



International
Labour
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A SOCIAL PROTECTION FLOOR FOR **INDIA**



Ravi S. Srivastava



A Social Protection Floor for India

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First published 2013

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Srivastava, Ravi S.

A social protection floor for India / Ravi S. Srivastava; International Labour Office, ILO DWT for South Asia and ILO Country Office for India - New Delhi: ILO, 2013

ISBN 9789221277101

9789221277118 (web pdf.)

International Labour Office; ILO DWT for South Asia and ILO Country Office for India
social protection / social security / social security financing / social security policy / India

02.03.1

ILO Cataloguing in Publication Data

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Printed in India.

FOREWORD

This important study examines the innovations, opportunities, challenges and trends in the area of social protection and recommends measures for progressively extending social protection to all workers in the informal economy, particularly those who are most disadvantaged.

Commissioned by the UN Thematic Cluster on Poverty and Sustainable Livelihood, the study has been prepared by Professor Ravi Srivastava and financially supported by the Government of Japan.

The study is part of the Social Protection Floor Initiative launched by the United Nations System Chief Executives Board for Coordination in April 2009. As described by UN Secretary General Ban Ki-moon, the aim of the Initiative is to help governments and partners establish minimum protection floors in every country which guarantee that no one lives below a certain income level and everyone has access to essential public services such as water and sanitation, health and education.

In support of the initiative, the International Labour Conference unanimously adopted Recommendation 202 in June 2012 which calls on countries to implement comprehensive social protection policies that guarantee services and social transfers throughout a person's life cycle.

This study aims to be an important reference for stakeholders committed to implementing a nationally determined social protection floor in India. The study recognizes that building a social protection floor is an incremental, rights-based process that requires national adaptation with respect to how and through which entitlements transfers in cash and in kind are organized.

The United Nations in India hope that this study will stimulate discussion and action towards strengthening social justice and decent work that will ultimately contribute to improving the lives of all people in India.

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ACKNOWLEDGEMENTS

I am grateful to Zico Dasgupta, Anjor Bhaskar, and Ankita Aggarwal for providing research support for this report. My thanks are also due to Tarun Sharma, Ajit Jha and Arvind Pandey who provided specific inputs for the report.

The initial drafts of this study received extremely useful comments from participants in a conference of state-level trade union functionaries at an ILO workshop on the Social Protection Floor held in Bangalore on March 14-15, 2013, as well as from Markus Ruck, K. S. Ravichandran, Sherin Khan, Sher Verick, and Neetu Lamba (ILO), Marina Faetaini (UNESCO), Christopher Garroway de Coninck and Wanphen Sreshthaputra-Korotk (UN-ESCAP), Subhalakshmi Nandi (UN-Women), Joaquin Gonzalez-Aleman and Ramya Subrahmanian (UNICEF). I am very grateful to all of them for their detailed comments and feedback.

However, the views and findings in this report are my own, and none of the above individuals or organizations hold any responsibility for them.

EXECUTIVE SUMMARY

Why a Social Protection Floor?

Social Protection comprises those measures which aim at preventing, reducing and eliminating economic and social vulnerabilities to poverty and deprivation. Despite rapid growth over more than six decades, poverty and deprivation continue to affect large numbers of people across the world, and an estimated 80 per cent of the population remains without access to adequate social protection cover. The fact that such large numbers of people continue to suffer from various deprivations and have low human capabilities represents tremendous squandered human and economic potential.

Social Protection helps in the realization of human rights which are enshrined in Universal Declaration of Human Rights, international conventions, and national constitutions. Social protection measures can help to stabilize aggregate demand during economic crisis. As is pointed out in the report of the SPF Advisory Group, social protection represents a “win-win” investment that pays off both in the short term, given its effects as macroeconomic stabilizer, and in the long term, due to the impact on human development and productivity” (ILO 2011a, p.XXII).

The idea of a socio-economic floor and its relationship to social protection was emphasized by the World Commission on the Social Dimension of Globalization (2004) which noted that “a certain minimum level of social protection needs to be accepted and undisputed as part of the socio-economic floor of the global economy” (ibid., 2004, p. 110). Recognizing the importance of ensuring social protection for all, the United Nations System Chief Executives Board for Coordination (UNCEB) adopted, in April 2009, the Social Protection Floor (SPF-I) initiative, as one of the nine UN joint initiatives to cope with the effects of the economic crisis. Subsequently, the Social Protection Floor (SPF-I) initiative was endorsed by UN General Assembly during its MDG Summit of September 2010.

The term “social floor” or “social protection floor” has been used to mean a set of basic social rights, services and facilities that a global citizen should enjoy. ILO’s Recommendation 202 (Para. 2), adopted unanimously in the 2012 International Labour Conference (ILC) describes social protection floors as “nationally defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion.” The social protection floors should comprise at least the

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following four basic social security guarantees (ibid.; see also UN System Task Team 2012):

- a) access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality;
- b) basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;
- c) basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and
- d) basic income security, at least at a nationally defined minimum level, for older persons.

The Recommendation (Para. 7) states:

the basic social security guarantees should be established by law. National laws and regulations should specify the range, qualifying conditions and levels of the benefits giving effect to these guarantees. Impartial, transparent, effective, simple, rapid accessible and inexpensive complaint and appeal procedures should also be specified. Access to complaint and appeal procedures should be free of charge to the applicant. Systems should be in place that enhance compliance with national legal frameworks.

The SPF Advisory Group Report (ILO 2011a) states that the SPF is “part of a two-dimensional strategy for the extension of social security, comprising of a basic set of social guarantees for all (horizontal dimension), and the gradual implementation of higher standards (vertical dimension)” Both are to be pursued simultaneously, in a framework of “progressive realization, compatible with a country’s fiscal and administrative capacity and in the framework of an integrated social protection system” (UNICEF 2012).

The SPF Advisory Group chaired by Michelle Bachelet (ILO, 2011a, chapter 3) points out a SPF could effectively reduce poverty and inequality and improve social cohesion. Moreover the SPF could be seen in the framework of the realization of human rights enshrined in the UDHR. Further, it could significantly accelerate progress towards MDGs and post 2015 MDG agenda (UN System Task Team 2012). Well- designed policies and schemes within

the framework of the SPF offer the pathways to economic opportunity and inclusion, the creation of decent work opportunities, and a permanent exit route out of poverty. Given the focus to reach those currently excluded and the informal economy, the SPF had the potential to empower women (and other socially excluded groups, and redress gender and social balance. Moreover, a number of studies establish that the financing of social protection measures can be kept at a fairly modest percentage of national income (ILO & WHO, 2009).

Deprivation, poverty and vulnerabilities in India and the characteristics of the Workforce

The acceleration in the growth rate in India in recent decades has gone hand in hand with a decline in poverty and Infant Mortality Rate (IMR), and improvements in indicators such as life expectancy and educational attainments. However, these promising achievements still continue to co-exist with persistently high levels of poverty; low levels of education, skills and productivity for a vast majority of workers; low nutritional status, particularly of children and women, inter-group and inter-class inequalities; and vulnerabilities.

These features of the economy are closely linked with the nature of the workforce in India characterized by extreme inequalities in outcomes and incomes, predominance of agriculture and self-employment, and informality. The Indian workforce comprises a small formal/organized sector of the economy and a huge informal/unorganized sector, both in agriculture and non-agriculture. Recent years have seen a rise in informalization and labour market flexibility with a decline in the percentage of regular workers with written contracts of more than a year.

The vast, informal and heterogeneous characteristics of the workforce, with growing informalization of employment, on the one hand denotes low levels of social protection and high vulnerability, and on the other, constrains the expansion of social protection, mainly due to the dearth of appropriate institutional arrangements and policy, and due to lack of visibility and voice of such workers. This calls for strategies both to improve the quality of employment and growth and to extend social protection to the unreached.

Social Protection in India

The Indian Constitution adopted in 1951 contains all the ingredients obliging the state to move towards the realization of socio-economic rights.

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Its chapter on Fundamental Rights prohibits human trafficking and child labour in hazardous industries, recognizes the right to form associations and unions, and the right of children to education. The “Directive Principles” of the Constitution lay down directions and goalposts in the achievement of economic rights.

The Constitution also defines the powers of the Central and State governments as well as local governments in matters relating to social protection. The Central government has a very small exclusive domain in areas related to social protection. It is the states, or the states and the centre together, who are responsible for social protection. In addition, the urban and local bodies have to play a very important role in social protection programmes.

India is not a signatory to ILO Convention 102 but has well-established social security systems providing varying degrees of coverage in several of the nine branches of the Convention which principally aim to cover formal workers in the organized sector which includes private firms/establishments above a certain size, or public sector establishments irrespective of size. In principle, these measures also extend some coverage to informal workers in the organized sector, and in some industries to establishments which are considered to be part of the unorganized sector.

Statutory social security provisions are intended to cover the entire organized sector and hence one would expect the entire formal and informal employment in that sector (only about 15 per cent of the total workforce in NCEUS estimates) to be covered. But as a matter of fact, the social security system extends principally to formal, regular workers. The proportion of this section of workers, as a percentage of wage/salaried earners has also declined. As far as informal workers are concerned, NCEUS (2006) estimated that only about 6 per cent of such workers received any kind of social security/social assistance.

However, India also has a large plethora of social protection schemes, both at the Central and State levels, which cater to different segments of the population. The ambit of these schemes is quite large, covering basic education and health, employment creation and promotion, workers’ social security, food and nutrition security, and social pensions. Some of these programmes are now supported legally. The total expenditure by the government of India on six of the major social protection related sectors (elementary education, health and family welfare, labour and labour welfare, social security and

welfare and rural development) has increased from 1.06 per cent of GDP in 1995-96 to 1.35 per cent of GDP in 2005-06 and further to 1.75 per cent of GDP in 2010-11. The states spend almost twice as much as the central government on these sectors but their expenditure (as % of GDP) has not changed much in the last decade. Together, the central and state government expenditure on these sectors has increased by about 0.83 per cent of GDP between 1995-96 and 2011-12. The central government's expenditure on major social protection programmes (excluding those in health and education sectors including the scholarship schemes of the Ministry of Social Justice) have increased particularly significantly between 2005-06 and 2011-23 – from 1.29 per cent of GDP to 1.73 per cent of GDP.

A Right Based Social Protection Floor for India

As discussed above, the United Nations Chief Executive Board (ILO & WHO 2009) has outlined the key elements and dimensions of a Social Protection Floor. They consist of the dimensions of income security over the entire life cycle (childhood, working age, and old age) and adequate access to health and other essential services, including drinking water & sanitation, food and shelter. Member countries have the flexibility of designing a SPF depending upon their level of development and their specific history and context. ILO Recommendation 202 also lays down the guiding principles that should be observed in creating the SPF. Among other things, the SPF should create clear-cut entitlements and should be backed by legislation.

The study has pointed out that there has been an extension of social protection in India over the last few years, guided by the Directive Principles of the Indian Constitution which broadly lay down the key elements of a social protection system. India is also committed to advancing the agenda of a Social Protection Floor as is evident from its support to ILO Recommendation 202 and the Ministerial Declaration at the third Inter-Ministerial conference in Colombo in 2011 (UNESCO 2011).

This study considers six dimensions of social protection, in which there have been specific advances in India articulating an entitlement based approach to social protection. These are briefly as follows:

- *Children's education, nutritional status and health.* The Right to Education Act (2009) provides specific entitlements to children to free schooling on the basis of essential norms and standards. The proposed Right to Food Act incorporates the mid-day meal and nutrition related elements of the ICDS.

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- *Employment and Livelihood Security.* The MGNREGA provides for 100 days of unskilled manual labour to every rural household, on demand, within fifteen days, and ordinarily within a distance of five km.
- *Social Pensions.* The Task Force on Restructuring the National Social Assistance Programme has proposed a significant expansion of coverage of the programme to old-aged persons, widows and separated/divorced/single women. It has also proposed some increase in pensions.
- *Social Health Protection.* The Ministry of Health has proposed a National Health Bill (2009) which is under discussion. Meanwhile the High Level Expert Group on Universal Health Coverage has proposed a universal health entitlement to all citizens in the form of National Health Package (Planning Commission 2011a).
- *Food Security.* The National Food Security Bill proposes to give an entitlement of subsidized cereals to up to 75 per cent of the rural population and 50 per cent of the urban population. The entitlement, both in terms of quantity of cereals and prices will be higher for destitute families (AAY) .
- *Housing.* There is some divergence in the current approaches in rural and urban housing, with rural housing set more firmly within an approach that recognizes the right to housing. While the Central government's urban housing policy is more limited in scope, it does project the goals of a slum-free India, and there has been a significant expansion in effort to provide affordable housing to the urban poor.

The exact scope of entitlements in each of these dimensions is, and possibly will remain, a highly contested domain, and some continue to question the validity of this approach altogether. Nonetheless, at the same time, there is an emerging consensus on the direction in which social protection needs to be advanced in each of these dimensions. It is the contention of this study, that these dimensions taken together can form the basis of a rights based approach to a social protection floor in India which also overlaps with the ingredients of a SPF as envisaged by the UN.

The Financial Costs of Achieving a Social Protection Floor

Other studies, notably ILO (2008b) which also includes India among the ten countries studied, have concluded that the costs of achieving a social protection floor are generally quite modest. But these studies have not built upon country specific contexts and circumstances.

In this study, the financial costs of achieving an entitlement based social protection have been estimated for each of the six dimensions mentioned above under a small range of options relating to their scope and coverage, with one set of benchmarks being set by government norms (in dimensions where legal entitlements are already in place) or those that have been spelt out by government commissions and expert groups. These, by no means do not exhaust the options currently being debated in India but illustratively provide some indications of the cost of achieving a SPF.

We find that;

- (i) If no change is envisaged in the existing scenarios in expenditures on RTE and NREGA (on the rationale that they are already entitlement based), then the additional average projected financial requirements would be 0.99 per cent of GDP in the 12th Plan and 2.24 per cent in the 13th Plan.
- (ii) If more adequate provisions are envisaged both for RTE and NREGA, then the additional average required provision would be 1.28 per cent of GDP in the 12th Plan and 2.82 per cent in the 13th Plan.
- (iii) If the NSAP pension norms are revised upwards, as per the alternative norms proposed by the TF and the Pension Parishad, then the additional average projected financial requirements would be 1.7-/2.28 per cent of GDP in the 12th Plan and 3.48-/4.37 per cent in the 13th Plan, depending upon which of the two norms and scenarios are adopted.

Challenges in moving towards a Social Protection Floor

Three types of inter-related challenges are examined in the context of moving towards a SPF. The first of these is the fiscal challenge. Although there are a number of ways in which additional fiscal resources can be mobilized, the main effort has to be to increase the tax/GDP ratio to, and beyond its previous peak. These measures can provide the fiscal space needed to institute a SPF. The second challenge discussed in this study is that of appropriate design for the dimensions of the proposed SPF. A number of issues have been examined in this regard. The third challenge is of effective implementation which also involves improved accountability of all those implementers and pro-active measures to reach the most vulnerable segments of the population.

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Road-map for the SPF

The approach of this study has been to consider the feasibility of a Social Protection Floor for India, based on existing developments and an emerging societal consensus. For a vast country like India, which is still a low Middle Income Country, and where implementation capacities are limited and vary across states, it is realistic to implement a SPF within a framework of “progressive realization” (UNICEF 2012) but within a statutory framework and a definite time frame. Finally, although the SPF is proposed on the basis of definite entitlements, there would need to be some flexibility to introduce additional elements, to re-design strategy, without lowering the SPF. Further, the SPF must be conceived within a broader framework of a social protection strategy and social and economic policy which aim at creating decent jobs and equitable and inclusive growth.

Conclusion

This study concurs with the view that the creation of a Social Protection Floor can have dramatic consequences for the lives of the poor, macroeconomic stability, growth and development. It can lead to socially inclusive and sustainable growth and progressive realization of human rights.

From the limited experience of a few entitlement based social protection programmes, it can be inferred that such an approach will have a significant impact on poverty and vulnerability, create conditions for a greater degree of empowerment, lead to a prioritization of public expenditures towards these sectors, and to a greater accountability and effectiveness of these expenditures. In sum, the creation of a Social Protection Floor in the manner that is being visualized, through an extension of entitlements and a rights based approach, will generate the long term basis for equitable and inclusive growth in India.

ABBREVIATIONS

AABY	Aam Admi Bima Yojana
AAY	Antyodaya Anna Yojana
APL	Above Poverty Line
AWC	Anganwadi Centre
BPL	Below Poverty Line
BSUP	Basic Services to the Urban Poor
DPEP	District Primary Education Project
EC	Economics Cost
ECA	Economic Commission for Africa
EDLI	Employees' Deposit Linked Insurance
EPFO	Employee Provident Fund Organisation
ESI	Employees' State Insurance
ESIC	Employee State Insurance Corporation
EWS	Economically Weaker Section
FAR	Floor Area Ratio
FPS	Fair Price Shops
FSI	Floor Space index
GoI	Government of India
HLEG	High Level Expert Group
IAY	Indira Awas Yojana
ICDS	Integrated Child Development Scheme
ICESCR	International Covenant on Economic, Social and Cultural Rights
IGNDPS	Indira Gandhi National Disability Pension Scheme
IGNOAPS	Indira Gandhi National Old Age Pension Scheme
IGNWPS	Indira Gandhi National Widows' Pension Scheme
IHSDP	Integrated Housing and Slum Development Programme
ILO	International Labour Organization
IMR	Infant Mortality Rate
ISHUP	Interest Subsidy Scheme for Housing the Urban Poor
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
JSBY	Janashree Bima Yojana
JSY	Janani Suraksha Yojana
LIG	Low Income Group

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M.B.	Maternity Benefit
MDM	Mid-Day Meals
MGNREGA	Mahatma Gandhi National Employment Rural Employment Guarantee Act
MGNREGP	Mahatma Gandhi National Employment Rural Employment Guarantee Programme
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MHRD	Ministry of Human Resource Development
MKSP	Mahila Kisan Sashaktikaran Pariyojana
MMR	Maternal Mortality Ratio
MoCFP	Ministry of Consumer Affairs, Food and Public Distribution
MoF	Ministry of Finance
MoHFW	Ministry of Health and Family Welfare
MoHUPA	Ministry of Housing and Urban Poverty Alleviation
MoLE	Ministry of Labour and Employment
MoLJ	Ministry of Law and Justice
MoRD	Ministry of Rural Development
MoSJE	Ministry of Social Justice and Empowerment
MT	Million Ton
NAC	National Advisory Council
NCEUS	National Commission for Enterprises in the Unorganized Sector
NFHS	National Family Health Survey
NMW	National Minimum Wage
NOAPS	National Old Age Pension Scheme
NP-NSPE	National Programme for Nutrition Support to Primary Education
NRDWP	National Rural Drinking Water Programme
NRHM	National Rural Health Mission
NRLM	National Rural Livelihoods Mission
NSS	National Sample Survey
NUHHP	National Urban Housing and Habitat Policy
OUP	Oxford University Press
P.G.	Payment of Gratuity

PDS	Public Distribution System
PF	Provident Fund
PMEGP	Prime Minister's Employment Guarantee Programme
PPP	Purchasing Power Parity
PWESCR	Programme on Women's Economic, Social and Cultural Rights
RAY	Rajiv Awas Yojana
RGDWM	Rajiv Gandhi Drinking Water Mission
Rs.	Rupees
RSBY	Rashtriya Swasthya Bima Yojana
RTE	Right to Education
RTF	Right to Food
SECC	Socio-economic and Caste Census
SEWA	Self Employed Women's Association
SGSY	Swarnajayanti Grameen Swarozgari Yojana
SHBs	State Housing Boards
SHG	self-help group
SJSRY	Swarna Jayanti Shahri Rozgar Yojana
SNCL	Second National Commission of Labour
SP	Social Protection
SSA	Sarva Shiksha Abhiyan
TFR	Total Fertility Rate
TPDS	Targeted Public Distribution System
TSC	Total Sanitation Campaign
UDHR	The Universal Declaration of Human Rights
UHC	Universal Health Coverage
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
VAMBAY	Valmiki Ambedkar Awas Yojana
WB	World Bank
WHO	World Health Organization

1. INTRODUCTION

1.1 Why Social Protection

Despite rapid growth over more than six decades, poverty and deprivation continue to affect large numbers of people across the world, who also remain without access to adequate social protection cover.¹ While globalization has led to increased opportunities for many, it has also increased systemic risks for a large proportion of the global population, who are excluded from its benefits. The persistence of such large numbers of excluded persons represents tremendous squandered human and economic potential. This is particularly important in a context of accelerated demographic ageing in countries with low coverage of pension and health systems.

Social Protection is defined by the ILO as a set of public measures that a society provides for its members to protect them against economic and social distress caused by the absence or a substantial reduction of income from work as a result of various contingencies (sickness, maternity, employment injury, unemployment, invalidity, old age or death of the breadwinner), the provision of healthcare and the provision of benefits for families with children (ILO, 2004). Although sometimes used interchangeably with “social security”, social protection is generally seen to be encompassing, but wider than social security. The ILO and many other international organizations have used the concept of ‘social protection’ to cover not only social security schemes which are statutory but also non-statutory schemes (International Labour Office, 2000, 2001). It is sometimes used both in terms of public and private policies and measures used to tackle vulnerability and deprivation. UNICEF (2012) describes social protection as the set of public and private policies and programmes aimed at preventing, reducing and eliminating economic and social vulnerabilities to poverty and deprivation. On the other hand, the term is also used in a narrower sense to refer to measures which relate to contingency related risks although more in an informal economy and non-statutory setting.²

Most generally, social protection measures and social protection systems emanate from chronic as well as contingent insecurities that exist in human society, and the obligation of social systems to mitigate such insecurities within the limit of their competence and capabilities. Since social protection covers various dimensions through the life cycle of the population, its coverage extends to the entire population, through the entire life span, and not only to workers. Garcia and Gruat (2003) argue that social protection can be seen as a summation of statutory and non-statutory measures which are not taken to ensure decent work³ but also the extension of coverage of effective social

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protection measures for all. The ILO suggests that social protection should be approached in its various dimensions and through various phases of the life cycle.

Social Protection has acquired greater relevance in the context of shocks and systemic risks which are being faced by the working poor in the context of globalization. The sources of risks and vulnerability have increased with globalization, exposing the poor to new forms of risk, both due to systemic factors and shocks. This has brought the term “Social Protection” into increased current usage as a broad range of public measures deemed necessary to protect populations against sources of risk. However, the term continues to give varying emphasis to contingencies and deficiencies which have become necessary to promote inclusion.

While the protective role of social protection is easily understood, the role of social protection measures in stabilizing and promoting growth, and in harnessing human potential in increasing productivity (and hence growth) is sometimes overlooked. In the short run, social protection can help to stabilize aggregate demand during economic crisis, contributing to accelerated recovery and more inclusive and sustainable development paths. It also helps to adapt peoples’ skills to overcome the constraints that block their full participation in a changing economic and social environment, contributing to improved human capital development in both the short and longer term, and in turn stimulating greater productive activity. As is pointed out in the report of the ILO Advisory Group, social protection represents a “win-win” investment that pays off both in the short term, given its effects as macroeconomic stabilizer, and in the long term, due to the impact on human development and productivity” (ILO 2011a, p.XXII). UNICEF (2012) argues that social protection is an important instrument for equity and social inclusion.

There is an anchoring of the concept of social protection in human rights, set out in the Universal Declaration of Human Rights and subsequent UN conventions. Articles 22 to 26 of UDHR state the universal rights of each individual to a basic standard of life, to proper working conditions, and to social security and social protection. The International Covenant on Economic, Social and Cultural Rights, 1966, again recognizes “the right of everyone to social security, including social insurance” (Article 9) and Articles 10 to 13 of the Convention elaborate on the right of mothers and infants, the right to a decent standard of living, the right to food, health and education. Subsequent UN conventions have also upheld the right to shelter,

principles of non-discrimination, the rights of the child and so on. The United Nations Special Rapporteur on Extreme Poverty and Human Rights, Magdalena Sepúlveda, has elaborated on the human rights framework of social protection and argued that “ensuring, at the very least, minimum essential levels of non-contributory social protection is not a policy option, but rather a legal obligation under international human rights law (Sepúlveda and Nyst 2012, p. 18) While human rights obligations provide a strong rationale for social protection, in turn, social protection systems lead to the realization of human rights (UNICEF 2012, ILO 2011b)..

In this Report, we view social protection measures as the set of public measures evolved by the state to meet its national and international obligations to eliminate poverty, deprivation and extreme vulnerability. The term social protection is also used in the context of progressive realization of basic human (socio-economic) rights of citizens to protect themselves against exploitation, poverty and deprivation. For workers, the sources of risk arise due to changes in employment relations, labour rights, social security, along with changes in the coverage of social protection measures. As already emphasized, social protection addresses vulnerabilities of all sections of the population, workers as well as non-workers.

1.2 The Social Protection Floor

The idea of a socio-economic floor and its relationship to social protection was emphasized by the World Commission on the Social Dimension of Globalization (2004). The Commission noted that “a certain minimum level of social protection needs to be accepted and undisputed as part of the socio-economic floor of the global economy” (ibid., 2004, p. 110). Following the economic crisis of 2008, the UN has also mooted the concept of Social Protection Floor (SPF). Recognizing the importance of ensuring social protection for all, the United Nations System Chief Executives Board for Coordination (UNCEB) adopted, in April 2009, the Social Protection Floor initiative (SPF-1), as one of the nine UN joint initiatives to cope with the effects of the economic crisis. The Social Protection Floor initiative was endorsed by UN General Assembly during its MDG Summit of September 2010. This initiative is co-led by the International Labour Office and the World Health Organization and involves a group of 17 collaborating agencies, including United Nations agencies and international financial institutions. In 2010, the Social Protection Floor Advisory Group was created within the SPF-I to enhance global advocacy activities and to elaborate further the conceptual policy aspects of the approach (ILO 2011a).

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The term “social floor” or “social protection floor” has been used to mean a set of basic social rights, services and facilities that the global citizen should enjoy. The term “social floor” can correspond to the existing notion of “core obligations”, to ensure the realization of, at the very least, minimum essential levels of rights embodied in human rights treaties (ILO & WHO 2009).

Since 2009, there has been an attempt to find, and refine, a universal agreed definition of SPF. The UN (ILO & WHO, *ibid.*) stated that a social protection floor could consist of two main elements that help to realize respective human rights:

- Essential services: geographical and financial access to essential services (such as water and sanitation, adequate nutrition, health and education).
- Social Transfers: a basic set of essential social transfers, in cash and in kind, paid to the poor and vulnerable to provide a minimum income security and access to essential health care.

Further the UNCEB states that SPF activities would work on strengthening both the demand (through rights and entitlements) and supply (through availability of goods and services in the areas of health, water and sanitation and housing, education, food and related information etc) for all, throughout the life cycle: children, people in the active age group with insufficient income from work, and older persons and persons with disabilities, paying particular attention to vulnerable groups by considering key characteristics that cut across all age groups (such as socio-economic status, gender, ethnicity, disabilities etc.) (*ibid.*: 5).

Since 2009, the rationale and concept of a Social Protection Floor (or “Social Protection Floors”, since the specific form of the SPF would depend upon a country’s history, and circumstances) country specific success stories, financial feasibilities, and governance structure, have been extensively discussed in international fora, in the United Nations and in the ILO. In the ILO, these discussions have culminated in the passage of Recommendation concerning National Floors of Social Protection, 2012 (No. 202) in June 2012 (ILO 2012a).

The Advisory Group Report (ILO 2011a) has summarized SPF as the guarantees of:

- a) basic income security, in the form of various social transfers (in cash or in kind), such as pensions for the elderly and persons with disabilities, child benefits, income support benefits and/or employment guarantees and services for the unemployed and working poor;

- b) universal access to essential affordable social services in the areas of health, water and sanitation, education, food security, housing, and others defined according to national priorities.

Recommendation 202 (Para. 2) describes social protection floors as “nationally defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion.”

Further, the social protection floors should comprise at least the following *four basic social security guarantees* (ibid.; see also UN System Task Team 2012):

- a) access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality;
- b) basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;
- c) basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and
- d) basic income security, at least at a nationally defined minimum level, for older persons.

The Recommendation (Para. 7) states that:

the basic social security guarantees should be established by law. National laws and regulations should specify the range, qualifying conditions and levels of the benefits giving effect to these guarantees. Impartial, transparent, effective, simple, rapid, accessible and inexpensive complaint and appeal procedures should also be specified. Access to complaint and appeal procedures should be free of charge to the applicant. Systems should be in place that enhance compliance with national legal frameworks.

The ILO in its various deliberations has cautioned against the SPF being considered or used as a “levelling down” strategy. The links of SPF to active labour market policies, to decent work, and to wider social and economic policy have also been emphasized (ILO 2011a and b, ILO 2012b). The Advisory Group Report (ILO 2011a) states that the SPF is

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“part of a two-dimensional strategy for the extension of social security, comprising of a basic set of social guarantees for all (horizontal dimension), and the gradual implementation of higher standards (vertical dimension) in line with the ILO’s Social Security (Minimum Standards) Convention, 1952 (No. 102) and others, as countries develop fiscal and policy space.” (ibid. p. xxiii).

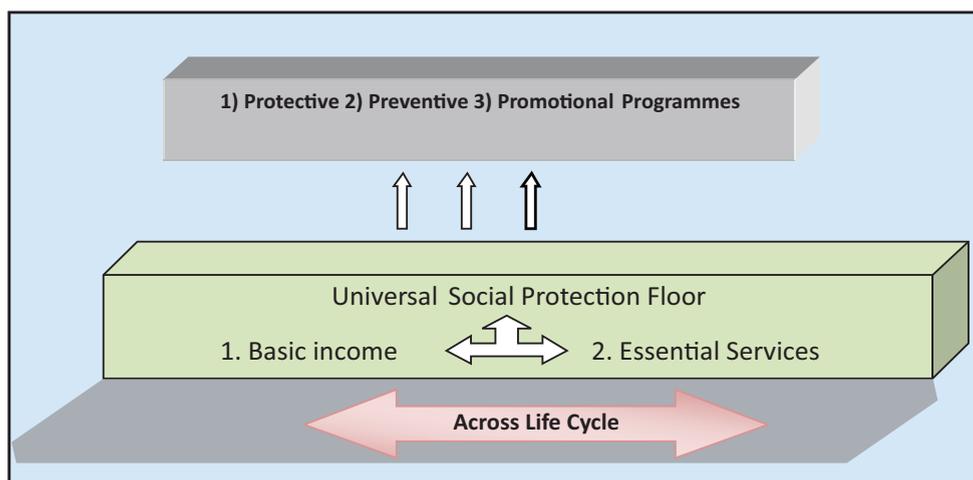
The two dimensional strategy has also been adopted by the International Labour Conference (2011).⁴

The two dimensional social protection strategy within which the social protection floor is situated is conceived as a “social security staircase”, where

the floor level comprises a set of basic guarantees for all. For people with tax-paying or contributory capacity, a second level of benefits as a right (defined and protected regarding the minimum levels by law) can be introduced and, finally, for those with a need or wish for high levels of protection, a “top floor” of voluntary private insurance arrangements can be organized (but should be subject to regulation and public supervision in the same way as all private insurance schemes) (ILO, 2011b, p. 138).

The relationship between the SPF and the broader set of social protection measures could also be conceived as in Figure 1. Both the horizontal and vertical dimensions of social security / social protection should be pursued in parallel, and adapted to national circumstances (ILO, 2011b).

Figure 1.: Social Protection Floor



There is a significant two-way linkage between social protection (floor) and labour conditions. The ILO Declaration on Social Justice for a Fair Globalization has stressed the linkage between social protection and labour protection and has outlined four equally important strategic and closely interrelated objectives of the ILO, through which the Decent Work Agenda is expressed. The second strategic objective is

developing and enhancing measures of social protection – social security and labour protection – which are sustainable and adapted to national circumstances, including:

- the extension of social security to all, including measures to provide basic income to all in need of such protection, and adapting its scope and coverage to meet the new needs and uncertainties generated by the rapidity of technological, societal, demographic and economic changes;
- healthy and safe working conditions; and
- policies in regard to wages and earnings, hours and other conditions of work, designed to ensure a just share of the fruits of progress to all and a minimum living wage to all employed and in need of such protection (ILO, 2008a, 1-A-ii)

The Global Jobs Pact (ILO, 2009) also outlines the link between a social protection floor and protection of working conditions and rights at work. The 2011 International Labour Conference has further elaborated on an integrated approach to social protection which emphasizes its link with labour market and other policies which reduce informality, improve productivity and create decent jobs... social protection floors, containing basic social security guarantees that ensure that over the life cycle all in need can afford and have access to essential health care and have income security at least at a nationally defined minimum level. Social protection floor policies should aim at facilitating effective access to essential goods and services, promote productive economic activity and be implemented in close coordination with other policies enhancing employability, reducing informality and precariousness, creating decent jobs and promoting entrepreneurship. (ILO, 2011c, Para. 9)

1.3 Rationale, feasibility and impact of the SPF

The SPF Advisory Group chaired by Michelle Bachelet (ILO, 2011a, chapter 3) points out that the financial and economic crisis had highlighted the role of social protection, and in particular, the type of interventions

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that comprise the SPF in countering the effects of the crisis. But in a more structural sense, global inequality has increased in the recent decades and growth had failed to make a sufficient dent on poverty. This has also led to declining social cohesion. A SPF could effectively reduce poverty and inequality and improve social cohesion. Moreover the SPF could be seen in the framework of realization of human rights enshrined in the UDHR, in the ICESCR, in several international conventions and in national constitutions. It could significantly accelerate progress towards MDGs and post 2015 MDG agenda (UN System Task Team 2012). Well-designed policies and schemes within the framework of the SPF offer the pathways to economic opportunity and inclusion, creation of decent work opportunities, and a permanent exit route out of poverty. Given the focus to reach those currently excluded and the informal economy, the SPF had the potential to empower women (and other socially excluded groups) and to redress gender and social balance.

A number of studies establish that the financing of social protection measures can be kept at a fairly modest percentage of national income (ILO & WHO, 2009). An ILO (2008b) Costing Study for a “Basic Social Security Floor” for ten countries (including India) on universal old age protection, child benefits, essential health care, and an unemployment package (on the lines of the MGNREGA in India) covering 10 per cent of the labour force concluded that the initial gross annual cost of the overall basic social transfer package (excluding access to basic health care that to some extent is financed already) would be in the range of 2.3 to 5.5 per cent of GDP in 2010. Individual elements appear even more affordable. The annual cost of providing universal basic old age and disability pensions, for example, is estimated in 2010 at between 0.6 and 1.5 per cent of GDP in the countries considered (ILO, 2008b).⁵

The level of social provisions is, however, driven more by a country’s political and policy environment than its level of development. The cost of a well-designed social protection floor is small compared to the tax revenues often foregone by not effectively collecting revenue from the wealthy and by not tackling inefficiencies that exist in many expenditure programmes.

Effective country-specific programmes, which can gradually expand, are not only affordable but can, in the long run, pay for themselves by enhancing the productivity of the labour force, the resilience of society and the stability of the political process. The ILO estimates that a set of minimum transfers is not costly in per capita terms, although it is likely to require support from external sources in the poorest settings.

The impact of these programmes on the well-being of the poor and on vulnerable groups within the poor, such as children, women, those suffering from disabilities, social discrimination etc. can be significant through impacts on poverty, food security, improved access to basic services including health, education, water and sanitation, on improved income distribution, on growth, and on empowerment and collective participation. A distributional analysis of essential social transfers alone shows that the combination of a modest cash benefit for children and a modest pension, which could be an “entry level” of a social protection floor for poorer countries, could reduce the poverty head count by about 40 per cent – a major contribution to the achievement of the first MDG (ILO & WHO 2009). Studies of effective programmes constituting elements of a social protection floor show significant impacts on poverty, income distribution, health and education outcomes (UNDP 2011, 15:16). For example, the Universal Child Allowance programme in Argentina, *Asignacion Universal por Hijo* reduced poverty by 22 per cent and extreme poverty by 42 per cent and led to an improvement in income distribution. The South African child support grant reduced the poverty gap by 28.3 per cent, while together with the old age pension and disability grants, it reduced the Gini coefficient by 3 per cent (ibid.). There are further impacts through the impact on productivity, on demand, and through the social cohesion which such policies help to bring about. Results of a study of 80 social assistance programmes in 30 countries, analyzed by ILO (2010), showed that schemes had a clear and positive impact on enhancing human development, supporting the use of productive capacities, enhancing and stabilizing consumption, and facilitating cohesion and inclusion.

Thus, the impact of the Social Protection Floor goes well beyond risk and crisis mitigation and extends to promoting stable and socially inclusive growth in the medium and long run.

1.4 Structure of this report

This report examines issues relating to the institution of a Social Protection Floor (SPF) for India. Chapter 2 of the paper outlines the key characteristics of the Indian workforce and shows how this both necessitates and poses a challenge for instituting a SPF. Chapter 3 examines the existing vast edifice of social protection programmes in India, initiated both by the Central and State governments. It examines the trends in financial expenditure on social protection in India. Chapter 4 of this report lays down the structure of a possible Social Protection Floor for India. It shows how, in many areas, entitlement based social protection arrangements are beginning to emerge.

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Chapter 5 of the report deals analyzes the possible cost implications of an SPF for India. Chapter 6 discusses the many challenges to a SPF for India. It discusses the fiscal challenge, and issues of design and delivery. Chapter 7 discusses a road map for a SPF, while chapter 8 concludes this report.

The report is based principally on secondary material and some empirical analysis of large scale surveys. However, in order to complement the theoretical and analytical findings of the study, a survey of nearly 150 informal workers in Delhi, Uttar Pradesh (Allahabad), and Maharashtra (Nanded, Beed, Pandarpur, Pune, Aurangabad) was conducted for this report (hereafter referred to as the Informal Workers Survey or IWS). The study focused on the characteristics and vulnerabilities of informal workers and their family members, the priority placed by the workers on dimensions of social protection, and the reach and impact of existing social protection programmes. The respondents were primarily waste pickers, construction workers, headloaders and domestic workers. The findings of earlier primary field based studies such as Rajasekhar et al (2006a, b, c) which have studied social protection among rural and urban informal workers in four districts of Karnataka and Unni and Rani (2002), which studies social protection among rural and urban informal workers in six districts in Gujarat, have been used to supplement the Informal Sector Survey. Findings from these surveys will be presented in Boxes in the report.

2. DEPRIVATION, POVERTY AND VULNERABILITIES IN INDIA AND THE CHARACTERISTICS OF THE WORKFORCE

In the sixty years since 1951-52, India's GDP grew by over 18 times. The growth rate of GDP which was about 4 per cent in the four decades after 1951-52 increased to 6.9 per cent in the subsequent two decades. As a result, per capita income also increased 5.5 times over six decades, growing at 1.8 per cent a year in the first four decades since 1951-52 and then at an accelerated rate of 5.1 per cent per year in the recent two decades. This improvement in economic performance went hand in hand with a decline in poverty and IMR, and improvements in indicators such as life expectancy and educational attainments. However, these promising achievements still continue to co-exist with persistently high levels of poverty; low levels of education, skills and productivity for a vast majority of workers; low nutritional status, particularly of children and women, inter-group and inter-class inequalities; and vulnerabilities. Some of these outcomes have undoubtedly also been exacerbated by the nature of the integration of India in the global economy.

Income poverty levels which were persistently high in India till the early 1970s have been steadily declining since then [In 1973-74, 56 per cent of rural people and 49 per cent of urban people were estimated to be in poverty, but by 2004-05, this ratio was estimated to have fallen to 28 per cent and 26 per cent respectively]. But even in 2009-10, an estimated 35.45 crore people were considered poor by the current method of estimating the poor. However, many studies and expert groups have held that the current poverty line thresholds are too low and that the levels of deprivation and vulnerability in India are much higher (World Bank 2011; NCEUS 2007; MoRD 2009, Srinivasan 2007). Even by the World Bank's meagre 1.25 US dollars a day standard, 42 per cent of the Indian population was poor in 2005, and this figure was higher at 75 per cent with the World Bank's \$2 per day criterion. These issues have prompted the Government of India to set up a committee under the Chairman of Economic Advisory Council to the Prime Minister to review the issue.

Given India's rate of growth, the pace of improvement of several of its human development indicators has been woefully slow. For example, in 2005-06, based on WHO standards, 43 per cent of children below the age of 5 were underweight, 48 per cent were stunted, and 20 per cent wasted (NFHS-3 results).

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Since 1993-94, there has also been a secular rise in both rural and urban inequality _measured by inequality in per capita consumption expenditure, which understates its actual extent (World Bank 2011, Himanshu 2007, Deaton and Dreze 2002).

Poverty indicators as well as human indicators vary across regions and states and across rural and urban areas, pointing to the uneven spread of economic and social opportunities across space and the fact that a person's well-being was significantly related to her/his location. In 2004-05, urban poverty rates varied dramatically from just 3 to 4 per cent in Himachal Pradesh and Assam to over 40 per cent in Chhattisgarh, Madhya Pradesh and Odisha. Rural poverty rates in states such as Punjab, Haryana, Andhra Pradesh and Himachal Pradesh were a third or a quarter of the poverty rates in the poorest states (World Bank, 2011, p. 9). Further, volatile incomes and exposure to risks subjects a large proportion of households who may be judged to be non-poor at any point of time, to vulnerability and the risk of falling into poverty (World Bank Vol. I, 2011). Thus, vulnerability characterized a much higher proportion of households than were considered poor at any point of time. This naturally also implied that by any given measure of poverty, households could fluctuate in and out of poverty (World Bank, *ibid.* p. 10-12).

These features of the economy are closely linked with the nature of the workforce in India which is characterized by extreme inequalities in outcomes and incomes, predominance of agriculture and self-employment, and informality.

The Indian workforce is characterized by a small formal/organized sector of the economy and a huge informal/unorganized sector, both in agriculture and non-agriculture. A four-fold classification of the workforce showing formal and informal employment in both the organized and unorganized sectors was estimated by the National Commission for Enterprises in the Unorganized Sector (NCEUS) for the years 1999-00 and 2004-05, and is shown in Table 1.⁶

Table 1. Relationship between sector and type of employment (UPSS), 2004-05

Total Employment (crores)

	Informal/Unorganized Worker	Formal/Organized Worker	Total
Informal/Unorganized Sector	39.35 (99.6)	14 (0.4)	39.49 (100.0)
Formal/Organized Sector	2.91 (46.6)	3.34 (53.4)	6.26 (100.0)
Total	42.26 (92.4)	3.49 (7.6)	45.75 (100.0)

Note: Figures in parentheses are percentages.

Source: NCEUS (2007), p. 4.

In the Commission’s estimate, of the total employment of 45.8 crore workers in 2004-05, the organized sector accounted for 6.3 crore (14 per cent) while the unorganized sector accounted for 39.5 crore (86 per cent) workers. Of the organized sector workers, 2.91 crore (46.6 per cent) were informally employed. Thus as much as 92.4 per cent of employment in India is estimated to be informal. As shown in Table 1, the entire net employment increase between 1999-00 and 2004-05 has been of informal workers.

The Indian workforce is still dominated by agriculture, in which employment is almost entirely informal, and by self-employed and casual workers outside agriculture (Table 2). However, even among the regular waged or salaried workers, the trend is towards informalization of employment.

Even with some systematic decline, figures show that 51.4 per cent of workers in the economy are still in agriculture (2009-10) and of the remaining workers in non-agriculture, two-third were either self-employed or casual, and thus principally informal.

Table 2. Structure of employment in India, 1999-00, 2004-05 & 2009-10

	Self - employed	Regular	Casual	Total
1999 - 00				
Agriculture	57.7	1.5	40.9	100.0 (60.0)
Non - agriculture	44.1	35.1	20.8	100.0 (40.0)
Total	52.2	14.9	32.8	100.0 (100.0)
2004 - 05				
Agriculture	64.5	1.1	34.4	100.0(56.6)
Non - agriculture	46.3	33.7	19.9	100.0(43.4)
Total	56.6	15.3	28.1	100.0(100.0)
2009 - 10				
Agriculture	60.4	0.9	38.8	100.0 (51.4)
Non - agriculture	40.7	33.1	26.2	100.0 (48.6)
Total	50.8	16.5	32.7	100.0(100.0)

Source: Srivastava (2012a), Table 1

The NCEUS has stratified the formal and informal workforce by average levels of consumption, focusing on workers who are considered “poor and vulnerable” and whose average consumption levels are less than twice the official poverty line or less than about \$2 per day (estimated to be about

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77 per cent of the workforce). In the bottom strata, informality is very high; workers generally belong to deprived social groups, and have very low levels of education and skills (NCEUS 2007). The NCEUS has analyzed the conditions of work and remuneration of both the wage employed and the self-employed (including the homeworkers) at the bottom of the work pyramid. Its analysis shows the poor conditions of work and low wages (below the legally stipulated minimum) for a vast majority of female and male wage earners. Further its analysis of gross value added per worker for self-employed workers at the bottom of the work pyramid reveals that productivity and incomes are low and work carries very low remuneration. This leads to high poverty, the virtual delinking of poverty with unemployment and the phenomenon of the working poor (*ibid.*). Integration with global markets has resulted in a squeeze of the self-employed both in agriculture and outside it, but at the same time the dearth of paid employment with decent remuneration can also push people into self-employment.

Large scale self-employment and casualization already implies a high degree of flexibility but the small amount of regular employment that exists in organized sector enterprises also limits the kind of flexibility that these firms may require. As a result, there is a steady contracting out of services and processes (sub-contracting) and utilization of casual labour or regular workers with flexible short-term contracts. Data on durability of employment contracts is only available in the NSS Employment-Unemployment Rounds since 2004-05 for paid employment outside agriculture. Between 2004-05 and 2009-10, the per centage of regular workers with longer stable contracts shrank from 35.2 to 31.1 per cent. Simultaneously, the per centage of such workers with no written contract increased from 59.2 to 63.2 per cent. As one would expect, nearly 96 per cent casual workers did not have any written contract. For all paid workers in off-farm or non-agricultural activities, the per centage of those without written contracts increased from 73.2 to 77.3 per cent over this period (Srivastava 2012a).

What is remarkable is that the maximum flexibilization has occurred precisely in segments of industry where formalization should have been the norm. In the government sector, the share of workers without any written contract increased from 26.7 per cent to 38.3 per cent over this period. In public limited companies, the per centage share of workers without contract increased from 58 per cent to 63.2 per cent (*ibid.*). The per centage of

workers without contracts has grown both in the unorganized and organized segments of the economy (NCEUS definitions). In the organized sector, the per centage of workers without any written contract increased from 53.2 per cent to 58.5 per cent, while those with long-term contracts (for more than 3 years) declined from 41.7 per cent to 33.6 per cent (ibid.).

The change in the paid labour contracts towards either casualization or towards regular work which is also effectively casualized is also accompanied by employers resorting to the hiring of a migratory labour force through contractors, which is both cheaper and easier to control, but to which it is even more difficult to extend existing measures of social protection (Srivastava 2011b, c). Labour and worker mobility has increased since the early 1990s and, at the lower end of the work pyramid, a lot of this mobility is characterized by seasonal or circular movements of labourers. Such workers could constitute nearly a fifth of the total workforce or nearly 9 crore workers (Srivastava 2012b).

The vast, informal and heterogeneous characteristics of the workforce in India, with growing informalization of employment, on the one hand, denotes low levels of social protection and high vulnerability, and on the other, it constrains the expansion of social protection, mainly due to the dearth of appropriate institutional arrangements and policy, but also due to lack of visibility and voice of such workers, as well as other supply side considerations. This calls for strategies both to improve the quality of employment and growth and to extend social protection to the unreached.

3. SOCIAL PROTECTION IN THE INDIAN CONTEXT

3.1 The constitutional basis for Social Protection

The Indian Constitution adopted in 1951 contains all the ingredients obliging the state to move towards the realization of socio-economic rights. Its chapter on Fundamental Rights prohibits human trafficking and child labour in hazardous industries, recognizes the right to form associations and unions, and the right of children to education. Further, recognizing that the immediate fulfillment of economic rights may not be possible for the nascent State, puts these in the “Directive Principles” of the Constitution. These Principles lay down directions and goalposts in the achievement of economic rights, but they are not justiciable. They are, however, to be used by the government in making laws. The Directive Principles call for the state to provide for adequate means of livelihood; “within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want” (Article 41); make provisions for the ingredients of decent work in terms of conditions of employment and a living wage (Articles 42 & 43); and “regard the raising of the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties” (Article 47).

Further, the Constitution of India defines the powers of the Central and State governments in Schedule 7. List 1 contains items which are in the exclusive domain of the Central government. These include a small number of items relevant to social protection such as regulation of labour in mines and oilfields, and inter-state migration. The Central government also has residual powers to deal with any issue not mentioned in these lists. List 2 mentions items in the exclusive purview of the states. This list also covers some items related to social protection. These include: (a) public health and sanitation, hospitals and dispensaries; (b) relief of the disables and unemployables. List 3 contains the concurrent list of items which are in the domain of both the Centre and States. These include a larger number of items which deal with social protection such as (a) vagrancy, nomadic and migratory tribes; (b) economic and social planning; (c) social security and social insurance; employment and unemployment; (d) welfare of labour including conditions of work, provident funds, employers’ liability, workmen’s compensation, invalidity and old age pensions and maternity benefits; (e) education.

Schedule-11 and 12 of the Constitution have been inserted after the Seventy-third and Seventy-fourth Amendment to the Constitution relating to rural and urban local bodies. Schedule 11 for rural local bodies includes rural housing and poverty alleviation programmes, health and sanitation, including hospitals, primary health centres and dispensaries; family welfare; women and child development; social welfare, including welfare of people with disabilities; welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes; public distribution system. Schedule 12 for urban local bodies includes urban planning including town planning; planning for economic and social development; public health; safeguarding the interests of weaker sections of society, including people with disabilities; slum improvement and upgradation; and urban poverty alleviation. Unlike the union and state lists, items within the purview of local governments cannot be considered to be within their exclusive domain, but rather that the local governments also play an important role in them.

It is noteworthy that the Central government has a very small exclusive domain in areas related to social protection. It is the states, or the states and the centre together, who are responsible for social protection. In addition, the urban and local bodies have to play a very important role in social protection programmes. In the Indian case, a number of social protection programmes have been designed and implemented by states, and, we shall see, the role of the states in doing so varies quite significantly. To the extent that government domains below the Central level are responsible for the design, financing and delivery of the social protection programmes, these programmes can differ from state to state and even between local bodies in the nature and pattern of financing, coverage, benefits, and manner of implementation. Such programmes will be designed to benefit certain groups of persons recognized as citizens in that domain of government. As a corollary, they will exclude those persons who are considered to have primary citizenship in other domains. In such cases, higher levels of government can play a moderating role by supporting the design and financing of programmes which may have some uniformity across domains and may reduce the levels of exclusion. But this moderating role would depend upon several factors including the level of financing, and the design of the programmes which the higher level government supports.

India has a plethora of social protection schemes, both at the Central and State levels, which cater to different segments of the population. The ambit of these schemes is quite large, covering basic education and health, employment promotion, workers' social security, and food and nutrition

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security or almost the entire realm of social policy including workers' right' at work. After liberalization, in the initial phase, social protection measures were neglected, but this began to change from the mid-1990s when there was an expansion in the budget for rural employment generation and social assistance programmes. While the ambit of social security schemes relating to workers and which are statutory in nature, has also grown (although as we shall see their coverage has not expanded due to informalization of the workforce), in the last few years, a major expansion has occurred in the expenditure on sectors where the courts or the constitution have created specific entitlements through legislative changes or legal oversight.

3.2 Contributory social security schemes for workers in the formal and informal sectors

India is not a signatory to ILO Convention 102 but has well established social security systems providing varying degrees of coverage in several of the nine branches of Convention which principally aim to cover formal workers in the organized sector which includes private firms/establishments above a certain size, or public sector establishments irrespective of size. These measures also extend some coverage to informal workers in the organized sector, and in some industries to establishments which are considered to be part of the unorganized sector.

Box 1

Conventions relating to Social Protection and Social Security

The Government of India has accepted the international commitment that arises from the ratification of the Covenant of Social, Economic and Cultural Rights of the United Nations. This Covenant, *inter alia* recognizes the right of everyone to social security including social insurance. India is also a signatory to several other significant conventions such as the Convention for the Elimination of All Forms of Discrimination against Women (CEDAW), Convention on the Rights of the Child (CRC), and the Convention on the Rights of Persons with Disabilities (CRPD).

India has also ratified some Conventions of the ILO regarding social security including Workmen's Compensation, (Occupational Diseases) – (No. 18 and revised Convention No. 42 of 1934); Equality of Treatment (Accident Compensation) – No. 19 of 1925; and Equality of Treatment (Social Security) – No. 1 & 8 of 1962.

However, ILO Convention 102 has not been ratified by India.

Five broad systems of social security and social assistance are currently in place. The first and the most comprehensive covers the public sector and provides old age security (provident fund/pensions and gratuity) and medical cover, supplemented by maternity benefits etc. through statutory schemes. The second system covers the organized private sector and makes provision for provident fund, gratuity, medical cover, supplemented by some other benefits such as maternity benefit and injury compensation, again through

statutory measures (Venkata Ratnam, 2006). Over a period of time, the ambit of these laws has been extended to improve portability, cover more areas, more types of establishments, and informal (casual, temporary and contract) workers in the organized sector. Both these systems are based on employer and employee contributions.⁷ Recently, economic reforms have led to a reconsideration of some of these schemes. The pension scheme for new government employees is now a funded one instead of being a defined benefit scheme as was the case earlier. The scheme will also be managed by private fund managers, as will also the Employees' Provident Fund.

While these two systems are for the organized sector, the third system of *Welfare Funds* has been put in place by certain State governments and the Central government and covers segments of unorganized sector workers. Welfare funds are created under state or central acts and are managed autonomously. They are financed in various ways: worker contributions, employer contributions, cesses and state contributions and, depending upon their financial base, provide a number of benefits to their members.

The fourth system of social security is entirely state financed and in the form of social assistance for poor persons. Here again (as with Welfare Funds), the lead was taken by certain states, and was followed by the Centre. These schemes are not statutory in nature and are also discussed later in this paper. The fifth type of social security systems are “publicly managed” in the sense that non-governmental institutions have helped to put together social security mechanisms, primarily through the social insurance route, based on worker contributions, for small segments of self-employed and wage workers.

3.3 Coverage of contributory social security schemes

Contributory social security provisions are intended to cover the entire organized sector and hence one would expect the entire formal and informal employment in that sector (about 15 per cent of the total workforce in NCEUS estimates) to be covered. But as a matter of fact, the social security system extends principally to formal, regular workers, as is shown below.

According to official estimates discussed above, the government sector had an estimated 1.8 crore workers in March 2005 while the private organized sector had an estimated 84.5 lakh workers, or an estimated 2.65 crore organized sector workers.⁸ The NCEUS estimated the organized sector employment as 6.26 crore informal and formal workers in 2004-05 (NCEUS 2007). As far as the government/public sector is concerned, detailed data on social security coverage is not available. The Employee Provident Fund Organisation (EPFO) which is expected to provide retirement benefits to private organized sector employees had 5.88 crore subscribers as of March

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31, 2010, which rose to 8.55 crore as of March 31, 2010 (EPFO, 59th Annual Report 2011-12). The Employee State Insurance Corporation (ESIC) covered 1.26 crore employees in March 2009, and 1.64 crore employees as on March 2012 (ESIC Annual Report, 2011-12).

Box 2

Social security laws for the organized sector

The Government/Public Sector workers in India are covered by social security laws enacted by the Central and State governments. In the case of the Centre, these include the Pension Act (1871), Pension Schemes applicable from time to time, Contributory Pension Rules (1962) for employees not eligible for pensions, the Public Provident Fund Act (1968) etc. The Central Government Health Scheme through which medical benefits are provided to employees is non-statutory. The principal laws covering the private sector are the following:

The **Employees' State Insurance Act, 1948 (ESI Act)** which covers factories and establishments with 10 or more employees and provides for comprehensive medical care to the employees and their families as well as cash benefits during sickness and maternity, and monthly payments in case of death or disablement. The workers and employers' contribution is 1.75 per cent and 4.75 per cent of wages respectively. The scheme, which was first introduced at two centres in 1952 with an initial coverage of 1.20 lakh workers, covered 1.64 crore workers and their families in about 807 centres in the country. Medical care is provided through 150 ESI Hospitals, 42 ESI Annexes, 1463/93 ESI Dispensaries / ISM Units and 1447 Clinics of Insurance Medical Practitioners.

The **Rajiv Gandhi Shramik Kalyan Yojana** has recently been launched by the ESIC to provide unemployment benefit to workers rendered unemployed involuntarily due to closure of the factory, retrenchment or permanent invalidity arising out of non-employment injury.

The **Employees' Provident Funds & Miscellaneous Provisions Act, 1952 (EPF & MP Act)** which 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. Separate laws exist for similar benefits for the workers in the coal mines and tea plantations. The EPFO extends to the entire country covering over 691,237 establishments as on March 31, 2012. As on March 31, 2012, over 8.55 crore workers and their families were reportedly covered under EPFO schemes. The total subscription of the EPF Scheme 1952, EDLI Scheme, 1976 and Employees' Pension Scheme 1995 together amounted to 70,889 crores during 2011-12, while their total corpus was 546,082 crore as on March 31, 2012. Under the EPF, the employee contribution is 10-12 per cent whereas the employer contribution is 1.67-3.67 per cent. In the EPS, the employer contribution is 8.33 per cent while the government contribution is 1.16 per cent. The EPFO extends to the entire country covering over 7 lakh establishments. At present, over 6.16 crores EPF members and their families get benefits under Social Security Schemes administered by EPFO. The total investment corpus as on 31st March, 2011 amounts to Rs. 466,370 crores.

The **Employees' Compensation Act, 1923 (WC Act)**, which requires payment of compensation to the workman or his family in cases of employment related injuries resulting in death or disability.

The **Maternity Benefit Act, 1961 (M.B. Act)**, which provides for 12 weeks wages during maternity as well as paid leave in certain other related contingencies.

The **Payment of Gratuity Act, 1972 (P.G. Act)**, which provides 15 days wages for each year of service to employees who have worked for five years or more in establishments having a minimum of 10 workers.

Source: EPFO, 59th Annual Report 2011-12; ESIC Annual Report, 2011-12, <http://labour.nic.in/content/division/social-security.php> (accessed on March 1, 2013)

Direct estimates of the number and type of employees availing of employer managed social security can be estimated from recent National Sample Survey Rounds on Employment-Unemployment carried out in 1999-00, 2004-05 and 2009-10 (55th, 61st and 66th), and these results are discussed below.⁹

The 55th Round of the National Sample Survey tried to ascertain the numbers of paid workers who were getting employer arranged social security in the form of a provident fund scheme.¹⁰ The total number of paid workers, estimated from this survey availing any form of social security was about 3.97 crore. Only 1 per cent of workers in agriculture reported coverage compared to 14.4 per cent non-agricultural workers. Among the latter, too, the coverage was significant only among regular workers. In this category, 35.4 per cent workers reported coverage compared to 1.3 per cent casual workers and 1.5 per cent self-employed workers. Only 6.3 per cent of all workers, taken together, reported receiving social security in the form of provident fund.

The 61st Round of NSS survey on Employment-Unemployment in 2004 – 2005 again enquired into the social and employment security of only a segment of wage workers which included all non-agricultural wage workers, comprising 53.6 per cent of non-agricultural workers, as well as wage workers in allied agricultural activities comprising 30 lakh workers or about 3.2 per cent of all agriculture allied wage workers and 1.1 per cent of all agriculture and allied workers. Thus, the total workers whose employment and social security was assessed in the survey comprise of 10.94 crore workers i.e. 54.9 per cent of wage workers and 23.9 per cent of total workers in 2004-2005. The survey sought to capture whether the employees were covered under any one or a combination of social security benefits, which had been arranged or for which the contribution was made by the employer. Three main social security benefits were covered Provident Fund (PF)/ Pension, Gratuity, Health care & maternity benefits.

Of the total segment of wage workers in agriculture & allied activities and non-agriculture for whom the question was canvassed, nearly 3.2 crore (30 per cent) reported as being eligible for any one of the stated social security benefits. 16.6 per cent reported as availing of all three benefits PF/ Pension, Gratuity, Health care & maternity benefit and 5.7 per cent reported as availing only PF/Pension, while about 1.6 per cent had either PF/ Pension and gratuity or PF/Pension and health care & maternity benefits. The pattern was identical for men and women and for rural and urban areas. Only the magnitude of those with no access to social security benefit was relatively lower in urban areas especially among men.

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Almost the entirety of casual workers did not avail of any social security benefit, while the share of those receiving at least one benefit among regular workers was only 55 per cent. Only about one-fourth of regular workers had all three benefits.

Across social groups, groups described as socially or socially and economically deprived; viz. Scheduled Castes and Tribes, and the Other Backward Castes had about one-fourth of the workers (in the selected segment) availed of any of the benefits while “Others” (socially more privileged) had nearly double the share of workers with all three, only PF/ Pension, PF/ Pension and Gratuity or PF/ Pension and health care & maternity benefits.

Wage workers in the unorganized sector too had almost no social security benefits except 1 per cent who had PF/ Pension. Even within the organized sector, nearly 33 per cent had all benefits and 10 per cent had PF/ Pension and 47 per cent were not eligible for any benefit.

Across industry groups the share of those not eligible for any of the benefits was least in public administration and electricity which are mostly in the organized sector. While the share of highest in private households with employed persons, construction and trade where more than 90 per cent were not eligible for any benefits. Besides electricity and public administration even education and finance had a high share of workers with all three benefits or only PF/ Pension.

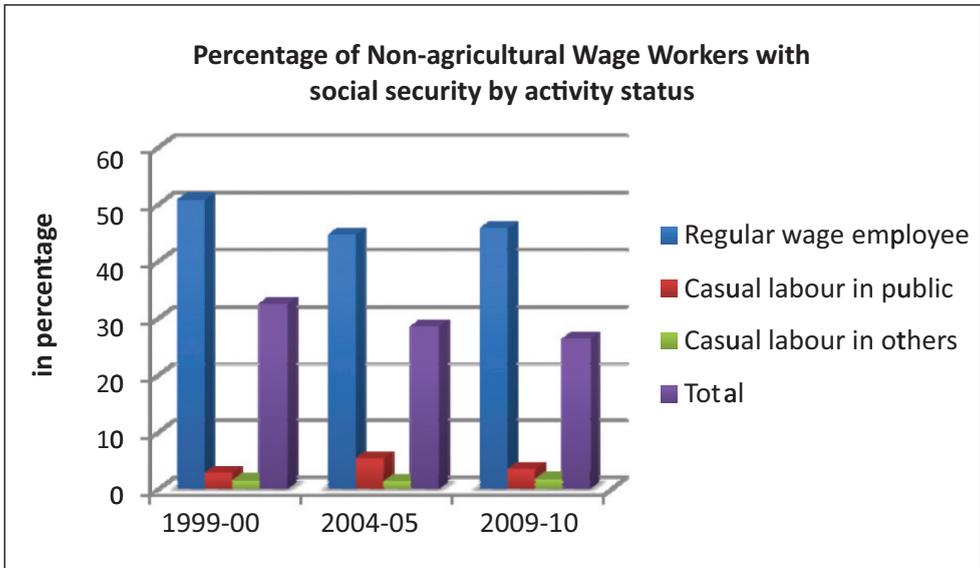
Thus in 2004-2005, only 27.8 per cent of the selected segment of wage employees surveyed had any social security. The highest coverage was in the government sector (82.6 per cent), followed by public limited companies (52.2 per cent), co-operatives (47.3 per cent) and lastly, partnership and proprietary enterprises (5.7 per cent). In each case, there was a direct relationship between size of establishments and coverage (ibid.). Most of those covered are in the Government/Public Sector (64 per cent), while 18 per cent are in public limited companies, another 13 per cent in proprietary/partnership enterprises and 4 per cent in cooperatives.

The latest Employment-Unemployment round of the NSS provides details of social security coverage for wage workers in 2009-10. Although figures of coverage for all three rounds show an increase in the absolute numbers of workers availing of any one of the social security provision, there is a decline in the per centage of workers so covered, even in the segment of workers covered in the survey.

Figure 2 shows that the per centage of all wage workers covered under any social security provision declined from 32.6 in 1999-00 to 28.6 in 2004-05 and further to 26.4 in 2009-10. Between 1999-00 and 2004-05, this

decline took place due to a decline in the per centage coverage of regular wage employees i.e. their greater informalization. During 2004-05/2009-10, further decline took place due to higher casualization of the workforce, while there was a small increase in the per centage of regular workers covered under formal social security.

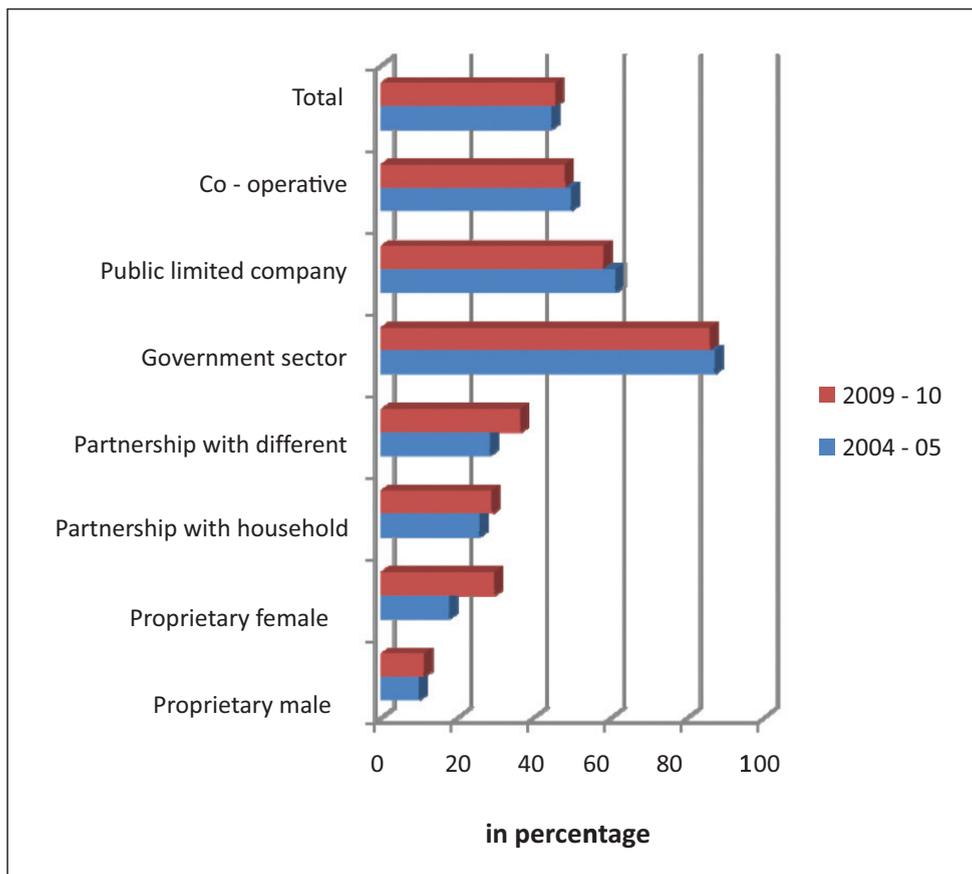
Figure 2. Percentage of wage workers with any social security



Source: Based on Srivastava (2012), Table 8

Further disaggregation by enterprise type shows an unusual picture. This is shown in Figure 3. The per centage coverage of regular wage employees under social security provisions actually increased in partnership and proprietary firms, but declined in government owned firms and in public limited companies. In the government sector, the per centage of regular workers covered by social security provisions remained the highest among enterprise types but declined from 87.23 to 86.03 per cent, while in public limited companies, the per centage share of regular employees under social security declined from 61.22 to 58.05 per cent. Thus, the decline in the per centage of wage workers in non-agriculture under any form of social security coverage has occurred both due to casualization of the workforce and due to increased informalization of the regular employees in the government sector and in public limited companies.

Figure 3. Percentage of regular wage workers with social security, by type of enterprise (2004/05 – 2009/10)



Source: Based on Srivastava (2012), Table 9

As far as the social security coverage of unorganized sector workers is concerned, the relevant modalities are not employer arranged, and reliable estimates are even more difficult to obtain. NCEUS (2006) has assiduously compiled the coverage under each type of social security system described above through information collected from central and state governments and studies/documentation available of NGOs engaged in extending social security cover through health insurance, provident fund, or other measures to segments of unorganized workers.

The information collated by the NCEUS pertained to Central and State welfare funds, Social pension programmes, and social security schemes managed by non-governmental organizations. Four welfare funds have been

created under Central Acts and administered by the Centre. Welfare Funds for certain classes of unorganized workers are in existence in a number of states. In addition, the Building and Other Construction Workers' Welfare Cess Act, 1996 enables the states to provide for the welfare of construction sector workers, financed through cess on the construction industry. Social assistance, or social insurance measures (contributed by state/central governments) which are in existence include old age pensions for destitute, widows and disabled persons, life insurance and other measures. Finally, a careful compilation of NGO-assisted schemes of social security (some with government support) has been done by the International Labour Organization, and the figures have been examined by the NCEUS.¹²

The NCEUS estimated that legislation-backed entitlements for the unorganized sector are limited for workers in certain occupations with coverage of around 1.5 crore (around 50 lakh covered by Central Government schemes and the remaining by State government schemes). Further, the non-statutory schemes such as the National Old Age Pension Scheme (NOAPS) were estimated to cover around 60 lakh people. This, in the Commission's estimate, takes the total number of persons covered under various social security schemes to 2.1 crore, equivalent to a mere 6 per cent of the total number of unorganized/informal workers in the year 2000. Further, since the small and large NGOs in the country are estimated to provide some social security cover to about 2 per cent of the workforce in the unorganized sector, *the Commission's estimates showed that the existing models covered only a small proportion - around 8 per cent - of the country's vast army of informal workers (NCEUS 2006).*

Our brief review shows that governmental and non-governmental initiatives to address the social security needs of the working poor in India are woefully inadequate. In the organized sector, the proportion of workers covered has fallen due to informalization of the workforce. The poor, who eke out an existence through various types of informal employment in the unorganized sector, are among the most vulnerable in any society. A shock that has a relatively small impact on the non-poor can be a cause for great concern for the poor, since even marginal downward fluctuations in income can push them to destitution levels. Social security measures which address the contingent

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risks faced by them are woefully inadequate, except in certain parts of the country. We turn next to an examination of the scope and coverage of major social protection programmes in the country.

3.4 Major social protection programmes launched by the central government

The Government of India has initiated a number of social protection programmes for which a major part of the finances are also drawn from the federal budget. These programmes span the entire life cycle of poor individuals and cover various dimensions, such as health, education, food security, shelter, employment and livelihoods. Table 3 summarizes the major social protection programmes launched by the Central government and currently being implemented in India. Each of these programmes is then briefly discussed in this chapter.

Table 3. Major social protection schemes of the central government

S. No.	Name of Scheme	Objective	Target Group	Coverage	Nature of Scheme	Central Funds (Rs. crore)
1. Education, Nutrition and Health Support for Pre-School and School-aged Children						
1 (i)	Sarva Shiksha Abhiyan (SSA)	To support universal enrolment and retention of children in elementary schooling and to support the provision of quality education.	6-14 year children in elementary schools.	All government financed elementary schools	Non-Statutory, but supports the Implementation of the Right to Education Act	20841 (2011-12)
1 (ii)	Integrated Child Development Scheme (ICDS)	Improvement in the nutritional and health status of children 0-6 years through a package of services providing nutritional and health support to children and pregnant and lactating mothers	All children in the eligible age group and pregnant and lactating mothers in areas served by ICDS centres	Services provided to 7.48 crore children under 6 years and 1.8 crore pregnant and lactating mothers	Non-statutory but major components part of proposed National Food Security Act.	14 266 (2011-12)
1 (iii)	National Programme of Mid Day Meal in Schools	National Programme of Mid Day Meal in Schools	School going children in all recognized schools and educational centres providing primary, upper-primary or non-formal education	12 crore children in about 12 lakh schools	Non-statutory but major components part of proposed NFSA	3 593 (2011-12)

2. Social Health Protection						
2 (i)	National Rural Health Mission (NRHM) (now National Health Mission)	Provision of accessible, affordable and accountable health services, in coordination with states, through a decentralized and convergent approach	Rural, and now urban population		Non-statutory	
2 (ii) W	Rashtriya Swasthya Bima Yojana (RSBY)	To protect poor families from major health shocks that involve hospitalization through insurance for which beneficiaries only pay a nominal registration fee	Below Poverty Line Poor families and other families of informal workers to whom coverage has been extended.	3.42 crore smart cards issued by March 2013 covering almost half of BPL families	Semi-statutory	926 (2011-12)
2 (iii)	Total Sanitation Campaign (TSC)	To accelerate sanitation coverage in rural areas & to develop community managed environmental sanitation systems	All rural families with an incentive to Below Poverty Line families		Non-statutory	1,500 (2011-12)
2 (iv)	National Rural Drinking Water Programme (NRDWP)	To provide solutions for safe drinking water to all rural households			Non-statutory	8,493 (2011-12)
3. Food Security						
3 (i)	Targeted Public Distribution System (TPDS)	Stabilization of food prices & provision of subsidized foodgrains to poor households	Three tier provision of subsidized cereals and other essential commodities (APL, BPL & Antyodaya or destitute households)	36.2 % households in 2009-10 (NSS estimates).	Non-Statutory at present but will become part of the proposed NFSA	72,820 (2011-12)
4. Employment and Livelihood Security for the Rural and Urban Poor						
4 (i)	Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	Provision of up to 100 days of employment in public works to rural households demanding manual employment and creation of public assets.	All rural households demanding unskilled manual employment in public works.	24% rural households provided employment (2009-10 survey)	Statutory, with nearly 90% contribution by Central government, remaining by States	29,189 (2011-12)

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4 (ii)	National Rural Livelihood Mission (Ajeevika) (from June 2011) [reformed Swarna Jayanti Gram Swarozgar Yojana or SGSY)	To reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment through strong grassroots institutions (self-managed Self Help Groups (SHGs) and federated institutions)	Below Poverty Line rural poor in self-help groups	Since inception in 1999, 42.69lakh SHGs formed. During 2010-11 21.09 lakh persons received assistance (69.5 % women)	Non-statutory	2,175 (2011-12)
4 (iii)	Swarna Jayanti Shahri Rozgar Yojana (SJSRY) / National Urban Livelihood Mission (NULM)	Creation of employment through specified public work activity and through assistance to women self-help groups and individual female and male micro-entrepreneurs	Urban poor (BPL) individuals and (women) members of SHGs	17.2 lakh urban poor and women SHG members assisted in setting up enterprises; 23.61 lakh poor given skill training; 797.35 lakh man days of employment generated up to Dec, 2011.	Non-statutory	820 (2011-12)
4 (iv)	Prime Minister's Employment Guarantee Programme (PMEGP)	Generation of employment through assistance in the form of margin money subsidy in setting up of micro enterprises	Urban and rural micro-entrepreneurs	3.8 crore jobs during 2008-12	Non-statutory	906 in 2010-11 (BE)
5. State Assisted Pensions for the Poor (National Social Assistance Programme - NSAP)						
5 (i)	National Old Age Pension Scheme (NOAPS)	Provision of pensions	Poor persons (Below Poverty Line) above 60 years (Provision of food assistance under Annapurna Scheme to persons eligible under NOAPS but not getting it)	1.65 crores (2012-13)	Semi-statutory	4 599 (2012-13)

5 (ii)	Indira Gandhi National Widows' Pension Scheme (IGNWPS)	Provision of pensions	Poor widows (Below Poverty Line) between 40 & 64 years	84 lakhs (2012-13)	Semi-statutory	3 232 (2012-13)
5 (iii)	Indira Gandhi National Disability Pension Scheme (IGNDPS)	Provision of pensions	Poor disabled persons (Below Poverty Line) between 40 & 64 years	12 lakhs	Semi-statutory	431 (2012-13)
6. Housing for the Poor						
6 (i)	Indira Awas Yojana (IAY)	Construction of dwelling units and up gradation of existing unserviceable kutcha houses by providing grant-in-aid	Rural people below the poverty-line belonging to SCs/STs, freed bonded labourers and non-SC/ST categories	27.15 & 22.30 lakh houses in 2010-11 & 2011-12 respectively.	Non-statutory	9 865 (2011-12)
6 (ii)	BSUP / IHSDP Rajiv Awas Yojana (RAY)	Urban Housing / Basic Services/ Slum Upgradation		10 lakh dwelling units built or under construction (2005-2012)	Non-statutory	
7. Life and Disability Cover for the Poor						
7 (i)	Aam Admi Bima Yojana (AABY)	Life, accident and disability cover to the main bread-winner	Agricultural Labour families; age of insured 18-59 years	82 lakh insured by Sep 2009	Semi-statutory	2,000
7 (ii)	National Family Benefit Scheme (NFBS) (component of the NSAP)	One-time benefit on death of bread-winner	BPL families	4.5 lakhs	Semi-statutory	900

Sources: Annual Reports of the Ministries, Budget of the GoI, Draft 12th Plan, and Official websites of the Schemes mentioned above.

Note: (i) Includes social protection schemes for which the Central budget exceeds Rs 750 crores. Scholarship schemes of the Ministry of Social Justice have not been included.

(ii) Schemes which are part of the schedule to the Unorganised Workers Social Security Act (2008) have been termed as semi-statutory.

1. Education, Nutrition and Health Support for Pre-School and School-aged Children

(i) Sarva Shiksha Abhiyan

Since the 1990s, the government focused on the universalization of education among children in the age group 6 to 14 years, initially through centrally sponsored programmes such as Operation Blackboard and state-based programmes, such as the District Primary Education Project (DPEP). In 2000-01, it launched the Sarva Shiksha Abhiyan (SSA) with clear targets of achieving universal primary and elementary school enrolments and retention. The programme guidelines have subsequently been revised to support the Right to Education Act, 2009, which has come into effect in 2010 (MHRD, 2011a). This has been done on the basis of the recommendations of a committee on the Implementation of RTE Act and the Resultant Revamp of SSA (MHRD 2010) and the road map prepared for the implementation of the Right to Education Act. The funding pattern of the SSA has also been revised and provides for 65:35 share for Centre and States for the period 2010-11 to 2015-16. An amount of Rs 20,841 crores was spent by the Central government on the programme in 2011-12.

The programme supports the openings of new schools in those habitations which do not have schooling facilities and strengthen existing school infrastructure through provision of additional class rooms, toilets, drinking water, maintenance grant and school improvement grants. Existing schools with inadequate teacher strength are provided with additional teachers, while the capacity of existing teachers is being strengthened by extensive training, grants for developing teaching-learning materials and strengthening of the academic support structure at a cluster, block and district level. The programme also provides academic resource support, text books and support for learning achievement. SSA seeks to provide quality elementary education including life skills. It has a special focus on girl's education and children with special needs. It also seeks to provide computer education to bridge the digital divide. The revised SSA provisions have been aligned with the legally mandated norms and standards and free entitlements mandated by the RTE Act.

(ii) The Integrated Child Development Services (ICDS) scheme is the largest programme for promotion of maternal and child health and nutrition in India. The scheme was launched in 1975 in pursuance of the National Policy for Children with the following main objectives:

- i. to improve the nutritional and health status of children in the age-group 0-6 years;
- ii. to lay the foundation for proper psychological, physical and social development of the child;
- iii. to reduce the incidence of mortality, morbidity, malnutrition and school dropout;
- iv. to achieve effective co-ordination of policy and implementation among the various departments to promote child development; and
- v. to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education.

The above objectives are sought to be achieved through a package of six services comprising supplementary nutrition, immunization, health check-up, referral services, pre-school non-formal education and nutrition & health education. The programme provides an integrated approach for converging all the basic services for improved childcare, early stimulation and learning, health and nutrition, water and environmental sanitation aimed at the young children (0 to 6 years), expectant and lactating mothers, other women and adolescent girls in a community in the age group 15 to 44 years. ICDS is a multi-sectoral programme and involves several government departments. The programme services are coordinated at the village, block, district, state and central government levels and are provided on the platform of the Anganwadi Centre (AWC). The primary responsibility for the implementation of the programme lies with the Department of Women & Child Development at the Centre.

Box 3

Overcoming Barriers to Education

Enrolment in education has increased steadily in recent years as a result of government effort. According to the NSS Employment-Unemployment Survey of 2009-10, 89 per cent of the children in the age group 6 to 14 were attending schools. The RTE has now provided a huge fillip to overcoming the barriers faced by children from vulnerable groups, and those with more vulnerable characteristics. The Informal Worker Survey carried out for this report asked a number of questions related to the education of the participant as well as their children, which revealed several interesting insights into factors which still constrained or those that facilitated access to education:

Poor economic status and need to work from an early age: Most of the participants gave poverty and the need for children to contribute to household income as the main reason behind lack of the education. This is higher in places where public education system is not functional or education was not free and where scholarships are not provided due to which education involves a heavy direct cost, in addition to the opportunity cost of children not working. For instance, the head loading women of Nanded and domestic workers of Aurangabad mentioned the high cost of education being a major reason for their inability to educate their children.

Migratory status of parents: Migratory nature of parents was also identified as one of the major reasons for children not enrolling or dropping out of school. This is particularly true in the case of construction workers, who not only migrate from the village to the city but also migrate frequently from worksite to worksite. Ensuring that children's education remains unhindered is therefore an extremely difficult task in their case. Several construction workers working in Jawaharlal Nehru University, Delhi, reported that they chose to stay there even when there was no work because of the support provided by the University's students and faculty to ensure their children's education.

Poor quality of government schools and high cost of private education: Classes 10th and 12th, when children have to face board exams, are the major turning points where a number of children drop out of government schools. One of the main reasons was the poor quality of education and low levels of learning of children. The children are ill prepared to face board exams. Many drop out of school when they do not qualify in these examinations. This was found to be common among the children of headloaders in Nanded. Headloaders of Beed and Pandarpur, Maharashtra, also cited this as the reason for their own dropping out of school. In Allahabad, the poor quality of education in government schools and their low presence led to private schooling or tuitions as the only option. This despite the fact that children studying in government schools get a certain amount in scholarships. In fact tuition costs comprised one of the highest expenses for informal workers in the city. Those unable or unwilling to bear the high costs of tuition combined with the costs of books, transportation, uniforms etc. chose to pull their children out of school or not send them to school at all. However, workers in Delhi were happy to send their children to public schools where the quality of education was better, no fee was charged, and children also received scholarships.

Discrimination and harassment: Discrimination and harassment by children as well as staff of schools has also been cited as one of the important reasons for dropping out of schools. Some children of waste pickers described how they were harassed. The hostile environment often forced them to quit school and join their parents at work.

Difficulty in finding employment even after getting education: Some children, particularly girls, described how they faced immense pressure from their community to leave school because of the lack of employment opportunities. Secure government jobs are often perceived as the only "decent employment". The demand for jobs is high. However, there are allegations that bribes have to be paid for government jobs in teaching. Parents unable to afford the bribes prefer to not enrol their children into higher education at all.

No tradition of education, particularly among girls: Besides the apathy of the educational system, cultural factors also prevent education of children. Some parents, who themselves have never been to school, did not give any reason for not sending their children to school and never even trying, indicating a lack of a tradition of education.

Logistical factors such as lack of time to pick up and drop children: In single parent households, or in households where women do not go out of the house and the man has to start work early, inability of people to drop children to school and pick them up from school leads to their inability to send them to school.

Having described the problems children face in joining and completing education, three factors which have greatly enabled their education must be mentioned. The Right to Education Act has enabled informal workers to get their children enrolled in public schools without the need to produce any documentation or pay any fees. Thus, during the IWS, no worker complained of schools not accepting their children because of lack of documentation or proofs. The second is the provision of scholarships for children in schools. All children, studying in public schools in Delhi and Allahabad claimed to be getting some scholarships from their schools, though the amounts varied. This was not true of children in schools in Maharashtra. Finally, the role of civil society organizations (wherever they have been present), which have not only played a role in enabling children to get enrolled but also in supporting their education through extra classes, placing teachers in government schools and several other measures.

Source: IWS (2013)

The ICDS is presently a non-statutory programme but has expanded its reach in response to various orders of the Supreme Court. The Scheme has been expanded in three phases in the years 2005-06, 2007-08 and 2008-09. It currently operates through a network of 7,025 fully operational projects and 13.3 lakh AWCs as of January, 2013. Services are currently being provided to 9.28 crore beneficiaries of which 7.48 crore are children under six and 1.8 crore are pregnant and lactating mothers. 3.5 crore children of 3-6 years are provided pre-school education (Statement of Minister, MoC&WD, PIB Press Release, March 15, 2013).

The scheme is implemented through the States/UTs on a cost sharing basis in the ratio of 50:50 for supplementary nutrition (SNP) and 90:10 for other components except in the case of North Eastern States where the share of Central and State Government is in the ratio of 90:10 for all the components including SNP. The financial outlay for the scheme has increased since its inception. Compared to an allocation of Rs 10,391 crore during the 10th Five Year Plan, the government allocated Rs 44,400 crore for the ICDS scheme during the 11th Five Year Plan. Further, during the 12th Five Year Plan, the government has approved Strengthening and Restructuring of ICDS Scheme with an overall budget allocation of Rs 1,23,580 crore.

There are very few studies analyzing the utilization of ICDS services and its impact. The National Family Health Survey carried out in 2005-06, which predates the most recent expansion, has provided the most recent basis for analyzing the utilization and impact of ICDS (see Box 4).

Box 4 The ICDS: Utilization and Impact

The National Family Health Survey III (NFHS III) collected information in 2005-06 on the presence of Anganwadi Centres (AWCs) in the enumeration area and the utilization of services offered by the AWC women (aged 15-49 years) and children (aged 0-6 years). An in-depth quantitative analysis carried out by Saxena and Srivastava (2009) and later by Srivastava and Bhaskar (2011) found that in states that had made efforts to take advantage of the programme, there had been remarkable declines in under-nutrition rates. Econometric analysis also confirmed that ICDS had a significant positive impact on child nutrition. Their findings have been summarized below:

- **Coverage (proportion of households who know about existence of AWC)**

- 1) In terms of coverage, NFHS III data shows that the ICDS does fairly well. 81.1 per cent of children under 6 years who were surveyed, were living in an enumeration area served by an AWC.
- 2) 72.4 per cent of enumeration areas were covered by an AWC

- **Utilization (Proportion of children surveyed who actually received services from the AWCs)**

- 1) Only 28.4 per cent children actually received any of the six services from an AWC in the past five years.
- 2) Accessibility is important, and in a study (WFP 2008) covering four of the poorest states, 88 per cent of all respondents gave distance from the AWC as a reason for not using the facility.
- 3) Percentage of children under six who were living in an enumeration area covered by an AWC and who received any service from an AWC in the past year was 28.4 per cent. The most common service utilized by children from AWCs was the provision of food supplements. 26.3 per cent of children under six who were surveyed had received food supplements in the form of take-home rations or food cooked at the centre. 22.3 per cent of the children aged 36-71 months went for early childhood care/pre-school education at an AWC while 20 per cent of the children under six received some immunization at the AWC.
- 4) Only 15.8 per cent of the children under 6 received health check-ups at an AWC.
- 5) 18.4 per cent children were weighted at an AWC out of which 48.4 per cent children belonged to mothers who reported having received counseling at an AWC. Provision of food supplements is the second most common service.

Utilization of services in states - From NFHS III - given above

National averages hide the tremendous variation in service utilization rates across states. States vary widely in terms of the percentage of children who have received at least one out of six services from an AWC. Orissa has the highest proportion, with 60.5 per cent of surveyed children having received at least one service, followed by Chhattisgarh (55.2), Mizoram (52.7), Madhya Pradesh (43.8), Tamil Nadu (41.6), Gujarat (40.5), while the lowest utilization rates are in Delhi (8.4), Bihar (8.8) and Arunachal Pradesh (9.6). The utilization rates in Chhattisgarh and Odisha are over double the national average (28.4 per cent), while the rates in Delhi, Bihar and Arunachal Pradesh are less than one-third the national average.

- **Impact of ICDS**

Econometric analysis using NFHS III data was carried out by Saxena and Srivastava (2009). The findings of this analysis are:

1. First and foremost, Anganwadi centres were found to make a difference. Results show that children who are in areas not covered by an AWC are significantly more undernourished than those in areas covered by an AWC that had been in existence for more than five years.

2. Children seen by an AWW in the past three months are likely to be significantly less undernourished than those who were not seen, suggesting that mothers have faith in AWWs and take their children to her when there is a problem.
3. The only variable that is highly significant and has a positive impact on nutritional status is if the child received early child care at the AWC. Maharashtra (50 per cent), West Bengal (39 per cent) and Chhattisgarh (37 per cent) reported the highest percentage of children receiving early childcare/pre-school. These states are among the top five performers in reducing undernutrition. This strengthens the argument for better focus on these services.

Srivastava and Bhaskar (2011) further use state-wise data on coverage and changes in undernutrition rates between NFHS II (1998-99) and NFHS III (2005-06) to find that:

- Even in areas that have the worst chronic poverty, there is hope. Wherever AWCs have done well, under-nutrition has gone down dramatically.

Further, Srivastava and Bhaskar (2011) make use of Quantile Regression techniques to estimate the impact of ICDS on nutritional status of children belonging to different quantiles of the nutrition distribution. They find that:

- Anganwadi Centres which have been in existence for over five years have a highly significant positive impact on children's' WAZ (weight for age) score. This impact is highest for children at the lowest quantiles.
- AWCs which were in existence for less than five years also had a positive impact on the nutritional status of children at the lowest quantiles. However, the magnitudes as well as significance levels of these coefficients were much lower.

Srivastava and Bhaskar (2011) also use state-wise data on coverage and utilization of ICDS services by women and children to construct an AWC Performance Index. The following states were ranked the highest in terms of the AWC Performance Index (from highest to lowest- Chhattisgarh, Tamil Nadu, Odisha, Madhya Pradesh, Maharashtra, Karnataka, West Bengal).

(iii) National Programme of Mid-Day Meal in School.

The National Programme for Nutrition Support to Primary Education (NP-NSPE) or Mid-Day Meals (MDM) Programme was started as a centrally sponsored scheme in 1995 in order to improve enrolments and retention in primary schools and to improve nutritional levels among children.

In 2001, following orders of the Supreme Court, the MDMS became a cooked Mid-Day Meal Scheme under which every child in every Government and Government aided primary school was to be served a prepared Mid-Day Meal with a minimum of 300 calories and 8-12 gram protein per day for a minimum of 200 days. The Scheme was further extended in 2002 to cover not only children studying in Government, Government aided and local body schools, but also children studying in Education Guarantee Scheme (EGS) and Alternative & Innovative Education (AIE) centres. It was revised in April 2008 to extend to recognized as well as unrecognized Madarsas Maqtabas supported under SSA. In September 2004 the Scheme was revised

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to provide for Central Assistance for cooking cost, cost of pulses, vegetables, cooking oil, condiments, fuel and wages and remuneration payable to personnel or amount payable to agency responsible for cooking. Transport subsidy was also raised. Central assistance was provided for the first time for management, monitoring and evaluation of the scheme at two per cent of the cost of foodgrains, transport subsidy and cooking assistance. In order to facilitate construction of kitchen-cum-store and procurement of kitchen devices in schools, Central assistance at Rs 60,000 per unit and Rs 5,000 per school in a phased manner was provided. In October 2007, the Scheme was extended to cover children of upper primary classes (i.e. class VI to VIII) studying in 3,479 Educationally Backwards Blocks (EBBs) and the name of the Scheme was changed from 'National Programme of Nutritional Support to Primary Education' to 'National Programme of Mid Day Meal in Schools'. The nutritional norm for upper primary stage was fixed at 700 calories and 20 grams of protein. The Scheme was extended to upper primary classes in all areas across the country from April, 2008 (<http://mhrd.gov.in/middaymeal> accessed on March 20, 2013). Since 2009, the Scheme also covers National Child Labour Project (NCLP) schools.

The Programme has thus evolved into a universal entitlement for all children in elementary classes enrolled in government or government aided schools. The programme consists of providing a hot cooked meal at lunch to children attending elementary schools in order to improve their nutritional status, and to provide an incentive to children to attend school. While the national level impacts of midday meals in educational, nutritional and other dimensions remains to be understood in depth, the evidence available suggests that mid-day meals have had positive effects at least on enrolments. As a result, the MDM programme provides an interesting example of a major demand side SP intervention which has significant potential. The programme had a budget of Rs 6,678 crores in 2007-08 which was increased to Rs 10,380 crores in 2011-12 and covers about 12 crore children in 12 lakh schools.

2. Social Health Protection

India operates a multi-tier public health system (sub-centres, primary/community health centres, district hospitals, and tertiary level referral hospitals) but the public health system receives low levels of expenditure and operates at low levels of efficiency, resulting in poor health outcomes, unaffordable health care and high out-of-pocket expenditures.

(i) National Rural Health Mission

The Central government launched the National Rural Health Mission in 2005, which has now (2013) been converted into the National Health Mission for both rural and urban areas. The National Rural Health Mission (NRHM) was launched in a seven year (2005-2012) time bound mission frame to provide accessible, affordable and accountable quality health services even to the poorest households in the remotest areas with focus on strengthening public health systems, and establishing a fully functional community owned, decentralized health delivery system with flexibility for need based planning and enhanced absorption of funds. The Mission seeks to provide effective healthcare to rural population throughout the country with special focus on 18 states, which have weak public health indicators and/or weak infrastructure. It builds on the commitment of the Government to raise public spending on Health from 0.9 per cent of GDP to 2-3 per cent of GDP.

The main goals of NRHM (Mission Document 2005) are:

- Reduction in Infant Mortality Rate (IMR) and Maternal Mortality Ratio (MMR).
- Universal access to public health services such as women's health, child health, water, sanitation & hygiene, immunization, and nutrition.
- Prevention and control of communicable and non-communicable diseases, including locally endemic diseases.
- Access to integrated comprehensive primary healthcare.
- Population stabilization, gender and demographic balance.
- Revitalization of local health traditions and mainstreaming of AYUSH.
- Promotion of healthy lifestyles.

The NRHM has as its key components provision of a female health activist in each village (ASHA); a village health plan prepared through a local team headed by the Health & Sanitation Committee of the Panchayat; strengthening of the rural health system (sub-centres), primary health centres (PHCs), community health centres (CHC) for effective curative care and made measurable and accountable to the community through Indian Public Health Standards (IPHS); and integration of vertical Health & Family Welfare Programmes and Funds for optimal utilization of funds and infrastructure and strengthening delivery of primary healthcare. It aims at effective integration

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of health concerns with determinants of health like sanitation & hygiene, nutrition, and safe drinking water through a District Plan for Health.

Over the period 2005-2011, the Central government released Rs 52,832 crores under NRHM to states for financing their State Plans to strengthen public health services with a focus on primary health care. The total expenditure by the Central government in the period 2005-06 to 2009-10 on NRHM was Rs 38,420 crores, which was 52.2 per cent of the total expenditure on health (Planning Commission Working Group, 2012). The Central government budgetary expenditure for health increased by 21.45 per cent per year (compounded annually) in the post NRHM phase (2005-06 to 2009-10) as compared to 10.85 per cent per year in the pre-NRHM period (2001-02 to 2004-05). The State governments' combined budgetary expenditure increased by 19.87 per cent annually between 2005-06 and 2009-10. The Working Group has noted that there has been some improvement in State and Central expenditure on health as a percentage of GDP, and that this was 1.1 percent of GDP in 2009-10. Nevertheless it notes that most states spend less than 1 per cent of GSDP on health which was insufficient to meet the goals of NRHM.

The Planning Commission Twelfth Plan Working Group on NRHM (Planning Commission, 2011a) and the 2011-12 Annual Report of the Ministry (MoHFW, 2012) have presented an assessment of the impact of the NRHM as well as key indicators of progress in terms of health indicators. The initiatives under NRHM have contributed to reducing Maternal Mortality Rate (MMR), Infant Mortality Rate (IMR) and Total Fertility Rate (TFR). The IMR has declined by 3 points to 47 per 1000 live births in 2010. The MMR declined from 254 in 2004-06 to 212 in 2009. The TFR declined from 2.9 in 2005 to 2.6 in 2009. The Planning Commission Working Group (ibid.) has noted that the rate of improvement has been higher in focus states. But despite this, progress was not sufficient to achieve the goals of the Eleventh Plan. The NRHM has also achieved progress in terms of a number of its component activities. The Janani Suraksha Yojana (JSY) which promotes institutional deliveries has resulted in a steep rise in demand for services in public health institutions with the number of JSY beneficiaries rising from 7.3 lakhs in 2005-06 to 1.13 crores in 2010-11. However, the progress has been uneven across the regions with large scale inter-state variations. Despite consistent efforts in scaling up infrastructure and manpower, the rural and remote areas continue to show deficit in health facilities and manpower (MoH&FW 2012 and Planning Commission 2011a).

Box 5

Why Strengthening Social Health Protection Mattered for the Poor

The Informal Worker Survey found that health shocks make for one of the largest and most prevalent reasons preventing households from moving out of poverty or improving their living standards. Nearly all households surveyed in Allahabad, and around 50 per cent of those in other cities, had taken loans from money lenders to meet health treatment costs. The amount borrowed ranged from Rs 5,000 to Rs 3,00,000 and the interest rate ranged from 3 per cent per month to 20 per cent per month but mostly averaged around 10 per cent per month.

The huge health costs arise as a result of the dependence on private health care. Most of the survey respondents claimed to be going only to private health care facilities despite the high cost involved. They reasoned that public health care facilities were sparse, over-crowded, provided poor quality treatment, and the doctors prescribed medicines and diagnostic services which had to be bought from outside. Hence, workers are left with no option but to approach private providers and to borrow at high interest rates to meet their health costs.

Further, none of those interviewed claimed to be aware of, or were benefitting from any government health insurance programmes meant for the poor or the unorganized sector workers.

Two things, however, seem to help in times of health crises. For instance, where civil society was active, as in JNU, New Delhi, the contractors have been forced to enrol the waste-pickers under ESIC which enables them to access ESI hospitals, which are of decent quality and workers are happy to go there in times of emergency, although the long distance prevents them from accessing it frequently for minor ailments.

Second, access to good quality public or charitable (non-profit) health institutions greatly mitigates the impact of health shocks. For instance, despite suffering from serious ailments such as TB and kidney stones, workers who were aware and had access to good quality public health institutions received adequate care and treatment without having to suffer massive financial setbacks. Easy access to good quality and cheap public health institutions must therefore be an important component of a social protection floor for India.

Finally, although it is not generally accepted as one, but addictions of all sorts can also be classified as a serious health problem that can have serious consequences on the families of the addicts. De-addiction centres should, therefore, come within the ambit of health care institutions. During the survey, respondents who were addicted to any intoxicant were asked if they had ever tried to quit. While most responded in the negative, some said they had tried and had even been to de-addiction centres. However, while the effect of the de-addiction centres lasted for some time, on getting back to their lives and livelihoods, they would also resume their addiction. Free and easy access to de-addiction centres which offer a holistic and lifecycle approach towards de-addiction taking the individual's household and livelihood issues into consideration must therefore also constitute essential components of social health protection in India.

Source: IWS (2013)

(ii) Health Insurance for the Poor - Rashtriya Swasthya Bima Yojana (RSBY)

One of the major insecurities for workers in the unorganized sector is the frequent incidences of illness and need for medical care and hospitalization of such workers and their family members. It is recognized that the strengthening of the public health system will take time. The **Rashtriya**

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Swasthya Bima Yojana (RSBY) provides health insurance cover for illnesses requiring hospitalization to Below Poverty Line (BPL) workers as well as other specified groups of workers in the unorganized sector and their families. The beneficiary is eligible for such in-patient health care insurance benefits as are designed by the respective State Governments based on the requirement of the people/ geographical area. However, the State Governments are advised to incorporate at least the following minimum benefits in the package / scheme:

- The unorganized sector worker and his family (unit of five) will be covered
- Cashless attendance to all covered ailments
- Hospitalization expenses, taking care of the most common illnesses including maternity benefits.
- All pre-existing diseases to be covered
- Transportation costs (actual with maximum limit of Rs 100 per visit) within an overall limit of Rs 1000.

The Government of India contributes 75 per cent of the estimated annual premium of Rs 750, subject to a maximum of Rs 565 per family per annum, while the remaining cost of the premium is borne by the respective state governments. In case of States of North-East region and Jammu and Kashmir, the contribution by the Centre is 90 per cent. The beneficiary only pays a nominal registration charge.

By March 2013, a total of 3.42 crore smart cards had been issued (out of a total of 67.7 lakh BPL families) and 49.95 lakh hospitalization cases had been dealt with under the scheme. Hospitalization services were currently being provided through 7,800 private and about 4,000 public hospitals. Initially available only to BPL families as per the 2002 BPL census, the scheme has now been extended to include MGNREGA workers, construction workers, beedi workers, domestic workers, street vendors, and waste workers. Further, the Gol has taken a decision to extend the *Aam Admi Bima Yojana* to all RSBY beneficiaries on the RSBY platform. These recent policy changes are leading to greater convergence between the RSBY and other schemes (NREGA, AABY etc.) (<http://www.rsby.gov.in/> accessed on March 15, 2013).

The RSBY is a prominent example of a scheme that has leveraged technology for successful implementation. Each registered beneficiary is given a ‘Hospitalisation Authorisation Card’, a smart card which can be split across family members, and can be used across locations in any empanelled hospital. The scheme is a paperless one and hospitalization payments and reimbursements are made on a cashless basis. It is claimed that the scheme has improved hospitalization rates among the poor and among women (Swarup and Jain 2011). But the claims-to-premium ratio is low in most states except Kerala, and there are moral hazard issues, given information asymmetries and low education levels of the registered members (Planning Commission 2011a).

(iii) National Rural Drinking Water Programme (NRDWP) and Total Sanitation Campaign (TSC)

Safe drinking water and sanitation are basic human needs and important determinants of health. The NRDWP and TSC are the main programmes implemented by the newly formed Ministry of Drinking Water and Sanitation and aim at safe drinking water and sanitation to all rural households. The NRDWP has moved from a habitation to household level and aims at providing sustainable sources of drinking water through multiple sources and conjunctive use of surface, underground and rain-water. The TSC has moved towards a demand-determined, multi-technology mode on the basis of its predecessor programmes. In 2011-12, an amount of Rs 1500 was spent under the TSC and the expenditure on the NRDWP was Rs 8.493 crores.

3. Food security

The **Public Distribution System (PDS)** is the largest safety net programme in India, which was introduced with the objective of protecting both the primary producers and consumers from fluctuations in agricultural prices. It operates by providing and ensuring a floor price for the producers of certain food grains and agricultural commodities and a price subsidy to consumers for essential commodities. The most important of these are rice, wheat and kerosene.

The public distribution system has been subject to significant policy changes in the recent years. It transformed from a general and universal scheme to a geographically targeted supplemental subsidy scheme, and since 1997 to a

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scheme targeting food subsidy (in proportion to state poverty levels estimated by the Planning Commission) to BPL households, called the Targeted Public Distribution System (TPDS). The TPDS has a 2-tiered pricing structure for Below Poverty line (BPL) and Above Poverty Line (APL) households. In addition, Gol introduced the Antyodaya Anna Yojana (AAY) in December 2000, as a sub-scheme to benefit the poorest of the poor.

The scheme is operated under the joint responsibility of Central and State Governments. The Central Government is responsible for procurement, storage, transportation and bulk allocation of food grains, while state governments are responsible for distribution to consumers through the network of Fair Price Shops (FPS). States have the operational responsibilities including allocation within the State, identification of families below poverty line, issue of ration cards, supervision and monitoring the functioning of FPS. The Central government food subsidy under the scheme is the difference between the average Economics Cost (EC) per quintal (which includes the cost of procuring grain, its storage and carrying costs, and transportation costs) and the issue price (the price at which the states can list the grain for supplying to the PDS). In 2011-12, the Central government allocated 48.9 MT for the TPDS of which the actual off-take was 43.1 MT. The Central government food subsidy expenditure was Rs 72,820 crores in 2011-12 and Rs 85,000 crores (RE) in 2012-13. Several states have augmented coverage under the scheme (more households as well as lower prices). This is discussed in Chapter 4.

The TPDS is now being transformed into a legal entitlement based household and individual food security system (see Chapter 4).

Box 6

The PDS in India

The **Targeted Public Distribution System** in India categorizes households into “Antyodaya” (Very poor/ destitute, also AAY), Below Poverty Line (BPL), and Above Poverty Line (APL). The entitlements for the BPL and AAY households are fixed (cereals per household per month) as also the issue prices. Although these are revised from time to time, the subsidy transfer per household has been rising over time. The APL allocation and prices depend on the availability of grain stocks and the economic cost, and are changed more frequently. The two main problems with the TPDS are related to delivery and targeting errors. These add to the “cost” of delivering on rupee of subsidy to a “poor” household (see Kundu and Srivastava 2007).

Between 2004-05 and 2009-10, our calculations based on NSS data show that the coverage of the TPDS increased from about 21.2 per cent households to 33.6 per cent households. Coverage increased in some poor states (UP, Bihar, Odisha) and in the southern states of Tamil Nadu, Kerala, Karnataka and Andhra Pradesh which pushed towards near universalization on their own. There is some survey based evidence that in recent years, the performance of the TPDS in delivery (measured by the proportion of targeted households who are able to access the TPDS) has improved (Khera 2011). This, in addition to the state specific measures discussed in the next section, have implied that a larger proportion of households are being able to take advantage of the food subsidy schemes and are being able to protect themselves against rising food inflation.

4. Employment and livelihood security for the rural and urban poor

(i) The **National Rural Employment Guarantee Act** (subsequently renamed **Mahatma Gandhi National Rural Employment Guarantee Act** or MGNREGA) was notified by the Indian Parliament in September 2005 and became operational from February 2006. Initially it operated in 200 backward districts, expanded to an additional 130 districts from 2007 (called respectively the first and the second phase of implementation). The remaining districts in the country were notified under NREGA with effect from April 1, 2008 (the third phase). Currently, the programme covers the entire country with the exception of districts that have a 100 per cent urban population.

The Act and the programme mark a fundamental, policy shift in 2006 from scheme-based provision of rural works to a legislatively-backed 100 day employment guarantee. MGNREGA guarantees up to 100 days of unskilled work per rural household per year on public works projects (see Box 7) The work is to be provided on demand and is paid on a piece-rate basis such that a normal worker can earn the state-specific minimum wage rate. The guarantee makes MGNREG an innovative example of a rights-based approach to poverty alleviation. The state government is legally bound to provide employment to a household within 15 days of its demanding work. If it fails

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to do, the household is entitled to receive an unemployment allowance. In this the MGNREG is different from the supply based approaches adopted by earlier public work schemes and is closest in spirit to the Maharashtra Employment Guarantee Scheme (MEGS) initiated in Maharashtra in the 1970s. Under MGNREGA, significant resources are devolved to the gram panchayat level and the local bodies are responsible for planning public works as per their needs and implementing their execution. The design of MGNREG emphasizes to a greater degree than in previous public works (and other SP) programmes transparency mechanisms and social accountability. Although providing employment on demand is the central feature of NREGP, creation of productivity enhancing social infrastructure and public works is another key objective. The programme is based on self-selection but proactively seeks to encourage the participation of SC/ST and women, for whom separate sub-targets have been introduced.

Administrative data indicate that employment generated under MGNREGP has been much higher than in previous public works programmes, though still less than the 100 days guarantee. The average number of person days of employment generated per participating household increased from 43 to 48 person days between 2006/07 and 2008/09, and further to 54 days in 2009-10 but has registered a fall since then, as has also the total number of participating households and days of employment generated, both of which, however, remain impressive (see Box 7).

Box 7
The MGNREGA - Recent Performance

The MGNREGA has shown an impressive performance since its inception in 2006. The programme was universalized in 2008-09. Data presented in Table 4, based on official MIS shows that since then it has provided an average of 2,310 crore person days of employment to 5.02 crore households each year. Nearly half the person days on employment has gone to women (Table 4).

Results of a number of studies summarized in MoRD (2012a), shows that NREGA has had wide ranging impact on rural wages and poverty, distress migration, empowerment of women and SC/ST, rural infrastructure and productive capacity, and institutional capacity. But a number of weaknesses still exist, shown not least in the variation in performance across states.

Table 4. Performance of MGNREGA 2009-09 – 2012-13, Some Indicators

	2008-09	2009-10	2010-11	2011-12	2012-13
No. of households employed (crore)	4.5	5.3	5.5	5.0	4.81
Person days of employment (crores)	216.3	283.6	257.2	211.4	187.4
Average days of employment per household employed	48	54	47	42	39
% of days of employment for women	48	48	48	47	52
% days of employment for SC/ST	51.2	51.5	40.2	38.2	

Source: Ministry of Rural Development (nrega.nic.in)

Results of the official MIS depicted in Table 4 also reveal some grounds of concern. The performance of MGNREGA peaked in 2009-10, but since then there is a decline in households accessing employment in NREGP, person days of employment, and average days of employment per household.

Some of the positive results as well as areas of concern are also brought out by the NSS 66th Round Employment-Unemployment Survey (2009-10), which incidentally, as shown above, showed a peak level of MGNREGA performance. Some of the highlights of the NSS survey were:

- The MGNREGA provided employment to 24.2 per cent of rural households in 2009-10. The percentage of participation by more vulnerable groups was higher (ST – 39.8 per cent, SC – 32.9 per cent, Rural labour households – 36.3 per cent).
- Participating households received 37 days of employment on average.
- MGNREGA appears to have set some sort of labour standards. Wages received (Rs 89) were close to the national minimum wage. The male-female wage gap (wages were Rs 90.9 for males and Rs 87.2 for females) was much narrower in MGNREGA than in other types of public work.
- However, 19.2 per cent households who sought work in MGNREGA but did not get (44.3 per cent of households who sought employment in NREGA did not get it). The percentage of such households was higher in the lower deciles, and in low income and poorly-performing states such as Bihar, Jharkhand, Odisha and Uttar Pradesh. It was also high in some high income states such as Punjab and Maharashtra, but the overall demand for MGNREGA was lower in these states.
- This showed that there were aspects of the programme due to which needy households were being “rationed out” of MGNREGA (Dutta et al 2012).
- This rationing is in addition to the rationing which occurs in the programme due to an overall ceiling of 100 days of employment per household.

Source: National Sample Survey Office, National Statistical Organisation, Ministry of Programme Implementation, Government of India, Employment and Unemployment Situation in India, 2009-10, NSS 66th Round (July 2009-June 2010), NSS Report 537 (66/10/1), November 2011.

ii) National Rural Livelihood Mission - Aajeevika / Swarnajayanti Grameen Swarozgari Yojana (SGSY)

India has an extended history of targeted credit schemes to promote self-employment and micro-entrepreneurship among the rural poor. This began through the Integrated Rural Development Programme (IRDP), which was universalized from 1980, and supplemented by various training and input schemes over the subsequent two decades. In 1999, all these schemes were merged into the **Swarnajayanti Grameen Swarozgari Yojana (SGSY)** which was conceived as an integrated micro-enterprise development programme for the rural poor, emphasizing self-help group (SHG) formation, capacity building, and access to credit and markets. The target population was the rural poor (BPL), as defined by the Planning Commission from time to time. Since the inception of the programme, 42.69 lakh SHGs were formed (till December 2011). Of these, 13.71 lakh SHGs were assisted for economic activities. Till 2011, a total of 21.09 lakh self-employed were assisted of which 14.24 lakh (69.49 per cent) were women. In 2011-12, till December, 10.47 lakh self-employed were assisted of which 7.23 lakh (69.07 per cent) were women (MoRD 2012b).

SGSY has been restructured as National Rural Livelihoods Mission (NRLM), now renamed as **'Aajeevika'**, to implement it in a mission mode and phased manner for targeted and time-bound delivery of results. The Mission was formally launched in June 2011. Aajeevika believes that a strong institutional architecture owned by the poor, enables them to access institutional credit for various purposes, pursue livelihoods based on their resources, skills and preferences and also access other services and entitlements, both from the public and private sector. Therefore, Aajeevika will focus on building strong institutions of the poor into Self Help Groups (SHGs), their federations and livelihoods collectives.

The two major strategic shifts under Aajeevika, vis-à-vis SGSY are (i) Aajeevika will be a demand driven programme and the states will formulate their own poverty reduction action plans under it based on their past experience, resources and skills base and (ii) Aajeevika will provide for a professional support structure for programme implementation at all levels from national to sub district level in different streams.

The Mission focuses on four streams of livelihoods:

- coping with vulnerabilities – debt bondage, food insecurity, migration, health shocks.
- existing livelihoods – stabilizing and expanding, making them sustainable
- self employment - micro-enterprise development.
- skilled wage employment - opportunities in growing sectors of the economy.

Initially, the programme would ensure that at least one person from each poor household preferably a woman is brought into the fold of a SHG network in a time bound network. Gradually, the aim is to organize the rural poor into higher level organizations and federations.

Levels for financial support for the organization of SHGs, promotion of federations, capital subsidy, revolving fund, interest subsidy, training, and other requirements have been fixed. The Centre would contribute 75 per cent towards the cost of the programme, whereas the states would contribute the remaining 25 per cent.

In order to improve the present status of women in Agriculture, and to enhance their empowerment, the “Mahila Kisan Sashaktikaran Pariyojana” (MKSP), has been launched as a subcomponent of the Aajeevika. MKSP recognizes the centrality of women in agriculture and therefore aims to provide direct and indirect support to enable them to achieve sustainable agriculture production. It will initiate a learning cycle by which women are enabled to learn and adopt appropriate technologies and farming systems.

The outlays on the SJSY/Ajeevika was Rs 2,984 crores in 2010-11 and Rs 2681 crores in 2011-12

(iii) In urban areas, the **Swarna Jayanti Shahari Rozgar Yojana (SJSRY)** was launched in 1997 after subsuming the earlier three schemes for urban poverty alleviation, namely Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP), and Prime Minister’s Integrated Urban Poverty Eradication Programme (PMIUPEP). The key objective of the Scheme was to provide gainful employment to the urban unemployed or underemployed through the setting up of self-employment ventures or provision of wage employment.

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Based on an independent evaluation, the guidelines of the Scheme have been revised in 2009.

The objectives of the revised Swarna Jayanti Shahari Rozgar Yojana are:

- Addressing urban poverty alleviation through gainful employment to the urban unemployed or under-employed poor by encouraging them to set up self-employment ventures (individual or group), with support for their sustainability; or undertake wage employment;
- Supporting skill development and training programmes to enable the urban poor access to employment opportunities opened up by the market or undertake self-employment; and
- Empowering the community to tackle the issues of urban poverty through suitable self-managed community structures like Neighbourhood Groups (NHGs), Neighbourhood Committees (NHC), Community Development Society (CDS), etc.

The SJSRY has five major components, viz.:

- Urban Self Employment Programme (USEP)
- Urban Women Self-help Programme (UWSP)
- Skill Training for Employment Promotion among Urban Poor (STEP-UP)
- Urban Wage Employment Programme (UWEP)
- Urban Community Development Network (UCDN)

The target population under SJSRY is the urban poor – those living below the poverty line, as defined by the Planning Commission from time to time.

Table 5 lists the cumulative achievements of the SJRY (till December 2011) since its inception in 1997-98.

Table 5. Cumulative achievements of the SJRY

1.	Number of urban poor assisted to set up micro-enterprises	1197497
2.	Number of women self-help groups formed	112526
3.	Number of women beneficiaries assisted under women self-help groups for setting up of micro-enterprises	518920
4.	Number of urban poor imparted skill training	2361891
5.	Number of thrift & credit societies formed	447336
6.	Number of person days of work generated under wage employment (in lakhs)	797.35

Source: MoHUPA, 2012a

The total financial allocation to the Scheme by the Centre increased from Rs 250 crores in 2006-07 to Rs 800.50 crores in 2011-12. The Centre:State share is 75:25 except in the case of Special Category States where it is 90:10.

5. State Assisted Pensions for the Poor

The **Indira Gandhi National Old Age Pension Scheme (IGNOAPS)** is one of the three social assistance schemes offered by the Central government under a package called the National Social Assistance Programme, started in 1995-96. It has been provided to applicants over 65 years of age who are below the poverty line. As of mid-2009, the central transfer was Rs 200 per month. From June 2011, the age of eligibility of the IGNOAPS has been brought down to 60 years, and a higher pension of Rs 500 has been introduced for eligible old age persons above the age of 80 (Revised guidelines *accessed from http://nsap.nic.in/Guidelines/english_oaps.pdf on March 15, 2013*).

Supplementing IGNOAPS since 2000-01 is the Annapurna scheme, which covers the destitute elderly who are eligible for elderly social pensions but are not receiving them. These households receive 10 kg of foodgrains per month free through the FPS. The National Family Benefit Scheme, which pays a lump sum of Rs.10,000 to BPL families on the death of the primary breadwinner is also a part of the NSAP.

Since February 2009, the NSAP has been expanded with two new pension schemes for BPL widows aged 40-64 years and persons with severe or multiple disability aged 18-64 years, providing Rs 200 per person per month. These are known as the **Indira Gandhi National Widow Pension Scheme (IGNWPS)** and the **Indira Gandhi National Disability Pension Scheme (IGNDPS)**.

In December 2012, the IGNOAPS, the IGNWPS, and the IGNDPS covered 2.15 crore, 31.22 lakh, and 943,000 individuals (Task Force on NSAP, Annex 1) and the total budgetary expenditure on the NSAP was Rs 78,820 crores. Many States provide additional coverage as well as top-up pension amounts, as discussed in Chapter 3.

Box 8

Existing social protection policies for elderly in India

There are several policies to support elderly people in India. These include provision of travel concessions to senior citizens, payment of higher interest rates on savings, provision of pensions to elderly falling below the poverty line under the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), contributory pensions for the unorganized sector workers under the Swavalamban scheme as well as mandatory savings through provident funds (for workers in organizations employing more than 20 workers). Besides there are various pension schemes initiated by state governments, such as the Sanjay Gandhi Niradhar Yojana, initiated by the Government of Maharashtra, to supplement as well as complement the national pension schemes by either providing additional amounts to existing beneficiaries or by providing pensions to those excluded from the national pension schemes.

The Ministry of Rural Development launched the Annapurna scheme in 2000-2001. Indigent senior citizens of 65 years of age or above who though eligible for old age pension under the National Old Age Pension Scheme (NOAPS) but are not getting the pension, are covered and 10 kgs of food grains per person per month are supplied free of cost under the scheme.

Under the National Programme for Older Persons, financial assistance is provided to non-governmental organizations, autonomous bodies, educational institutions, cooperative societies, etc., to up to 90 per cent of the project cost for setting up and maintenance of Day Care Centres, Old Age Homes, Mobile Medicare Units, and Non-Institutional Services for older persons. The remaining 10 per cent of the project cost is borne by the concerned NGO.

In addition, the government has also passed legislations to ensure that able-bodied children take care of their elderly parents. The right of the parent without any means to be supported by their children who have sufficient means has been recognized in Section 125 of the Criminal Procedure Code. The Hindu Adoption and Maintenance Act, 1956, too secures this right to parents. To simplify the procedure, provide speedy relief, lay down the machinery for processing cases and define the rights and circumstances in a comprehensive manner, the Himachal Pradesh Maintenance of Parents and Dependents Act was passed in 2001. The Government of India also passed a similar bill entitled The Maintenance and Welfare of Parents and Senior Citizens Act, 2007. Other States have been encouraged to pass similar legislations so that old parents unable to maintain themselves do not face abandonment and acute neglect. The Government of Maharashtra prepared a Bill on similar lines and subsequently passed the Maintenance and Welfare of Parents Senior Citizens Act in December, 2007 which was finally approved on the 23rd of June, 2010.

However, apart from the first policy, i.e. of providing travel concessions to senior citizens, the above mentioned legislations and policies are rarely ever brought to use. Apart from a few old age homes run by NGOs, the condition of most old age homes is deplorable and poor informal workers prefer to work and earn or even beg to survive on the streets rather than going to old age homes.

Sources: MoSJE (1999, 2008, 2011); Rajan and Mishra (2011)

6. Housing schemes for the rural and urban poor

i) Rural Housing: The Indira Awaas Yojana (IAY) is a targeted rural housing programme for Below Poverty Line rural households living in unserviceable houses, which has been implemented as a stand-alone programme since

1996. It was a sub-component of public works schemes prior to that. As of April 1, 2010, grants are provided to beneficiaries with a ceiling of Rs 45,000 for new construction in plain areas and Rs 48,500 for hilly/difficult areas. In addition, up to 20 per cent of IAY funds are available for upgrading construction up to Rs 15,000 for each dwelling unit. Beneficiaries can use up to Rs 2,200 from Total Sanitation Campaign funds in addition to IAY assistance to construct sanitary latrines. Further, an IAY beneficiary can obtain a loan up to Rs 20,000 under the Differential Rate of Interest scheme from any national bank at an annual interest rate of 4 per cent. The house should be registered in the name of the female household member, or jointly in the name of husband and wife. More recently, the programme has been dovetailed with the *Rajiv Gandhi Gramin Viduyutikaran Yojana* for rural electrification, allowing IAY beneficiaries to get a free electricity connection but its convergence dimensions are still weak (Planning Commission 2013).

During 2010-11 and 2011-12, 27.15 lakh and 22.3 lakh houses were built under IAY leading to a cumulative total (till 2012) of 285 lakh houses on a total expenditure of 84,234 crores (Planning Commission 2013). Indira Awas Yojana is estimated to account for two-thirds of the total houses built under various forms of assistance with other assistance being provided by Housing and Urban Development Corporation Limited (HUDCO), National Housing Bank, State Housing Boards and Commercial Banks. IAY meets an urgent requirement of the rural poor and enjoys considerable support since it creates a valuable asset for beneficiaries, leading to improved economic and social status with minimal requirements on part of beneficiaries.

ii) Urban Housing: As per 2011 population census, the urban population of India was about 37.71 crore representing 31.16 per cent of the country's total population of 121.02 crore. The ever increasing number of slum dwellers causes tremendous pressure on urban basic services and infrastructure. The supply of land for housing has failed to keep pace with increase in urban population resulting in large number of households without access to basic services, poor housing and proliferation of slums and widespread poverty.

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched in December, 2005 in order to give focused attention to the improvement of urban infrastructure and basic services to the poor. The

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Mission comprises two sub-Missions – one, for Basic Services to the Urban Poor (BSUP) and the other, for Urban Infrastructure and Governance (UIG). BSUP is being implemented in select 65 cities covered by the Mission.

In addition, Ministry of Housing and Urban Poverty Alleviation has formulated a scheme namely, the Integrated Housing and Slum Development Programme (IHSDP) which is applicable to all cities and towns as per 2001 census except those cities which are covered under JNNURM. This scheme combines the existing schemes of Valmiki Ambedkar Awas Yojana (VAMBAY) and NSDP for having an integrated approach in ameliorating the conditions of urban slum dwellers who do not possess adequate shelter and reside in dilapidated conditions. The components for assistance under the Scheme include all slum improvement/upgradation/relocation projects including upgradation/new construction of houses and infrastructural facilities like water supply and sewerage. Allocation of funds among States will be on the basis of the States' urban slum population to total urban slum population in the country.

Under the BSUP, Central assistance is released in the form of Additional Central Assistance as full grant. Fifty per cent of the project cost in respect of cities with million plus population or above to be borne by the Central Government. This share is 90 per cent for projects from cities/towns in North Eastern States and Jammu & Kashmir and 80 per cent of the cost for projects from the remaining cities. A minimum of 12 per cent beneficiary contribution is made for houses which in the case of SC /ST/BC/ OBC/PH and other weaker sections is 10 per cent.

These projects (BSUP and IHSDP) were initially launched for a seven year period i.e. till March 2012. This has now been extended till March 2014 after which they will be subsumed by the RAY. According to the Ministry of Urban Housing and Poverty Alleviation the Government had sanctioned projects worth Rs 41,723 crores for building of 15,69,000 houses/dwelling units for Economically Weaker/Lower Income Group sections under the Ministry's

flagship JNNURM (BSUP and ISHDP) programmes. Of these, approximately 10 lakh houses were either ready or under various stages of completion.

Rajiv Awas Yojana (RAY):The scheme was launched in June 2011 in order to realize the Government's aim to create a slum-free India. The Phase I of Rajiv Awas Yojana was for a period of two years from the date of approval of the scheme with a budget of Rs5,000 crores. The scheme provides financial assistance to States that are willing to assign property rights to slum dwellers for provision of decent shelter and basic civic and social services for slum redevelopment, and for creation of affordable housing stock. Fifty per cent of the cost of provision of basic civic and social infrastructure and amenities and of housing, including rental housing, and transit housing for in-situ re-development in slums is borne by the Centre, including operation & maintenance of assets created under this scheme. For the North Eastern and Special Category States the share of the Centre is 90 per cent, including the cost of land acquisition, if required.

The central assistance under RAY is conditional to reforms by the States. The reforms required here are directly linked to the objectives of the scheme, and necessary for the scheme to be successful. The overarching aim of RAY is to drive a fundamental change in policy and reform in the existing urban development systems to make cities inclusive and equitable. Release of funds under RAY would be predicated upon the acceptance and implementation of the following necessary policy actions by the states:

- i. The commitment and willingness to assign property rights to slum dwellers, preferably in the name of the wife or in the name of both wife and husband, and enactment of legislation within one year of the first project sanctioned. For North Eastern and Special Category States, however, where land ownership patterns are community based, or restricted by certain conditions of law, the reform with timelines will be mutually worked out between the concerned States and the Centre.
- ii. Reservation of 20-25 per cent of developed land for Economically Weaker Section (EWS) / Low Income Group (LIG) housing; and for a non-lapsable

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earmarking of 25 per cent of the budget of all municipalities/ other bodies for providing municipal basic services to meet the revenue and capital expenditures of urban poor colonies and slums; and the implementation of the seven point charter entitlements of JNNURM (i.e. land-tenure, affordable housing, water, sanitation, education, health and social security). It would be mandatory to enact a legislation for the first two reforms within one year of the first project sanctioned.

The Scheme is expected to cover about 250 cities, across the entire country by the end of 12th Plan (2017). The selection of the cities will be done in consultation with the Centre. The States would be required to include all the mission cities of JNNURM, preferably cities with more than 3 lakh population as per 2001 Census; and other smaller cities, with due consideration to the pace of growth of the city, of slums, predominance of minority population, and areas where property rights are assigned. The scheme will progress at the pace set by the States. Initially, the cities are required to undertake preparatory activities under Slum Free City Planning Scheme by undertaking Slum Survey/ GIS mapping & entry into Slum MIS, and preparation of City / State Plans of Action.

Under the scheme, a Credit Risk Guarantee Fund has been set up to encourage lending for affordable housing to EWS / LIG Households, for loans up to Rs 5 lakh with tax initial corpus of Rs 1000 crores from the Central Government.

The Affordable Housing in Partnership Scheme, which is intended to encourage public private partnerships for the creation of affordable housing stock is dovetailed into RAY. Under this scheme central support will be provided at the rate of Rs 50,000 per unit of affordable dwelling unit or 25 per cent of the cost of civic infrastructure (external and internal), whichever is lower. The scheme extends to all cities covered under RAY and rental housing units. Dormitories for new migrants are also permissible under the scheme. Further, as a means of Credit Enablement, the Interest Subsidy Scheme for Housing the Urban Poor (ISHUP), has also been dovetailed with RAY, to reduce the cost of the loan taken by the beneficiary to build or purchase his / her house.

Under the pilot phase of Rajiv Awas Yojana (RAY), in the 195 Mission cities, 40 projects worth Rs 1,769 crores for construction of 32,517 dwelling units in 33 cities had been sanctioned till 10th March 2013 (PIB Press Release by MOUHPA on March 23, 2013).

7. Life and Disability cover for the poor

The Aam Aadmi Bima Yojana (AABY) was introduced in October 2007 with similar life insurance coverage but aimed at rural landless labourers. In both cases, there is an important subsidy element (half of the premium in JBY and the entire premium in AABY) that is financed from a central government grant to the LIC. A major problem with these schemes is that they are generally run as ‘unnamed’ policies with little or no direct contact with the beneficiaries. In one state-level survey of the JBY where BPL workers were supposed to be covered, the results revealed an extremely low awareness of the entitlement to these benefits and claims have tended to be much lower than what would be expected.

Among other insurance schemes, the government-owned life insurance corporation (LIC) offers the Janashree Bima Yojana (JBY), open to 44 occupational groups living near the poverty line. The scheme pays rupees 20,000 in the case of natural death, 50,000 in the case of accidental death or permanent disability and 25,000 for partial permanent disability. There is also a scholarship of 300 rupees per quarter per child paid to workers who send their children (up to two) to grades 9-12 for a maximum of four years. The package is financed by a premium of 200 rupees collected through ‘nodal’ agencies, i.e., groups that must include at least 25 workers. A number of groups, ranging from SHGs to relatively small occupational groups, have signed up with JBY acting as ‘nodal agencies’ and reflecting a growing tendency to rely on the partner-agent model in this area.

The social protection programmes now existing in India, thus, comprise of various elements generating basic income and essential services: namely, health, nutrition, shelter, education, food security, pensions etc. They also encompass various stages of the life cycle. However, presently, except the MGNREGA and the RTE which are right-based programmes, all central social protection programmes are still target-based and focus on the population in the BPL category as defined by the Planning Commission, and as identified by the States under the Central guidelines. While the per centage of the estimated BPL population is less than 30 per cent, the Arjun Sengupta

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Committee found as much as 77 per cent of the population living below Rs 20 per day. Even if one ignores leakages and the substantial amount of people who do not have a BPL card despite the fact that they are entitled to do so (as pointed out by World Bank, 2011), the lack of a more universal rights based approach in the social protection programmes has been a matter of concern as it excludes a large bulk of the vulnerable population in India. However, as discussed in Chapter 5, there is now a distinct move towards rights-based entitlements in food, health, pensions and housing which, together with existing entitlements, can form the ingredients of a comprehensive social protection floor for India.

3.5 State level social protection programmes

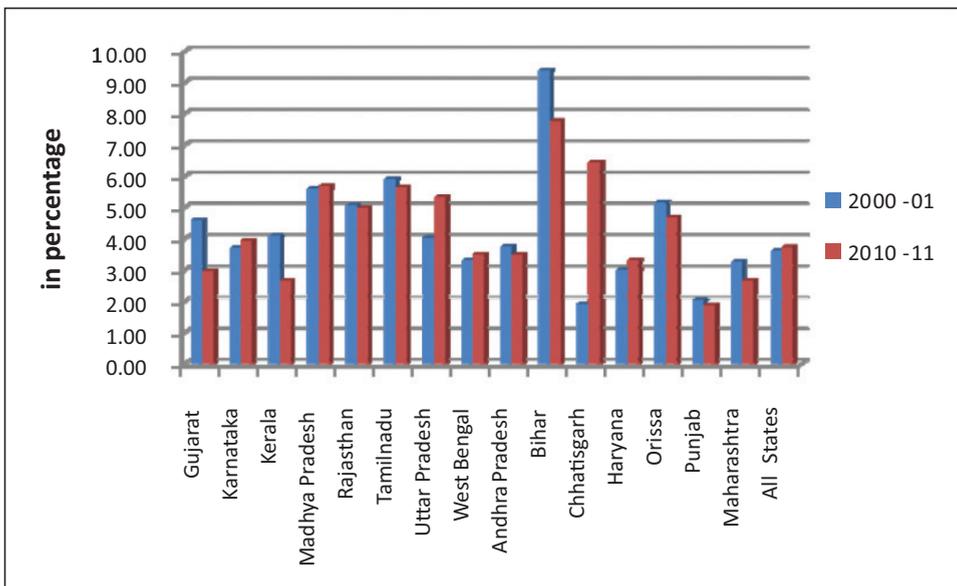
As pointed earlier, areas in which social protection programmes are implemented are mainly in the concurrent domain of Centre and States. Many of the programmes that have scaled up at the national level have originated in states. Some examples are the Maharashtra Employment Guarantee Scheme (MEGS) of Maharashtra, the Noon Feeding Scheme of Tamil Nadu, the Old Age /Widowed/ Disabled Pension Schemes of several states, and the Welfare Funds of Kerala and Maharashtra.

Broadly, apart from social security schemes for government employees, social protection schemes assisted by state governments are of three types. First, Welfare funds and/or Social Security Boards have been constituted for specific occupations in the unorganized sector in a number of states, which may involve varying amounts of contribution from a class of employers, registered workers, and the government. Second, specific schemes (such as provident fund schemes) have been formulated for unorganized workers. Third, social protection programmes have been initiated in some, or all, of the areas discussed in the context of the national protection schemes. The total expenditure and coverage of these schemes presents a regionally varied picture, described by the NCEUS Report on Social Security (NCEUS 2006, chapters 4 to 6). The state-wise expenditures contingent social security and social protection is discussed here, while that for all states as a whole is discussed in the following section. Such expenditures include those on elementary education, medical and public health, water supply and sanitation, family welfare, labour and labour welfare, social security and welfare, nutrition and rural development.

Trends in state-level expenditures on social protection

The trend in the share of total social protection expenditures in GSDP, however, has largely varied across states (see Figure 4). In the last decade, while states like Karnataka, Madhya Pradesh, Uttar Pradesh, West Bengal, Haryana and Chhattisgarh have witnessed an increase in the expenditure to GSDP ratio, all other states like Gujarat, Kerala, Andhra Pradesh, Odisha, Punjab and Maharashtra have witnessed a decline.

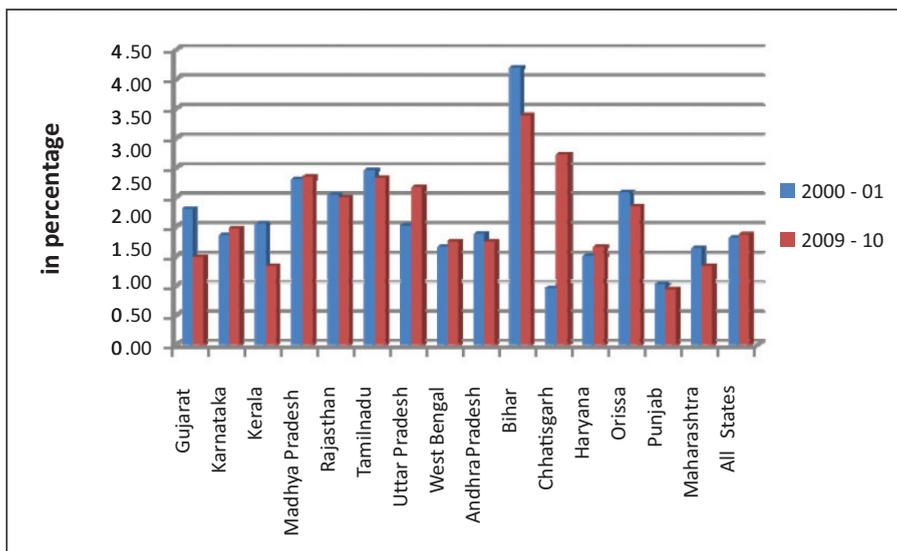
Figure 4. Expenditures on contingent social security and social protection across states* (as % of GSDP)



Source: Study of State Budgets, RBI, various years
 *Figures for elementary education is for the period-2019-10.

The share of expenditures on elementary education in GSDP has declined for most of the states with the exception of Rajasthan, Haryana and Chhattisgarh (see Figure 5). This is a matter of concern since elementary education is now a fundamental right, and the states’ obligations have increased as a consequence. While the expenditure share increased marginally in Haryana between 2000-01 and 2009-10, the most significant increase has been witnessed in the case of Chhattisgarh during this period. While expenditures on elementary education remained more or less unchanged in Rajasthan, all other states have witnessed a decline. The most drastic decline has been in the case of Bihar.

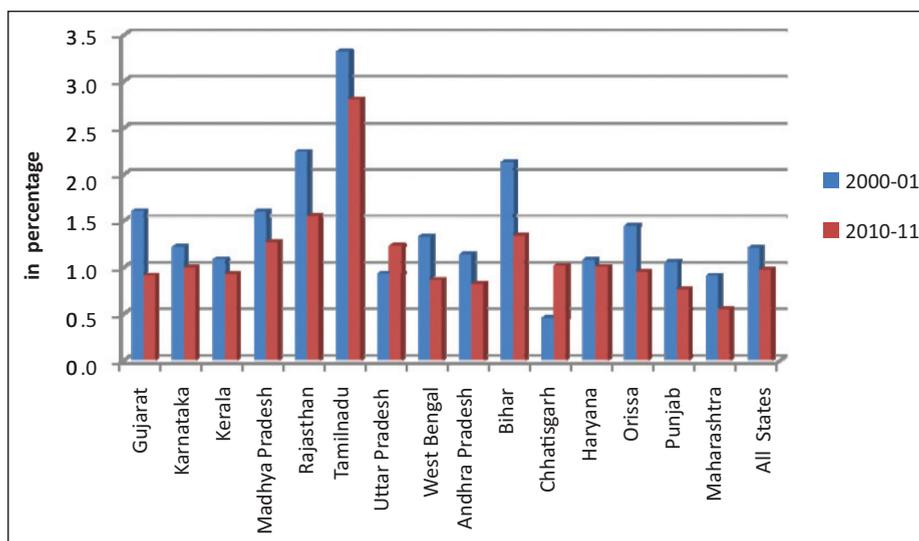
Figure 5. States expenditures on elementary education (as % of GSDP)



Source: Same as Figure 4

Similarly, in the case of health and family welfare, most of the states have witnessed a fall in their expenditures as per centages of GSDP (see Figure 6). The share of expenditures on health and family welfare in GSDP has only

Figure 6. States expenditures on health* and family welfare (as % of GSDP)

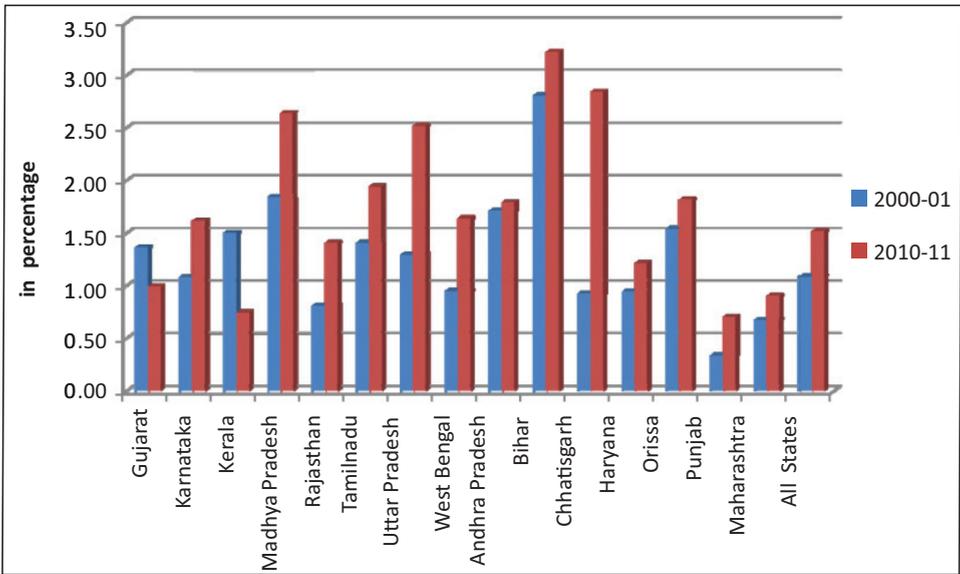


Source: Same as Figure 4

*Includes expenditures on medical and public health, water supply and sanitation and family welfare

The share of other social protection expenditures in GDP (excluding health and elementary education), however, has increased for all the states except for Gujarat and Kerala (see Figure 7). This has been reflected in the overall increase in the share of other expenditures in GDP for the states as a whole during this period.

Figure 7. Social protection Expenditures (other than health & education) as % of GDP



Source: Same as Figure 4

The rise in the other social protection expenditures has been led by the rise in the expenditures on nutrition, housing and most importantly, on social security and welfare (see Table 6). The shares of these components in other expenditures have particularly increased during this period. The trend in the expenditure share of these components in other expenditures, however, has not been similar across states. For example, 9 out of 15 states witnessed a decline in their expenditure share for housing, while the other six witnessed an increase. Similarly, while the expenditure share for nutrition declined for six states during this period, it increased for the other nine. However, it is only in the case of social security and welfare where one can witness a more or less similar trend across states. Except for Haryana and Maharashtra, the expenditure share for social security and welfare has increased for all states during this period.

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Table 6. Share of various components of other expenditures (excluding health and education)*, 2000-01 and 2010-11

	Housing	Labour & Labour Welfare	Social Security & Welfare	Nutrition	Rural Development	Total
Gujarat	22.8	7.4	10.2	13.0	46.6	100
	14.3	8.0	10.9	26.3	40.4	100
Karnataka	23.1	5.4	25.0	9.9	36.6	100
	14.2	3.8	49.6	9.3	23.2	100
Kerala	3.5	7.5	20.9	0.2	68.0	100
	9.0	19.2	52.0	0.0	19.7	100
Madhya Pradesh	4.8	4.0	22.4	6.0	62.8	100
	4.2	2.1	27.7	14.1	51.9	100
Rajasthan	10.5	4.8	20.0	10.5	54.1	100
	1.1	2.2	16.6	16.9	63.1	100
TamilNadu	2.8	4.8	29.9	24.5	38.0	100
	24.1	2.6	32.8	18.5	22.0	100
Uttar Pradesh	1.1	4.6	18.9	0.0	75.4	100
	0.9	2.4	52.5	0.0	44.2	100
West Bengal	6.7	4.1	30.0	3.0	56.1	100
	2.9	2.0	54.4	8.9	31.8	100
Andhra Pradesh	1.9	2.6	11.6	34.3	49.6	100
	7.3	1.8	31.6	24.9	34.5	100
Bihar	0.2	2.8	14.3	1.2	81.5	100
	12.1	1.2	29.4	8.2	49.1	100
Chhattisgarh	11.5	3.0	16.2	4.5	64.8	100
	2.9	1.8	45.9	7.9	41.5	100
Haryana	2.2	9.6	67.7	4.7	15.9	100
	1.3	6.7	58.3	3.6	30.2	100
Odisha	6.5	3.1	26.4	7.3	56.7	100
	7.7	1.9	34.0	14.6	41.8	100
Punjab	0.1	20.7	52.6	0.0	26.6	100
	0.0	6.9	61.6	4.9	26.6	100
Maharashtra	18.4	11.6	26.3	15.9	27.7	100
	19.6	6.7	22.5	20.0	31.2	100
All States	8.2	5.6	22.7	11.4	52.1	100
	8.7	3.7	36.7	12.4	38.5	100

*The first row for each state gives the figures for 2000-01 and the second row provides the figures for 2010-11
Source: Same as Figure 4

The real per-capita expenditures across states is given in Table 7 for the year 2010-11. States like Haryana, Tamil Nadu, Chhattisgarh, and Karnataka were among the states with the highest per capita expenditure on social protection, whereas Punjab, Bihar, Uttar Pradesh and West Bengal showed the lowest per-capita real expenditures on social protection.

Table 7. Real per capita expenditures across states on social protection*, 2010-11

	Elementary Education	Health and Family Welfare	Housing	Labour and Labour Welfare	Social Security and Welfare	Nutrition	Rural Development	Total	Rank
Gujarat	5.73	5.43	0.85	0.47	0.65	1.56	2.39	17.09	5
Karnataka	5.62	4.58	1.06	0.29	3.69	0.69	1.73	17.66	4
Kerala	4.99	5.08	0.37	0.79	2.13	0.00	0.81	14.17	10
Madhya Pradesh	4.19	3.15	0.27	0.14	1.81	0.93	3.39	13.88	11
Rajasthan	5.86	5.08	0.05	0.10	0.77	0.78	2.91	15.56	8
TamilNadu	4.68	5.88	2.70	0.29	3.66	2.07	2.46	21.74	2
Uttar Pradesh	3.07	2.55	0.05	0.12	2.74	0.00	2.31	10.84	13
West Bengal	3.34	3.09	0.17	0.12	3.19	0.52	1.87	12.30	12
Andhra Pradesh	3.72	3.92	0.62	0.15	2.70	2.13	2.94	16.18	7
Bihar	4.03	1.90	0.55	0.06	1.34	0.37	2.24	10.49	14
Chhattisgarh	7.66	3.26	0.26	0.17	4.19	0.72	3.79	20.04	3
Haryana	7.20	7.16	0.11	0.58	5.05	0.31	2.61	23.03	1
Odisha	5.64	3.03	0.44	0.11	1.97	0.85	2.43	14.47	9
Punjab	2.15	4.02	0.00	0.26	2.30	0.18	0.99	9.90	15
Maharashtra	7.03	3.58	1.16	0.39	1.33	1.18	1.84	16.50	6
All States	4.76	4.00	0.54	0.23	2.30	0.77	2.41	15.01	

*Due to unavailability of actual expenditures on elementary education for individual states, Figures for elementary education for individual states correspond to those for 2009-10.

Source: Same as Figure 4

The major classes of social security and social protection programmes at the state level are briefly discussed in the following paragraphs.

Welfare funds

The Welfare funds provide various forms of social securities like that of pension/retirement benefits, student scholarships, and insurance to the informal workers who are otherwise outside the scope of such benefits as they lack a definite employer-employee relationship. The contribution to

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these funds is made by the government, the workers and the employers. The nature and share of contributions as well as benefits varies across funds due to diverse nature of occupations and differential earning opportunities and risks associated with each of them. In some cases, cess is levied to the product as a contribution to the fund instead of the employers making direct contributions. For example, the Construction and Building Workers Welfare Act requires the setting up of State Welfare Boards and enables the states to finance the fund through cess on the construction industry. Welfare Funds for certain classes of unorganized workers are in existence in a number of states – Kerala, Tamil Nadu, Karnataka, Maharashtra, Madhya Pradesh, West Bengal and Tripura among others.

One of the instructive examples of successful implementation of state welfare boards is Kerala. The NCEUS has estimated that Welfare Funds in that state covered as many as 49 lakh people and 54 per cent of all informal workers (NCEUS, 2006, chapter 5). The funds cover a large spectrum of working people like toddy tappers, head-load workers, cashew workers, khadi workers, coir workers, fish workers, handloom workers, bidi workers, tailors and construction workers. While in welfare boards like that for cashew workers the number of female members is substantially more than that of the males, it is just the opposite in welfare boards like that for toddy workers. The benefits accruing to workers vary across Funds and cover an array of benefits. Some of the major benefits are: Provident Fund, gratuity, monthly pension, disability and accident cover, health cover, marriage assistance and funeral expenses.

Tamil Nadu is another state which has a substantial coverage under the state welfare funds. The registered membership of workers in the Tamil Nadu Manual Workers Board and 16 other boards stood at 34.3 lakh in January 2013. 15.25 lakh workers were given assistance to the tune of Rs 350 crores up to January 2013 (<http://www.labour.tn.gov.in/Labour/tnmanwork.jsp#>). Various welfare boards provide a number of benefits to the workers. For example, the Tamil Nadu Construction Workers' Welfare Board covers personal accident insurance schemes, assistance for education, assistance for marriage, assistance for maternity/abortion/miscarriage, assistance to family in case of natural death, assistance for funeral expenses, old age pensions, etc.

The Building and Other Construction Workers Act, 1996 and Building and Other Construction Workers Welfare Cess Act, 1996 regulate the conditions of work of labourers in the construction sector, provide for the registration of workers, the collection of cess for their welfare, the creation of State Welfare Boards, and the provision of various benefits to them. It should be noted that construction workers are the largest segment of workers outside of agriculture and the Welfare Fund is potentially a significant source of social security for these workers. The main responsibility for implementing the Acts lies with the respective State Governments. But implementation of the Act has been tardy, leading to benefits accruing to a very small number of workers and an accumulation of funds. However, despite these constraints till March 2010, Rs 2837.41 crores had been collected as cess and 59.05 lakh workers had been registered under the Act. The states of Tamil Nadu (19.88 lakh) Kerala (15.82 lakh), Madhya Pradesh (10.4 lakh) Andhra Pradesh (7.91 lakh) had together registered the highest number of workers while the states of Karnataka (420.06 crores), Delhi (389.21 crores), Andhra Pradesh (358.0 crores) and Tamil Nadu (Rs 321.01 crores) led in the amount of cess collected under the Act.

Food security

Although the TPDS is the most important food security programme at the national level, it is however not the only form of food security scheme implemented by the states nor is it that its coverage is similar across states. Tamil Nadu provides an interesting case due to its universal access policy for subsidized grains even after introduction of TPDS. In recent years, a number of states such as Chhattisgarh, Himachal Pradesh, Andhra Pradesh and Karnataka have implemented near universal food security schemes. The state of Chhattisgarh has also enacted a legislation to include food as a legal entitlement (See Box 9).

Apart from the TPDS and the Mid-Day Meal, Kerala has implemented two schemes which have been funded by the state government. The first is called Annadayini and the second is called the Hunger Free City Programme. The Annadayini provides lunch to all malnourished tribals in remote areas. The Hunger Free City Programme provides subsidized meals once a day to the public at designated centres in a city and it is aimed at ensuring that no person in the city goes without at least one square meal a day. Anyone is free to come to these centres to take food during lunch time.

Box 9.

Chhattisgarh Food Security Act

The Chhattisgarh Food Security Act was passed in 2012. The legislation covers almost the entire population and excludes only those who pay income tax or property tax and those who own over 4 hectares of irrigated or 8 hectares of non-irrigated land in non-scheduled areas.

The beneficiaries are classified into three categories, viz. the general households, the Antyodaya households and the priority households. Though the identification criteria for these three groups are not mentioned in the Act, but the following sections of the population: landless labourers, small and marginal farmers (with land up to two hectares, workers in urban informal sector and households of construction workers are to be included in the Priority category while the Antyodaya category will comprise of Vulnerable Tribal Groups, households headed by terminally ill persons, widows or single women, physically challenged persons; households headed by a person aged 60 years or more with no means of subsistence, persons freed from bonded labour and those who are currently entitled to the Mukhyamantri Khadyanna Sahayata Yojana. The general households are regarded as a default category.

The general household will receive 15 kg foodgrain at Rs 9.50/kg for rice and wheat at Rs 7.50/kg. The Antyodaya Households will receive 35 kg foodgrain at Rs 1 per kg, 2 kg pulses at Rs 10/kg (in non-scheduled areas), 2 kg chana at Rs 5/kg (in Scheduled areas) and 2 kg iodised salt for free. The Priority Households will receive 35 kg foodgrain at Rs 2/kg, 2 kg pulses at Rs 10/Kg (in non-scheduled areas), 2 kg chana at Rs 5/kg (in scheduled areas) and 2 kg iodized salt for free.

Other salient features of the Act are :

1. It covers the public distribution system, school meals, anganwadis (including take-home rations for pregnant/lactating women and children under three.
2. It provides free meals for the destitute and homeless.
3. It provides for not just food grain (what, rice etc) but also gram, iodized salt.
4. Food provided to children (under mid-day meal) pregnant women and lactating mothers, will have additional nutritional standards like calorie and protein value.
5. Ration cards to be issued on the name of the eldest woman in a family. (Women empowerment)
6. Panchayat and Municipalities will be responsible for implementation of the Act.
7. Entitlements will be given of per household and not per person.

Source: http://www.righttofoodindia.org/data/right_to_food_act_data/official_documents/Chhattisgarh_Food_Security_Act_2012.pdf

Social Health Protection

In health insurance, the main initiatives until recently were those of micro-insurance and mutuals. The early success of the Karnataka's Yeshashvini scheme – a mutual with state government financial support – is one of the largest rural health insurance programmes in the world with around 20 lakh members, has led to great interest in other Indian states and beyond. It appears to owe much of its success to having been able to link to a network of reputable hospitals around the state. In addition, a number of microfinance institutions have set up such schemes including SEWA in Gujarat and SKS in Karnataka (World Bank, 2011).

Various health related schemes have been implemented by several states on their own. The Thalolam scheme in Kerala provides free treatment to all those suffering from a number of specified diseases and accident cases which need surgery. Patients belonging to families who are too poor to afford treatment irrespective of BPL/APL are eligible to avail the scheme (Government of Kerala, 2011). Similarly, the Cancer Suraksha Scheme provides free treatment to any children under 18 years who have been diagnosed with cancer through designated Government hospitals in the state (ibid).

In Karnataka, the Madilu scheme provides post natal care for the mother and the child (Jain, 2010). The objective of the scheme is to encourage poor pregnant women to deliver in health centres and hospitals in order to considerably reduce maternal and infant mortality in the state. Those who are below-poverty line can avail the scheme. The benefit, however, is limited to two live deliveries (ibid).

The West Bengal government had implemented the Health Scheme for Unorganized Workers which provides Rs 5,000 to the workers for medical reasons. It covers 44 industries and 12 categories of self-employed workers (ibid).

In Haryana, Surakhit Bhavishya Yojana provides Rs 50,000 as insurance in case of sudden death, whereas otherwise the accumulated savings are returned with interest. Anganwadi workers who have completed one year of service are eligible to get benefit from the scheme (ibid).

The Group Insurance Scheme for Landless Agricultural Labourers in Gujarat provides Rs 1000 in case of natural death, Rs 2,000 in case of accidental death, Rs 750 in case of total handicap and Rs 500 in case of partial handicap (Government of Gujarat 2012). The eligibility criteria require that the age of the landless agricultural labourer is between 18 and 60 years. Similarly, the Group Insurance Scheme for Fishermen & Forest Workers provides Rs 3,000 in case of natural death, Rs 25,000 in case of accidental death or total handicap and Rs 12,500 in case of partial disability. Those between 18 and 60 years are eligible. The Group Insurance Scheme

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for Salt Workers provides similar benefits for salt workers in the age group of 18 and 60 years. The Shramik Suraksha Accident Group Insurance Scheme provides Rs 1 lakh and Rs 50,000 respectively in case of death/permanent disablement and partial disablement during an accident (ibid).

In Maharashtra, the Jeevandayi Arogya Yojana provides financial assistance up to Rs 1.5 lakh per beneficiary for major surgeries of organs viz. brain, kidney, heart, cancer and spinal cord to those who belong to the BPL family (Jain, 2010). Similarly, the Navasanjivani Yojana provides basic health services and ensures safe drinking water supply in the tribal areas of the 15 districts. For the pregnant mothers taking services in government/semi-government health institutions, the Matrutva Anudan Yojana (under Navasanjivani Yojana) provides a benefit of Rs 800. The Farmers Personal Accident Insurance Scheme provides insurance coverage against 13 perils to the aggrieved family members of the ill-fated farmers (ibid).

In Madhya Pradesh, Vijayaraje Janani Kalyan Bima Yojana provides for the pregnant women Rs 1000 at time of discharge from hospital and Rs 50,000 in case of death within 45 days after delivery (Government of Madhya Pradesh 2012). Women belonging to BPL families are eligible to avail the scheme. For the BPL families with Madhya Pradesh domicile who are in the need of major surgical operation within or outside state, the state government provides Free Medical Assistance of Rs 25,000 – Rs 1,00,000 (ibid).

Housing schemes

Various state governments have implemented various forms of schemes for housing for the poor using their own criteria of target group.

The Working Group on Rural Housing for the Twelfth Plan (MoRD 2011) reports that around 15 States/UTs have reported to have their own schemes for rural housing, which enable them to extend coverage to a much larger group beyond IAY. It estimates that during the eleventh five year plan, about 30 lakh houses were constructed under the various housing schemes of state governments. The State run schemes target different groups of beneficiaries and involve a range of unit costs with varying proportions of subsidy, credit and beneficiary contribution. The implementation agencies also vary from scheme to scheme and from state to state.

Kerala has implemented Suraksha Housing Scheme which benefits the economically weaker houseless sections of people in both urban and rural areas. A Government subsidy of Rs 25,000 per house is granted for constructing a house with the help of voluntary organizations or NGOs (Jain, 2010). The state is implementing “EMS Housing Scheme” that encompasses various other schemes. One of these is: Bhavanashree’ which is a loan linked scheme under the state wide anti poverty mission. Under the scheme, families with a two years membership of Neighbourhood Groups and with at least 1.5 cents of land are eligible. A subsidy of Rs10,000 is provided with a loan from commercial banks upto Rs 50,000 with a repayment period of ten years. Under the housing scheme of SC Department Rs 1 lakh assistance is provided to each BPL SC family. Similarly, under the housing scheme of ST Department, an assistance of Rs 1.25 lakh is provided to eligible ST families. The Department of Fisheries also provides housing assistance to their target group.

Karnataka is another state which has implemented various housing schemes. The Basava Vasathi Yojane in Karnataka aims to provide houses to the rural homeless poor and provides financial assistance of Rs 40,000 (Government of Karnataka, 2012). Similarly, for Ambedkar Housing Scheme of Karnataka, the unit assistance per house is Rs 63,500, comprising 50,000 as subsidy, 10,000 as loans and 3,500 as beneficiary contribution. Its beneficiaries are the rural homeless poor belonging to the SC/ST category. Another housing scheme implemented in Karnataka is the Vajpayee Urban Housing Scheme (ibid). The unit cost under the scheme is Rs 30,000 which comprises a government loan of Rs 25,000 and the beneficiary contribution of Rs 5,000. The loan provided is recovered in 180 monthly instalments. It is implemented among the urban poor.

Tamil Nadu has recently announced the “Green House” Scheme which entitles each beneficiary family to a house of 300 sqft and solar lights at a unit cost of Rs 180,000. Andhra Pradesh provides additional financial support over and above the unit cost of the state scheme Indiramma’ (MoRD, 2011).

Gujarat, in addition to IAY, is implementing nine other schemes for rural housing. Among these, the main ones are Sardar Awas Yojana implemented by District Panchayats, Dr. Ambedkar Awas Yojana for assisting SC families and

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Deen Dayal Upadhyay Awas Yojana for primitive tribal groups. In 2009, the state government brought all rural housing schemes to a common platform with uniform financial assistance of Rs55,500 per unit and selection of beneficiaries from BPL list. Thus, the effect of these state housing schemes has been to augment the efforts for rural housing under IAY. There is a major thrust in all BPL housing schemes to construct earthquake resistant housing design and construction. In coordination with the State Level Bankers' Committee (SLBC), loans at Differential Rate of Interest are being provided to IAY beneficiaries (ibid).

Jharkhand is implementing the Birsa Awas Yojana and Siddho Kanu Awas Yojana. Birsa Awas Yojana is a state government scheme implemented by the Welfare Department, Government of Jharkhand for providing houses to 44,163 identified households of Primitive Tribal groups in the state. The latter scheme would be dovetailed with the IAY to provide per unit assistance of Rs 100,000. Madhya Pradesh has announced the "Chief Minister's Rural Housing Mission" in 2011. Rajasthan has launched the '*Mukhya Mantri Gramin BPL Awaas Yojana*' on 3rd June, 2011. This innovative scheme has been launched with the objective of wiping out the huge backlog of waiting list of BPL households eligible under IAY scheme within the next three years (ibid.).

Social pensions and retirement schemes

The states' additional contribution in the area of pensions, both in terms of extended coverage as well as higher pension amounts, is quite substantial. According to the Task Force on NSAP (MoRD, 2013), in 2012-13, compared to the Centre's coverage of 21.55 crore old aged persons, the states additionally covered 15.4 crore people under old-age pension schemes; under widow pension schemes, the states covered an additional 8.81 crore widows, compared the Centre's coverage of 3.12 crore persons, and under pension schemes for disabled persons, the states covered 3.24 crore people compared to the Centre's coverage of 94.3 lakh people.

Several states provide pensions for persons who are 60 and above and who fulfil the poverty criteria. State operated old age social pension schemes often predate the NOAPS, and allow for expanded beneficiary numbers beyond

those financed by the central subsidy, as well as additional amounts, over and above the pension transferred by the Centre (also see Box 8). In addition, nearly all states have operated a similar social pension scheme for destitute widows and disabled people, though financed from own resources.

There are various forms of pension schemes which are implemented by the states apart from the Central schemes. For example, the Shandya Suraksha Yojane in Karnataka attempts to provide social security benefits to small and marginal farmers, agricultural labourers, weavers, fishermen and other labourers from the unorganized sector excluding construction workers (Government of Karnataka, 2012). They are paid Rs 400 per month. Workers in the age group of 65 years and above and with income below Rs 20,000 per annum are eligible to benefit from the scheme.

Similarly, in Tamil Nadu, a Pension Scheme for persons with disabilities is implemented with the objective to provide pension at Rs 400 per month. Those above 45 years and with no source of income are eligible for the scheme provided they are not professional beggars and are not supported by son or grandson aged above 20 (Jain, 2010). Two other pension schemes implemented in the state are Destitute Widows Pension Scheme and Destitute Agricultural Labourers Pension Scheme respectively. The former provides pension to Destitute Widows of Rs 400 per month while the latter provides the same amount to the destitute agricultural labourers. The eligibility criteria for the widow pension scheme require that the beneficiary should not be a professional beggar and should have no income whatsoever. Further, anyone with property value more than Rs. 5000 does not fulfil the eligibility criteria. The eligibility for the destitute agricultural labourer is the same as the former except the fact that only those above 60 can avail the scheme (ibid).

In Kerala, the programme for Special Pension for the Disabled and Mentally Retarded Person provides Rs 140 per month to those who are disabled. Those who have more than 40 per cent disability and with family income of less than Rs 500 are eligible to avail the programme. Similar pension schemes exist for sportsmen, war veterans, freedom fighters and journalists (Government of Kerala, 2011). The Pension scheme to sportsmen provides Rs 400 per month to those who are below the age of 60, Rs 600 to those between 60

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and 70 years and Rs 800 pm to those who are above 70. Participation at the Inter District/State level sport with income below Rs 1100 per month is the eligibility criteria. The pension for war veterans provides Rs 400 per month to those who participated in the 2nd world war and whose income is below Rs 6000 per month. The Freedom fighters Pension Scheme provides Rs 3900 per month to those who participated in the freedom movement. The Pension for Journalists/Dependents provides Rs 1400 per month to the journalists suffering from ill health and over-age or those who retired after 10 years of service. The daily workers are also eligible to avail the scheme (ibid).

The Widow pension in Rajasthan provides Rs 500 per month to the widows of any age if they belong to a BPL family (Government of Rajasthan, 2012). The Old Age Pension provides Rs 750 to those who are above 75 and Rs 500 to those who are below 75. The scheme can be availed by women above 55 years and men above 58 years who belong to a BPL family. The Financial Assistance to Disabled Persons in Rajasthan also provides the same benefit as the Old Age/Widow pension while the eligibility requires that the applicant should not have any other source of income and must have a domicile of the state. The Rajasthan Vishwakarma Unorganised Sector Workers (Motivational) Contributory Pension Scheme provides an interest of 8 per cent per annum on the savings of workers. This scheme is open to resident workers of Rajasthan and covers 20 occupations. The worker must be between 18 to 60 years of age to be eligible for the scheme and the contribution amount starts from Rs 100 in Haryana, the pension scheme for persons with physical disabilities provides Rs 600 per month to persons with at least 70 per cent disability of any kind and with no other financial support. The applicant must be over 18 years and a resident of the state to be eligible for accessing the scheme (ibid).

The Laxmi Bai Social Security Pension Scheme in Bihar provides a monthly pension of Rs 200 to widows within the age group of 18-65 years of BPL families or those with annual income below Rs 30,000 (Government of Bihar, 2012). The Bihar Rajya Nishakta Pension Yojna provides similar benefit to the physically challenged with 40 percent or above disability, in the age group between 10 to 64 years, provided that they belong to BPL family or have an annual income below Rs.30,000.

In Punjab, the old age pension scheme provides a monthly pension of Rs 250 and the age criteria for men and women is 60 and 65 years respectively.

(Jain, 2010) The Old Age Pension Scheme in West Bengal provides Rs 750 per month to the workers of tea gardens in North Bengal that have shut down and the tribals of BPL families. The old age pension scheme in Uttar Pradesh provides a monthly pension of Rs 300 to those between 60 and 65 years. The Social Security Pension Scheme in Chhattisgarh provides a monthly pension of Rs 300 to those above 60 years, widows above 50 and persons with physical disabilities whose age is more than 6 years. The Madhu Babu Pension Yojana in Odisha provides a monthly pension of Rs 200 to the elderly destitute above 65 years of age and with no regular means of assistance. The scheme is also accessible to all destitute widows, widows of AIDS patients, disabled and those unable to work (5 years or above) and AIDS and Leprosy patients. In Bihar, the Rajya Samajik Suraksha Pension Yojna provides a monthly pension of Rs 200 to those who are enlisted in the BPL category and are between 60 and 64 years (Government of Odisha, 2011).

In addition to the pension schemes which are restricted in scope, some states like West Bengal and Rajasthan have initiated Provident Fund Schemes for the unorganized workers. West Bengal introduced the State Assisted Scheme of Provident Fund for Unorganized Workers (SASPFUW) in 2001. The scheme was introduced in 2001, initially covering 13 Industries & eight Self-employment occupations (Government of West Bengal, 2012). In 2008, 16 more industries and six self-employed occupations have been brought under the Scheme. Under the Scheme, each subscriber may pay up to Rs 240 per annum. Payments may be made monthly at the rate of Rs 20 or as may be convenient to the subscriber in multiples of Rs 20. An equal matching amount is contributed by the State Government. The cumulative fund can be drawn by the registered worker after she/he attains the age of 55. Till August 2010, a total of 19 lakh workers had registered in the scheme and had paid Rs 109 crore as subscription (Department of Labour, Government of West Bengal).

3.6 The expenditure on social protection: Past and current trends

The trends in social protection expenditure by the Central and State governments is analyzed in this section. Table 8 gives the social protection expenditure as percentage of GDP in the major social protection related sectors (excluding food security). Except housing and rural development, the states are responsible for the bulk of the social protection expenditure, but

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the share of the Centre has increased in recent years. In 1995-96, Central expenditure was a slightly less than one-fourth the combined expenditure on social protection. By 2011-12, Central expenditures had risen to one-third the combined expenditures on the sectors mentioned below.

Table 8. Expenditures in major social protection related sectors

	Centre			
SECTOR	1995-96	2000-01	2005-06	2010-11
Elementary Education	0.11	0.16	0.35	0.35
Health and Family Welfare	0.27	0.31	0.35	0.45
Housing	0.07	0.13	0.12	0.16
Labour and Labour Welfare	0.05	0.04	0.04	0.04
Social Security and Welfare	0.04	0.06	0.02	0.03
Rural Development	0.53	0.23	0.47	0.72
Total	1.06	0.94	1.35	1.75
	States			
Elementary Education	1.25	1.34	1.29	1.19
Health and Family Welfare	1.13	1.21	1.20	0.97
Housing	0.09	0.09	0.09	0.13
Labour and Labour Welfare	0.07	0.06	0.06	0.06
Social Security and Welfare	0.21	0.25	0.32	0.56
Rural Development	0.60	0.57	0.72	0.58
Total	3.36	3.51	3.69	3.50
	Centre and States Combined			
Elementary Education	1.36	1.49	1.64	1.55
Health and Family Welfare	1.40	1.52	1.56	1.42
Housing	0.16	0.22	0.21	0.29
Labour and Labour Welfare	0.11	0.10	0.09	0.10
Social Security and Welfare	0.25	0.31	0.34	0.59
Rural Development	1.13	0.80	1.20	1.30
Total	4.42	4.45	5.03	5.25

Source: India Public Finance Statistics, Ministry of Finance, and MHRD, Govt. of India & Handbook of Statistics on Indian Economy, RBI.

The central budget on these sectors marginally declined from 1.06 per cent of GDP in 1995-96 to 0.94 per cent of GDP in 2000-01, but increased steadily

thereafter to 1.75 per cent in 2010-11. The sectors where expenditures have increased during this period are primarily rural development, elementary education, housing and health. However, expenditures on social security and welfare and labour and labour welfare have more or less remained stagnant between 1995-96 and 2010-11.

The expenditures in state government outlays as percentage of GDP have marginally increased from 3.36 per cent in 1995-96 to 3.5 per cent in 2010-11. The only substantial increase in the case of states was that in social security and welfare which increased from 0.21 per cent of GDP in 1995-96 to 0.56 per cent of GDP in 2010-11.

The total combined expenditures while remaining more or less stagnant between 1995-96 and 2000-01, consequently increased from 4.45 per cent in 2000-01 to 5.25 per cent of GDP in 2010-11. Expenditures have particularly increased in the sectors of education, social security and welfare and rural development during this period. Despite the decline in the share of Centre's expenditures in GDP between 1995-96 and 2000-01, the combined expenditures increased slightly during this period due to a rise in the states' expenditures. Between a 2000-01, the rise in the share of combined expenditures in GDP after 2001 was due to rise in the expenditures of both the Centre and the States, but after 2005-06, while, the Central expenditures rose quite sharply, state expenditures fell as a percentage of GDP, although combined expenditures registered an increase.

The rate of increase in centre's expenditures has consequently been much higher than that of the states (see Table 9). As evident from Table 9, the growth rate of total real expenditures on social protection programmes of the states was higher than that of the centre between 1995-96 and 2000-01. This was on account of a negative growth rate of the Centre's real expenditures on rural development during the period. However, as the growth rate of Centre's real expenditures on rural development picked up after 2001, the compound the annual growth rate of total real expenditures of the Centre on social protection programmes also surpassed that of the states. Except rural development, the growth rate of expenditures on all other components has been consistently higher for the Centre vis-à-vis the States.

Table 9. Compound Annual Growth Rate of Real Expenditures

	Centre		
SECTOR	1995-96 to 2000-01	2000-01 to 2005-06	2005-06 to 2010-11
Elementary Education	14.4	25.2	8.7
Health and Family Welfare	9.4	9.4	13.7
Housing	20.2	4.5	15.6
Labour & Employment	5.7	3.1	10.4
Social Security & Welfare	17.3	-17.1	25.1
Rural Development	-10.0	23.1	17.8
Total	3.5	14.8	14.3
	States		
Elementary Education	7.6	3.3	9.6
Health and Family Welfare	7.6	3.9	6.7
Housing	5.4	4.8	19.7
Labour & Employment	4.6	2.4	11.6
Social Security & Welfare	9.2	9.5	24.5
Rural Development	4.9	9.2	6.7
Total	7.1	5.0	10.2
	Combined		
Elementary Education	8.8	3.6	11.7
Health and Family Welfare	8.8	4.2	7.7
<i>Housing</i>	6.2	5.2	28.9
Labour & Employment	5.0	2.5	14.6
Social Security & Welfare	11.0	11.4	39.9
Rural Development	5.3	11.2	7.8
Total	8.2	5.6	12.5

Source: Same as previous Table

We have further examined the trend in centre's expenditure in specific social protection programmes relating to employment generation, employment promotion, social security, housing, and food and nutrition (Table 10). The share of total expenditures for all such programmes marginally declined from 1.30 per cent in 2001-02 to 1.29 per cent in 2006-07, but increased substantially to 1.72 per cent in 2010-11. With the launch of the NREGP, the expenditure on employment generation programmes has increased from

0.22 per cent of GDP in 2001-02 to 0.38 per cent of GDP in 2011-12. Although there is some step up in skill development programmes, there is no increase in the priority accorded to employment promotion with programmes such as the Rural Livelihood Programme, the Shahri Rozgar Yojana, the Prime Minister's Employment Guarantee Programme, and the National Skill Development Programme together absorbing only about 0.02 per cent of GDP by 2011-12. Similarly, there has been an increase in the allocation to expenditures on food security during this period. There has also been a marginal increase in rural and urban housing programmes, currently taking up 0.13 per cent of GDP (up from 0.10 per cent in 2001-02). The other set of programmes/schemes taking up major allocation are the food and nutrition schemes, particularly the PDS. These absorbed 0.82 per cent of GDP in 2001-02 and 0.89 per cent of GDP in 2011-12.

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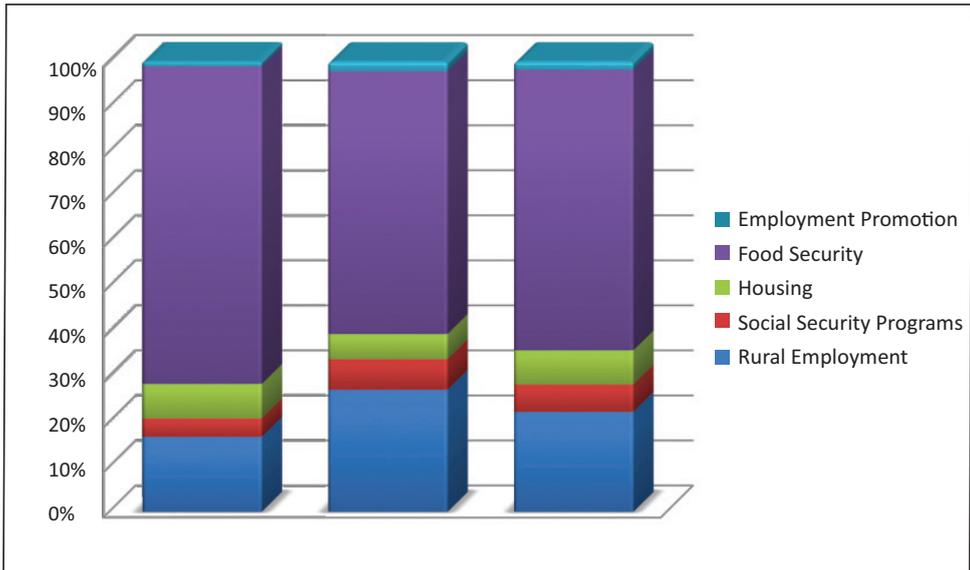
Table 10. Public expenditure by centre on social security schemes as percentage of GDP

	2001-02	2006-07	2011-12
A. Employment Promotion Schemes			
Total Rural Employment	0.22	0.35	0.38
B. Social Security / Social Assistance Programmes			
National Social Assistance programme	0.03	0.06	0.07
Social Security Scheme (Includes RSBY)	0.02	0.02	0.03
Total Social Assistance Programs	0.05	0.09	0.11
C. Housing			
Rural Housing	0.08	0.07	0.12
Urban Housing	0.02	0.01	0.01
Total Housing	0.10	0.07	0.13
D. Food Security			
Integrated Child Development Service(ICDS)	0.06	0.10	0.15
Nutritional Support to Primary Education (MDM)*	0.05	0.05	0.03
Food Subsidy (PDS)	0.82	0.61	0.89
Total Food Security	0.92	0.76	1.08
E. Employment Promotion			
Total Training (by Ministry of labour)	0.00	0.00	0.01
Swarna Jayanti Shahari Rojgar Yojana	0.00	0.01	0.01
Prime Minister's Employment Generation Programme	0.01	0.01	0.01
Total Employment Promotion	0.01	0.02	0.02
Total – All Programmes	1.30	1.29	1.72

Source: Expenditure Budget Vol-II of various Ministries and Departments, Union Budget, Ministry of Finance, Govt. of India

It may be noted that the estimates of total expenditure on social security schemes are lower than that estimated by World Bank (2011). This is on account of the fact that the above estimate does not include expenditures on Central labour welfare funds and expenditures on welfare schemes (for SC, ST and disabled), a large chunk of which is accounted for by student scholarships.

Figure 8. Percentage share of SP programmes in total SP expenditure



Source: Same as previous Table.

There has been some shift in the composition of social protection expenditures in the last decade. The shares of components of these expenditures in total expenditures have undergone significant changes. The shares of expenditures for housing programmes and food security have declined between 2001-02 and 2011-12 (see Figure 8). The shares of all other components of expenditures in total expenditures on social protection programmes have increased during this period.

4. A RIGHTS-BASED SOCIAL PROTECTION FLOOR FOR INDIA

The key elements and dimensions of a Social Protection Floor have been clearly outlined in the UN-CEB document of 2009 and ILO Recommendation 202. They consist of the dimensions of income security over the entire life cycle (childhood, working age, and old age) and adequate access to health and other essential services, including drinking water & sanitation, food and shelter. Member countries have the flexibility of designing a SPF depending upon their level of development and their specific history and context. Recommendation 202 also lays down the guiding principles that should be observed in creating the SPF. Among other things, the SPF should create clear-cut entitlements and should be backed by legislation.

The preceding chapter showed that there has been an extension of social protection in India over the last few years. This extension has also been guided by the Directive Principles of the Indian Constitution which broadly lay down the key elements of a social protection system. Further, India's commitment to advancing the principles and agenda for a social protection floor has been expressed unequivocally in its support to ILO Recommendation 202 and in the Ministerial Declaration adopted at the UNESCO Conference of Ministers in charge of Social Development in South Asia which agreed, inter alia, to:

- Prioritize financing for social protection measures in national expenditure plans.
- Strive to move towards a universalized, rights based, gender sensitive approach in the extension of social protection, providing dignity and voice to the poor and vulnerable, and fostering equity, inclusion, and citizenship.
- Advance the agenda for a social protection floor, ensuring universal access to essential transfers and services, adapted to specific country contexts (UNESCO 2011).

As mentioned earlier in this paper, the Directive Principles direct the state to

“within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want” (Article 41); and

“...endeavour to provide, within a period of ten years from the commencement of this Constitution, for free and compulsory education for all children until they complete the age of fourteen years” (Article 45, now also Article 21a); and further:

“ ...regard the raising of the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties” (Article 47).

Till the 1980s, however, Indian policy and discourse on expansion of social opportunity was not rights-based. The 1986 National Policy on Education (modified in 1992) did not mention the rights-based context of basic education. This first arose in the context of education on the basis of judgments in the Supreme Court which interpreted the “Right to Life” (a fundamental human right) with a right to life to dignity, and indicated that access to basic education, health and food were part of a citizen’s claim to a right to life with dignity. This judgment catalyzed the civil society movements in India, since the Directive Principles of the Indian constitution (themselves not justiciable) could be interpreted in terms of their linkage with fundamental rights. Using this broad interpretation, civil society initiatives have sought to convert the rights to education, food, livelihood, health and shelter into legally enforceable entitlements and these initiatives have generated a momentum in the Courts as well as in government which has resulted not only in the enunciation of new policies or programmes (or the expansion of existing ones), but also in constitutional changes providing legal entitlements in line with constitutional directives. This section argues that the new generation of policies and programmes has begun to provide the essential ingredients of a comprehensive social protection floor for India.

4.1 Children’s education, nutritional status and good health

It was in this backdrop that the SSA was introduced in 2001 and the government brought in an important Constitutional amendment in 2002 making the right to education of all children in the 6 to 14 year age group, a fundamental right (Srivastava, 2003). The Indian Parliament passed the Constitution 86th Amendment Act which mandated the provision of free and compulsory education, by inserting Article 21A in the list of Fundamental Rights: “the State shall provide free and compulsory education to all children of the age of 6–14 years in such a manner as the State may, by law, determine”.

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However, for the Article to become justiciable, the government needed to legislate a Bill laying down the specific obligations of the Centre and the provinces. The Right of Children to Free and Compulsory Education (RTE) was passed in 2009 and became operational on 1st April 2010. The Act entitles every child within the age-group of 6-14 with the right to elementary education in a formal school which satisfies certain essential norms and standards. On the basis of the recommendation of the committee under the chairmanship of Anil Bordia, the norms and framework of SSA have been modified to align them with the requirement of RTE Act (MHRD 2010, 2012a).

The salient features of the Act (MoLJ 2009) are the following:

- a) The Act provides the right of children for free and compulsory education till completion of elementary education in a neighbourhood school.
- b) It clarifies that “compulsory education” means obligation of the appropriate government to provide free elementary education and ensure compulsory admission, attendance and completion of elementary education to every child in the relevant age group. “Free” means that no child shall be liable to pay any kind of fee or charges.
- c) It makes provisions for a non-admitted child to be admitted to an appropriate class.
- d) It lays down the norms and standards relating to Pupil Teacher Ratio, buildings and infrastructure, school working days, teaching working hours, etc.
- e) It provides a kitchen where the mid-day meal is cooked in the school. In addition, it provides a playground and the need for the school building to have a boundary wall or fencing.
- f) It provides that children between the ages of 3–6 years should have access to early childhood care and education and indicates that the “appropriate government may make necessary arrangements for providing free pre-school education”.¹³

g) The Act provides that private unaided schools will be required to admit children of weaker sections and disadvantaged groups in the neighbourhood in class-I, at least 25 per cent of the strength of that class, and offer them free elementary education till its completion. The school will be able to get reimbursement on the basis of per child expenditure from the state.¹⁴

The two other areas in which there has been a definite advance in creating entitlements for children have been in the provision of mid-day meals to school going children attending elementary classes, and creating a bundle of entitlements for pre-school children through the Integrated Child Development Scheme. The significant expansion in both these schemes has been discussed in the previous chapter. Supreme Court orders played an important role in the

Box 10

The ICDS and mid-day meal scheme and Supreme Court orders

The Supreme Court orders in the right to food case have played a crucial role in the expansion of ICDS services. In its first significant order on the programme (28th November 2001), the Supreme Court directed the government to “universalize” ICDS. To operationalize this objective, the Supreme Court directed all State Governments and Union Territories (UTs) to ensure that every ICDS disbursing centre – known as anganwadi – provides (a) each child up to six years of age 300 calories and 8-10 g of protein; (b) each adolescent girl 500 calories and 20-25 g of protein; (c) each pregnant woman and each nursing mother 500 calories and 20-25 g of protein; and (d) each malnourished child 600 calories and 16-20 g of protein.

In further orders passed on 7th October 2004, the Supreme Court directed the Government of India to increase the number of anganwadis from 6 lakh to 14 lakh habitations, and to “file within three months an affidavit stating the period within which it proposes to increase the number of anganwadi centres so as to cover the 14 lakh habitations.” This order also instructed all State Government and UTs to allocate funds for ICDS on the basis of one rupee per child per day, 100 beneficiaries per anganwadi centre and 300 days of feeding in a year. For locating the anganwadi centres, priority was to be given to SC/ST habitations and States/UTs were requested to make earnest efforts to also cover slums under the programme. The order also clearly stated that the ICDS services should not be restricted to BPL families. Contractors were barred from supplying nutrition in anganwadis and preference was to be given to village communities, self-help groups and mahila mandals for preparing the meals.

These orders were followed by a landmark judgment of 13th December 2006 in which the Court ordered the government to ensure “universalisation with quality” in a timebound manner. Apart from reiterating some of the earlier orders, the Court entitled rural communities and slum dwellers to an “anganwadi on demand” (not later than three months) from the date of demand in case where a settlement has at least 40 children but no anganwadi. The universalization of the ICDS extended to all the services of the programme (supplementary nutrition, growth monitoring, nutrition and health education, immunization).

Mid-day Meals

Under the National Programme of Nutritional Support to Primary Education initiated in 1995, the Central government started a scheme for providing nutritional support to children in government primary

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schools. Barring some states and UTs – notably Tamil Nadu, Kerala, Gujarat and Puducherry – which provided cooked meals, the rest of the states did not go beyond giving dry rations, usually 3 kg of grain per child per month.

This began to change after the first Supreme Court order in the right to food case on midday meals of 28th November 2001. In this order, all State Governments/UTs were instructed to implement the Mid-Day Meal Scheme by providing every child in every Government and Government assisted primary school with a prepared mid-day meal with a minimum content of 300 calories and 8-12 g of protein each day of school for a minimum of 200 days a year. This order was supposed to be implemented within six months, however most State Governments took much longer, prompting the Supreme Court to issue stern reminders to them from time-to-time (e.g. on 2nd May 2003).

A series of important follow-up orders were issued on 20th April 2004, to speed up the implementation of earlier orders, improve the quality of the meals, and address various concerns raised in the Commissioners' reports. According to these orders (a) States/UTs were to comply with the order of 28th November 2001 by 1st September 2004; (b) the meals were to be provided free of cost; (c) in appointment of cooks and helpers, preference was to be given to SCs and STs; (d) in drought affected areas, the meals were to be supplied even during summer vacations; (e) the Central Government was directed to make provisions for construction of kitchen sheds and contribute to the cooking costs; (f) attempts were to be made for better infrastructure, improved facilities (safe drinking water etc); closer monitoring (regular inspection) and other quality safeguards and also the improvement of the contents of the meal so as to provide nutritious meals to the children; (g) the Food Corporation of India (FCI) was to ensure provision of "fair average quality of grain" for the meals and joint inspections of the grain were to be conducted by the FCI and State Governments and; (h) the Government of India was to file an affidavit within three months stating as to when it is possible to extend the scheme up to 10th standard in compliance with the announcement made by the Prime Minister.

In October 2004, the Court noted that some progress had been made with the implementation of earlier orders on mid-day meals. However, the feedback received from the States/UTs made it clear that implementation was being held up due to a lack of funds in many cases. The Court then directed the Central Government to provide financial assistance of one rupee per child per school day to meet cooking costs. The Court also clarified that the responsibility to monitor the implementation of the Mid-Day Meals Scheme essentially lies with the Central Government.

Source: Right to Food Campaign, Secretariat (2008)

As discussed earlier, currently, about 11 crore children are getting mid-day meals at school, although, there are issues relating to the quality and content of the meals, health safeguards and social discrimination in their implementation. There has been a decisive move to incorporate the provisions of these schemes as legal entitlements in the RTE Act and the National Food Security Act, although there has been extensive debate on the precise nature of the entitlements that needed to be created.¹⁵

Box 11

Children's mid-day meal and ICDS provisions incorporated in the Right to Education Act, 2009, and the NFSB, 2013

In the Right to Education Act 2009, the schedule on norms and standards for a school includes a kitchen for preparing the mid-day meals.

The NFSB 2013 creates legal entitlements based on the current ICDS package in most respects for children and pregnant and lactating women.

- For children in the age group of 6 months to 6 years, the Bill guarantees an age-appropriate meal, free of charge, through the local anganwadi.
- For children aged 6-14 years, one free mid-day meal shall be provided every day (except on school holidays) in all schools run by local bodies, government and government aided schools, up to Class VIII.
- For children below six months, “exclusive breastfeeding shall be promoted”.
- Children who suffer from malnutrition will be identified through the local anganwadi and meals will be provided to them free of charge “through the local anganwadi”.

[Notes: (1) “Meal” is defined in the Bill as “hot cooked meal or ready to eat meal or take home ration, as may be prescribed by the Central Government”. All “meals” have to meet nutritional norms specified in Schedule II. (2) The entitlements are to be delivered by state governments through schemes “in accordance with the guidelines, including cost sharing” to be prescribed by the Central Government. (3) Every school and anganwadi is to have “facilities for cooking meals, drinking water and sanitation”.

Source: MoLJ, 2009;
http://www.righttofoodindia.org/data/right_to_food_act_data/official_documents/National_Food_Security_Bill_2013.pdf

4.2. Employment and livelihood security

As mentioned earlier, Article 41 of the Constitution directs the government “within the limits of its economic capacity and development, make effective provision for securing the right to work”. The government has been providing for creation of unskilled employment in rural areas and in times of need but these have not been many or even based on entitlements. This led to a campaign for a “guaranteed” right to work, which became part of the manifesto of the current ruling coalition. It took several years of intense debate in the public realm, which ultimately saw a unique consensus across the political spectrum for the Parliament to pass the National Rural Employment Guarantee Act 2005 (NREGA) which guarantees every rural household 100 days of wage employment and an unemployment allowance

on failure to provide such employment, under hitherto unknown labour standards, information disclosure and social audit norms. The Act and its implications have been briefly discussed in the previous chapter. The main features of NREGA are summarized in Box 12.

Box 12

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2005 passed by parliament and notified on September 7, 2007, marks a paradigm shift from earlier public employment programmes by giving every rural household legal guarantee of 100 days of unskilled manual labour per financial year. The Act creates legal duties for the state to provide work within 15 days to any rural household that demands work.

The Act covered 200 districts in its first phase, implemented on February 2, 2006, and was extended to 130 additional districts in 2007-2008. All the remaining rural areas have been notified with effect from April 1, 2008.

Objectives

The main objectives of the NREGA are to ensure:

- Social protection for the most vulnerable people living in rural India by providing them with a justiciable guarantee to employment for a certain number of days every year,
- Livelihood security for the poor through the creation of durable assets, improved water security, soil conservation and higher land productivity.
- In addition, the NREGA fulfils a number of other objectives such as the empowerment of socially deprived groups like Scheduled Castes, Scheduled Tribes and women, strengthening of the decentralized system of governance, and financial inclusion.

Salient features of NREGA

Right based framework: Rural households willing to take up employment register in the Scheme, open to all adult members of the household, and are provided a job card. Each rural household is entitled to 100 days of unskilled manual labour per financial year, on demand, at the notified wage rate (earlier, at the minimum wage rate).

Time bound guarantee: Employment must be provided within 15 days of demand for work, otherwise an unemployment allowance has to be paid. Employment must also be provided within a radius of 5 km. of the applicant's residence if possible and in any case within the Block. If work is provided beyond 5 km, travel allowance of 10 per cent of the wages has to be paid in addition to the wages.

Permissible works carried out under the Act.: An important feature of the Act is the creation of useful assets in rural areas. Schedule I of the Act lists eight categories of works that are supposed to be "the

focus of the Scheme". Briefly, these include (1) "water conservation and water harvesting"; (2) "drought proofing" (including afforestation); (3) "irrigation canals including micro and minor irrigation works"; (4) "provision of irrigation facility" to land owned by households belonging to the Scheduled Castes and Scheduled Tribes, beneficiaries of land reforms, or beneficiaries of Indira Awas Yojana; (5) "renovation of traditional water bodies" including desilting of tanks; (6) "land development"; (7) "flood control and protection works" including drainage in water logged areas; and (8) "rural connectivity to provide all-weather access". In addition, there is a residual ninth category: "any other work which may be notified by the Central Government in consultation with the State Government". Recent amendment of the Act permits MGNREGA works on individual land of small and marginal farmers.

Labour intensive works: A "minimum" ratio of 60:40 between wages of "unskilled labour" and material costs has to be maintained for permissible works. Cost of employing skilled labour is counted under material costs. No contractors or machines which perform work that can be done by people are permitted on the work.

Wages: Wages are to be paid as per the State-wise Government of India (GoI) notified MGNREGA wages. They should be paid within a week and not later than a fortnight in any case. Wages are now paid through banks or post-offices. This has given a tremendous boost to financial inclusion of the households participating in MGNREGA. Muster-rolls have to be maintained on site. Rules now provide for muster-roll entries and wage deposits in the MIS. All details in the MIS can now be accessed on a real-time basis.

Decentralized planning: The Gram Sabhas are to recommend works to be carried out and at least 50 per cent of the funds are placed at the disposal of Gram Panchayats for execution. The PRIs have the principal role in planning, monitoring and implementation

Work site facilities : Crèche, safe drinking water, first aid and shade provided at worksites.

Women empowerment: At least one-third of beneficiaries should be women. Women are entitled to the same wages as men and any other form of gender discrimination is prohibited. The facility of crèche at the worksite enables women with small children to also participate in work.

Transparency & Accountability: The Scheme provides for Proactive disclosure through Social Audits and a Grievance Redressal Mechanism is provided in the scheme. The Operational Guidelines of MGNREGA provide for the following transparency provisions:

- The process of registration should be carried out in public, with facilities for people to verify their own details, or those of others.
- The list of registered households is to be displayed at the Gram Panchayat office and updated every three months.
- The basic entitlements of REGS labourers should be printed at the back of each job card.
- Every work sanctioned under REGS should have a local Vigilance and Monitoring Committee.
- Details of work should be displayed on a board at every worksite, in a reader-friendly manner.

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- Wage payments are to be made in a public place on fixed days.
- Social audits of all REGS works are to be held by the Gram Sabhas.
- The Guidelines also emphasize that the Right to Information Act should be “followed both in letter and in spirit in all matters relating to NREGA”.

Implementation: Under Sec 3 of the Act, States are responsible for providing work in accordance with the Scheme. Under Sec 4 of the Act, every state government is required to make a scheme for providing not less than 100 days of guaranteed employment in a financial year, to those who demand work

Funding: Central Government provides 100 per cent of wages for unskilled labour, 75 per cent of material costs (which include costs of employing skilled labour). State Government provides 25 per cent of material costs and 100 per cent of unemployment allowance.

Source: Right to Food Campaign, Secretariat (2008)

4.3. Contingent social security, old age protection/social pensions

The expansion of social security (for informal rural labour) was first argued in India by the National Commission for Rural Labour in 1991, and then reiterated as a more comprehensive requirement by the Second National Commission of Labour (SNCL) in 2002. The SNCL argued that all workers not presently covered by social security laws could be extended social security in a four-tier system, wherein the first tier could consist of social assistance programmes, and other tiers could consist of a combination of contributory and tax-based schemes to encourage the participation of the actors involved, particularly the workers (Venkata Ratnam, 2006). Since the SNCL had proposed an enabling legislation, the specific contours of social security coverage were not specified.

Recommendations of the National Advisory Council (2005)

However, another proposal made to the National Advisory Council (NAC) in 2005, made some concrete recommendations in this regard. This proposal again intended to cover all workers in the unorganized sector and workers without any social security. It proposed social security in the form of health, life and permanent disability insurance plus maternity benefits without any contribution from workers and an old age benefit scheme including pension but with contribution from the workers. The burden of implementation was to be on a National Social Security Authority which was to be a corporate body. It would appoint ‘Facilitation Agents’ at the state-level for implementation of

the scheme. At the district-level District Committees were to be constituted by the National Authority. At the local level selected organizations working among the unorganized workers were to be designated as 'Workers' Facilitation Centres'.

Recommendations of the NCEUS

The National Commission for Enterprises in the Unorganised Sector (NCEUS 2006 and 2007) recognized the right to social security as a human right and recommended a legislation which creates an entitlement for all unorganized sector workers as well as all unorganized workers in the organized sector not eligible for social security to a "National Minimum Social Security" package. However, the Commission's report is distinct from the earlier recommendations in several vital respects:

- (i) The Commission recommended a legislation which creates an entitlement for all unorganized sector workers as well as all unorganized workers in the organized sector not eligible for social security and who are below a certain income or land ceiling, to a "National Minimum Social Security" package.
- (ii) The Commission went into the elements of social security and the minimum level of protection that should constitute this package. It favoured providing workers with health cover including maternity, old age protection in the form of pension or provident fund, and life and disability cover principally through a social insurance model.
- (iii) It estimated the cost of this package at about 0.6 per cent of GDP, and the financial burden on governments (central and state) at 0.48 per cent of GDP on full coverage.
- (v) It recommended a fully worked out model of delivery, which gives the main oversight functions to national and state boards while reducing the direct implementation burden on them. Given that such a scheme could fail to reach the dispersed unorganized workers if there was a weak demand, it provides for a role to local and representative organizations in its facilitation.
- (vi) The system of registration and issuance of smart cards, payment of contributions and benefits recommended by the Commission provided for full portability between locations, suitable for migrant workers.

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(vii) Significantly, while the Commission has suggested a national minimum level of social security to which all workers should be entitled, it left it open for states or sectoral initiatives to provide for additional types or levels of social security to the workers.

Unorganised Workers' Social Security Act (2008)

The Unorganised Workers Social Security Act 2008 (MoLJ, 2008) which came into existence in response to the NCEUS proposals does not provide for a national minimum to be provided to all unorganized workers within a definite time frame. Instead, it puts ten government schemes, including three new schemes, providing health insurance, life and disability cover, and old age pension to segments of households below the poverty line, which were introduced in response to the Commission's recommendations, in a Schedule to the Act, making them statutory in nature. As per the Act, each scheme should specify coverage, benefits, modes of financing and grievance redressal mechanism (see Box 13). The original NCEUS Draft provided for mandatory registration of all informal workers and issuance of smart cards, but the mandatory provision was not included in the final legislation.

Box 13

The Unorganised Workers Social Security Act, 2008

The UWSSA (2008) marks a significant step towards extending the legal right of unorganized workers to social security.

(1) Clause 3 of the Act lays down that the Central government "shall formulate and notify, from time to time, suitable welfare schemes for unorganised workers" relating to (i) life and disability cover; (ii) health and maternity benefits; (iii) old age protection, and; (iv) any other benefit as may be determined by the Central government.

(2) Clause 4(2) of the Act lays down that "every scheme notified by the government shall provide for such matters that are necessary for the efficient implementation of the scheme, including the matters relating to (i) scope of the scheme; (ii) beneficiaries of the scheme; (iii) resources of the scheme; (iv) agency or agencies that will implement the scheme; (v) redressal of grievances and; (vi) any other relevant matter."

(3) Chapters III and IV of the Act provide for the creation of the National and State Social Security Boards that shall have recommendatory, advisory, and monitoring powers.(4) Chapter 5 of the Act provides for registration of all unorganized workers, age 18 and above, on the basis of a self-declaration.

Source: MoLJ, 2008(<http://labour.nic.in/upload/uploadfiles/files/ActsandRules/SocietySecurity/TheUnorganisedWoekersSocialSecurityAct2008.pdf>)

New Recommendations by the National Advisory Council

In its report on a revised minimum social security package for unorganized workers, the NAC has recommended that the scheme should cover all workers not covered under the formal sector social security schemes, and not paying direct taxes.

It has recommended that the revised minimum social security package should have the following elements (NAC 2012):

- i. **Maternity Benefit:** It has recommended that the pilot Indira Gandhi Matritva Sahyog Yojana (IGMSY) should be modified to pay Rs 6,000 in six installments.
- ii. **Financial protection against ill health:** It has recommended an extension of the RSBY to all unorganized worker families and eventually its integration with the proposed Universal Health Coverage plan being considered by the Government of India.
- iii. **Life-cum-disability cover:** It has recommended an enhanced level of protection under a life-cum-disability insurance scheme compared to the present Aam Admi Bima Yojana.
- iv. **Old age pension plan:** It has recommended a contributory old age pension plan with contributions of Rs 500 or Rs 1000 per year each from workers and Central and State governments, and with a basic pension not less than the present level of the National Old Age Pension Scheme. Thus, the total annual contribution to the pension scheme will either be Rs 1,500 or Rs 3,000. It has also suggested an amalgamation of the Life-cum-Disability Cover and the Pension Plan.
- v. **Roll out:** It has suggested a roll out plan in which the benefits are first rolled out over a five year period to one woman worker in every unorganized worker household.
- vi. **New implementation architecture:** It has suggested a single-window architecture, with an IT backbone, for implementing the minimum social security package with an Inter-Ministerial Committee and National Social Security Authority (NSSA), and Social Security Societies at State level and District level Social Security Committees.

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Recent Progress on Old-age Protection and Social Pensions

As discussed in earlier chapters, both the NCEUS and the National Advisory Council have recommended the universalization of pensions, subject to certain exclusions, but have given different recommendations regarding the quantum and the non-contributory/contributory nature of the scheme. Meanwhile, the government of India has expanded the domain of social pensions to all poor persons above the age of 65 years, and has further introduced two new schemes of social pension for widows and disabled persons. However, the amount of pension and the total coverage of these schemes among unprotected unorganized workers is still small. The Pension Parishad, which is a campaign for old-age pensions, representing a number of organizations working among the informal workers has, since 2012, stepped up a nationwide campaign for a universal and non-contributory pension with a minimum amount of monthly pension not less than 50 per cent of minimum wage or Rs 2000 per month, whichever is higher. The pension should be paid to all old-aged persons, subject to certain exclusions, and should be inflation-indexed. It has also demanded a lower pensionable age for highly vulnerable groups (<http://pensionparishad.org/pension/>, accessed on March 1, 2013).

Meanwhile, the Ministry of Rural Development set up a Task Force in November 2012 to recommend a comprehensive set of proposals relating to the National Social Assistance Programme. The Task Force submitted its report in March 2013 (MoRD, 2013).

The task force recommendations mark a significant departure from the past in so much as;

- They are framed in the light of Article 41 of the Constitution
- The Report discusses the normative basis for a reasonable pension amount linked to the eligible persons leading a “life with dignity”, although the amount recommended by it, constituting a very small increase in the old age pensions (from Rs 200 to Rs 300 per month), is based on fiscal considerations alone.
- It has recommended an indexation of the pension amount to the cost of living.
- It has recommended a near universalization of old-age pensions over a five year period to roughly two-thirds of households (constituting the

poorest 75 per cent in rural areas, and 50 per cent in urban areas, as defined for the purposes of the National Food Security Act).

- It has recommended that, in the final year of the Twelfth Plan, the indexed amount of the pension should be marked up to Rs 500 (Rs 1000 for those above 80 years), if it does not reach that level.
- It has recognized the significant vulnerability faced by widows, and separated/deserted/single women and has recommended the upscaling of social pensions to all widows above the age of 18, all separated/divorced/deserted women, and all single women above the age of 40.
- It has recommended a relaxation of the disability criteria for pension eligibility to 40 percent disability from the present level of 80 percent.
- It has recommended pro-active identification and registration of beneficiaries and a number of beneficiary-centred administrative measures for efficient implementation of the social pension schemes.

The financial implications of the Task Force Recommendations, now under consideration of the government, as well as those of other proposals, are discussed in the next chapter.

4.4. Health

The Right to Food (along with entitlements of children and pregnant mothers) and to nutrition is an important basis for good health. But the Right to Health has itself been a matter of discussion, both in the apex court, and in policy circles. The Ministry of Health and Family Welfare had put forward a Draft “National Health Bill, 2009” on the Right to Health (mohfw.nic.in/NRHM/Draft_Health_Bill/.../Draft_National_Bill.pdf accessed on March 1, 2013). The Draft Bill provides that the Central and State governments “provide free and universal access to health care services and ensure that there shall not be any denial of health care directly or indirectly, to anyone, by any health care service provider, public or private, including for profit and not for profit service providers, by laying down minimum standards and appropriate regulatory mechanism” (Clause 3C). The Bill also lays down core obligations regarding underlying determinants of health (Clause 4) and elaborates on the Right to health, as including, inter alia, the right to food, housing, water and sanitation, and appropriate health care (Clause 9).

Box 14

Main Features of the Draft National Health Bill 2009

1. Preamble. The preamble describes the main objective of the legislation, viz: to

“provide for protection and fulfillment of rights in relation to health and wellbeing, health equity and justice, including those related to all the underlying determinants of health as well as health care; and for achieving the goal of health for all; and for matters connected therewith or incidental thereto”,

It describes India’s commitment to the right to health (inclusive of its determinants) in the light of the Indian constitution as well as India’s international obligations.

Chapter II. Obligations of Government in relation to Health. The chapter comprises five clauses which lay down the obligations of the State (including the Central and State governments).

Chapter III. Collective and Individual Rights in relation to Health. The chapter lays down the rights and duties of individuals, including rights of health providers vis-à-vis users.

Chapter IV. Implementation & Monitoring Mechanism. Prescribes the composition and functions of the proposed National and State Public Health Boards: information systems and community and state-based monitoring frameworks.

Chapter V. Redressal Mechanism for Health Rights. Lays down disputes resolution through public dialogues and public hearings (Swasthya Jan Sunwais); issues, outcome and follow-up, other modes of grievance redressal; remedies and penalties.

Source: MoHFW (2009)

The High Level Committee on Universal Health Coverage (HLEG-UHC)

Recent focus has been on achievement on universal health care, given the imperatives and emerging goals in the health sector. The High Level Expert Group on Universal Health Coverage (HLEG on UHC) for India was constituted by the Planning Commission in 2010 and it submitted its report in November 2011 (Planning Commission, 2011b). A key objective of the Group was to “Rework the physical and financial norms needed to ensure quality, universal reach and access of health care services.” The Committee has recommended a financial, strategic and institutional road map for the sector in line with the objective of achieving UHC within the framework of Right to Health and has provided a road map for the health sector within this framework. As stated by the Chairperson of the High Level Expert Committee in the preface to the Report:

The HLEG’s vision of UHC transcends the narrow, inadequate and often inequitable view of UHC as merely a system of health insurance. UHC, in its understanding, moves beyond ‘insurance’ by providing an ‘assurance’ of health care for multiple needs and includes health beyond health care, going beyond a mere illness response. UHC should address health in

all of its dimensions and emphasize prevention and primary health care, which are ignored, neglected or even undermined by the usual systems of health insurance. Such an assurance has to be provided by the government, which has to act as the guarantor of UHC and ensure its success and sustainability, by mobilizing all societal resources and advance multi-sectoral actions. In this perspective, the UHC is linked firmly to the Right to Health and converts an aspirational goal into an entitled provision (ibid: 2).

Box 15

Health – Focus on social determinants and prevention

The survey of informal workers covered several aspects of health such as issues, health care practices and interventions. Health issues emerged as one of the most prevalent and devastating shocks among households. The survey's findings vindicate the approach of the HLEG with its focus on the social determinants of health, and on preventive care. However, it was found that the practices at the individual household level, as well as interventions by the government were scarcely geared towards 'prevention' of health related shocks. While there is no lack of appropriate policies, the problem is in the implementation and enforcement of policies which have a bearing on preventive health care.

This was evident in the Informal Worker Survey(IWS) from the lack of awareness and impact of policies such as the ICDS. Out of all the respondents, only two workers were aware of an AWC and had benefitted from it. Over half the workers mentioned that the women in the house did not receive any prenatal or antenatal care during and after pregnancy. Neither did the children receive any assistance. The ones that did receive assistance were those who went to private doctors. A number of respondents had lost a young child due to illness. None of the workers surveyed had known or heard of an ASHA.

The lack of seriousness with which we take preventive health care is also witnessed by the complete absence of enforcement of labour standards and occupational health and safety standards. Workers such as waste workers, headloaders and construction workers complained of severe occupational health issues. Nearly all of them had faced injuries at work. Construction workers, working with cement, were exposed to cement vapours due to which T.B. was a common occurrence among them. Waste workers and headloaders complained of musculoskeletal ailments. Waste workers also complained of gastrointestinal and respiratory tract infections due to the dust from waste. On the contrary, where labour standards were maintained and adequate provisions were made for workers, the prevalence of occupational health related ailments was found to be much less or almost negligible.

Access to clean water and sanitation are known to be important for good health. On this front, several houses reported having access to clean drinking water as well as water for bathing and washing (albeit after long waits at public taps in the slums which often lead to fights). However, most people reported of lacking access to toilets and thus, had to go outside in the open for defecation. This was particularly true among the informal workers in slums in Allahabad. All of them reported to be going outside in the open for defecation and facing the threat of animals, of falling into drains (in slums located near drains where residents use the drains for defecation), and of people.

Finally, as youth (and particularly males) approach adolescence and then move onto parenthood, they face a high risk of adopting an addiction. This addiction, whether of alcohol, tobacco or drugs can often prove to permanently incapacitate the individual and the family's mobility out of poverty and in some cases, even pull them deeper into it. Nearly 95 per cent of the male respondents of the survey were addicted to some form of intoxicant. Most of the respondents reported that alcohol

contributed to problems such as domestic violence, stomach aches and lack of money remaining for household necessities. Tobacco caused problems such as breathlessness and coughing. Drug addiction was an ailment which led to social ostracism and left people with no option but to spend their life on the streets. However, while alcohol and tobacco addictions usually begin during teenage or twenties, the age range for beginning drug addictions appears to be much wider. The only strategy for preventing the malaise has been to impose bans and regulations on the sale of addictive substances which rarely are followed due to political economic reasons. Other than these, there are hardly any interventions which aim at preventing this widely spread malaise. An effective social health protection strategy must explore the causes behind addictions at every level - political economic, social and cultural and develop interventions to prevent such addictions.

Source: IWS 2013

The Report defines universal health coverage in the context of Right to Health and defines the principles of universal coverage. UHC is defined in the Report as follows:

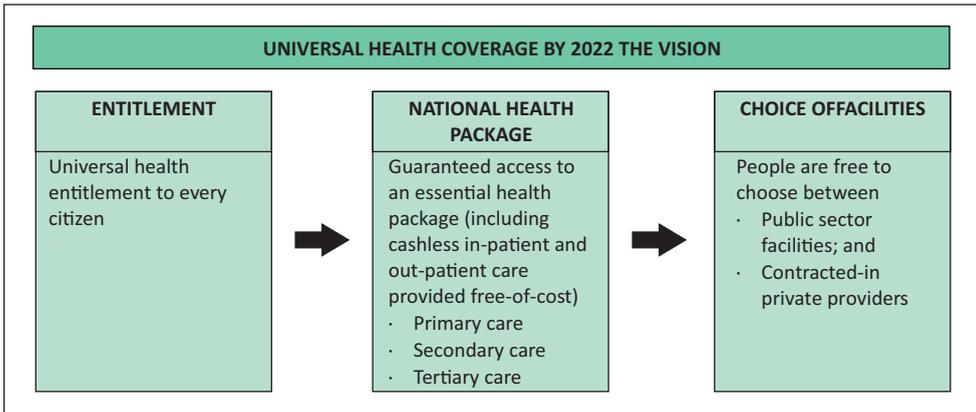
Ensuring equitable access for all Indian citizens, resident in any part of the country, regardless of income level, social status, gender, caste or religion, **to affordable, accountable, appropriate health services of assured quality** (promotive, preventive, curative and rehabilitative) **as well as public health services addressing the wider determinants of health** delivered to individuals and populations, with **the government being the guarantor and enabler**, although not necessarily the only provider, of health and related services. (ibid :3)

The Report goes on to add that

Intrinsic to the notion of universality, non-discrimination, non-exclusion and equity is a fundamental commitment to health as a human right. Universality implies that no one (especially marginalised, remote and migrant communities as well as communities that have been historically discriminated against) is excluded from a system of UHC. (ibid.:3).

The Report further recommends that that every citizen should be entitled to essential primary, secondary and tertiary health care services that will be guaranteed by the Central government. The range of essential health care services offered as a National Health Package (NHP) will cover all common conditions and high-impact, cost-effective health care interventions for reducing health-related mortality and disability. A panel of experts should determine the package of services taking into account the resource availability as well as the health care needs of the country. Five levels of the essential health package have been considered in the report. Health care services to all citizens covered under UHC will be made available through the public sector and contracted-in private facilities (including NGOs and non-profits).

Figure 9. The vision for universal health coverage



HLEG Report, p. 4

Over time, each citizen would get an IT enabled Health Entitlement Card. Services beyond the NHP would need to be paid for, either as out-of-pocket expense or through the insurance route.

In the Committee's vision, a strengthened public health system based on considerations of equity and non-discrimination would have multiple outcomes - a reduced disease burden and a healthier population, reduced poverty and vulnerability, higher employment and productivity, among others.

The Committee has made specific recommendations in six critical areas that it considers essential to augment the capacity of India's health system to fulfill the vision of UHC. These areas are:

1. Health financing and financial protection
2. Health service norms
3. Human resources for health
4. Community participation and citizen engagement
5. Access to medicines, vaccines and technology
6. Management and institutional reforms

The Committee has elaborated on each of these recommendations. It advocates for an overall shift in emphasis towards primary health care. It

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has made a strong case for increasing the public expenditure on health, and thereby also reducing the burden on the poor of high out-of-pocket expenditures. It has also examined the sources through which such financing could be possible. These issues are examined in the next chapter in this paper.

The Committee has further recommended that no user charges be levied on the package of services included in the UHC. It has also recommended that an appropriate transfer scheme from the Central government to states must be designed to reduce the disparity in the levels of public spending on health across states and to ensure that a basic package of health care services is available to every citizen in every state across the country. However, while designing such a transfer scheme, care should be taken to ensure that states do not substantively substitute Central transfers for their own contribution. The Committee favours contracting-in of private providers, rather than using public funds for health insurance, and hence, it recommends the integration of the RSBY and all other government purchased insurance schemes in the essential health care package.

The HLEG argues for an approach in which sufficient attention is paid to the social determinants of health by sufficiently investing in non-health related sectors that have a direct bearing on health outcomes. It also argues for a focus on the cross-cutting issues of gender and health, which have been discussed at length by the Committee.

4.5. Food

The Right to food has also been interpreted by the Supreme Court as being a corollary to the Right to life and Article 47 directly enjoins the State to raise the level of nutrition. The United Progressive Alliance government had initially made a proposal (based on its manifesto of 2009) to provide 25 kg (15 kg of rice and 10 kg of wheat) of highly subsidized cereals (at Rs 3 per kg of rice and Rs 2 per kg of wheat) to each family below the poverty line. However, civil society organizations under the “Right to Food Campaign” questioned the scope and coverage of the proposed Bill, arguing for universal entitlements and much broader scope, incorporating the Supreme Court orders in the Right to Food case, as well as other provisions, which in the

campaign's view, would ensure food security and eliminate hunger and malnutrition. The National Advisory Council to the government also prepared a draft Bill in July 2011 for the government's considerations (http://nac.nic.in/foodsecurity/nfsb_final.pdf, accessed on Feb. 8, 2013). After extensive debate by civil society and by the National Advisory Committee and protracted internal debate centering on procurement and financial requirements and administrative considerations, the government introduced a National Food Security Bill in Parliament in 2011.¹⁷ The Bill was referred to the Parliamentary Standing Committee which submitted its recommendations in January 2013.¹⁸ After considering these recommendations and various other view points, the Government of India has approved a revised National Food Security Bill (NFSB 2013).¹⁹

The main provisions of the NFSB, 2013 are the following

Preamble

The Bill seeks “to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity and for matters connected therewith and incidental thereto”.

Implementation and coverage

It extends to the whole of India and “shall come into force on such date as the Central Government may, by notification in the Official Gazette appoint, and different dates may be appointed for different States and different provisions of this Act”.

Entitlements

The Bill creates food entitlements for “Priority” and “Antyodaya” households. The combined coverage of “Priority” and “Antyodaya” households (called “eligible households”) shall extend “up to 75 per cent of the rural population and up to 50 per cent of the urban population”. “Priority” households are entitled to 5 kgs of foodgrains per person per month, and “Antyodaya” households to 35 kgs per household per month.

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The PDS issue prices (Schedule I) will be fixed at Rs 3/2/1 for rice/wheat/coarse grain. These may be revised after three years to the level of the Minimum Support Price.

For purposes of issuing ration cards, the eldest woman in the household (not less than 18 years of age) shall be considered head of the household.]

Children's entitlements for children and pregnant and lactating women

The Bill creates legal entitlements based on the current ICDS package in most respects, as well as the Mid-Day Meal Scheme, for children and pregnant and lactating women.

Identification of eligible households

The Bill does not specify criteria for the identification of households (Priority or Antyodaya) eligible for PDS entitlements. The Central Government is to determine the state-wise coverage of the PDS, in terms of proportion of the rural/urban population. Then numbers of eligible persons will be calculated from Census population figures. The identification of eligible households is left to state governments, subject to the scheme's guidelines for Antyodaya, and subject to guidelines to be "specified" by the state government for Priority households. The lists of eligible households are to be placed in the public domain and "displayed prominently" by state governments.

Food commissions

The Bill provides for the creation of State Food Commissions. The main function of the State Commission is to monitor and evaluate the implementation of the Act, give advice to the state governments and their agencies, and inquire into violations of entitlements (either *suo moto* or on receipt of a complaint, and with "all the powers of a civil court while trying a suit under the Code of Civil Procedure 1908"). State Commissions also have to hear appeals against orders of the District Grievance Redressal Officer and prepare annual reports to be laid before the state legislature.

The State Commission may forward "any case" to a magistrate having jurisdiction who shall proceed as if the case has been forwarded under Section 346 of the Code of Criminal Procedure 1973.

Transparency and grievance redressal

The Bill provides for a two-tier grievance redressal structure, involving the District Grievance Redressal Officer (DGRO) and State Food Commission. State governments must also put in place an internal grievance redressal mechanism which may include call centres, help lines, designation of nodal officers, “or such other mechanisms as may be prescribed”.

Mandatory transparency provisions in the Bill include: (1) placing all PDS-related records in the public domain and keeping them open for inspection to the public; (2) conducting periodic social audits of the PDS and other welfare schemes; (3) using information and communication technology (including end-to-end computerization of the PDS) “to ensure transparent recording of transactions at all levels”; (4) setting up vigilance committees at state, district, block and fair price shop levels to supervise all schemes under the act.

Penalties and compensation

The Food Commissions have powers to impose penalties. If an order of the DGRO is not complied with, the concerned authority or officer can be fined up to Rs 5,000. The Commission can authorize “any of its members” to act as an adjudicating officer for this purpose.

In case of “non-supply of the entitled quantities of foodgrains or meals to entitled persons”, such persons will be entitled to a food security allowance from the state government, as prescribed by the central government.

Other provisions

PDS Reforms

In Chapter VII, the Bill states that central and state governments “shall endeavour to progressively undertake” various PDS reforms, including: doorstep delivery of foodgrains; ICT applications and end-to-end computerization; leveraging “aadhaar” (UID) for unique identification of entitled beneficiaries; full transparency of records; preference to public institutions or bodies in licensing of fair price shops; management of fair price shops by women or their collectives; diversification of commodities distributed under the PDS;

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full transparency of records; and “introducing schemes such as cash transfer, food coupons or other schemes to the targeted beneficiaries in lieu of their foodgrain entitlements” as prescribed by the central government.

Obligations of government and local authorities

The main obligation of the Central Government is to provide foodgrains (or, failing that, funds) to state governments, at prices specified in Schedule I, to implement the main entitlements. It also has to “provide assistance” to state governments to meet local distribution costs, but on its own terms (“as may be prescribed”). The Central Government has wide-ranging powers to make rules.

The main obligation of state governments is to implement the relevant schemes, in accordance with the guidelines issued by the Central Government. State governments also have wide-ranging powers to make rules. They are free to extend benefits and entitlements beyond what is prescribed in the Bill, from their own resources.

Local Authorities and Panchayati Raj Institutions are responsible for proper implementation of the Act in their respective areas, and may be given additional responsibilities by notification.

Schedules to the Bill

The Bill has three schedules (these can be amended “by notification”). Schedule 1 prescribes issue prices for the PDS. Schedule 2 prescribes “nutritional standards” for midday meals, take-home rations and related entitlements. For instance, take-home rations for children aged 6 months to 3 years should provide at least 500 calories and 12-15 grams of protein. Schedule 3 lists various “provisions for advancing food security”, under three broad headings: (1) revitalization of agriculture (e.g. agrarian reforms, research and development, remunerative prices), (2) procurement, storage and movement of foodgrains (e.g. decentralized procurement), and (3) other provisions (e.g. drinking water, sanitation, health care, and “adequate pensions” for “senior citizens, persons with disability and single women”).

Although the Bill has been criticized by the Campaign for Right to Food for creating inadequate entitlements on a non-universal basis, and for leaving

out some of the most vulnerable segments,²⁰ it will create specific legal entitlements for food and nutrition for a very large segment of population (about two-third of total households) at an approximate cost of Rs 130,000 crores.

4.6. Housing

The International Covenant on Economic, Social and Cultural Rights affirms the right to adequate housing as a basic human right for all people. Furthermore, General Comment 4 on Article 11 of the Covenant identifies seven essential components for fully realizing the right to adequate housing. These seven factors are: legal security of tenure; availability of services, materials, facilities and infrastructure; affordability; habitability; accessibility; location; and cultural adequacy (<http://www.unhcr.ch/tbs/doc.nsf/0/469f4d91a9378221c12563ed0053547e>, accessed on February 15, 2013).

There is a close link between housing of the poor and their ability to meet employment / livelihood requirements. In the survey carried out for this report, housing and shelter requirements emerged as the most important and pressing need for the urban informal workers, after meeting identity requirements.

Despite some progress in setting of goals, housing policy in India is still marked by urban-rural differences and a continued absence of recognition of specific entitlements and a rights-based approach. The aim of this section is to examine the current state of goal setting with respect to housing and to argue that, despite limitations, the essential ingredients of an entitlement based approach are beginning to emerge. Once again, the Supreme Court has played a role in giving salience to shelter/housing as a human right.

There is marked disparity in the resources devoted to dealing with rural and urban poverty in general and housing needs, in particular. The Report of the Working Group on Urban Poverty, Slums and Service Delivery System for the Twelfth Plan (Planning Commission, 2011) has outlined how urban poverty has evolved due to the changing nature of urban labour markets and the crowding of the migrant labour force into inhabitable conditions. Housing

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and basic amenities for the urban poor require focused policy attention. The Report notes that although budgetary allocations for urban development have risen substantially, these do not compare with the allocation for schemes and interventions for rural India. The per capita expenditure on the urban sector at Rs. 1,566 is significantly lower than the per capita expenditure in the rural sector, which is Rs. 7,433 for the current plan period (ibid.).

Since the urban and rural housing sectors have had different extant priorities in the policy sphere, this section deals with them separately.

Box 16

Housing Needs of the Poor in Urban Areas

During the Informal Workers Survey carried out for this report, participants were asked to select the social protection interventions that were most important to them. Nearly everyone rated housing as one of the most important and pressing issues for them which needed intervention.

All the poor informal workers surveyed (apart from the homeless and the rural participants) were living in informal settlements, few of which had been recognized by the government, but most were unrecognized. The workers had settled several years ago on public lands belonging to the railways, army, Waqf Board, City Development Authority, private land on the city's outskirts or disputed lands within the city. In some cases, public lands had been appropriated by some powerful elites who then rented out land to informal workers to build temporary houses, or they themselves had built tenements on squatted land and rented these out.

Most participants felt that they constantly faced the threat of displacement from their lives and livelihoods. As a result, they could not invest in improving their living conditions. Many of them had earlier faced evictions and displacement which had been very sudden and violent. A few respondents spoke about how their settlements had caught fire and they had lost everything. In all such cases, the participants felt the fires were started by politically or economically motivated people who had a personal interest in evicting them from the land. The victims not only lost their assets but also their sources of livelihoods and documents and proofs of identity which they had managed to obtain over the years.

Informal housing, and displacement from it, can thus sometimes have severe and lasting impacts on a households' economic current and future potential. When families are displaced, children need to move along with them, which often leads to children dropping out from school. This is often the case with migrant workers, or circular migrants such as construction workers whose residence shifts frequently along with their work.

A social protection floor for India must therefore take the issue of housing security, particularly for migrant informal workers, into consideration. However, while ensuring security of shelter, it is important to keep in mind the livelihood concerns. Housing is often very intricately linked to livelihoods of informal workers. The IWS found that workers settle in areas and in habitations which allow them to conveniently go about

their trades. However, resettlement and rehabilitation policies rarely take these livelihood issues seriously. For instance, housing policies for waste pickers must take into account their need for space to sort, grade, package, load and unload their waste. Similarly, several informal workers use their homes to carry out their trades. Housing policies must take these into account and ensure that the goals of livelihood security and shelter security do not collide with each other.

Source: IWS

Urban Housing

The Ministry of Urban Development formulated a National Housing and Habitat Policy in 1998. The ultimate goal of this policy was to ensure that basic need of “shelter to all” is fulfilled. It advocated correcting excessive dependence on the public agencies and creating strong public – private partnerships for tackling housing and habitat issues.

A separate Ministry of Housing and Urban Poverty Alleviation (MoHUPA) was created in 2005, the same year which also saw the launch of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and this has led to a greater focus on housing needs. Soon after its formation, the MHUPA steered the National Urban Housing and Habitat Policy (NUHHP), which was approved by Parliament in 2007 (MoHUPA 2007). The Policy **recognizes shelter as a basic human need**. It, however, falls short of recognizing housing as a fundamental and universal human right. It estimates the housing shortage in India at 2.65 crore units for around 7.5 crore households (p.6). The policy aims to ensure equitable distribution of land, shelter, and services by promoting “various types of public-private partnerships for realizing the goal of affordable housing for all” (p.1).

The Policy recognizes that urban slums and inadequate living conditions in them call attention to the relationship between urban poverty and availability of housing. This underscores the urgent need for affordable housing options for the Economically Weaker Sections (EWS) and Low Income Group (LIG). The Policy emphasizes that special provisions are also to be made for women, as well as SC/ST/OBC, minorities, disabled persons, and, other various vulnerable groups (slum dwellers, street vendors, and informal sector workers).

In the Policy, the Central Government is expected to function mainly as a ‘facilitator’ and ‘enabler’ in advising and guiding State governments. ULBs are expected to implement the Central and State housing and infrastructure

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schemes and ensure adequate provision for EWS/LIG groups. Public agencies should focus on land use strategies and PPP in housing and infrastructure sectors, particularly for Below Poverty Level (BPL) households and the urban poor. Cooperative and private sectors should likewise focus on land and housing development, PPP for slum reconstruction, and overcoming housing shortages through increased EWS/LIG rental and ownership units.

Several areas of action are outlined in the national housing and habitat policy. The policy recommends that in every new public or private housing project, 10-15 per cent of land or 20-25 per cent FAR (whichever is greater) should be reserved for EWS/LIG units, with special action plans for slum dwellers and beneficiary-led housing. Secondly, financial instruments and incentives are to be utilized in the formation of PPP and in channeling resources to the housing and infrastructure sectors. There should be particular consideration for the poor, through EWS/LIG housing, rental housing, in-situ slum redevelopment, and inner-city slum redevelopment. The policy also talks of slum improvement and upgradation, primarily through the JNNURM instruments. In this regard, slum improvement should be built around the provision of basic services, environmental improvement, participatory in-situ development, land pooling and sharing arrangements, and relocation of slums in cases of critical concern. Income-generating activities should be critical components of housing/habitat projects in slums and the provision of shelter for the urban poor should be near to their work places or at their present location. Group cooperative housing societies are to be formed among the urban poor and funding enhanced for slum development, including new schemes for water, sanitation, drainage, etc, for slums in smaller towns. City Development Plans (CDPs) should focus on the urban poor.

The Policy does not indicate whether the suggested percentage for setting aside earmarked land and/or housing is adequate for realistically addressing the housing needs of urban poor, given that 99 per cent of the housing shortage pertains to these sections. In terms of livelihood, the policy does well to recognize the links between housing and employment, especially for the urban poor. The policy also rightly acknowledges the importance of location as it factors into housing and employment options. For this purpose, the emphasis on in-situ upgradation of slums is a positive step in contrast to the alternative of relocation and resettlement.

In other words, the 2007 policy correctly recognizes the nature of the housing problem, and its links with urban poverty and livelihoods, but has placed an excessive reliance on private-public partnerships as a solution to the problem.

In actual fact, however, the MoHUPA has also pro-actively fostered solutions to the housing problem, which involve a more active role for various levels of government as well as other stakeholders, and has linked these roles to reforms leading to greater tenurial security for the urban poor in slums. This can be seen in the programmes of the Ministry (BSUP and RAY) which were discussed in earlier sections, and two of the three major goals of the Ministry viz. creating a slum free India through upgradation and development, and “affordable housing for all”.

The MoHUPA, Strategy Paper (MoHUPA 2011) describes the “threefold purpose” of the MHUPA, to be achieved in coordination and cooperation with State Governments, Urban Local Bodies and other related Ministries, as follows

A. The creation of a slum-free India, by the upgradation, redevelopment and where there is no alternative, relocation of all existing slums so as to provide access to basic civic amenities, shelter, property and land titling and a decent quality of life to all slum dwellers, through the realignment of State policies, planning and institutional structures for urban development, land use and town planning so that future urban growth accommodates, within planned spaces, the living and working needs of the poor;

B. The access to affordable housing for all and the creation of conditions that facilitate a continuous addition of adequate serviced land and housing to meet the needs and aspirations of all urban citizens;

C. An accelerated rate of poverty reduction, by the convergence of different programmes and services relating to skill development, creation of livelihoods, social security and social services including health and education, in order to address poverty in all its aspects, and to do so in a transparent, participatory and citizen-centric manner.”

Although no specific targets are set by the Ministry, the Report of the Technical Group on Urban Housing Shortage (TG-12) (MoHUPA, 2012) notes that the “Ministry’s commitment is to principally eliminate the shortage during the Plan period.”

To this end, the Report of the High Level Task Force on Affordable Housing for All (MoHUPA, 2008) has defined the norms of “affordability” (four times the annual income and not more than 30 per cent of monthly income as rent/EMI) and has recommended that the three suggestions relating to land

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for affordable housing, viz. additional lands, revision in the FAR/FSI and in-situ development be implemented in an integrated manner. It has also recommended the role of State Housing Boards be revamped and encouraged to once again focus on playing a more active role in the provision of affordable housing, even if it is through public private partnerships. Secondly, it recommends that funds raised through the sale of land transactions by State Housing Boards must be ring fenced, with a defined proportion to be redeployed only for affordable housing.

The Working Group (Planning Commission 2011c), has also reiterated the need for revitalizing and reorienting the role of public sector institutions like housing boards and development authorities to focus on housing the urban poor. Noting that there is a vacuum at the institutional level in the provision of affordable housing because Housing Boards and Development Authorities, agencies traditionally involved in the provision of EWS/LIG Housing have been on the decline, it recommends that efforts should be made to revive the role of these agencies and also encourage them to have multiple partnerships with the private sector towards construction of affordable housing. It recommends among other things that State Housing Boards (SHBs) should focus primarily on social housing; that they work with state governments to acquire land at appropriate locations, creating land banks that could be used for the creation of affordable housing stock. In particular, it recommends that in addition to 'facilitating' the provision of affordable housing, SHBs should also be responsible for 'providing' social housing.

Rural Housing

Rural housing presents a different scenario from urban housing because of different land types of land ownership regimes, predominance of traditional structures, greater stability of rural populations etc. There has also undoubtedly been greater focus on rural housing for the poor and weaker sections and greater role of public expenditure, but lesser articulation of goals for the rural housing sector. But a national policy on rural housing has been in discussion for some years.

The Working Group on Rural Housing for the 11th Five Year Plan (Ministry of Rural Development 2007) felt that the void in rural housing policy needed to be filled on an urgent basis and had proposed the aims and objectives of a

Rural Housing and Habitat Policy. The Working Group framed the objectives of the policy based on the recognition that shelter was a “vital entitlement” and that the Right to Adequate Shelter was part and parcel of the Right to Life:

“Shelter is a vital entitlement to a citizen and the caliber of a society is revealed by the manner by which the basic needs of food, shelter and livelihood are addressed and manifested across the country. While various Human Rights Treaties resonate the overriding need to ensure, among other rights, the Right to Adequate Shelter, Article 21 of the Constitution of India guarantees the ‘Right to Life’ to all its citizens. This implies the right to food, water, hygienic environment, medical care, shelter and education- all woven into a basket of facilities that provide a quality life to a citizen and a habitat that facilitates dignified living, with privacy and self respect” (ibid. :1).

Among the aims and objectives of the policy, the Working Group included the following

- (i) To create within the timeframe of the Eleventh Five Year Plan, adequate rural housing stock that would cater to the rural housing shortage estimated as per the Census data.
- (ii) To prepare a State-wise road map with a definite time frame for provision of appropriate and affordable housing to shelterless households either by way of upgradation of kutchha houses or through construction of new houses.
- (iii) To restructure and strengthen the local and state level institutions / agencies so that the framework for mobilizing additional land and finance for housing purposes and community infrastructure building is created.
- (iv) To provide for an assembly of basic services like water supply, sanitation, power, roads and other livelihood infrastructure that eliminate daily household drudgery and creating sustainable habitats attuned to local requirements.
- (v) To put in place a legal-administrative mechanism that provides housing plots for the totally landless so as to qualify them for financial targeting and subsequent livelihood initiatives.

The latest **Draft National Rural Housing and Habitat Policy** (u.d.) (http://iay.nic.in/netiay/new_policy.htm, accessed on March 5, 2013) prepared by the Ministry of Rural Development after extensive consultations has strengthened the commitment of the government to ‘adequate and affordable housing for all’ within a rights based approach. The Preamble to the Draft Policy states that

“Shelter is universally recognized as a basic human need next only to food and clothing. The right to adequate housing has been widely interpreted as a human right in international, and national forums. This right is considered integral to the realization of the right to live with dignity. The Government is thus, obliged to respect, protect and fulfill its citizens’ need for housing. There is urgency for addressing housing shortage as a major part of the country’s population continues to live in inadequate

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housing conditions. At the same time, investment in housing accelerates the pace of development and has a high multiplier effect on income and employment. The earlier National Habitat Policy of 1998 did not adequately address the specific concerns of the rural areas. The National Urban Housing and Habitat Policy of 2007 deals with housing for urban areas only. The country clearly needs a 'Rural Housing & Habitat Policy' to ensure that the specific character, priorities and potential of life in rural India are adequately and realistically addressed. Adequate housing is not just the mere provision of four walls and a roof but implies, inter alia, access to basic services such as water, sanitation, clean fuel, electricity, healthcare, education and livelihood – all of which are essential for dignified living, personal growth and social well-being in a productive society. Large segments of rural population have low levels of income and the poorest may not own house-sites. Financing options for the rural populace are either exploitative in nature or are inaccessible. The Central and State Governments, working as partners, need to resolve the issue of homestead plots and house sites, as also to strengthen and expand the existing government support for housing for the poorest and the vulnerable. At the same time, ensuring greater credit flow into rural areas would require administrative, legal and fiscal reforms. The Goal of the Policy is to ensure adequate and affordable housing for all and to facilitate development of sustainable and inclusive habitats by expanding Government support, promoting community participation, self-help and public-private partnership within the framework of Panchayati Raj.”

The aims of National Rural Housing and Habitat Policy include

- To set up systems to facilitate and maintain a sustained growth of the housing stock to ensure adequate and affordable housing for all.
- To create within the timeframe of the Twelfth Five Year Plan, adequate and affordable rural housing stock that would cater to the rural housing shortage to the extent of existing kutcha houses.
- To provide homestead plots for the poorest and the vulnerable who do not have agricultural land or house sites.
- To promote adequate flow of grant from Government to support housing for the poorest and the vulnerable.
- To promote a larger flow of funds from Governmental and private sources for fulfilling housing and infrastructure needs by designing innovative financial products, concessions and instruments which are correctly targeted and utilized and to also facilitate access to such funds.
- To address the special needs of marginal and weaker sections of the society such as Scheduled Castes, Scheduled Tribes, other backward classes, minorities, disabled, women-headed households, single women etc., in relation to housing serviced by basic amenities.

India's national and international commitments enjoin it to protect, promote, and fulfill the right to housing. Lack of housing and adequate shelter is undoubtedly a major factor promoting vulnerability and is considered as a priority need by the urban and rural poor. In the urban sector, policy, perhaps

in recognition of the complexity of tasks and multiplicity of stakeholders involved has eschewed setting very clear goals, although “affordable housing for all” and “slum-free India” are now major objectives of urban policy. Rural policy is geared more firmly to eliminating houselessness and unacceptable housing conditions within a definite time frame. Clearly, much more needs to be done to understand how definite stakeholders, such as employers, different levels of government, financial institutions, and private players can act in concert to make housing a reality for all. But even with these difficulties, there is a strong case for considering housing as part of a Social Protection Floor for India.

4.7. Relationship of the emerging elements of a Social Protection Floor to a life cycle based approach recommended by the UN

The Draft Bills recommendations discussed above comprise the exhaustive list of proposals where rights-based universal entitlements are currently being sought to be introduced in India and where a degree of consensus has emerged on future direction. Since some of the proposals are still under discussion, the final shape of the entitlements that will emerge is still not clear. However, it is useful to assess the sum total of these proposals as a Social Protection Floor for India and to examine the extent to which these fit in with the recommendations of the UN on the four dimensions of the SPF. Table 11 below summarizes the key proposals under discussion on each of the dimensions of the SPF.

Table 11. Dimensions of the SPF and entitlements under discussion

Dimensions of SPF	Components of SPF	Current Entitlements / Official Proposals	Comments	Elements of a SPF for India
Access to a nationally defined set of goods and services, constituting essential health care	Health care	Addressed by the Draft Bill and the High Level Committee on Universal Health Coverage	The UHC takes account of the Draft Right to Health Bill has proposed a road map of health care restructuring and financing up to 2022.	The UHC recommendations could provide the road map, as part of the Right to Health.
	Drinking Water & Sanitation	Addressed by the Draft Bill and the High Level Committee on Universal Health Coverage	UHC includes preparation and implementation of plans for safe drinking water and sanitation. However, goals and targets do not appear to have been worked out.	Broad financial targets subsumed in the UHC recommendations, but specific entitlements need to be mentioned in the SPF
	Food Security	Addressed by the Draft NFSB 2013	Bill introduced in parliament in March 2013	Entitlements which are likely to emerge after Parliamentary approval to be part of SPF.
	Housing	Right to Housing included in the Draft Health Bill. A Draft Bill on Rural Housing is also in discussion.	Concrete targets and strategies need to be spelt out especially in relation to urban shelter security where an entitlement based approach is still not being concretised.	Shelter security is a crying need for a significant part of the population, especially in urban areas. Clear goals and entitlements need to be developed and incorporated in the SPF.
Basic income security for children, providing access to nutrition, education, care and any other necessary goods and services		a) Education requirements of children in the age group 6 to 14 addressed in the Right to Education Act. b) Specific Food and Nutrition requirements of pre-school and school children addressed in the NFSB.	a) Current approaches consider only kind benefits in the areas of health and nutrition, and education. b) Components of ICDS relating to health monitoring, crèches and pre-school education are currently not fully addressed.	Consolidated entitlements of the children need to find place in the proposed legislations.

<p>Basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income</p>		<p>a) The NREGA has addressed rural unemployment of persons engaging in manual labour. b) Insurance based protection (AABY) exists for a very small segment</p>	<p>NCEUS & NAC proposal to universalize life/ disability cover is only at discussion stage</p>	<p>(a) Universal Provisions of life and disability cover need to be included in UWSSA (2008) as part of the SPF. (b) An Urban Employment Guarantee Act has been proposed from time to time but currently not under discussion and not included in the SPF</p>
<p>Basic income security for older persons</p>		<p>NCEUS and NAC have recommended universal old age cover. The task force on NSAP has recommended a road map for old age pensions.</p>	<p>Following the Task Force Report and the discussions with the Pension Parishad, Gol has accepted a universalisation of social pensions and a broadening of definitions applicable to widows/single women and disabled persons</p>	<p>Old age pensions need to be considered as an entitlement vide NCEUS and included as a right through the UWSSA (2008) and linked to a guaranteed minimum (currently proposed at half the minimum wage).</p>

The final column of the Table 11 extracts elements of a possible Social Protection Floor which is based on existing entitlements as well as a measure of emerging consensus on proposed entitlements. They provide the starting point for a comprehensive SPF for India. Given the nature and extent of vulnerabilities, other measures would be required to operationalize and strengthen the SPF and to provide a road map for social protection. These are discussed later in this report.

5. THE FINANCIAL COSTS OF ACHIEVING SPF

Financial costs are the major barrier in extending and/or instituting an effective SPF. At the same time, issues of coverage, nature and extent of entitlements created under a SPF will be a matter of debate. This section assesses the cost of the different elements of the proposed SPF, based on different assumptions regarding coverage, adequacy and sequencing. As discussed earlier, some of the elements have already been instituted as guarantees by India, while others, as has been discussed earlier, are in the stage of discussion.

Financing RTE

The RTE (2009) entails specific levels of minimum academic and physical infrastructural entitlements and a trend for improvement in the quality of education in order to remove existing inequities in schooling. This naturally also entails a high degree of public commitment and financial support both from the Central and State governments.

The financial requirements for RTE have been estimated from time to time by various committees. These reports have factored in RTE requirements of availability, access, inputs and quality. However, their estimates have varied substantially from one another due to different base years and assumptions.²¹ The various estimates of the additional cost required for RTE recommended by earlier committees have been calculated as percentage of GDP in the given years and are given in Table 12.

Table 12. Additional cost of the Centre as estimated by various committees as percentages of GDP*

	Salkia Committee	Tapas Majumdar Committee	93 rd Amendment Bill	CABE Committee	NUEPA	Average Estimates of All Committees
Average per annum	0.45	0.72	0.28	1.32	0.46	0.65
Period of implementation in yrs	5	10	10	6	5	-
Base year	1997	1999	2001	2005	2009	-

Source: Calculated from Ambast (2010) and Jha (2005)

* GDP figures are taken from CSO, various years. Since actual GDP figures are presently available till 2012-13, the NUEPA figures are calculated till the year 2012-13.

In the context of the passage of the RTE Act, the CAGE committee estimated the financial requirements for RTE. The MHRD also estimated the requirement of RTE for a five year period 2010-2015 at Rs 173,946 crores. The 13th Finance Commission has examined the requirement of states to implement RTE and has made a grant of Rs 24.068 to states for RTE to enable them to fulfill their commitments. For the 12th plan (2012-17), the Working Group Report on Elementary Education for the 12th Plan (MHRD 2012b) has carried out a detailed exercise and has estimated the additional plan expenditures for the Centre to implement the RTE-SSA. Calculating the projected GDP at 2012-13 prices, the additional plan expenditures required by the Centre (as percentage of GDP) till 2016-17 is given in Table 13. The actual expenditures of the Centre on RTE-SSA was 0.30 per cent of GDP in 2012-13 (RE). Thus, the Centre's expenditures at the end of 2016-17, following the working group's estimates, need to be increased roughly by another 0.22 per cent of GDP.

Table 13. Estimated additional expenditures of the Centre as % of GDP*

Year	Estimated Expenditure	Actual Expenditure	Estimated Additional Expenditures
2012-13	0.76	0.30	
2013-14	0.60		0.30
2014-15	0.53		0.23
2015-16	0.54		0.24
2016-17	0.52		0.22

Source: Calculated from Planning Commission (2011), GOI Budget, various years.

*Projected GDP figures are calculated in the following manner: the GDP growth rate for 2013-14 is taken to be 6.1%. The growth rate for the period beyond 2013-14 is projected at 8% per annum.

The major part of the expenditure on elementary education is by states. In order for RTE to become a reality, the states will have to make a high degree of effort to ensure necessary inputs, which are currently lacking. An examination of the states' expenditure on elementary education shows that the expenditure has declined since the beginning of the century. The states' expenditures on elementary education in 2010-11 were 1.19 per cent of GDP, which shows a fall (relative to GDP) over the last decade. Since the implementation of the RTE-SSA requires additional expenditures by both the Centre and the states, it is reasonable to assume that the states'

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expenditures should initially recover at least to its earlier level of 2000-01, i.e. to 1.34 per cent of GDP. Thus, we have assumed that the combined projected expenditures of Centre and state at the end of 2016-17 would be roughly around 1.91 per cent of GDP. The total increment in expenditures is calculated to be 0.37 per cent of GDP at the end of 2016-17 (see Table 14).

Table 14. Estimated additional expenditures of the Centre and States as % of GDP, 2012-13 to 2016-17*

	2010-11(Actual)	2016-17 (Projection)	Increment
Centre	0.35	0.57	0.22
State	1.19	1.34	0.15
Combined	1.54	1.91	0.37

Source: Calculated from MHRD (2012b) and GOI budget, various years.

The current estimates of the financial requirements for RTE are based on cost requirements which would need to be re-examined in order to meet the goal of improved quality and reduced inequity in elementary education. For example, as noted by the 13th FC, the salary of teachers appointed under SSA has been assumed to be Rs. 5,000 and Rs 7,000 at the primary and upper primary stages. Hence, we believe that in the medium term, RTE will require a higher financial effort on the part of Central and State governments, increasing the share of GDP devoted to elementary education. The normative benchmark, developed by the Saikia committee is 3 per cent of GDP. However, given the current allocation and the higher trend rate of growth of GDP which can be assumed, it is likely that progression towards RTE goals may be feasible with a lower expenditure/GDP ratio over this period. The estimation of average additional cost per annum as percentages of GDP by various committees has differed from one committee to another. The lowest estimation of additional cost per annum is 0.28 per cent (for the 93rd Amendment Bill) and the highest is 1.32 per cent (for the CABE Committee) of GDP. The average additional per annum cost is 0.65 per cent of GDP. Although this is the *average* increase in the assessment of resources as percentage of GDP required for RTE as assessed by these committees, we have assumed that this order of increase will take place by the end of 2021-22. Thus the targeted increment in annual expenditures for implementing the RTE-SSA is assumed to be roughly around 0.65 per cent of GDP at the

end of the targeted period compared to the initial year (2012-13). Thus, the projected expenditure/GDP ratio should increase to 2.2 per cent of GDP by 2021-22 from a ratio of 1.55 per cent in 2010-11 and 1.9 per cent in 2016-17.

Assuming a gradual increase, the combined expenditure requirement of the Centre and States (combined) is given in Table 15.

Table 15. Projected normative expenditure requirement of Centre and States under RTE as percentage of GDP

Year	Combined State & Centre expenditure as % of GDP
2013-14	1.64
2014-15	1.72
2015-16	1.81
2016-17	1.9
2017-18	1.96
2018-19	2.02
2019-20	2.08
2020-21	2.14
2021-22	2.2

Cost of Social Health Protection

In implementing the Universal Health Coverage, both the High Level Expert Group (HLEG) report (Planning Commission 2011b) and National Commission on Macroeconomics and Health (NCMH) report (MoHFW 2005) have focused on the need for provisioning a health package as an entitlement for every citizen. For example, the HLEG has recommended a National Health Package that offers, as part of the entitlement of every citizen, essential health services at different levels of the health care delivery system. The NCMH has recommended a comprehensive package of services consisting of three components: a) a core package consisting of public goods and costing Rs 150 per capita, to be made universally accessible at public cost; b) a basic package consisting of in addition to the above, surgery and medical treatment costing Rs 310 per capita; and c) a secondary care package costing Rs 700 per capita and consisting of treatment for vascular diseases, cancer and mental illness, and referrals.

While the NCMH has estimated an *additional* cost of 2.2 per cent of GDP for the Centre and the States combined, the HLEG has set the target for the share of combined expenditures at 2.5 per cent of GDP by 2016-17 and 3

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per cent of GDP by 2021-22. The share of expenditures for the Centre and the states, however, stood at 0.45 per cent and 0.97 per cent respectively in 2010-11 (including health, family welfare, drinking water, and sanitation). Thus, the combined expenditures stood at 1.42 per cent of GDP. Following the HLEG recommendations the combined expenditure on health and related essential services need to be increased by 1.08 per cent of GDP by 2016-17 and by 1.58 per cent by 2021-22 from the level of 2010-11 (see Table 16).

Table 16. Estimated expenditures of Centre and states as percentage of GDP*

	2010-11 (Actual)	2016-17 (Projection)	2021-22 (Projection)	Increment till 2016-17	Increment till 2021-22
Expenditure on Health and Related Services as % of GDP	1.42	2.5	3	1.08	1.58

Source: Indian Public Finance Statistics, various years, MoHFW (2005) and Planning Commission (2011b)

*Actual figures include expenditures on medical and public health, sanitation and water supply and family welfare.

The year-wise projection for the combined expenditures of the Centre and the states, assuming a gradual stepping up of expenditures is given in Table 17. The base year is taken to be 2012-13. However, due to absence of figures on actual expenditures for the year, we have used the percentage allocation/expenditure figures for 2010-11.

Table 17. Year-wise estimation of expenditures by Centre and States on health as percentage of GDP

Year	Combined State & Centre expenditure as % of GDP
2013-14	1.4
2014-15	1.7
2015-16	2.0
2016-17	2.5
2017-18	2.6
2018-19	2.7
2019-20	2.8
2020-21	2.9
2021-22	3

Source: Indian Public Finance Statistics, various years, MoHFW(2005) and Planning Commission (2011b)

Employment guarantee – financial implications

NREGA is a demand driven programme and the expenditure allocation to it in 2012-13 and 2013-14 is about 0.31 per cent of GDP. However, there is evidence that apart from the rationing that may happen because of the cap of 100 days of employment per household, households needing employment may also not get employment because of lacklustre administrative functioning (this also implies that the demand-driven character of the programme may not be working in the manner envisaged in the Act).²²

As shown earlier in Box 7, the NSS survey showed that while 24.2 per cent households got work under NREGA, another 19.2 percent households sought, but did not get work under the programme. In other words, an additional 80 per cent of NREGA demand remained unrealized. Even assuming that this is the only source of restricted employment under MGNREGA, appropriate administrative reforms by the Centre and States could see the demand for employment under NREGA rise by up to 80 per cent, requiring an additional annual budget of up to 0.56 per cent of GDP by the end of the 12th Plan. The reforms that are currently being proposed (MoRD 2012c) should unleash the potential of the MGNREGA requiring a higher budgetary allocation of at least 0.56 per cent of GDP. Although in the medium term the demand for employment in NREGP should decline, it may be too early to predict whether this would happen. However, if the demand stabilizes by 2016-17, assuming that the cost of the programme would grow (in nominal terms) at 8 per cent a year in the 13th plan period, the share of GDP devoted to NREGA would fall to about 0.42 per cent of GDP.

Thus, two scenarios can be envisaged:

- a) A business as usual scenario, in which the current allocation for NREGA at 0.31 per cent of GDP suffices,
- b) A reforms scenario in which the financial requirement for NREGA rises to at least 0.56 per cent of GDP by the end of the 12th Plan.

The resource requirement of NREGA under the reforms scenario (assuming a gradual increase over the 12th Plan) is given in Table 18.

Table 18. Projected expenditures on NREGA (as percentage of GDP)

Year	Projected Expenditure as % of GDP
2012-13 (RE)	0.31
2013-14	0.36
2014-15	0.42
2015-16	0.49
2016-17	0.56
2017-18	0.52
2018-19	0.49
2019-20	0.47
2020-21	0.44
2021-22	0.42

Right to Food – financial implications

The latest Global Hunger Index Report (WFP 2012) ranks India 65th among 120 nations, while countries like Sri Lanka, Pakistan and Nepal in Asia have been found to have better indices than India. In the midst of such a substantial scale of hunger, a draft NFSB was prepared by the Department of Food and Public Distribution, Government of India and was approved by the cabinet in its meeting held on 18 December 2011, for introduction in Parliament. Subsequently, it was introduced in Lok Sabha on 22 December 2011. The Bill was referred to the Parliamentary Standing Committee and a revised Bill has been approved by the Cabinet in March 2013 (see Chapter 4).

The financial costs of the Right to Food Bill depend on the scope and coverage of the proposed Act which, as discussed earlier, has been a matter of intense debate. Various governmental and non-governmental estimates of the requirement of the Act have been prepared based on different assumptions. For example Jha and Acharya (2013) have assumed a household level entitlement of food grain (wheat, rice and millets) to be 35 kg per month. Based on estimated economic costs of these cereals, they estimated the total cost of the food subsidy at Rs 1,85,418 crore (at current prices). In another estimation made by the Centre for Budget and Governance Accountability (2013), the total expenditures is calculated to be Rs 238,471 crores. While both the estimates of Jha and Acharya (ibid.) and CBGA (CBGA 2013) have

the same assumptions, the difference in estimates emerges due to the difference in the estimates of economic costs.

The revised estimates and budget estimates for food security expenditures are Rs 85,000 crores and Rs 90,000 crores for 2012-13 and 2013-14 respectively. The government has estimated a cost of the revised provisions in the NFSB to cost about Rs 130,000 crores for fully implementing the Bill. In the Bill, the issue prices will remain unchanged for the next three years, while subsequently, the issue price can be changed, but will remain below (or equal) to the level of the MSP. Thus, while the coverage of the Bill may be assumed to be fixed for some years, both the economic cost of the cereals and the issue price may change. However, we have estimated expenditures for the implementation of the Bill on the basis of the following assumptions: a) expenditures for 2013-14 would correspond to the budget estimates, b) the expenditures will increase to Rs 130,000 crores by 2014-15 when the government has announced to implement the bill in its entirety and c) expenditures for the subsequent years remain at Rs 130,000 crores per annum (at constant prices). The projections are provided in Table 19.

Table 19. Projected expenditures on food for implementing the NFSB Bill

Year	Projected Expenditures
2012-13 (RE)	0.90
2013-14 (BE)	0.90
2014-15	1.19
2015-16	1.10
2016-17	1.01
2017-18	0.93
2018-19	0.85
2019-20	0.78
2020-21	0.72
2021-22	0.66

Source: GOI budget, 2013-14 and our calculations.

Cost of Social Pensions

As discussed in the previous chapter, the restructuring of social pensions proposed by the task force on NSAP (MoRD 2013) has suggested criteria for social pensions for four categories of citizens viz. old-aged persons, disabled persons, widows, and separated/divorced/deserted women. While there is

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general agreement on social pensions for these segments, there is a debate on the quantum of pensions, coverage, and phasing. This section gives some broad estimates of costs using the TF-NSAP framework.

Task force estimates

As discussed in Chapter 4, the task force on NSAP (MoRD 2013) has recommended restructuring of the NSAP, which would include the three existing social pension schemes, a new pension scheme for divorced/separated /abandoned women, and the National Family Benefit Scheme. Its main recommendations include a slightly higher amount of pension under the IGNOAPS, inflation indexing of the pension amounts, and increasing the coverage of all existing schemes. The discussion below is confined to the proposals on social pensions.

The task force has proposed a staggered implementation of its restructuring proposal over the Twelfth Plan in the following fashion:

a) IGNWPS

From year 2 to year 4, the age limit would be relaxed to 18 years and above, instead of the existing age criteria of 40 years and above. The pension amount would remain the same as at present (Rs. 300). The scheme would continue to be applicable to BPL households.

In year 5, the pension amounts would be Rs. 500 per month for 18 to 79 years and Rs.1000 for those above 80.

There would be an increase in coverage similar to the coverage of households in the NFSA but this would occur only in the fifth year i.e. the final year of the Twelfth Plan.

b) IGNDPS

From year 2 to year 4, the scheme would be expanded with no age limit and eligibility. It would be expanded to cover 40 per cent disability and above. Also, the pension amount would be double for those with severe disability of 80 per cent and above multiple disabilities in each age group. Existing criteria continue to apply.

In year 5, the pension amount would be fixed at Rs 500 (for those below 79 years of age and for those with disability of 40-70 per cent and Rs 1000

for those above 79. Amounts will increase to Rs.2,000 for those with severe or disabilities.

There would be a switch to near-universal pensions by applying select exclusion criteria. Eligibility norms would be as revised in year 2.

c). IGNOAPS

From year 2 to year 4, the pension amount would increase to Rs 300 per month for those from 60 to 79 years of age. Existing criteria continue to apply .

In year 5, the amount of pension would increase to Rs. 500 (for those below 80 years of age) and Rs 1,000 for those above 80. Also there would be a switch to near-universal pensions by applying select exclusion criteria.

Widows and disability pensions for senior citizens (over 60 years of age) have been excluded from IGNOAPS figures noted above.

Other Assumptions

The above figures include adjustment for inflation at eight per cent per annum for 2014-15 and 2015-16 but do not take into account population related changes over the years.

The cost estimates prepared by the TS-NSAP are presented in Table 20.

Table 20. Estimated cost of the restructured NSAP, 2012-13 to 2016-17

12th Plan	IGNWPS		IGNDPS		IGNOAPS	
	Coverage (lakhs)	Cost (Rs crore)	Coverage (lakhs)	Cost (Rs crore)	Coverage (lakhs)	Cost (Rs crore)
Current	84	3232	12	431	165	4599
Year 2	110	4193	33	1587	165	6361
Year 3	148	6171	45	2324	234	9788
Year 4	215	9816	65	3697	341	15569
Year 5	269	17543	81	6525	426	27861

Source: TF-NSAP (2013), Annex. 3

Alternative Justifications by the task force for fixing the minimum amount of pension

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The task force has considered alternative justifications for fixing the amount of pensions

a. *Minimum purchasing power required:* Using the Tendulkar poverty line for 2009-10, adjusted for inflation, the task force opines that monthly pension of Rs 950 could be reckoned as the least purchasing power required for an aged poor.

b. *Based on minimum wages:* Based on the non-statutory National Minimum Wage (not statutory), average family size, and 1.7 earners per family, the task force concludes that the minimum amount of pension would be Rs 1008 per month.

c. *Protecting the real value of pension promised in 2006:* The task force concludes that this would give a pension amount of Rs 650 in current terms.

Recommendations by individual members of the TF

Two members of the task force, K. P. Kannan and Harsh Mander have given separate notes in which they have discussed the coverage of the IGNOAPS and the minimum amount of pension. While Kannan has recommended an amount of Rs 1000, Mander has recommended an amount of Rs 1320 (based on 10 days minimum wages) and further that the amount should in no case be less than Rs 670/690 per month. He has also recommended that the universal criteria (pensions to all eligible persons subject to certain exclusion norms evolved by the SECC).

Norms proposed by the Pension Parishad for coverage and fixing pensions.

The Parishad has advocated the OAP be fixed at Rs 2000 per month or half the minimum wage, whichever is higher (<http://pensionparishad.org/pension/>, accessed on March 10, 2013). The current non-statutory minimum wage in India is Rs 120 per day. Assuming 25 working days per month, half the monthly amount would be Rs 1500 (or Rs 1800 assuming 30 working days). For all practical purposes, therefore the Parishad's demand is that the minimum pension amount should be Rs 2000 per month, which should be inflation indexed. As regards coverage, the Parishad has recommended that all those not receiving covered by formal sector pension plan or not able to buy adequate retirement plans should be provided with social pensions. The proportion of population that may be required to be covered may be quite high, at least 70 to 75 per cent.

Alternative Estimates of Cost of Social Pensions

We have estimated the cost of social pensions for a ten period over, beginning 2012-13) in three options.

1. The first is based on the task force recommendations as given in Table 21 (Option 1).
2. The second assumes the task force estimates of coverage but (a) the pension amount is assumed to rise to Rs 1,000, as per the various norms discussed by the task force; (d) There is immediate universalization on the principles recommended by the task force, but implementation will be staggered because of implementation capacity (50 per cent in year 2, 80 per cent in year 3, 90 per cent in year 4, and 100 per cent in year 4) (Option 2).
3. The third variant assumes a basic pension of Rs 2,000 per month. It is assumed that this amount will be inflation indexed. The demographic distribution of the population is discussed based on Census and NSS estimates and RGI projections. The eligible population will be covered as in the previous variant. These estimates are given as option 3.

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Table 21. Cost of Social Pension

Year	Task Force Estimates (Option 1) (Rs. cr)	(Pension @ Rs 1000 pm.) (Option 2) (Rs. cr)	(Pension @ Rs 2000 pm) (Option 3) (Rs. cr)	Projected GDP (Rs cr.)	Option 1 as % of GDP	Option 1 as % of GDP	Option 1 as % of GDP
2012-13	8 262	8 262	8 262	9 461 979	0.09	0.09	0.09
2013-14	10 719	46 560	93 120	10 039 160	0.11	0.46	0.93
2014-15	16 193	80 456	160 911	10 906 630	0.15	0.74	1.47
2015-16	25 726	97 720	195 440	11 849 057	0.22	0.82	1.65
2016-17	45 830	117 331	234 662	12 872 918	0.36	0.91	1.82
2017-18	49 496	126 718	253435	13 985 249	0.36	0.91	1.81

Housing

The technical group on Urban Housing Shortage for the XII Plan (MoHUPA 2012a) (TG-12) has estimated the urban housing shortage during the XII Plan, based on Census and NSS data, at 1.88 crore units with a break-up as in Table 22.

Table 22. Housing shortage during the Twelfth Plan

S. No.	Shortage due to:	No. of units (lakhs)
1	Non-serviceable kutcha units	9.9
2	Congested housing requiring new units	149.9
3	Obsolescent Houses	22.7
4	Households in homeless condition	5.3
5	Total	187.8

Source: Technical Group on Urban Housing Shortage for the XII Plan (2012) (TG-12)

Further, the group has also estimated that 73 per cent of the shortage in self-occupied housing is in bottom 40 per cent of the urban households. The proportion of slum dwellers in large metropolitan areas is higher.

In the rural areas, the working group on Rural Housing for the Twelfth Plan (MoRD 2011) has estimated the total housing shortage at 4.37 crore units out of which the shortage for BPL units was estimated at 3.93 crore units.²³

Urban Housing

Housing is a human right and housing is a pressing need for the urban poor. The urban housing strategy in India is based on a mix of strategies and involves a number of stakeholders, both public and private. The total resources devoted to urban housing in India are comparatively small and there is an urgent need both for new strategies based on the actual nature of requirement and for institutional rejuvenation. The Rajiv Gandhi Awas Yojana is the main national programme for urban housing and upgradation of slums. The programme builds both on provisions of weaker section housing as well as public-private partnership and cross-subsidization for weaker section housing.

As against this huge requirement of urban housing for the poor as estimated by TG-12, during the seven years of implementation of the BSUP and the IHSDP component of JNNURM, only about 16 lakh dwelling units were sanctioned (Draft 12th Five Year Plan, Planning Commission 2013: 336). The Planning Commission has noted that these targets are woefully short of the requirements. However, the existing modest targets are likely to be met. The Ministry of Urban Housing and Poverty Alleviation has recently stated that the Government had sanctioned projects worth Rs 41,723 crores for building of 15,69,000 houses/dwelling units for Economically Weaker/Lower Income Group sections under the ministry's flagship JnNURM (BSUP and ISHDP) programmes. Of these approximately 10 lakh houses were either ready or under various stages of completion. Under the pilot phase of Rajiv Awas Yojana (RAY), in the 195 Mission cities, 40 projects worth Rs 1,769 crores for construction of 32,517 dwelling units in 33 cities had been sanctioned till the 10th March 2013 (PIB Press Release by MOUHPA on March 23, 2013). The RAY which is currently in a pilot phase will eventually subsume the BSUP.

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As mentioned earlier, the current reliance of the government is on public private partnerships in delivering “affordable” housing for the poor. The 12th Plan draft document states that given the huge investment required to bridge the gap between demand for affordable housing and its availability, all the costs cannot be borne by the Government and hence the key would be to attract private investment and to enable the beneficiary to increase his/her contribution. It, however, does not mention any specific housing targets to be met through government financing.

Since housing is a human right, and given the pressing need for adequate shelter security among the urban poor, this sector deserves higher priority and it is worth examining whether the state can guarantee housing to the poor through increased ownership with secure land tenure at affordable prices, or suitable tenancy arrangements, through participation of the private sector, especially employers. Even with higher private partnerships, it is unlikely that the housing shortage will be met unless the State (all tiers of government) sets higher targets for providing dwelling units under RAY and related urban housing schemes.

Given this scenario, we have considered the financial requirement of meeting a housing target of 90 lakh houses (roughly half the presently estimated shortage) between 2014-15 and 2021-22, with a gradual increase in targets over the first few years 2.5 m between 2014-15 and 2016-17 and 6.5 m between 2017-18 and 2021-22). As per the estimates of expenditure and number of dwellings sanctioned/built, given by the Ministry (ibid.), the sanctioned amount per dwelling unit came to Rs 2.66 lakhs under the BSUP/ISHDP and 5.44 lakhs under RAY. Government support under RAY amounts to roughly Rs 5 lakh per unit (excluding beneficiary contribution). With these targets and unit costs, Table 23 gives the financial cost of urban housing up to 2021-22.

Rural Housing

During the 11th Plan, 1.25 crore houses were built under the IAY (Draft XII Plan). The year-wise allocation and expenditure on IAY is given below. The approach towards rural housing also requires a mix of strategies, which include allocation of homestead land, credit and credit subsidy, housing subsidy and improvement of habitat (MoRD 2011).

Table 23. Allocation and expenditure on IAY

Year	Total available funds (Rs. Cr)	Funds utilized (Rs. Cr)
2007–2008	6527.17	5464.54
2008–2009	14460.35	8348.34
2009–2010	15852.35	13292.46
2010–2011	17956.54	13465.73
2011–2012	18982.69	12451.12

Source: Draft 12th Five Year Plan, p. 207, Table 17.13

The Working Group has estimated that given the current trends of housing in rural India, about half of the current shortage of 4 crore houses would require financing through IAY and interest subsidy assistance. It has proposed grant assistance under IAY at Rs 75,000 per house and subsidy assistance at Rs 45,000 per house. It has estimated the total assistance to such households at Rs 83,837.5 crores (grant for IAY) and Rs 17,167 (interest subsidy). Inclusive of habitat assistance, it has estimated the total financial requirement for rural housing at Rs 150,000 over five years (or Rs. 30,000 annually).

The criteria for eligibility under IAY will undergo a change in the 12th Plan. The distinction between BPL and non-BPL is proposed to be abolished (Planning Commission 2013). The socio-economic census will provide lists of households that are homeless as well as those who live in poor quality houses. There will be no reference made to any BPL list. Assistance under IAY will be provided to these households in order of priority to be determined on the basis of the other indicators of deprivation thrown up by the SECC.

Since the data from the SECC are not currently available, we have used the physical and financial targets set by the 12th Plan working group for rural housing for projecting costs of meeting housing targets. A similar level of expenditure will be maintained in the next plan. The estimated cost of rural housing is given in Table 24.

Table 24. Estimate of Cost of Meeting Certain Targets in Urban and Rural Housing

Year	Urban housing (Rs. cr.)	Rural housing (Rs. cr.)		Urban housing as % of GDP	Rural housing as % of GDP	Total housing expenditure as
2012-13	4 553	9 024	9 461 979	0.05	0.10	0.14
2013-14	7 676	15 976	10 039 160	0.08	0.16	0.24
2014-15	25 000	40 000	10 906 630	0.23	0.37	0.60
2015-16	50 000	40 000	11 849 057	0.42	0.34	0.76
2016-17	50 000	45 000	12 872 918	0.39	0.35	0.74
2017-18	50 000		13 985 249	0.36	0.35	0.71
2018-19	50 000		15 243 922	0.33	0.35	0.68
2019-20	75 000		16 615 875	0.45	0.35	0.80
2020-21	75 000		18 111 303	0.41	0.35	0.76
2021-22	75 000		19 741 321	0.38	0.35	0.73

These estimates show that if the current housing shortage is to be met through subsidized housing (over the 12th Plan in case of rural housing, and over the 12th and 13th Plan in case of urban housing), financial expenditure will have to be stepped up by about 0.6 per cent of GDP.

Assessing the total estimated costs of dimensions of the SPF – actual and normative

Based on the estimates given above, we summarize the estimated additional requirements for a Social Protection Floor on the assumptions that have been spelt out. These figures are given in Table 25. The year 2012-13 has already passed and has been treated as the base year. As mentioned earlier, wherever the figures for actual outlays for 2012-13 are not available, we have used the relative allocation of the earlier years (2010-11 or 2011-12, as the case may be).

Table 25. Projected year-wise financial requirements of SPF dimensions as percentage of GDP.

Year	RTE	Health	NREGA	RTF	NSAP			Housing
					TF Recommendations	Revised Norms -1	Revised Norms - 2	
2012-13	1.56	1.4	0.31	0.90	0.09	0.09	0.09	0.14
2013-14	1.64	1.5	0.36	0.90	0.11	0.46	0.93	0.24
2014-15	1.72	1.7	0.42	1.19	0.15	0.74	1.47	0.60
2015-16	1.81	2.0	0.49	1.10	0.22	0.82	1.65	0.76
2016-17	1.9	2.5	0.56	1.01	0.36	0.91	1.82	0.74
2017-18	1.96	2.6	0.52	0.93	0.36	0.91	1.81	0.71
2018-19	2.02	2.7	0.49	0.85	0.35	0.90	1.79	0.68
2019-20	2.08	2.8	0.47	0.78	0.35	0.89	1.78	0.80
2020-21	2.14	2.9	0.44	0.72	0.34	0.88	1.76	0.76
2021-22	2.2	3	0.42	0.66	0.34	0.87	1.75	0.73

In Table 26, these estimates are presented as average additional requirements of GDP over the periods 2012-13 to 2021-22. This is co-terminous with India’s 12th and 13th Five Year plans.

Table 26. Projected plan-wise additional average financial requirements of SPF dimensions as percentage of GDP

Year	RTE	Health	NREGA	RTF	NSAP			Housing
					TF Recommendations	Revised Norms -1	Revised Norms - 2	
2012-13	1.56	1.4	0.31	0.9	0.09	0.09	0.09	0.14
2012-13/ 2016-17	1.73	1.82	0.43	1.02	0.19	0.60	1.19	0.50
Increase over 2012/13	0.17	0.42	0.12	0.12	0.10	0.51	1.10	0.36
2017/18 - 2021/22	2.08	2.80	0.47	0.79	0.35	0.89	1.78	0.74
Increase over 2012/13	0.52	1.40	0.16	-0.11	0.26	0.80	1.69	0.60

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These estimates are based on assumptions that have been outlined in various sections.

- (i) If no change is envisaged in the existing scenarios in expenditures on RTE and NREGA (on the rationale that they are already entitlement based), then the additional average projected financial requirements would be 0.99 per cent of GDP in the 12th Plan and 2.24 per cent in the 13th Plan.
- (ii) If more adequate provisions are envisaged both for RTE and NREGA, then the additional average required provision would be 1.28 per cent of GDP in the 12th Plan and 2.82 per cent in the 13th Plan.
- (iii) If the NSAP pension norms are revised upwards, as per the alternative norms proposed by the TF and the Pension Parishad, then the additional average projected financial requirements would be 1.7/2.28 per cent of GDP in the 12th Plan and 3.48/4.37 per cent in the 13th Plan, depending upon which of the two norms and scenarios are adopted.

It needs to be reiterated that these scenarios have been worked out keeping in mind the existing policy discourse on goals and entitlements in each of the dimensions that have been discussed above as well as a minimum number of alternative scenarios which have been under discussion. They are intended to provide rough contours of what a social protection floor could entail in terms of these dimensions of social protection. The current discussion on these dimensions of social protection has thrown up other alternatives, but not all of these have been discussed here. The general issue is that these estimates will change if the scope and adequacy of the social protection programmes are different from the ones discussed above, but these estimates provide benchmarks of the financial resources that might be required. In the following chapter, we discuss whether these requirements could be feasibly met. Providing an effective SPF to the poor and vulnerable requires more than the financial provision. It requires a careful consideration of the design of the social protection programmes and their implementation, which in turn could also have implications for financial costs. These issues are also discussed in the next chapter.

6. CHALLENGES IN MOVING TOWARDS

A SOCIAL PROTECTION FLOOR

6.1 *The fiscal challenge*

The examination of the financial requirements of the proposed Social Protection Floor shows that India will require additional financial resources ranging from 1-3.5 per cent of GDP in the initial years (12th Plan terminal year) to 2.26-4.37 per cent of GDP in the 13th Plan final year to finance a Social Protection Floor which can give a credible level of protection to the poor through entitlements. A bulk of this increase will cater to increases on expenditure in the health sector, in which expenditure (as a per centage of GDP) is slated to rise by 1.4 per cent of GDP over a 10 year period. In the present climate of fiscal austerity (see section on Macroeconomic Policy), there is a strong contention that adequate fiscal space does not exist for short term expansion of social protection. Nonetheless, the government has already stated a commitment to adequate resources to the proposed National Food Security Act, and to the demand based job entitlement scheme i.e. MGNREGA. In the past, some of the specific social protection programmes have been financed through cesses (as in the case of the five Welfare Funds) and some of these have generated sizeable revenues. The other avenue has been a surcharge of direct tax, as in the case of the surcharge of 3 per cent on taxes above a certain limit which currently contribute to the budgetary expenditure on education. There is also the possibility of scrutinizing and cutting back on subsidies and tax concessions given to the rich, or to firms where such concessions have a weak economic rationale.

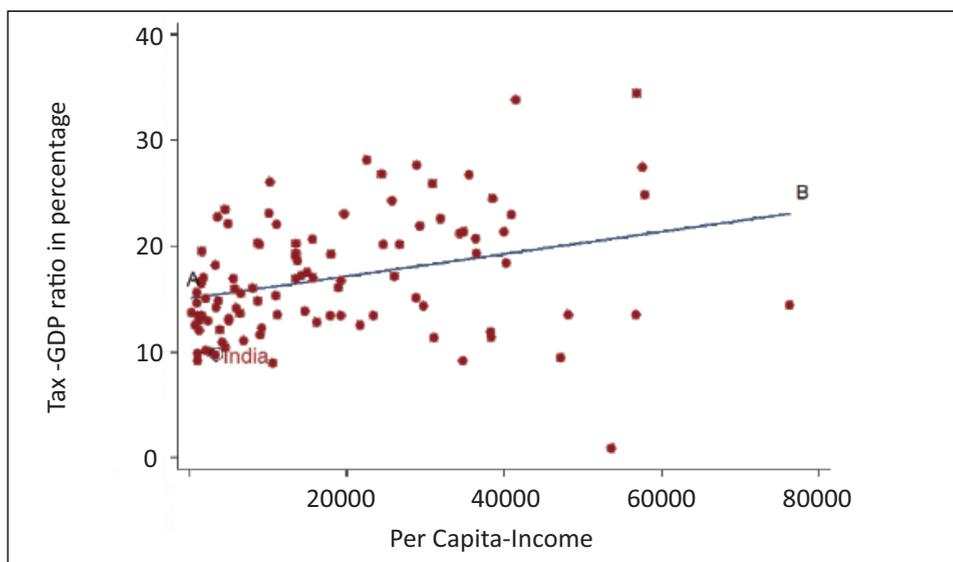
However the main room for mobilization of resources in India can only come from raising the tax/GDP ratio from its present low levels. Indeed, the tax/GDP ratio in India is not only low, it has also fallen in recent years.

Figure 10 gives the scatter plot between per capita Gross National Income for 102 countries and their corresponding tax-GDP ratios for the year 2010. The linear prediction of tax-GDP ratios for various values of per capita income

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across countries is also given in Figure 10. As is evident from Figure 10, India's tax-GDP ratio is much lower than the linear fit. In fact, India ranks 96th among 102 countries for 2010 as far as the tax-GDP ratio is concerned (World Bank 2013).

Figure 10. Tax-GDP ratios and per capita incomes of 102 countries*



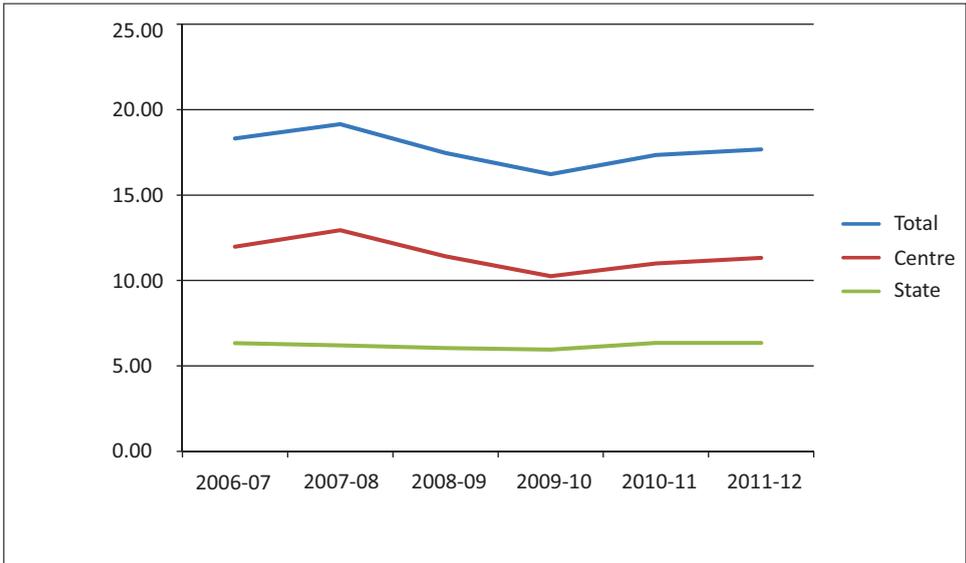
*Tax-GDP ratio of India is marked in black circle. The ratios only correspond to those of the Central Governments.

Source: World Development Indicators, various years.

The tax-GDP ratio of India is not only lower than in most of the countries, it has also declined in the recent period, particularly after 2007-08. As evident from Figure 11, the tax-GDP ratio has declined in the recent period particularly due to the fall in the Centre's (gross) tax-GDP ratio.

This calls for urgent measures to both widen and deepen the tax base (some of which have been already undertaken or are in the implementation phase), a review of tax rates and exemptions, and above all, better tax administration and tax compliance. Several measures have been recommended by official committees to increase the tax-GDP ratio by improving the tax administration and expanding the tax base (see, for example, the Kelkar Committee (MoF 2012) recommendations).

Figure 11: Tax-GDP ratio in India, 2006-07 to 2011-12



Source: RBI Handbook of Statistics and Union Budget, 2013-14

The government has reportedly started implementing many of recommendations of the Kelkar Committee Report (MoF, 2012). The Working Group on Financial Resources for the 12th Plan has estimated an increase in the Centre's Tax-GDP ratio from the budgeted estimate of 10.36 per cent in 2011-12 to 11.67 per cent of GDP in 2016-17 (Planning Commission, 2011d). There is further scope for increasing direct taxes through higher taxes on wealth and inheritance taxes which would also serve to check spiraling inequalities. Any rise of the tax-GDP ratio to its previous peak of 12.94 per cent (in 2007-08) in the first instance, would give sufficient elbow room (along with the other measures to create fiscal space) to institute the proposed SPF over the next few years. Thus in a nutshell, the necessary fiscal space for instituting a SPF seems feasible provided the government takes measures to increase the tax-GDP ratio, as well as other measures to cut down incentives and subsidies which are directed towards the rich and/or have a weak social and economic rationale.

6.2. Getting the design right

Both at the inception stage, and as experience accumulates in implementing a programme, there are inevitably important issues of appropriate design that will constitute elements of the social protection floor. Some of these issues constitute general principles (ILO 2011b, chapter 5, UNICEF 2012) in moving towards a SPF on which there is less debate. These general criteria include issues of monitoring, participation, and accountability which are dealt in the next section. There are other issues which remain at the core of Indian debates on the SPF, while some have drawn insufficient attention. The aim of this section is to briefly highlight some of these issues.

a. Recognizing the balance between elements in the SPF and possible trade-offs.

The aim of the SPF must be to provide maximum protection to vulnerable individuals and households through an appropriate understanding of their sources of vulnerability, the extent of vulnerabilities, the interlinkage between different types of vulnerabilities, the priorities of the vulnerable (individuals within families - children, women, men, the aged, as well as families as a whole), and the likely impact of SPF measures on them. Each of these may vary depending on the characteristics of vulnerability and deprivation. A social protection strategy to address vulnerabilities addressed by each segment of the vulnerable population must be carefully designed.

Box 17

Principles of child-sensitive social protection

In 2008, UNICEF led an inter-agency effort to build consensus on the importance of child sensitive social protection. Signed by 11 organizations, the Joint Statement on Advancing Child-Sensitive Social Protection sets out the following principles:

- Avoid adverse impacts on children, and reduce or mitigate social and economic risks that directly affect children's lives.
- Intervene as early as possible where children are at risk, in order to prevent irreversible impairment or harm.
- Consider the age and gender specific risks and vulnerabilities of children throughout the life cycle.
- Mitigate the effects of shocks, exclusion and poverty on families, recognizing that families raising children need support to ensure equal opportunity.
- Make special provision to reach children who are particularly vulnerable and excluded, including children without parental care, and those who are marginalized within their families or communities due to their gender, disability, ethnicity, HIV and AIDS or other factors.
- Consider the mechanisms and intra-household dynamics that may affect how children are reached, with particular attention paid to the balance of power between men and women within the household and broader community.
- Include the voices and opinions of children, their caregivers and youth in the understanding and design of social protection systems and programmes

Source: UNICEF (2012: 9) Box 2

There are issues of prioritization and sequencing both within and between different elements of the SPF. *Within a rights based framework for SPF, there has to be a dovetailing of principles of universality with the extent and depth of vulnerability, so that the use of scarce resources can be prioritized.* This involves asking how resources devoted to the SPF should be distributed over the different dimensions and sub-dimensions of the SPF, whether and how such distribution could be sensitive to the overall as well as different nature and extent of vulnerabilities. For example, even with the proposed SPF would sufficient resources be devoted to security and protection of children? How can SPF priorities address the basic concern of poor urban migrants (which need to be prioritized to address shelter security and lack of essential services). This issue remains largely unaddressed in the Indian policy discourse.

b. Determining the eligibility criteria for social protection programmes.

A major issue in India has been the targeting of social protection programmes to ‘Below Poverty Line’ households, and in some cases, to sub-category i.e. of such households (destitute or prioritized households on the basis of some defined criteria). The issue of identification of the poor first arose in India’s Sixth Plan (1980-85) when a subsidy based credit programme to encourage micro-entrepreneurship was first launched and the Ministry of Rural Developed needed a methodology to “identify” the poor. Initially, an arbitrary income cut-off recommended by the Ministry, and was applied by local level bureaucrats to determine BPL households. The identification of BPL households was increasingly used for targeting households in social protection programmes not only of the MoRD but also other ministries and departments. The methodology has undergone some changes since the Sixth Plan when it was first instituted with an indicator based survey being used in the Tenth Plan (Hirway 2001).

In order to determine allocation of resources to the states by the Centre, the Planning Commission estimates of consumption poverty have been used by the Central government to set a state level cap on overall shares of population considered eligible (poor). Since 1993-94, the Planning Commission has estimated using poverty lines and head-count ratios on the basis of methodologies recommended by Expert Committees chaired by Dr. D. T. Lakdwala and more recently by Prof. S. D. Tendulkar (Planning Commission 2009).

However, both the Planning Commission cap on the numbers of the poor, as well as the methods used in identifying BPL households have been widely questioned. It is now widely recognized that the domain of deprivation and vulnerability is much higher in India than that maintained by extant estimates of poverty of the Planning Commission (NCEUS 2007, Srinivasan 2007). It is also recognized that the identification criteria, as well as their application on the ground, are extremely faulty, leading to large and costly exclusion errors (since

benefits are not graduated but loaded on to BPL households). Both these recognitions (of a larger domain of vulnerability, and of problems in current methodologies in ranking and identifying the poor) have led to revised approaches in recent years in determining the eligibility criteria for social protection programmes. The revision in the methodology in identifying eligible households was also necessitated by Supreme Court orders in the Right to Food case, which led to the MoRD setting up a committee under the chairpersonship of Dr. N. C. Saxena, Supreme Court Commissioner in the Right to Food case to recommend a revised methodology for the identification of BPL households (see Box 18).

Box 18

Supreme Court orders on the identification of “poor” households

The Supreme Court gave a series of orders in the Right to Food case which eventually led to a revised methodology for the identification of the BPL poor.

Given the delays in the process of identification, the Supreme Court, in the Right to Food case on 28th November, 2001, ordered that identification of BPL households be completed immediately and that the distribution of stated benefits under schemes such as AAY, NSAP, PDS, NMBS, Annapurna etc. take place promptly.

On 8th May, 2002 the Supreme Court directed the government to “frame clear guidelines for proper identification of BPL families”. However, the government’s survey of BPL households in 2002 identified 29 per cent of rural households as poor, corresponding to Planning Commission’s 1999-2000 figures for poverty which were considered debatable, and which were lower than the Planning Commission’s poverty ratio of 36 per cent for the year 1993-94. The Court stepped in, and on the 5th of May, 2003, prohibited the removal of anyone from the previous BPL list from a survey of 1997. The order stated that “till the date of hearing the Government of India will not insist the State Governments to remove any person from the existing Below Poverty Line (BPL) list”. In February, 2006, the Government agreed to allocate foodgrains to states on the basis of the 1993-94 poverty estimates while adding new names to the BPL list and removing ineligible ones on a continuous basis.

On 14th February, 2006, the Court ordered the states to conduct fresh surveys by April, 2007, based on a new methodology. The order stated that “the survey methodology for the next BPL census will be designed by the Ministry of Rural Development in consultation with the Supreme Court Commissioner’s in the right to food matter Case No. 196/2001 along with other sections of the society latest by the beginning of the XIth Five Year Plan”.

Source: Right to Food Campaign (2008)

Following the Saxena committee recommendations (MoRD 2009), the government has now veered around to using criteria (still to be finalized) which are along the lines recommended by this committee, and which can be used, in conjunction with a cut-off proportion to target households.²⁴ Recently, another committee (Planning Commission

2012b) has extended this methodology for identifying the urban poor. Variations of these methodologies have also been under discussion (see, for example, Dreze and Khera, 2010). However, an alternative view point favours universal provisioning as a corollary to a rights based approach, leaving out a smaller per centage of the well to do from the ambit of the SP programmes.²⁵ Both approaches raise certain issues. While the issue of scoring and aggregation, and the issue of cut-offs, remain problematic in the government's approach, in the alternative universal approach, given that the remaining poor are not undifferentiated and suffer from varying levels of deprivation, it would be reasonable if the programme design can prioritize access for the more poor.²⁶ Building appropriate designs in a rights based approach can be quite complex but it is quite clear that social protection goals can be affected by the design of the programme. For example, the emphasis of the NREGP on manual unskilled work restricts the scope of the programme but contributes to its self-selecting nature, drawing in only those labourers who would be willing to take up such work. Another approach within a universalistic framework could be to stratify eligible households (for example into destitute and non-destitute poor) but reduce the costs of mis-identification through differentiated benefits. The revised NFSB has attempted to do this by differentiating between "Antyodaya" (destitute) and non-destitute priority households. A similar approach has been adopted in the Twelfth Plan for government assistance in housing, which builds in differentiated levels of support (Planning Commission, 2013, Vol. II).

c. Issue of centralization versus decentralization

We have shown earlier that Social Protection falls in the concurrent domain of the centre and states and local bodies (the third tier of government) also have a vital role in designing and implementing schemes for social protection. The concurrent nature of the SP programmes and resource availability allows the Centre to design and fund SP programmes with a smaller or equal share of financial burden being borne by the States. The same scheme also allows the

Central government to legislate on SP programmes, but in that case the Bills need to be approved by a few State legislatures before they are enforceable across the country.

The passage of programmes by the Centre reduces the flexibility that States have in designing their own schemes (since Central schemes also preempt the State's fiscal space) as well as States ability in implementing the Central programmes with desired flexibility. The results can be sub-optimal as the design of the scheme may not be appropriate for the state and states may neither have the wherewithal to develop their own schemes nor the incentive to implement the Central schemes well. A similar logic holds for local bodies, especially large urban bodies which have a larger tax base and also requisite capacity to address SP issues. On the other hand, the Central government may have strong politico-economic compulsions to retain control of Central Schemes and to monitor them. These reasons become stronger in a rights based framework since the Central government constitutionally shares the obligations arising out of the legislation (or where the implementation responsibility is on lower levels of government).

It will be recalled that many well designed schemes had earlier emanated from States, but as far as Central schemes are concerned, States can only demonstrate implementation innovation and capability. Since the Ninth Plan, the Central government has consistently announced its intention to provide untied support to the States to fund programmes as per their own priority. But with a few exceptions, the share of Central Schemes in SP funding has increased over time. A recent review of these schemes by a sub-committee of the Planning Commission (Planning Commission, 2011e) has suggested a consolidation and re-categorization of Centrally Sponsored Schemes.

However, arguably a rights-based framework for implementation of a SP programmes provides the ground for greater decentralization. This is because in a legislated entitlement framework, as long as there is clarity on financial arrangements, the obligations of the

different levels of government can be defined in such a way that each becomes responsible and accountable for decisions taken at its level. This would give each level of government greater flexibility to design programmes to achieve necessary outcomes and make it more accountable and more effective.

d. Benefits in cash versus in-kind, conditional versus unconditional transfers

The Indian social protection schemes comprise a mix of cash and in-kind, conditional and unconditional transfers. However, in financial terms, the schemes are dominated by unconditional in-kind transfers (PDS), followed by conditional in-kind transfers (nutrition support schemes, mid-day meal schemes etc.). Cash transfers form a small component of the present SP system in India.

The dominance of in-kind benefit programmes in the Indian Social Protection system exists because of the nature of the largest current SP programme viz. the Public Distribution System. The new proposals under the proposed NFSA will increase the wedge between market prices and PDS prices, increasing the level of per household subsidy under the programme. Historically, costs per unit consumer subsidy in the programme have been very high but they tend to fall as the off-take from the PDS system rises. Even so, if the PDS is seen purely as a system of transferring subsidy to the consumer, it is likely to be costlier than a cash transfer system which has also the attractiveness of giving the consumer a greater choice.

However, the gains to households from a cash transfer will not be mitigated as the real value of the subsidy will be eroded with inflation, and with unfavourable changes in relative price of foodgrains, the consumers may continue to consume fewer calories than required, thus delinking the cash transfer from the original objective of (household) food security. More significantly, this programme works with multiple objectives which include price support to farmers,

price stabilization, and foodgrain sales to consumers at subsidized prices. Further, the Fair Price Supply chain (the PDS shop owner) is also the fulcrum for supporting other foodgrain based schemes such as the Mid-day Meal Scheme and the viability of the PDS shop owner is linked to the turnover of the PDS shop. Since household food security is only one of the objectives of the PDS, a cash transfer programme, which intends to substitute for the household subsidy, cannot be compared to an entire policy package constituted by the PDS and comparison would need to be made between alternative policy packages and objectives

The child (and mother) related schemes in India also principally provide in-kind benefits through the ICDS or the school system. While these in-kind benefits are directly targeted towards the beneficiary children, thus avoiding any intra-household misallocation, supply side weaknesses in the pre-school programme induces a weak demand, reducing the impact and coverage of the scheme. The alternative design of the *Bolsa Familia* (Brazil) makes cash benefits contingent on the *demand* for health and education services for children, putting greater pressure on the supply side. Both the supply and demand side of the Indian schemes need to be bolstered, the latter through appropriate design changes, a shift to clear-cut entitlements, and a strengthening of institutions (including local governments) demanding greater accountability.

Thus, in each case, the cash/in-kind rationale of the schemes needs to be assessed carefully in the light of overall costs and benefits and the objectives of the scheme.

e. Public versus private provisioning

The sectors in which the SPF is being proposed (health, education, pensions, life cover) are replete with private actors. On the other hand, the public sector is either too sparse (as in health) or, in any case, plagued with problems of quality, accountability, and responsiveness.

There are also undeniably intermediate non-profit institutions, which also play a facilitative or intermediary role, but their presence is much smaller than the profit oriented sector. The challenge in designing the SPF in each of these sectors is whether, and to what extent, can each of these sectors be harnessed to meet the social obligations, and how (given that the final accountability rests with governments) can they be held accountable.

Issues of efficiency and accountability of the public sector are dealt with later in this paper. In relation to the private sector, some models have emerged and their relative success/failure is under scrutiny. The Right to Education Act puts the principal responsibility of schooling on the government sector but mandates that 25 per cent of seats in private institutions be set aside for candidates from the weaker sections. The provision has been upheld by the Supreme Court but its mode of implementation and impacts requires assessment. Under the RSBY, the scheme is managed by insurance agencies which are selected by state governments through a bidding process, and the department also empanels private and public health facilities which can provide hospitalization under the scheme. The scheme was discussed in the previous chapter. Although it has been a runaway success in terms of enrolments and has made a positive impact on the poor's access to hospital services, the overall impact the insurance based scheme on the poor and on health costs still needs to be assessed carefully. As mentioned earlier, the HLEG has now recommended the eventual absorption of the scheme into an entitlement based scheme mainly resting on strengthened public provision.

In conclusion, SPF programmes can be implemented through private agencies through MoUs or through a regulatory framework which also establishes an accountability framework, but a larger government role in sectors such as social health protection, and education, favours more equitable outcomes, provided the quality of services can be maintained.

f. *Contributory versus non-contributory assistance*

One of the general principles of the design of SP systems is to consider whether, and how, these systems could graduate from non-contributory to contributory schemes, which could add to their sustainability over the long run. The main areas where contributory schemes operate in India are health, unemployment and retirement benefits. These schemes require contributions from the workers and their employers and in some cases some contribution from the government. The small base of formal employment limits the normal scope of contributory systems in India. The NCEUS concluded that only 7-8 per cent workers in India were in formal employment with stable employer-employee relationships. An equal percentage of workers in the organized sector had unstable, informal and/or indirect relations with their employer which reduced (although it did not eliminate) the feasibility of contributory schemes. The formal workers were already included in social security schemes. Contributory schemes would not be financially feasible if workers alone were to contribute to them. But their scope can be extended to the informal sector through innovative design. We have seen that in some sectors and some states, welfare funds could gather contributions from employers and workers (and in some cases, the government).

Currently, proposals on the nature of universal health and pension schemes are divided in their recommendations on the contributory/non-contributory nature of the schemes. The Welfare Fund model assumed a contribution by employers and workers, and in some cases by governments, but the Central Welfare Funds, including the Building and Construction Workers Welfare Fund are only based on cesses. The Second Labour Commission and the National Advisory Council have recommended contributory pension schemes but the NAC has recommended non-contributory social health protection based on public provisioning, on the lines recommended by the HLEG. The NCEUS had recommended a non-contributory pension scheme for the very poor (Below Poverty Line) but a contributory retirement

scheme for other informal workers, with the bulk of contribution coming from the governments (Central and State). For health, the NCEUS recommended a social health insurance scheme (which took the shape of the RSBY) which it argued should be used to strengthen public health provisioning. Srivastava (2012) recommended a basic non-contributory pension and a top-up contributory pension. Recently, the Pension Parishad, an umbrella organization of grassroots organizations has raised the demand for a universal non-contributory contribution, mainly on grounds of its administrative feasibility. In the RSBY, the main contribution comes from the Central and State governments, whereas workers only pay a token registration amount.

g. Overcoming systematic gender and caste based barriers.

Women, and historically discriminated social groups in India, as well as certain religious and ethnic minorities are exposed to specific vulnerabilities which require special attention and focused measures. In the case of women, these vulnerabilities are related to their social reproduction roles which vary over the life cycle and the nature of patriarchy which reinforces male control over assets, decision-making, incomes and various other types of resources. Conventional notions of social security which are centred on paid work and assume contributory forms do not take account of women-centred vulnerabilities (Darooka, 2008. Kabeer (2010) has argued that SPF programmes which address female vulnerabilities at early stages of the life cycle are especially successful, but such protection should be extended to the causes of vulnerability and to all stages of the life cycle of women.

UNICEF (2012) argues that vulnerabilities are shaped by underlying structural, social, political and economic relationships. Social protection must therefore also tackle power, discrimination and inequality within programme objectives and design, in order to help transform these relationships which drive vulnerability.

Certain social groups in India (castes ascribed low social status, certain religious and ethnic minorities) face extreme forms of social exclusion and economic discrimination. Both because of historical

reasons and current levels of discrimination, they are much more vulnerable than other social groups. The Indian Constitution not only renders discrimination unconstitutional but Article 15(4) of the Fundamental Rights chapter also provides for positive discrimination and special measures in favour of Scheduled Caste, Scheduled Tribe, and Other Backward Classes.

Indian social protection programmes have, by and large, been sensitive to gender and social group concerns. Among other steps, quotas and targets are set for such groups, mild redistributive measures have been taken up in their favour, and achievements are monitored. The NREGA scores high on the list of programmes which has incorporated gender concerns on issues such as participation and task rates (although its performance on issues such as child care is still weak) and this, among other things, has resulted in almost 50 per cent participation of women overall (Khera and Nayak 2009, Pankaj and Tankha 2010) as well as some degree of empowerment of the women and SC/ST participants (MoRD 2012a).

Although almost all Social Protection Programmes build in some sort of affirmative practices in their programmes (such as indicative targets), more work needs to be undertaken on vulnerability mapping, and systematic evaluations and loop-backs on programme design need to be strengthened. Gender audits and social group audits are not part and parcel of the programmes, except in some cases. Independent evaluations of the School Mid-day Meal programme for instance, showed systematic discrimination both in the treatment of SC children and also in the recruitment of cooks and helpers to implement the programme (Thorat and Lee, 2006). Other studies have shown how programmes have failed to address issues of discrimination and vulnerability of dalits in health programmes and in schooling (Nambissan 2009, Acharya 2010). Although participation rates of the ST and SC in the NREG have been high at a household level, our analysis, based on the NSS survey of employment-unemployment of 2009-10, shows that due to household quotas, programme benefits are not equitable once account is taken of the high individual rates of participation of these groups in the labour market. A recent UNICEF study (Gill, 2012) of three national flagship programmes

(Total Sanitation Campaign, NRHM, and ICDS) shows that issues of social exclusion are not addressed systematically when all three stages (policy design and implementation) are taken into account. Such studies need to be carried out systematically, and extended to other deprived social groups as well.

Box 19.

Gender dimensions of social protection

The IWS identified several issues where women faced gender specific vulnerabilities due to cultural and social practices, which require focussed interventions in a general social protection framework.

1. Cultural practices such as dowry, high expenses on marriages, exogamous marriages, inheritance traditions, and the burden of household reproduction reinforced biases against young girls and women, depriving them of access to opportunities, resources and assets. The IWS came across several families which were heavily indebted due to the loans they had taken for meeting dowry and other expenses for the marriage of a girl. This led to girls being perceived as an economic burden rather than an asset which needs to be invested in. As a result the IWS found biased investment in education and healthcare between boys and girls as well, particularly in Maharashtra and Allahabad.
2. *Death of husband, separation and missing husbands:* The IWS found that women whose husbands had died, or were missing, faced severe misery as they suddenly had both household as well as economic responsibilities on them. However, many of them lacked the documents necessary to avail of widow pensions and were unaware of insurance schemes. Further, the widow pensions do not apply to women whose husbands have left them or the husbands are missing.
3. *Children of single women with young children:* Widowed/Separated women or those with missing husbands faced additional vulnerabilities. Since the mothers faced the dual burdens of child care and livelihoods, in the absence of child care facilities, they have no option but to make the infants and young children accompany them in their work. Often, women who leave their children behind in the slums without any supervision find the children growing up in unhygienic conditions, or picking up habits and addictions such as alcoholism and gambling. If the goal of women's empowerment through their employment is to be achieved, the universal access to reliable creche or childcare facilities throughout the day are extremely important. This function can technically be performed by the ICDS. However, given the delivery problems associated with the ICDS as well as its limited hours of functioning, it is unlikely that the ICDS would be able to perform such a function.
4. *Alcoholism of husbands:* Alcoholism of husbands is a major problem facing women everywhere. Several women complain that their husbands spent most of the household income on alcohol and do not pay attention to household responsibilities.
5. *Lack of autonomy in decisions about fertility:* Many studies have pointed towards the importance of factors such as women's age at marriage, at child birth, the number of children born and the spacing between births. However, earlier studies have found that these decisions are based on cultural factors and are made by members of the family other than the women themselves. This often leads to low age of women at marriage, low age at birth, higher fertility levels, and little spacing between births. This not only leads to poor health and economic outcomes for women but also poor nutritional outcomes for children. (Arulampalam, Bhaskar and Srivastava, 2012)
6. *Access to health care:* Women, particularly working women, often face gynecological problems as well as other occupational health related problems. However, they often lack

easy access to health care facilities offering gynecological support or proper solutions to their other problems due to which the ailment accumulates till it reaches serious proportions.

7. *Formalization and the loss of livelihoods:* Several women during the study and earlier, have reported how the formalization of services such as waste management leads to displacement of informal women workers. Women choose informal work or self employment because of the flexibility it affords, thereby allowing them to balance their work along with their household and child care responsibilities. However, the formalization of sectors, through privatization, corporatization or contractualization often tends to take away the livelihoods from women. This was the experience of waste pickers, several of whom were deprived of their access to waste as waste management was privatized.

Much of the problems associated with women and girls arise because of embedded cultural and traditional practices and patriarchal power relations within families and societies. Social protection policies for India that address female vulnerabilities must therefore adopt a multi-pronged approach consisting of economic policies, legislative changes, and culturally sensitive awareness and education practices.

Source: IWS (2013)

6.3 Implementation challenges

a. Issues of implementation structure and capacity

The challenges associated with implementing SPF programmes in a country of India's size and proportions and given the variable implementation capacity across states (which is weaker precisely in states where such capacity is weak), cannot be overestimated. Although implementation capacity is a function of a number of dimensions, including the quality of political leadership, political and administrative will, and social and power structures, all of which vary across India's administrative regions, there are some common issues which run through programmes, which are briefly mentioned below.

- SP programmes rarely build on the cost and incentive structure for implementation at various levels. Responsibilities are stacked on different levels of functionaries (including elected panchayat officials) without any explicit consideration of their costs and incentives.
- There is rarely any consideration of political economy issues, local power structures, and conflicts of interest which can be quite central to the success and failure of programmes.

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- Many of the large programmes do not have an independent structure and function through overloaded administrative structures both at the top (where monitoring and design issues are concentrated) and the bottom (where implementation issues are concentrated). There is also insufficient decentralization and capacity at lower layers of government. This leads to a virtual outsourcing of vital functions such as issues of evaluation and design at the apex, and implementation and oversight at the implementation level.
- Given the size and complexity of the programmes, there has to be clear advanced thinking of the institutional architecture of the SPF programmes and the administrative requirements. The outsourcing of certain kinds of capacity, such as independent evaluations, setting up and maintenance of IT backbone should be part and parcel of the initial thought process on the programmes. Learning can be incorporated from international management of large SP programmes.
- Communication and IT technologies have revolutionized the way in which facilitative institutions such as banks can now function and can play a vital role in enrolments, portability, distribution of benefits, and oversight. Programmes such as the NREG and RSBY have begun to use this potential in a big way. But this is still not true of all programmes. There is also the reverse risk of an overdependence on IT based solutions and fixes. Thinking through on these issues can provide a leap forward in the implementation of the SPF programmes.

b. Strengthening accountability

Most of the Social Protection programmes in India are known to suffer from weak accountability which affects the efficiency, responsiveness, and effectiveness of these programmes. While creating legal entitlements, as proposed here creates an important condition for better accountability, this is not at all automatic due to pervasive asymmetries and the cost and tardiness of legal solutions.

Fortunately, a multipronged effort at increasing accountability has been under way for some time, with dramatic effect in many cases. First, in most of the sectors where social protection programmes are being implemented, management and supervision has been decentralized to the local level and steps are being taken to strengthen the capacity of local governments. Second, rules have enforced the creation of stakeholder committees at the local institutional and local body level. Third, independent audit provisions, both social audits by stake holders and performance audits by the Auditor General's office are being used to highlight malfeasance and bring the guilty to book. Fourth, the Right to Information Act (2005) has opened immense possibilities for uncovering wrong-doing and increasing transparency. Fifth, both the Central government and several state governments have passed or contemplate passing legislations and citizen's charters specifying rules for quality of services by government departments. The Central Government Bill on Citizen's Charter and Grievance Redressal may be placed soon in Parliament.

These moves have shifted the balance somewhat in favour of stakeholders and have impacted on accountability of SP programmes, although this impact is still very uneven.

c. Reaching the unreached

Often, intended beneficiaries have to cope with formidable formalities and documentation work before they can be eligible for any SP programme. This disempowers the most vulnerable, empowers the local bureaucracy or local middle-men and increases corruption at the cost of these groups. The poorest and the most vulnerable sections of any population, whether rural or urban, who have the smallest social capital as well as physical and financial resources, are excluded from participating in the SP programmes.

Most schemes are designed for sedentary populations, or at least for populations which have stable residential characteristics over a longish period. A number of schemes have residential requirements

which migrants in the informal sector or seasonal/circular migrants cannot hope to fulfil. A large number of informal migrant workers are employed in the urban areas. Their residential characteristics are such that they cannot acquire a proof of residence. Consequently, they cannot acquire a local identity, temporary or permanent as the case may be, and are deprived of entitlements, including those that flow from the law. By one estimate, nearly 9 crore migrant workers work in the urban informal economy or circulate between the rural and urban economy, either as self-employed workers or as paid labourers (Srivastava 2012b). A large percentage of these workers comprise the most vulnerable segment of the urban workforce.

These workers can secure their entitlements if these entitlements are not related to proofs of their local residential status. This is much more feasible if the schemes are national in nature, or if the legislative framework specifies their inclusion. A recent UNESCO-UNICEF research has also documented the missing link between migrants and social protection entitlements and critically highlighted the flawed conception of residence based social protection benefits (Srivastava, 2012c).

The Right to Education Act illustrated how clear policy intent, translated through legislative entitlement can create openings for the poorest and most vulnerable (see also Box 3). Before the passage of this Act, despite SSA guidelines, the children of migrant workers had to cope with monumental documentation work and were rarely admitted to schools in the destination areas. But clauses 4, 5 and 18 of the 2009 Act lay down that (i) all children in the age group 6 to 14 shall be admitted to a class appropriate to their learning level; (ii) that such admission will be given even if the child has not been able to acquire a transfer certificate from her/his earlier school; (iii) that admission will not be denied even after the extended admission period is over. With the expansion of rights based entitlements, it should be possible to screen every legislation on their ability to reach the currently unreached (notably the NFSB does not yet have

a provision giving clear-cut food entitlements to migrant workers without any local identity).

In the absence of clear-cut obligations on the part of local/state governments to create such entitlements, work by civil society organizations or specific agreements between sending and receiving states can create more favourable outcomes (Srivastava and Sasikumar 2005). A framework for coordination between sending and receiving states has been developed with ILO's technical assistance, and signed in form of a Memorandum of Understanding (MoU) between Gol (MoLE) and concerned State (Labour) Governments.²⁷ This facilitates effective coordination and mutual understating between the states to implement a time bound and result oriented plan to benefit migrant workers.

Box 20

Proving one's identity and accessing social protection

The IWS asked respondents to rank their social protection needs from a list of around 10 measures. All the respondents ranked having a local identity proof as one of the most important measures towards social protection. Simple as it seems, having a local proof of identity is the most basic, and yet one of the most difficult achievements for most informal workers, particularly the migrant urban informal workers. All the respondents in Allahabad ranked having a ration card to be their most important requirement and so did many of the respondents from other cities.

In order to have any local identity, one is required to have a proof of address. Such a proof is nearly impossible for an informal worker living in an informal urban settlement to obtain. In the absence of a proof of residence, informal workers are unable to obtain important proofs of local citizenship such as their voter's identity and ration card. Nor are they able to access formal institutions such as banks for savings and credit facilities. Finally, they are deprived of social security benefits such as subsidized rations, pensions, medical assistance, fuel etc.

Often, even with the appropriate documents, informal workers are denied proofs of identity due to 'lack of appropriate documentary evidence' as was the case with several waste pickers who applied for registration in Delhi's electoral list in 2012-13. Part of the reason is the apathy of the officials given the task of verifying the authenticity of the applicants. In the absence of appropriate institutional incentives and checks and balances to ensure that they carry out the verification, the officers usually do not bother to visit the settlements of informal workers and find it easier to reject their application for want of appropriate evidence.

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However, it is important to note the exemplary work done by grassroots organizations such as trade unions in partnership with local governments to facilitate this process of provision of local identities and entitlements for informal workers. Nearly all the respondents from Allahabad had obtained a voter's identity card due to the efforts of an organization, Shahari Gareeb Sangharsh Morcha. Most of them had also obtained a ration card. The government's response to this issue of identity is the Aadhar Card or the Unique Identification Number (UID). However, none of the survey participants from any of the cities possessed an Aadhar Card and most of them did not have any idea about how or where to obtain it from.

A similar problem arises with regard to identification as workers. Most employers refuse to acknowledge the employee status of informal workers employed by them for fear that such acknowledgement might enable the workers to claim their rights as employees and expose how labour standards and rules are being flouted. In the absence of any documentary evidence of being workers, informal workers often cannot access benefits to which they are entitled such as those offered by their welfare boards. A social protection floor for India must therefore recognize this need for a proof of local identity as well as identity as workers; policies must recognize the difficulties workers' face in obtaining these proofs given the nature of informal settlements and work arrangements whereby landlords and employers refuse to acknowledge their existence on paper and address these issues through pro-active measures.

Source: IWS (2013)

7. A ROAD MAP FOR SOCIAL PROTECTION AND THE SPF

7.1 *The SPF and Decent Work*

The Decent Work agenda of the ILO and the Social Protection Floor are closely interconnected. As discussed in Chapter 1, the Global Jobs Pact (ILO 2009) and the 2011 International Labour Conference (see ILO 2011d) have highlighted the links between a social protection floor and protection of working conditions and rights at work. Labour standards contribute to social protection whereas the creation of a social protection floor strengthens both the supply and demand side of labour, setting into motion a virtuous cycle, impacting on the living and working condition of workers and their families. The National Commission for Enterprises in the Unorganized Sector, set up by the Government of India, proposed the creation of a “Social Floor” comprising minimum conditions of work, universal social security, and promotion of livelihoods.

We have shown earlier that as per 2009-10 estimates just over half the workers in the Indian economy are self-employed and the remaining half are wage or salaried workers. Even among the self-employed workers, a sizeable proportion in manufacturing are disguised wage employed, working under putting out systems in value chains. Issues of minimum conditions of work are different for the self-employed and the wage-employed and are also different for the different segments of the wage employed, such as women workers, homeworkers, migrants, piece-rate workers, and so on. With globalization, the flexible segments of the Indian working class – consisting of women workers at the lower end of the labour market, homeworkers, seasonally migrant labourers, workers hired through contractors, and workers without any job security – have increased. The poor working conditions and increasing informalization of wage work have significant implications for improvements in social protection of the Indian population.

NCEUS (2007) has shown the extent of prevalence of poor working conditions, violation of minimum safety norms and minimum wage regulations in the country. The NCEUS proposal advocated for two comprehensive legislations for unorganized agricultural and non-agricultural workers, which

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would set minimum standards and conditions of workers. At the core of these recommendations, was the proposal for a National Minimum Wage (NMW), based on basic principles and fixed through a tripartite committee. The NMW was to set a floor national wage below which no wage could be set. The recommendations recognized the arbitrariness in the way in which minimum wages are currently set and updated by the states. The implementation of these proposals would have provided a clear-cut basis for a NREG wage policy. Instead, the central government has opted to rely on an administrative national wage (now updated periodically) which has no legal basis.

One of the problems of lack of the implementation of existing labour legislations is the structure of the workforce, and its increasing informalization through outsourcing of work and employment of workers through contractors for on-site work. The conditions of such employment are regulated by legislation but are extremely difficult to implement. While employers favour increased liberalization of these regulations in order to introduce greater labour flexibility, labour organizations are opposed to such moves. The solution would be to promote greater direct employment but on such terms and conditions as would be acceptable to both employers and workers, thus increasing the domain of formal work through an optimum level of flexibility and security. In the domain of contractor based employment there was a need to clearly specify the core and perennial nature of work in an industry, and to have strict enforcement of the provisions relating to social security and working conditions (NCEUS 2009, 175:177).

It also needs to be recognized that the current patterns of labour employment with multiple type of flexibilities have intensified the need for legislating and implementing minimum conditions of work, and that this agenda must be placed at the core of any agenda of social protection for workers in India today.

7.2 A road map for the SPF

The approach of this paper has been to consider the feasibility of a Social Protection Floor for India, which is based on existing developments and an emerging societal consensus. For a vast country like India, which is still a low middle income country, and where implementation capacities are limited

and vary across states, the challenges of achieving an *effective* SPF are huge. Although fiscal space can be created, new initiatives, which are costly, will take some time before requisite finances can be mobilized and before they can be effectively implemented. Further, financial and administrative requirements will vary from programme to programme. For example, implementing a social pensions programme which would be based on a cash transfer would require lower supply side complexity than what would be involved in implementing a universal health care programme where adequate supply side response cannot be engineered over a very short period. In such cases, too, transitional road maps can be envisaged. For example, the NCEUS envisaged health insurance for the poor as a way of circumventing short term constraints in the public health delivery system and the HLEG now envisages the absorption of the RSBY into a more general scheme of strengthened public provision of health.

It is therefore not unrealistic to have a clear road map with a definite time frame, and within a statutory framework, for the SPF. Finally, although the SPF is proposed on the basis of definite entitlements, there would need to be some flexibility to introduce additional elements, to re-design strategy, *without lowering the SPF.* Over a period of time, the SPF must aim at greater adequacy in each of its elements.

7.3 Goals of social protection policy

The main objectives of the SPF are to secure basic levels of living for the poor through income security at a defined minimum level throughout the life cycle and to provide access to health and essential services to vulnerable sections of the population. The SPF will support the progressive realization of human rights and social and economically inclusive growth. The creation of the SPF protects the poor against both idiosyncratic and co-variant risks (such as the impact of the economic crisis). Its impact on well-being and its distributional impacts lower the adverse economic, social and political costs associated with globalization and can create a virtuous loop of higher well-being - higher productivity - higher levels of development and growth. However, for this to happen, the programmes in the SPF should avoid creating long term dependencies at household and macro level and encourage market and social inclusion (ILO & WHO 2009). This may also require the creation of a

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social protection ladder by which producers and workers are likely to improve productivity and returns and integrate into the formal sector. This would have to do with the design and constant recalibration of the programmes in the SPF as well as wider social protection programmes.

In a country like India where three-fifth of the workforce is self-employed and only about 15 per cent are employed in the organized sector, the main aim of the latter set of policies must be to promote the informal enterprises into larger, more productive formal sector enterprises on the one hand, and on the other, to promote the integration of the workforce as *formal* workers. The growth of the formal sector is the *sine qua nom* of reducing long-term dependencies on social protection and for inducing workers and employers to undertake a greater proportion of the burden for social protection and social security arrangements. The aim of social protection policies must thus be to promote the development of informal sector enterprises so that they enjoy higher productivity and can grow into larger enterprises while labour policies must facilitate the growth of formal employment.

7.4 macroeconomic policy and social protection

As argued above, well designed and well managed investment in social protection can trigger a virtuous cycle, leading to a logically sequenced set of social protection and employment policies. Without such investment, countries cannot unlock the full potential of their workforce and hence exploit their full growth potential. Such an investment provides the basis of effective employment policies which can lead to faster formalization of the economies and hence higher levels of sustainable and equitable growth (ILO, 2011b 94:95).

India was relatively successful in overcoming the short-term impact of the economic crisis of 2008, with a brief dip in growth rates for two successive quarters due to which the growth rate declined to 6.7 per cent in 2009-10. But due to the steps taken to boost aggregate demand, which included social protection measures which played an important counter-cyclical role, growth revived and remained at a high level in 2009-10 and 2010-11, and the economy achieved growth rates of 8.5 per cent and 9.3 per cent respectively in the two years. Taxes were buoyant till the onset of the crisis and the tax/GDP ratio achieved a high of 11.9 per cent in 2007-08, but fell to 9.6 per

cent in 2009-10 and 9.9 per cent in 2011-12. The rate of inflation also remained high in the last several years forcing the RBI to take measures to withdraw excess liquidity from the system and to maintain a tight money regime through high interest rates and other measures. The growth rate has declined in the last two years to 6.2 per cent in 2011-12 and is likely to be close to 5 per cent in 2012-13. The Current Account Deficit (CAD) and Fiscal deficit has also risen sharply, putting fiscal consolidation at the top of the economic agenda. An analysis of the 2013-14 budget shows that the trend towards increasing social expenditures has been arrested and most sectors/programmes have seen stagnant or declining real allocations compared to 2012-13. At the same time, the revenue foregone figures presented by the Finance Minister show an increasing trend, with the total revenue foregone in 2013-14 estimated at about Rs 574,000 crores.

These current macroeconomic challenges should not obscure certain other basic underlying trends in the Indian economy. Despite high rates of growth, the economy has failed to generate adequate qualities of high quality jobs. Indeed, as shown in Chapter 2, inequalities have increased, and most of the additional jobs that have been created are informal jobs in the construction and tertiary sector of the economy. Manufacturing employment has grown relatively slowly in absolute terms. Between 1993-94 and 2009-10, while total employment grew at the rate of 1.65 per cent, agricultural employment virtually stagnated and employment in manufacturing, mining and electricity sectors grew at an annual rate of 1.98 per cent but the growth rate of employment in the service sector and construction sector was 3.73 per cent and 8.45 per cent respectively. As a result, the share of the manufacturing sector in total employment has remained virtually unchanged with the declining share of agricultural employment mainly absorbed by the construction and services sector.

The main challenge before the economy is how to promote a pattern of growth that can sustain a high growth rate of good quality (formal) employment in manufacturing and other productive sectors, promote social inclusion, reduce inequalities, and improve human capabilities of those sections of the population who have been largely excluded from the benefits of the current process of growth. This will require sustained investment in social protection,

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and cut-backs in such investment which lead neither to sustainable nor inclusive growth.

International experience suggests that social protection policies can build human capabilities, and increase labour market potential. Carefully structured and managed, in conjunction with proper active labour market policies, a focus on social protection can improve labour productivity and increase formal employment. In order that this can happen, the focus on social protection must continue and expand, and social protection programmes should be carefully dovetailed with employment policies and should deliver quality outcomes for the poor and the excluded. Economic and social protection policies in India must simultaneously focus on unleashing the potential of micro and small enterprises and India's emerging demographic regime. (NCEUS 2009, Ministry of Finance, 2012-13).

8. CONCLUSION

The creation of a Social Protection Floor can have dramatic consequences for the lives of the poor, macroeconomic stability, growth and development. It can lead to socially inclusive and sustainable growth. The SPF will lead to the progressive realization of human rights. The Social Protection Floor should be seen in conjunction with promotional Social protection Programmes, and an appropriate social and economic policy framework which focuses on the expansion of employment opportunities and decent work. The social protection strategy should simultaneously consider both the horizontal and vertical extension of social protection.

The creation of such a floor arises from the interpretation in India of the Right to Life as a Right to Life with Dignity and the Directive Principles of the Indian Constitution. In the last two decades, India has moved towards the creation of legal rights which imply a minimum floor in some areas such as education, employment and food security. Other such areas are also being contemplated.

The UN Chief Executive's Board (ILO & WHO 2009) and the ILO Recommendation 2002 on Social Protection Floors have laid down the contours and the principles underlying the SPF. These have also been discussed in the UNICEF strategic framework (UNICEF 2012). The UN recommends that the SPF build on *existing initiatives*. We have therefore proposed the consideration of a Social Protection Floor which represents a broad and existing government-civil society consensus on the components of such a floor, consisting of entitlements to basic income security and health and other essential services across the life cycle. Arguably the details of such a SPF, in terms of scope, adequacy, and design, are still a matter of debate.

Instituting such a SPF poses challenges but it is within the capacity of the Indian state at its present level of development to meet these challenges. We have considered three types of challenges: the fiscal challenge; challenges of appropriate design, and of effective implementation. Implementing a SPF in the manner envisaged will require more resources but it is within the capacity

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of the Indian state to mobilize these resources. Second, a number of choices will have to be made regarding the design and coverage of such programmes. In order to make informed choices, there must also be sufficient information on the nature of emerging vulnerabilities, and the performance of programmes that are currently being implemented. The choices between alternatively designed SP programmes are not easy, but with sufficient input, the most suitable choices can be attempted. The effective implementation of social protection programmes, in a vast country like India with uneven capacity across regions, will depend upon a number of factors, including political will, and strong accountability mechanisms, but once again sufficient learning either exists or can be acquired to achieve credible performance.

A Social Protection Floor must not only cohere with its own constituent elements, it must also be consistent with the larger social protection strategy, and the latter and macro-economic policy must cohere with each other in order to maintain a rapid tempo of sustainable, equitable and socially inclusive growth. However, compared to the focus on economic strategy and economic policy, evolving a coherent social protection strategy has not been the focus of sufficient policy attention in India so far.

It must be pointed out that the existing enlargement in rights based social protection has occurred in India in a period when a larger role for government in the social sector continues to be under debate both within India as well as internationally, and this is quite a remarkable testimony to the deepening of Indian democracy.

There are a few implications of a rights-based approach which can already be inferred from the existing Indian experience with the MGNREGA and RTE.

First, such an approach has a significant impact on the conditions and lives of the poor as can be seen in India from the rise in enrolments, rise in rural wages and consumption, decline in rural poverty in the recent period, and a greater degree of empowerment.

Second, it can help in stabilizing the economy, a role which became manifestly clear in the post-crisis period.

Third, it can create some pressure on the State and other obligation holders to follow concerted strategies which can lead to the fulfilment of rights that have been created. This strategy includes higher allocation of resources to the relevant areas, which, we have shown has occurred to some extent.

Fourth, the creation of rights and specific entitlements might lead to strengthened demand, encourage a process of greater participation, and give greater voice, which is otherwise lacking among dispersed and poor social groups.

Fifth, this might lead to greater accountability of the providers and increase the efficiency of delivery, a crucial issue in countries like India where governance structures are weak.

The creation of a Social Protection Floor in the manner that is being visualized through an extension of entitlements and the rights-based approach will lead to a definite strengthening of these positive outcomes and create the long term basis for inclusive growth in India.

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Endnotes

¹ In the six decades that followed the Universal Declaration of Human Rights (UDHR), global GDP was ten times larger in 2010 than in 1950 in real terms – an increase of 260 per cent per capita. Yet, as per the report of the Advisory Group on Social Protection (ILO 2011a) about 510 crore people, 75 per cent of the world population, are not covered by adequate social security (ILO) and 140 crore people live on less than US\$1.25 a day (World Bank). Thirty-eight per cent of the global population, 260 crore people, do not have access to adequate sanitation and 88.4 crore people lack access to adequate sources of drinking water (UN-HABITAT); 92.5 crore suffer from chronic hunger (FAO); nearly 90 lakh children under the age of five die every year from largely preventable diseases (UNICEF/WHO); 15 crore people suffer financial catastrophe annually and 10 crore people are pushed below the poverty line when compelled to pay for health care (WHO).

² The ADB defines social protection as the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income. The policies and procedures included in social protection involve five major kinds of activities: labour market policies and programs, social insurance programs, social assistance, micro and area-based schemes, and child protection (ADB 2001, Appendix- 1). It goes to differentiate the concept from social security which according to it, is used to refer to the comprehensive mechanisms and coverage in developed countries and is less applicable to new areas such as community, micro, and area-based schemes.

³ This includes measures to promote and realize standards and fundamental principles and rights at work; to create greater opportunities for women and men to secure decent employment and income; and to strengthen tripartism and social dialogue.

⁴ Paras 8 to 11 of the "Conclusions concerning the recurrent discussion on social protection (social security), (ILO 2011d).

⁵ The study assumed that the simulated universal old-age and disability pension would be set at 30 per cent of GDP per capita, with a maximum of one US dollar (PPP) per day (increased in line with inflation) and would be paid to all men and women aged 65 and older; and to persons with serious disabilities in working age (the eligibility ratio was assumed to be 1 per cent of the working-age population, which reflects a very conservative estimate of the rate of disability). Based on these assumptions, the annual cost of providing universal basic old-age and disability pensions is estimated in 2010 at between 0.6 and 1.5 per cent of annual GDP in the countries considered (for India, about 0.6 % of GDP). The level of the child benefit is assumed very modestly to be equal to half of the universal pension amount, that is 15 per cent of GDP per capita with a maximum of half of one US dollar (PPP) per day (increased in

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line with inflation) and paid for up to two children under the age of 14 per woman who has given birth. For the year 2010, the cost estimations remain below 3.6 per cent of GDP in all the countries of the study with expenditure in Tanzania reaching 3.6 per cent of GDP and as low as 1.2 per cent of GDP in India. Based on the cost assumptions made, the costs of a minimum package of essential health care would require in 2010 between 1.5 and 5.5 per cent of GDP. The provision of workfare was estimated at between 0.3 and 0.8 per cent of annual GDP in the countries considered in 2010. The cost of essential health care constitutes in most of the countries in the study the largest cost component in the total package. In all of the twelve countries considered, the initial annual cost of a basic social protection package was projected to be in the range of 3.7 to 10.6 per cent of GDP in 2010 (for India about 4 % of GDP) (ILO 2008b).

⁶ The official definition of the organized sector varies from industry to industry, but it generally consists of all public sector enterprises, and other larger enterprises/establishments i.e. those employing more than 20 workers, or 10 or more workers in manufacturing using power. The National Commission for Enterprises in the Unorganised Sector (NCEUS) defines unorganized sector enterprises as proprietary/partnership enterprises employing less than 10 workers; and all other enterprises are categorized by it as organized sector enterprises. In agriculture, agriculture on individual operational holdings has been included in the unorganized sector. The Commission has further distinguished between **formal and informal employment**, the latter being employment without any protection i.e. job security or social security (NCEUS 2007).

⁷ The main social security legislations, principally applicable to the formal sector are: The Workmen Compensation Act, 1926; the Employees State Insurance Act; the Employees' Provident Fund and Miscellaneous Provisions Act, 1952; Maternity Benefit Act, 1961 and Payment of Gratuity Act, 1972..

⁸ *Quarterly Employment Review*, March 2005, Director General of Employment and Training, New Delhi.

⁹ These estimates are based on Srivastava (2012) and computations from the NSS Rounds unit data.

¹⁰ The survey covered non-agricultural wage/salaried workers and restricted agricultural sectors. Thus all self-employed workers and most self-employed as well as wage workers in the agricultural sectors were not covered by the survey, as these workers are presumed to be outside the purview of contributory schemes.

¹¹ The Welfare Funds set up through Central legislations and administered by the Ministry of Labour are for mica mines workers; limestone and dolomite mines labour; iron ore, manganese ore and chrome ore mines labour; beedi workers; and cine workers.

¹² Out of the 45 schemes for which data were available, 45 per cent accounted for coverage of less than 10,000 members, 40 per cent covered 10,000 to 100,000 members, while the remaining accounted for coverage of more than 100,000 members. The largest coverage was provided under health security plans, followed by life and disability insurance. The figures compiled show that NGO assisted schemes covered approximately 34 lakh individuals, 1.1 lakh households as units, and 40 village community schemes, bringing the total individual coverage to 48 to 50 lakh individuals or about 1.5 per cent of the unorganized sector workforce. The NCEUS has estimated that the total coverage under the NGO assisted schemes would not be more than 2 to 3 per cent of the total unorganized sector workforce (NCEUS, 2006).

¹³ This has been considered to be one of the weakest clauses of the Act, since it underestimates the importance of pre-school education (Mehrotra 2012).

¹⁴ This has been one of the most criticized clauses in the Act, as it has been seen to encourage private schooling, and to entrench the current segmentation in the school system between high-quality private and low-quality government schools. It is also seen as signifying the death-knell of the idea of a 'common school system', as opposed to a segmented one, that has been advocated ever since the Kothari Commission (ibid). The feasibility of implementing the clause (now upheld by the Apex court) will need to be assessed as experience accumulates, one issue being that the compensation proposed by the government is much lower than the fees charged by most of the private schools (Teltumbe, 2012)

¹⁵ The NAC draft of the National Food Security Bill entitled all children in the age group of 6 to 14 years of age, at least one freshly cooked nutritious mid-day meal in all schools run by local bodies, government and government-aided schools up to Class 8 or beyond, except on school holidays. Every school was to have appropriate facilities for hygienic cooking and clean drinking water. In addition, even out-of-school children below the age of 14 years were entitled to the mid-day meals. However, this entitlement was not a part of Government draft introduced in the Parliament in 2011. The Standing Committee recommended extending the mid-day meals to children up to 16 years of age, but this suggestion has not been included in the revised Bill passed by the cabinet in March 2013.

Although, as shown earlier, the ICDS has expanded in response to Court orders, the Ministry of Women and Child Development informed the Parliamentary Standing Committee on Food that the Scheme is confronted with programmatic and operational gaps which would need to be addressed before entitlements are created and the scheme is included in the National Food Security Bill. While the Standing Committee concurred with this view, the revised Bill approved by Cabinet in March 2013 has restored the ICDS's supplementary nutrition programme for children and women in its provisions.

¹⁶ See *Social Security for Unorganised Workers: Recommendations of the National Advisory Council*, http://nac.nic.in/pdf/social_security.pdf.

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¹⁷ The NFSB 2011 proposed a two-tier coverage of maximum 75 per cent of rural and 50 per cent of urban population; of whom 46 per cent of rural and 28 per cent of urban population were to be designated as priority households. While priority category entitlement was proposed at 7 kg/person/month; the general category entitlement was to be not less than 3 kg/person/month. The ICDS nutrition package and the MDM were retained as entitlement for children. Additional entitlements were incorporated for pregnant and lactating mothers, persons in destitution, persons suffering from hunger and disaster victims.

¹⁸ The Standing Committee recommendations removed the distinction between general and priority categories and proposed coverage of 75 per cent rural and 50 per cent urban population with an entitlement of 5 kg foodgrains/person/ month for every person covered under the PDS. State governments were allowed to extend this coverage out of their own resources. The Committee recommended midday meals in schools for children in the age group of 2 to 16 years “or the age at which they start school”. It took cognizance of the submissions of the Ministry of Women and Child Development and reduced as well as simplified nutrition entitlements for small children as well as pregnant and lactating women to take home rations. It also removed the entitlements to the destitute and those suffering from hunger on administrative grounds.

¹⁹http://www.righttofoodindia.org/data/right_to_food_act_data/official_documents/National_Food_Security_Bill_2013.pdf, accessed on March 28, 2013.

²⁰ The campaign has argued that in the absence of explicit eligibility criteria, the Bill fails to create justiciable entitlements and leaves the selection of eligible households at the discretion of state governments. It also argues that the foodgrain entitlements of the eligible households – especially the Priority households – are grossly inadequate since according to ICMR norms, the monthly foodgrain requirement of an adult is 14 kg and of a child is 7 kg. Further, the Bill does not give entitlements to pulses and oils – which are sources of protein and fat respectively – required for ensuring good nutrition.

²¹ For example, the latest estimates by NUEPA have been made by using the projected child population and the stipulated Pupil Teacher Ratio (PTR) of 30:1 to arrive at the number of additional teachers required. This number has then been used to estimate the number of additional classrooms and other infrastructure. The teacher salaries are estimated at the state level salary of Rs 8,400 per month for all teachers at primary level and for 80 per cent of teachers at upper primary levels, and at the rate of Rs. 11,200 per month for the remaining 20 per cent of upper primary teachers who are Trained Graduate Teachers. These salary levels are arrived at on the basis of revised pay scales as per the Sixth Central Pay Commission (Ambast, 2010, Mehrotra, 2012).

²² The MoRD released a note on “Reforms in the MGNREGA” in September 2011 (http://nrega.nic.in/circular/Reforms_in_MGNREGA01092011.pdf) outlining nine major challenges in the

NREGA. The note draws attention to the weak demand driven character of the programme along with issues such as delay in payments, non-payment of full wages and other issues which could lead to “discouraged” demand for employment in NREGA.

²³ The Working Group did not have access to census data and the estimates made by it may be regarded as crude estimates.

²⁴ The Saxena Committee has suggested a set of criteria, some of which compulsorily include households in any BPL list, and some of which compulsorily exclude certain households from this list. All other households can be given a score based on the other verifiable criteria, and a cut-off can be used to determine which of these will be eligible for a particular programme. A socio-economic caste census (SECC) is underway which will map households against each of these criteria.

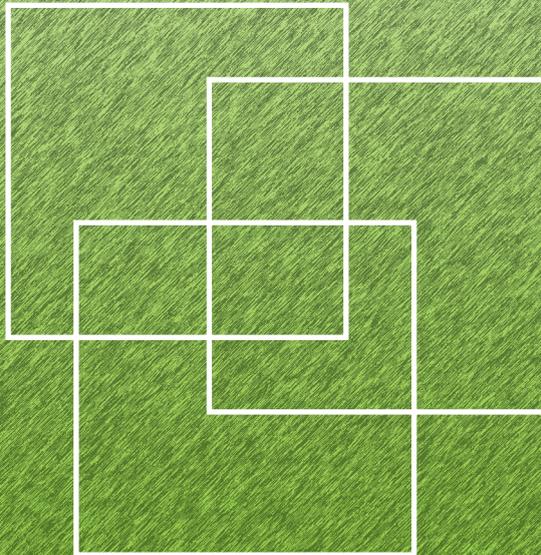
²⁵ For an elaboration of this approach, see the proposals of the Right to Food campaign (www.righttofoodindia.org/) and the Pension Parishad (<http://pensionparishad.org/pension/>).

²⁶ UNICEF (2012) also supports universality as a key principle of its work on social protection. It argues that all people should be covered by appropriate and effective social protection mechanisms. In particular, expansion of social protection coverage, including for children, is critical given the current limited coverage globally. UNICEF (ibid.) argues that a universal approach also has the potential to reduce exclusion errors, create social solidarity and reduce the stigma associated with some targeting methods. At the same time, UNICEF recognizes the challenges inherent in providing universal coverage, given resource and capacity constraints of individual countries. It therefore advocates for progressive realization, supporting countries in identifying and building the most appropriate approach or mix of interventions and financing options that will meet social and economic policy objectives, and be most conducive to the ultimate goal of universal coverage.

²⁷ MoLE, Government of Andhra Pradesh and Government of Odisha signed the MoU in Feb. 2012. MoLE and state governments of Bihar, Jharkhand, Chhattisgarh and Uttar Pradesh signed the MoU in Feb 2013.

This study, commissioned by the United Nations in India, considers the feasibility of a Social Protection Floor for India. It outlines the key characteristics of the Indian workforce and shows how this both necessitates and poses a challenge for building a Social Protection Floor. The study further examines the existing social protection programmes in India with a particular emphasis on the trends in financial expenditure on social protection. Laying down the structure of a possible Social Protection Floor for India, the study shows how entitlement based social protection arrangements are beginning to emerge in many areas. Analysing the possible cost implications of a Social Protection Floor for India, the study discusses the fiscal challenge and issues related to the design and delivery of social security in the Indian context. Based on this analysis, a road map for a Social Protection Floor in India is proposed and discussed. The study comes to the conclusion that the creation of a Social Protection Floor can have dramatic positive consequences for the lives of the poor, macroeconomic stability, growth and development in India. A Social Protection Floor can lead to socially inclusive and sustainable growth and the progressive realization of human rights.

This is an invaluable reference for professionals and practitioners working in the field of social security, in particular policymakers and regulators in India. The study is also intended for persons who assist practitioners, such as technical assistance providers and donors.



ISBN 978-92-2-127710-1

