appropriate or reasonable standard of life and to protect the same against loss or diminution due to the occurrence of any contingency. Assurance of a minimum income can be secured, in the case of persons who are able to work, by enabling them to work by education and training and providing them with opportunities for gainful employment. In the case of persons who are not able to work for any reason, chronic or otherwise, they may be provided with a minimum income or a means of livelihood in

the form of pension under an insurance or assistance scheme.

Lack of income may be chronic or temporary. If a person has no employment either because he is unemployable being too old, too weak or being incapacitated for any work or because he has not been able to find employment he would have no means of earning his living. In such a situation the lack of income may be said to be chronic. In any other case where a person is employed but there is an interruption in his income due to sickness accident maternity or loss of employment due to retrenchment or closure of an establishment the lack of income may be temporary. In either case unless the person can fall back on his past savings, if any, he has to depend on somebody else for his /her living. That somebody else may be a member of the family, community, the civil society, the employer or the State. Where the person depends on the State or the society the public measures by which his needs are met would be in the nature of social security

In India, there is a broad framework of social protection which includes employment security, health security, food security and other conventional forms of income security, such as maternity benefit, invalidity benefit old age benefit. Some of the major schemes under which such protection is provided are mentioned below:

National Social Assistance Program

The National Social Assistance Program (NSAP) which came into effect from 15th August, 1995 represents a sig-

nificant step towards the fulfillment of the Directive Principles in Article 41 of the Constitution. The program introduced a National Policy for Social Assistance for the poor and aims at ensuring minimum national standard for social assistance in addition to the benefits that states are currently providing or might provide in future. NSAP at present, comprises Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), Indira Gandhi National Disability Pension Scheme (IGNDPS), National Family Benefit Scheme (NFBS) and Annapurna. The total number of beneficiaries under all the Schemes of the Program is about 21 million and the total amount of the estimated outlay during the current year is about Rs.8500 crore.

Mahatma Gandhi National Rural Employment Guarantee Program

Unemployment and under employment are basic causes of insecurity. The government of India has framed several schemes to provide employment to those in need of it. Of these the most important is the Mahatma Gandhi Rural Employment Guarantee Program. This program aims at enhancing livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. It also mandates 1/3 participation by women. The primary objective of the scheme is to augment wage employment. The scheme was notified in 200 districts in

the first phase with effect from Feb 2006 and then it was extended all over India from April 2008. About 3.80 crore households have been provided employment under the program. The program is reported to have led to substantial increase in purchasing power leading to strengthening of the livelihood resource base of the rural poor in India. The Central Government outlay on this program for the year 2011-12 was Rs.40,000 crore. There are similar schemes for promotion of self employment and for urban unemployed.

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Food & Nutrition Security

Food security is one of the major components of social security. It consists of ensuring that “food is available at all times, that all persons have means of access to it, that it is nutritionally adequate in terms of quantity, quality and variety and that it is acceptable within the given culture”. In recent years, nutrition is considered as part of food security so that it is called “Food and Nutrition Security”.

The Public Distribution System (PDS) is the instrument through which the government seeks to ensure food security at the household level. Under the PDS, the Central Government has assumed responsibility for procurement

and supply of essential commodities. The commodities are made available at fixed issue prices involving heavy subsidies. The total amount of food subsidy incurred by the Central Government during the year, 2010-11 was Rs.62, 930 crores. In terms of money it represents the largest outlay on social security.

Government of India has recently introduced a Bill in Parliament called the Food Security Bill. As per the provisions of the bill it is proposed to provide 7 kg of food grains per person per month belonging to priority households not exceeding Rs. 3 per kg of rice, Rs. 2 per kg of wheat, and Rs. 1 per kg of coarse grains and to general households not less than 3 kgs of food grains per person per month at prices not exceeding 50 per cent of the MSP for wheat and coarse grains and derived MSP for rice. It is expected to benefit up to 70 percent of the rural population with at least 46 percent belonging to priority households and up to 50 percent urban population with at least 28 percent belonging to priority households, besides providing nutritional support to women and children and meals to special groups such as destitute and homeless, emergency and disaster affected and persons living in starvation. Pregnant and lactating women will also be entitled to maternity benefit at Rs.1000 per month for six months. In case of non supply of food grains or meals, entitled persons will be provided food security allowance by concerned State / UT governments. The Bill awaits approval by Parliament.

Mid Day Meals in Schools

Under this program cooked midday meals are provided to all children attending classes I to VIII in government, local body, government aided and National Child Labor projects. At present cooked midday meal provides an energy content of 450 calories and protein content of 12 grams at the primary stage and 700 calories and protein content of 20 grams at the upper primary stage. Adequate quantity of micro nutrients like iron folic acid and vitamin A are also recommended. During the year 2010-11 the budget allocation for the program was Rs.9440 crore. About 10, 46 crore children availed of the benefit.

Integrated Child Development Services (ICDS)

The Scheme was launched in 1975 for the holistic development of children below the age of 6 years and proper nutritional and health education of pregnant and lactating mothers with limited coverage. It has since been universalized. There were 6779 ICDS projects and 12096 lakh Anganwadi Centres (AWC) operational as on 30th Nov 2011. The annual plan outlay for 2011-12 for the program was Rs.14, 048 crore.

Health Security

There is a proposal to introduce a Scheme of Universal Health Care with a Universal Health Package. A high level expert group (HLEG) had been appointed to consider the proposal and to make appropriate recommendations. The report

of the Group is under consideration of the Government. One of the major recommendations of the Group is to provide generic drugs through the public system free of cost. According to a recent report the Government has accepted this recommendation and taken steps to implement the same

NRHM

This Mission was launched in 2005 to improve the accessibility to health care for the rural population. The NRHM provides an overarching umbrella to the existing health and family welfare programs including reproductive and child health and various programs for the control of diseases, including tuberculosis leprosy, vector borne diseases and blindness. The Mission aims to integrate all vertical programs. All the programs have therefore been brought under the District Health Society at the district level and State Health Society at state level. A distinctive feature of the Mission is the appointment of Accredited Social Health Activists (ASHA) who are engaged in each village / large habitation in the ratio of one per 1000 population. Till Sept. 2011, 8.55 lakhs ASHAs had been appointed of whom 8.07 lakhs had been given training and 7.41 lakhs had been provided with necessary kits. 8337 PHCs have been made functional with 24x7 services across the country. 442 districts are equipped with mobile medical units. Under NRHM the emphasis is on preventive and promotional aspects of healthcare. At the village level, Health Sanitation and Nutrition Committees have been constituted to create awareness about disease pre-

vention and to take preventive measures. There has been a steady increase in healthcare Infrastructure. As on March 2010, 147,069 sub-centres 27673 PHCs and 4535 community health centres were functioning in the country. There is a proposal to set up similar Mission for urban areas also.

RSBY

This scheme was launched on 1st Oct 2007 to provide smart card based cashless health insurance cover of Rs.30,000 per family per annum on a floater basis to BPL families (a unit of five) in the unorganized sector. The scheme became operational from 1st April 2008. The premium is shared on a 75:25 basis by the Central and State governments. The scheme provides for portability of the smart cards for migrant workers. As on 21.9.2012, 32million smart cards had been issued and the total number of hospitalization cases was 4 million.

Janani Suraksha Yojana

This was previously known as National Maternity Benefit Scheme. It was later re-designated as Janani suraksha Yojana. The object of the scheme is to promote institutional deliveries. It integrates cash assistance with delivery and post-delivery care. It targets lowering MMR by ensuring that deliveries are conducted by skilled birth attendants. The scheme has shown rapid growth in the last three years. The number of beneficiaries in the year 2010-11 was about 107 lakhs.

Janani Shishu Suraksha Karyakram

This is a new initiative launched on 1st June 2011 to give free entitlements to pregnant women and sick new borns for cashless deliveries, C Section, drugs, and consumables, diagnostics, diet during stay in the health institutions, provision of blood, exemption from user charges, transport from home to health institutions, transport between facilities in case of referral and drop back from institutions to home. A sum of Rs.1437crore was allocated for the scheme during the year 2011-12.

A Mother and Child Tracking System has been introduced which provides complete data of the mothers and their addresses, telephone numbers etc. For effective monitoring of antenatal and post natal check up of mothers and immunization services.

Aam Admi Bima Yojana

Under this scheme insurance is provided against natural as well as accidental death, permanent/partial disablement of the head of the family or rural landless households in the country. Under the scheme the head of the family or an earning member is eligible for receiving the benefit of Rs.30,000 in case of death, Rs. 75 000 in case of accidental death, Rs.75,000 for permanent disability and Rs.37,000 for partial disability. The scheme has provided insurance coverage to 1.97 crore lives as on 31. 1. 2012.

Janashree Bima Yojana

The scheme provides insurance protection to rural and urban persons living below the poverty line and marginally above the poverty line. Persons between the ages of 18 and 59 years and who are members of the 45 identified occupational groups are eligible for participation. The scheme provides benefits similar to Aam Admi Bima Yojana. During the year 2010-11, 2, 09 crore lives were covered under the Scheme.

Unorganized Workers Social Security Act

Recently a new law called The Unorganized Workers Social Security Act, 2008 has been enacted which requires that the Central Government should formulate and notify suitable welfare schemes on matters relating to life and disability cover, health and maternity benefits, oldage protection and any other benefit as may be determined. The State governments may formulate other welfare measures listed there in.

Welfare Funds

In addition there are welfare funds under which certain specific categories of workers such as the beedi workers, construction workers, cine workers, mine workers, etc, are provided healthcare, educational assistance and other welfare measures. Certain State Governments such as Kerala have also set up several welfare funds for the benefit of certain classes of workers.

National Social Security Fund

A National Social Security Fund for the unorganized workers with an initial allocation of Rs.1000 crore has been set up. This fund will support schemes for weavers, toddy tappers, rickshaw pullers, bidi workers etc.

Other Schemes

There are many other schemes such as the Indira Awas Yojana, Rural Water Supply Scheme, Total Sanitation Campaign, details of which are not given here.

Critique of the System

1. While economic reforms have contributed to economic development Government of India have taken several measures to promote social development aimed at equitable distribution of the fruits of development. According to Swaminathan Aiyer (Times of India, Feb 06, 2011) “between 2004-05 and 2009-10, Central plus State social spending more than doubled from Rs 1.73 lakh crore to Rs 4.46 lakh crore (and from 5.33% of GDP to 7.23%). So, social spending has actually risen faster than GDP”. The increase in social expenditure is partly due to a variety of social protection schemes introduced by the Government. The Asian Development Bank (2009) has drawn up an index of social protection. According to this index the social protection expenditure in India in 2004-05 was 4% of the GDP. (It was 16 % in Japan and 5.7 percent in Sri

Lanka). The percentage of the poor receiving social protection was 100%. Yet, its impact on some of the key social indicators has not been significant. Although the percentage of the people below the poverty line has come down the hard core of poverty remains intact, at about 300 million.

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2. India’s score in the Global Hunger Index 2010 is described as alarming and the country is ranked lowly 67th among 84 nations surveyed, below nations such as Sudan, Rwanda and Pakistan. The global hunger index developed by the International Food Policy Research Institute, is based on three key indicators: child malnutrition, rate of child mortality and percentage of people who are calorie deficient. With an under five mortality rate of 63, India falls in the bottom quartile of countries in the world according to the World Bank and ranks a lowly 165th. Malnutrition statistics are worse: India is nearly at the bottom, with a third of the world’s malnourished children.

The Supreme Court has declared that Right to Livelihood is a fundamental right; it inheres the right to life. Yet people are dying of starvation. This is a black mark on the Indian state. It should be erased. Many countries of Latin America have adopted mea-

asures aimed at abolishing hunger. India should also do the same. Abolition of hunger should be the primary objective of the 12th Plan.

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3. The Social Protection Schemes designed to protect the children against malnutrition do not seem to have been effective. The government has therefore recently decided to strengthen and restructure the Integrated Child Development Services Scheme. Under the new proposal the programmatic, management and institutional reforms will be initiated with widened and revised package of services to focus on under-3 children, maternal care, and early child hood care, education as per the broad framework for implementation with necessary changes in financial norms/ allocations and outcomes as recommended by the EFC along with flexibility to the States with scope for innovations. The financial implication of the proposal is Rs. 123, 580 crore during the 12th Plan period.
4. Coverage of the schemes is low. Most of the schemes listed above, if not all, are applicable mainly to persons who are below the poverty line and those who are above the poverty line are largely excluded from the coverage subject to certain exceptions (the RSBY has been extended to workers in the construction industry). Thus, bulk of the workers in the unorganized sector who are

above the poverty line have no social security cover. Even among the people who are below the poverty line it cannot be said that all the persons who are eligible have been covered. For instance, RSBY covers about 32 million families whereas the total number families who are below the poverty line is about 65 million

When the National Social Assistance Program was adopted it was stated that while it would include for the time being three benefits as its components more such schemes would be added in future. Indeed two more benefits, namely, the widow pension scheme and disability pension scheme have since been added. Yet there are many other groups of people requiring public assistance. The Working Group on Social Assistance set up by the Planning Commission had suggested, inter alia, that new schemes of social assistance may be introduced for providing assistance to the following categories of people:

1. Persons displaced because of major industrial or other projects.
2. Persons retrenched from employment for no fault of theirs unless they are covered under an unemployment insurance scheme.
3. Persons affected by natural calamities.
4. Families/children of prisoners, leprosy patients, HIV/AIDS patients, farmers who commit suicide owing to inability to bear the debt burden, etc.

5. The existing schemes do not provide for all the contingencies when people require social assistance. For example, when a person falls ill he suffers double jeopardy; he will have no income for the period of the illness while he has to find the means to meet the cost of his treatment as well as for the livelihood of himself and his family. There is no provision for providing sickness benefit to persons in the unorganized sector except to a small extent under the Janashree Bima Yojana.
 6. Social security is meant for meeting the basic needs of the persons who are covered. The quantum of benefits provided under these schemes should therefore have some relationship to the cost of meeting those needs. It appears, however, that the rates of benefits provided under the various schemes are so small that they do not serve the purpose of social security. For instance, the rate of pension paid by the Central Government under the IGNOAPS is Rs.200 per month whereas the minimum amount required for one's subsistence at the poverty line is Rs.28.65 per day in urban areas and Rs.22.42 per day in rural areas which comes to about Rs.900 in urban areas and to about Rs.700 in rural areas. There is indeed a demand for raising the minimum rate of pension to Rs.2000 per month but the government has not found it possible to accept it. There is an obvious need for raising the rate of pension and to link it with the cost of living index.
 7. The Janani Suraksha Yojana provides for payment of Rs 500 only as maternity benefit. A new scheme called Indira Gandhi Matritva Sahayog Yojana has been approved by the Government initially on a pilot basis in 52 selected districts across the country. The scheme provides cash incentives for improved health and nutrition to pregnant and lactating mothers. It seeks also to partly compensate for wage loss to pregnant and lactating women both prior to and after delivery of the child. The beneficiaries will be paid Rs.4000/ in three installments till the child attains the age of 6 months on fulfilling specific conditions. Some State governments like Tamilnadu have taken more realistic view of the needs of the women workers and have provided for payment of larger amounts. For instance, maternity benefit payable under the Construction Workers Welfare Fund in Tamilnadu is Rs.6000. The rate of maternity benefit needs to be raised uniformly for all pregnant and lactating women.
- The rate of maternity benefit needs to be raised uniformly for all pregnant and lactating women.**
8. The National Health Insurance Scheme, RSBY, is liable to abuse largely because of collusion between the doctors and the insurance companies (EPW 2012). The High Level Expert Group set up by the Planning Commission to make rec-

ommendations for the health plan for the 12th plan period has recommended inter alia “Do not use insurance companies or any other independent agents to purchase health care services on behalf of government ministries and departments of health to directly provide and purchase services from contracted in private providers where necessary.” This is what the author of this paper has been urging since the inception of the Scheme

Under the RSBY while the number of families covered under the scheme is quite impressive the claims ratio is low (Total number of families covered 32 million - persons covered 160 million-, number of hospitalization cases 4 million). It is therefore more advantageous to the insurers than to the insured. The High Level Expert Group which was appointed by the Planning Commission in its report on Universal Health Care had therefore recommended that insurance companies or other independent agents should not be used for purchase of health services on behalf of government. Alternatively a separate health insurance corporation may be set up in the public sector.

RSBY provides for health insurance cover of Rs.30, 000 per family per annum on a floater basis, not exceeding Rs.15, 000 per episode. It provides only for hospital treatment and there is no provision for outdoor treatment. It begs the question as to who will bear the cost of treatment if it exceeds the insured amount. The High Level

Expert Group in its report on the 12th Plan has recommended development of a “National Health Package offering essential services as part of citizen entitlement.” It is imperative to modify the scheme so as to ensure that all the basic services are provided to all the people with no cost or at minimum cost.

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9. Most important problem in the administration of social protection schemes is the problem of delivery of services. Under the existing system much of the money meant for the poor gets lost on the way due to involvement of middlemen. “Studies by the Planning Commission have shown that the public distribution system has become so inefficient that 58% of subsidized grain does not reach the targeted group and almost a third of it is siphoned out of the supply chain. According to Finance Minister P Chidambaram, the inefficiencies of the PDS ensure that the Government is forced to spend Rs 3.65 for transferring Re 1 to the poor.” The Government is therefore thinking of replacing the system of delivery of services by a system of cash transfers. It is claimed that “electronic cash transfers, leveraging the Aadhaar unique identity system, would help improve delivery of benefits to those for whom they are meant, reduce corruption, eliminate waste and control expenditure. Benefits promised under the

UPA's marquee jobs creation plan, the Mahatma Gandhi National Rural Employment Guarantee Scheme, scholarships, pensions and other income support schemes and healthcare programs would be transferred to the bank accounts of people once the system is up and running. However, direct cash transfers is no magic wand. There are lots of challenges in devising a fool proof mechanism to ensure regular delivery of cash payments to targeted population. One well known economist is reported to have said that "the proposed cash transfers may lead to a "feel-good" factor, but "it will just replace the current form of corruption with a new method".

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