

Social Security to the Informal Workers in India: Two Initiatives

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All and informal workers (in ml.) 2004-05

	Total	Female
All workers	457	148
Informal workers	423	142
Rural informal workers	331	122
Urban informal workers	92	20
Eligible informal workers for social security	315	77

Two recent and major national initiatives

- National Rural Employment Guarantee Act, 2005.
- Unorganised Sector Workers Social Security Bill, 2007.
- *Both are 'rights-based'.*
- ***One is Promotional.***
- ***The other is Protective.***

Main features of REGA

- Upto 100 days of employment per household on demand.
- To do unskilled manual work.
- Wage rate as per Minimum Wages declared.
- Employment to be provided within 15 days of demand. Otherwise, unemployment allowance to be paid as determined by the State Government.

NREGA

- Implementation by State Governments.
- State Employment Guarantee Council
- Standing Committee at the District level.
- Programme Officer at the Block Level
- Village Panchayats to send proposals

NREG

- A National Employment Guarantee Fund
- State Employment Guarantee Fund.
- All wage costs and 75% of non-wage costs to be borne by the Central Govt.
- Total estimated cost: Minimum of 1% of GDP (2004-05). Maximum depends on demand.
- This is equal to 8% of Central Govt budget.
Actual exp in 1st year = 0.25% GDP

Main features of Soc Security Bill Proposed by NCEUS

- To cover all informal workers in the whole country.
- Eligible workers estimated at around 300 million.
- Both rural and urban.
- Workers in the informal sector as well as informal workers in the formal sector to be covered.

National Minimum SS

- Health cover for family (for sickness for all plus injury to worker and death of breadwinner).
- Maternity for self or spouse.
- Life insurance (death and disability).
- Old age pension

Financing

- Contribution from worker, employer (wherever identifiable, if not govt) and government @ Rs.365 each /year/worker, i.e. Rs.1,095 per year per worker.
- Contribution of workers belonging to poor households – Central Govt to pay.
- Contribution of employers who cannot be identified – Central and State Govts to pay at 3:1 ratio.

Financing (contd..)

- Government contribution at 3:1 by Central and State Govts.
- Contribution of Central Govt (Rs.225.58 bn) and State Govts (Rs.50.1 bn) = 0.8% of GDP (2004-05).
- Cost to Govt not to exceed 0.5% of GDP including administrative expenses.

Other features of SSBill

- Proposed NMSS to form the 'core'.
- All existing schemes to continue.
- State Govts may add to the benefits .
- Many State Govts do have their own schemes.

Organisational structure

- National Social Security Fund and Board
- State Level SS Board
- A network of offices of State Boards down to local level called Workers Facilitation Centres (WFC).
- WFCs are designated agencies.

NCEUS Proposal and the Bill Introduced in Parliament

<u>Accepted</u>	<u>Rejected</u>
1. Need for social security	1. Not universal
2. Coverage: only those BPL	2. All informal workers
3. National/State Advisory Boards	3. National/State Boards (empowered)
4. Schemes for Health Cover, Maternity, Life, Accident and Old age	4. A National minimum SS to be defined
5. No time frame	5. Within five years

SS Bill 2007 under discussion

1. Parliamentary Standing Committee to review. Report this month.
2. PSC in favour of a universal, national minimum as proposed by NCEUS.
3. Parliament to discuss and enact (possibly before mid-2008).
4. Bill is still evolving.