

ASIA PACIFIC REGIONAL HIGH-LEVEL MEETING ON SOCIAL – INCLUSIVE STRATEGIES TO EXTEND SOCIAL SECURITY COVERAGE

19 – 20TH MAY, 2008 AT VIGYAN BHAVAN, NEW DELHI

High-level Round-table on the Extension of Social Protection

Presentation by Secretary (L&E)

Mr. M. Cichon, Director of the Social Security Department, ILO, Ms. C. de la Paz, President of ISSA, dignitaries on the dais, ladies and gentlemen,

It is my pleasure to participate in the high level round table discussion on an important topic like the extension of social protection to workers globally. According to Mr. Juan Somavia, Director General, ILO, the primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. As all of us are aware, providing decent work to all has virtually become a mission for the ILO. It is founded on four pillars, namely, to promote and realize labour standards and right of work, to create opportunities for women and men to secure decent employment and income, to enhance the coverage and effectiveness of social protection for all and to strengthen tripartism and social dialogue. In other words, providing social protection has become the cornerstone of ILO's ideology.

Needless to say, the root cause of social insecurity is poverty, which is largely due to lack of adequate employment opportunities. It is described as chronic or structural social insecurity, a 'first-order' type of social insecurity arising from insufficient degree of overall economic development. It is associated with other insecurities emanating from conventional contingencies such as the loss of employment, disability, old age, death etc. which are called the 'second-order' type of insecurities or conventional social insecurities. Today we would address the measures to be taken for tackling the latter type of social insecurity more explicitly.

According to the ILO, social security is defined as the protection which society provides for its members through a series of public measures to offset the absence or substantial reduction of income from work resulting from various contingencies, notably sickness, maternity, employment injury, unemployment, invalidity, old age and death of the breadwinner as well as to provide people with health care. Social protection includes not only public social security schemes, but also private or non-statutory schemes with a similar objective, such as mutually beneficial micro-insurance schemes, occupational pension schemes etc.

Access to basic social services, such as health care, education, housing and nutrition, play a crucial role in promoting inclusion and empowerment. They provide people, and in particular the poor and the vulnerable, with the capabilities to fully participate in economic, social and political life.

I would like to touch upon India's position in this regard. India supports ILO's Decent Work programme entirely and is making continuous efforts to achieve the objectives. India is a populous country with 459.1 million workforce of which 26.3 million are employed in the formal (organized) and 432.8 million in the informal (unorganized) sector. Since economic development is a pre-requisite, our Eleventh Five Year Plan, which is underway, aims at achieving faster and inclusive growth. To achieve inclusiveness, education for all, National Rural Health Mission and various other poverty alleviation schemes are being operated.

To the organized sector workers in India, social security benefits are provided through operation of a number of Acts like the Workmen's Compensation, act, 1923, the Employees' State Insurance Act, 1948, the Employees Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961 and the Payment of Gratuity Act, 1972. Two organizations namely, the Employees Provident Fund Organization

(EPFO) and the Employees State Insurance Corporation (ESIC) play an important role in the delivery of social security services.

We have taken a few important legislative initiatives recently. The Maternity Benefits Act, 1961 has been amended to raise the medical bonus payable under the Act from Rs.250/- to Rs.1000/- and to give powers to the Central Government to revise medical bonus from time to time not exceeding a period of three years subject to a maximum of Rs.20,000/- w.e.f. 15.04.2008.

In order to encourage employment of persons with disabilities, the Central Government will reimburse the employers' contribution to the Employees Provident Fund and Employees State Insurance Corporation for the first three years in respect of physically challenged employees working in the organized sector and drawing monthly wage upto Rs.25,000/-. The Employees State Insurance (Central) Rules, 1950 and schemes under Employees' Provident Fund and Miscellaneous Provisions Act, 1952 have been amended in this regard w.e.f. 1.4.2008.

A Bill to amend the Payment of Gratuity Act, 1972 to cover the teachers in educational institutions has been introduced in the Parliament.

Among the administrative measures taken, I may mention that in order to provide a social safety net, with effect from 01.04.2005, the Employees State Insurance Corporation has introduced "Rajiv Gandhi Shramik Kalyan Yojana" for the workers covered under the Scheme, who lose their job involuntarily due to retrenchment, closure of factories/establishments and permanent disability not arising out of employment injury. The beneficiaries under this scheme are entitled to get a monthly cash allowance of about 50-53 percent of the wage as well as medical care for themselves and their dependant family members, for a maximum of six months which may be available in a single spell or in spells of not less than one month each. Payment of Rs.1.75 crore has been made in respect of 1294 cases upto March, 2007.

The matter of real concern, however, is provision of social security to the unorganized sector workers. Some welfare schemes are being implemented by the Central Government for specific occupational groups of unorganized sector workers such as beedi workers, non-coal mine workers, cine workers, handloom weavers, fishermen, construction workers etc. Some of the State Governments and NGOs are also implementing programmes for certain categories of the unorganized sector workers. Benefits also accrue to unorganized sector workers through the provisions of various Acts like the Minimum Wages Act, 1948, Workmen's Compensation Act, 1923, Contract Labour (Regulation & Abolition) Act, 1970, Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, Building and Other Construction Workers (Regulation of Employment and Conditions of Service), Act, 1996 and Building and other Construction Workers Welfare Cess Act, 1996. Despite all these efforts, there is a deficit in the coverage of the unorganized sector workers in the matter of labour protection and social security measures.

In order to overcome it, the Unorganized Sector Workers Social Security Bill, 2007 with provision for formulating suitable welfare schemes on matters relating to life and disability cover, health and maternity benefits, old age protection and any other benefit as may be determined by the Central Government has been introduced in the Indian Parliament.

Simultaneously, a Health Insurance Scheme for the poor titled 'Rashtriya Swasthya Bima Yojana' (RSBY) was launched on 01.10.2007. Under the scheme, all the Below Poverty Line (BPL) families will be covered in the next five years. The Central Government will contribute 75% of the premium amount. The scheme envisages issue of a smart card to the beneficiary. This card will facilitate cashless transaction up to Rs.30,000/- so that the worker does not have to pay anything for seeking medical treatment. The scheme will be implemented in phased manner and cover 1.2 crore BPL workers in the first year and all the 6 crore BPL workers by 2012-13. The RSBY has started becoming operational from 01.04.2008. So far, 15 States have advertised to seek quotes from Insurance Companies and States of Haryana, Rajasthan and Delhi have started issuing Smart Cards. Till the end of April.2008, around 25,000 Cards have been issued.

In addition Aam Admi Bima Yojana (AABY) has been launched to provide death and disability insurance cover to rural landless household and the eligibility criteria for National Old Age Pension Scheme has been modified.

We hope that our efforts to provide effective social security benefits to unorganized sector workers will succeed. In the process India will acquire considerable expertise which she would be willing to share with other countries with the cooperation of ILO and ISSA.

Thank you.