Social Protection for All

Challenges in India in the aftermath of Covid-19

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Part 1: 
Introduction: The Context

The poor in India, particularly informal workers and circular migrants, have undergone a harrowing experience during the crisis which came in shape of the Covid-19 pandemic. The Government of India used its special and vast powers under the National Disaster Management Act and the Epidemic Act to take a number of centralized decisions. In the first instance, a 23-day complete lockdown was announced at four hours’ notice, banning all movement and activity except those related to production and delivery of essential services. This was followed by an extension and then gradual unlocking (Srivastava 2020a, c and d).

The implications of the lockdown during the pandemic were humongous, on large sections of workers (Jesline et.al., 2021). The informal economy froze, and migrant workers were left without earnings, contractors left without paying wage arrears, there was a housing crisis and a food crisis. Migrant workers became restive and wanted to move to their home villages. But they were immobilized by administrative restrictions. The dam burst around mid-April 2020 when migrant workers began moving to their villages on foot, on cycles, on push carts, hired vehicles and private transport. The crisis exposed the gaping holes in the social protection system, especially for urban informal workers and migrants. It also brought out the magnitude of migration and the dependence of the economy and the middle classes on migrant workers, and brought this realisation into the realm of public imagination. Central Government responses were inadequate and responses by several states included a move towards deregulation of labour markets. When migrant workers returned to destinations, they confronted a labour market in which employers used their vulnerability to their advantage (ibid., Srivastava, 2021a).

The second crisis in 2021 happened on the back of the first wave. Its extent was even wider having spread to rural areas and was confronted with a more limited government response.

1. The crises exacerbated an already growing economic crisis. At the outset of the crisis, Gross Domestic Product (GDP) was declining quarter by quarter and unemployment rates were multiple times what they were in 2011-2012.1 In 2020-21, GDP declined by 7.3 per cent. This laid further stress on the fiscal with the government trying to maintain the tempo via retaining emphasis on capital expenditure and monetary policies rather than a fiscal stimulus. Unemployment levels fluctuated every quarter, but incomes continued to be much lower than pre-lockdown, and declined for most households. Labour Force Participation Rate (LFPR), particularly among women also declined (APU, 2021). Naturally, the crisis became consumption led which deterred private investment even further. The percentage share of private consumption and Gross Fixed Capital Formation (GFCF) fell from 59.4 and 29.2 respectively in 2018-19 to 58.6 and 27.1 respectively in 2020-21, despite the fall in GDP in that year (NSO, 2021). The dip in social protection expenditures is further discussed in Section 4.

India’s commitment to social security and social protection

The Indian Constitution adopted in 1950 provides the ingredients of a rights based social protection floor. 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 fulfilment of economic rights may not have been possible for the nascent state, these are the “Directive Principles” of the Constitution which 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” (Art. 14, The Constitution of India, 1950); make provisions for the ingredients of decent work in terms of conditions of employment and a living wage (Art. 42 & 43, The Constitution of India, 1950); 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” (Art. 47, The Constitution of India, 1950).
Further, subsequent decisions of the Supreme Court of India has extended the Fundamental Right to Life (Art. 21, The Constitution of India, 1950) to a life with dignity, linking basic economic rights such as the right to basic education, health, and food with it.

Further, while India is not a signatory to International Labour Organisation (ILO) Convention 102, it has well established social security systems providing varying degrees of coverage in eight of the nine branches of Convention which principally aim to cover workers in the organized sector which includes private firms/establishments above a certain size, or public sector establishments irrespective of size. 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. Further, India has accepted Recommendation 202 on the Social Protection Floor. In fact, India was represented by its Secretary, Ministry of Labour and Employment, Ms. Sudha Pillai, on the Social Protection Floor (SPF) Advisory Committee chaired by Michelle Bachelet (ILO 2011a).
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 (ILO and WHO, 2009). The Social Protection Floor initiative was endorsed by UN General Assembly during its MDG Summit of September 2010 and was co-led by the International Labour Office and the World Health Organization and involved 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).

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, the rationale and concept of a Social Protection Floor has been discussed in international fora, in the United Nations and in the ILO, and there was a growing consensus that the specific form of the SPF would depend upon a country’s history, and circumstances country specific success stories, financial feasibilities, and governance structure. The committee chaired by Michelle Bachelet has used extensive empirical evidence that can further economic and social objectives and lead to revival during crises and sustainable, equitable growth, thereafter (ILO 2011a).

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).

Recommendation 202 (para. 2) describe 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.”

ILO Recommendation 202 lays down seventeen important principles which should be applied to the SPF. These include universality, adequacy and predictability, entitlements prescribed by law, progressive realization, setting of targets and time frames; financial, fiscal and economic sustainability; high quality services for delivery; efficiency and accessibility of complaint and appeal procedure; tri-partite representation and consultation with stakeholders.

Further, the social protection floors should comprise at least the following four basic social security guarantees (ibid.; see also):

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 [II (9)] states that different approaches should be considered in providing basic social security guarantees. While benefits could include
child and family benefits, sickness and health-care benefits, maternity benefits, disability benefits, old-age benefits, survivors’ benefits, unemployment benefits and employment guarantees, and employment injury benefits as well as any other social benefits in cash or in kind, schemes providing such benefits may include universal benefit schemes, social insurance schemes, social assistance schemes, negative income tax schemes, public employment schemes and employment support schemes.

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 “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) and reiterated in ILO Recommendation 202.

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 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).
Part 3: India’s approach to Social Security and Social Protection till the Enactment of the Code

Till the enactment of the Code on Social Security 2020, India has followed a differentiated approach towards social security and social protection, which has combined contributory social insurance for formal sector workers, with a patchwork of statutory and non-statutory measures for other informal workers (Srivastava, 2012).

The most comprehensive system of social security covers the public sector and provides old age security (provident fund/pensions and gratuity), supplemented by maternity benefits etc., through statutory schemes. Recently, economic reforms have led to a reconsideration of some of these schemes. Since 2004, 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 Central Government Health Scheme through which medical benefits are provided to employees is, however, non-statutory.

The second system covers the organized private sector and makes provision for provident fund, gratuity, medical cover, injury compensation, supplemented by some other benefits such as maternity benefit and injury compensation, again through statutory measures. 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 first and second systems are based on employer and employee contributions, with some contribution also from government in the second case. They cover about ten per cent of the workforce and have now been subsumed under the new Code on Social Security.

While these two systems are for the organized sector, the third system of Welfare Funds was put in place by Central government and certain State governments to provide welfare and/or social security to workers in certain industries or occupations, principally having an informal workforce. Welfare funds were created under State or Central Acts and are managed under the provisions of these Acts. They have been 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 most important of these welfare funds was the fund for Building and Construction Workers which was created through a Central Umbrella legislation in 1996. The Central Welfare Fund legislations have either been subsumed in the Code or are no longer in existence because they were not considered to be compatible with the new tax laws [Goods and Services Tax (GST)].

The fourth major system of social security/social protection comprises schemes that are largely targeted at poor individuals and households. Most of these schemes are state financed and principally non-contributory, and are meant for poor persons/workers. Here (as with Welfare Funds), the lead was initially taken by certain states, and was followed by the Centre. These schemes cover poor old aged population, widows, physically or mentally challenged persons, women in maternity, children, and other groups. Before the turn of this century, these schemes were not statutory in nature. In the decade, 2003-2013, several statutory rights were created (see Section 4).
India’s labour market structure, comprising a large part of the workforce in the unorganised sector and in informal employment, is a major challenge to extension of social security. Tied to the structure of employment are the size and characteristics of the employers who could potentially be required to contribute to social security. This section considers some important characteristics of workers and employers. Not surprisingly, the existing pattern of social security mirrors labour market characteristics and inequality (Srivastava, 2019; 2021). Universalisation of social security and social protection therefore calls for a different approach, which has been advocated by earlier Commissions, discussed in the next section.

A large percentage of India’s workforce is still rural and agricultural, and hence highly dispersed geographically. Despite a decline from about 69 per cent in 1983, the share of the agricultural workforce, including cultivators and labourers is still 41 per cent in 2018/19. In 2017-18, only 23 per cent of workers were female. Without contributory workers, this percentage was only 19 per cent. Outside agriculture, while the share of manufacturing in total employment has remained virtually stagnant, the share of construction (which is preponderantly informal) and services in total employment has increased.

Employment relationships are predominantly characterized by either an absence or lack of a regular employer-employee relationship. The largest part of the workforce is still self-employed, about 51.4 per cent in 2018/19. Among male self-employed workers, own account workers predominate (41 per cent of all male workers in 2018-19), while among female self-employed workers, it is the unpaid contributory worker (30.4 per cent of all female workers in that year). Casual employment is the next most important (29.1 per cent in 1983 and 23.6 per cent in 2018-19). Workers employed for a longer period, for wages or salary, have been increasing, but still comprise only about a quarter of all workers (24.8 per cent in 2018-19, up from 13.6 per cent in 1983). As one might expect, regular work is higher in urban areas. Workers who work in, or near, their homes, under various kinds of putting-out systems and sub-contracting arrangements (to one or more contractors) are included among the self-employed in India, in terms of their activity status. However, these workers differ from independent self-employed workers, and for all practical purposes, they constitute a category of disguised wage workers, although they use some part of their own capital. The ILO Home Work Convention (No. 177) categorises these dependent workers as homeworkers (also called outworkers). Homework is often embedded in value chains, both domestic and global, with the latter showing an enormous increase in presence in some industries.

Estimates of the numbers of homeworkers (based on a range of dependent relationships) and independent self-employed in rural and urban areas in the non-agricultural sector suggest that the number of male homeworkers increased from 3.4 million in 1999/2000 to 5.4 million in 2009/10, and this reflected an increase in both rural and urban areas. Female homeworkers outnumbered male homeworkers, at 4.2 million in 1999/2000 and 5.5 million in 2009/10 (Srivastava, 2012a; 2016). The share of female homeworkers within the total of self-employed is much higher among female self-employed workers, at 32.7 per cent than among males (7.7 per cent).

The term ‘organized sector’ is used to denote enterprises or establishments which have specific characteristics in terms of size, form of organization, use of power, seasonality and so on. This differs from the ILO, which has defined the categories ‘formal’ and ‘informal’ sector, leaving it to countries to evolve specific definitions of the formal sector in country-specific contexts (ILO, 2013).

About 18.7 per cent of the workforce was employed in formal sector establishments in 2018/19. Estimates show that formal sector employment has grown more rapidly in India since 2004/05, the period for which such disaggregation is available (Srivastava, Padhi and Ranjan, 2020). This should have implied that formalization and social security coverage of workers increased pari passu, but this has not been the case owing to rising precariousness of employment in the formal sector.
This paper relies on the job security criterion to assess informality because Indian social security laws have created social security entitlements, at least on paper, for all types of workers in formal sector establishments, even if such workers do not have minimal job security (Srivastava, 2016; Srivastava and Naik, 2016; Srivastava, Padhi and Ranjan, 2020). Results show that while the number of employees grew in both categories (workers with a written contract and workers without any contract), the hired workforce, consisting of workers without contracts, experienced a much faster increase during 2004/05 and 2018/19. In 2018/19, out of 181.6 million employees, only 35.3 million (25 per cent) reported having any written contract. We have shown that employment in the formal sector has increasingly become more precarious and it is regular, salaried jobs which are increasingly dissociated from a formal contract and job security (Srivastava, Padhi and Ranjan, 2020).

In addition to this, many workers in India work part-time, and have many employers. Part-time work is highly gendered. Multiple jobs extend across locations and sectors (Srivastava 2016, 2021b).

Contract workers are rampant in both organised manufacturing and services. With no formal job status with the final employers, it is difficult to extend social security arrangements, even if they are eligible for them.

Migrant workers are present in all employment types, but short-term and circular migrants form a large and growing percentage of India’s precarious workforce, working as casual, contract, and self-employed workers (Srivastava 2020a, Srivastava 2020d). The percentage of circular migrants in India’s precarious workforce outside agriculture is estimated to have increased from 47 per cent in 2004/05 to 57 per cent in 2017/18 (Srivastava, 2020a, Srivastava 2020c).

Finally, while separate estimates of gig workers in India are hard to come by since they are not classified independently in surveys, according to one guesstimate, there are about three million gig workers — temporary workers including independent contractors, online platform workers, contract firm workers and on-call workers (Banik, 2020).

On the other side, employers often double up as wage labourers and operate enterprises where value added per worker is even below minimum wage (Srivastava, 2021b). Their literacy levels (including computer literacy) are abysmally low.

These characteristics point to the challenges in establishing an administratively and financially feasible framework of social security and social protection in India based on conventional time-tested contributory principles in more mature economies.
Proposals for Universal Social Security and a Zig-zag Course for Universal Social Protection over the Past two Decades

The expansion of social security (for informal rural labour) was first argued for in India by the National Commission for Rural Labour in 1991, and then reiterated in another form by the Second National Commission on Labour (SNCL) in 2002 (SNCL, 2002).

The SNCL, set up by the central government in 2000, submitted its report in 2002, and was undoubtedly the first major effort to examine instituting a comprehensive and universal social security system for India. The Commission set up the Study Group on Social Security which gave a separate report and was examined by the Commission. This formed the basis for the Commission’s recommendations (SNCL 2002). The report of another study group set up by the Commission, on an umbrella legislation for unorganised-sector workers, also had ramifications for the Commission’s recommendations on social security.

The SNCL examined, in depth, the meaning and evolution of social security globally. It also assessed the current context of globalisation, which increased the risks faced by the working poor. The Commission came to the conclusion that both the Indian constitution and the global architecture implied that social security was a human right. Since the right to social security figured in the Directive Principles of the Indian constitution, the Commission felt that social security could be construed to be a human right ‘in principle’.

In the context of India, the Commission ascribed the widest meaning to social security, encompassing both its preventing and promotional aspects, and recognised that the need for social security arose not only from contingent risks but also from deprivation and deficits arising out of insufficient incomes and employment.

It then examined the nature and depth of social insecurity facing different segments of the population, including workers, the young, the old-aged, women, and the disabled. It formed an opinion on prioritising social security amongst the population. It opined that the context demanded that a social security system for India should be a mix of contributory and non-contributory approaches.

Since the SNCL had proposed enabling legislation, the precise contours of social security coverage were not specified. However, another proposal made by the National Advisory Council (NAC) to the United Progressive Alliance (UPA) government, in 2005, made some concrete recommendations in this regard. This proposal again intended to cover all workers in the unorganised sector as well as workers without any social security (NAC 2012). 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 pensions with contribution from workers.

By virtue of its mandate, the National Commission for Enterprises in the Unorganised Sector (NCEUS) limited its analysis and recommendations to the unorganised sector and to unorganised or informal workers who did not have any access to employer-provided social security. Like the SNCL, the NCEUS also held the view that social security was a human right, and further argued that the right should be statutorily enforceable (NCEUS, 2006; 2007).

After a detailed examination of the type of insecurities faced by the unorganised workers, and the structure of their workforce, the Commission made out a case for a universal minimum social security package for unorganised workers, backed by a legislation. The social security system proposed by the Commission was based on a social assistance-cum-contributory model, to which further industry, occupation level or state level add-ons were possible.

The Commission’s report was distinct from the earlier recommendations in several vital respects. Instead of suggesting an enabling umbrella legislation only, the
Commission recommended legislation which creates an entitlement to a ‘National Minimum Social Security’ package for all unorganized-sector workers as well as all unorganized workers in the organized sector who are not eligible for social security and who are below a certain income level or amount of land. As Kannan et al. (2006) argue, the most important difference between the Commission’s proposal and other proposals is the legally enforceable entitlement, unlike the very many schemes floated by central and state governments at different times. Further, given the characteristics of unorganized workers, who often follow multiple vocations and are mobile between sectors and locations, the Commission did not favour an approach which segmented the workforce into specific occupations and covered only certain listed occupations.

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 under the universal minimum package.

The Unorganised Workers’ Social Security Act, 2008 (Gol 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. According to the Act, it is up to each scheme to specify coverage, benefits, modes of financing, and grievance redress mechanism, if any. The original NCEUS draft provided for mandatory registration of all informal workers and issuance of smart cards, but the mandatory provision was missing in the final legislation.

The NCEUS recommendations clearly demonstrated that a universal system of social security was administratively and financially feasible. Backed by civil society and trade union pressure, it undoubtedly led to increased provision of protective social security measures to informal workers. But the government was averse to introducing a statutory scheme ensuring universal social security as an entitlement to all workers. It introduced legislation (the Unorganised Workers’ Social Security Act, 2008), but the legislation did not create a statutory right to social security for unorganised workers. While there was an increase in the expenditure on specific social security programmes, the level remained far short of what was required to assure a minimum level of social security to all vulnerable workers.

Rights-based social protection: the Expansion Decade

During the decade starting in 2003, there was also a significant push towards rights-based social protection, spanning health, education, employment, and food security (Srivastava, 2012; 2013). This was supported by a groundswell of grassroots action and the apex courts’ orders, especially those related to a broad interpretation of the fundamental right to life. All this led to constitutional provisions for right to education up to age of 14; the Right to Information Act ensuring greater transparency in governance; the Employment Guarantee Act in 2005; the Unorganised Workers’ Social Security Act in 2008, and the National Food Security Act in 2013 (Srivastava, 2008, 2013 and 2021b). This also led to increased coverage and higher public expenditure by Central and State (Srivastava 2013).

Recent Trends and Developments

Since 2015, the government at the Centre has tried to expand the scope of contributory but non-statutory social security schemes providing life cover, accident insurance, and pensions. In addition, certain maternity benefits and hospitalisation insurance benefits for the poor are being extended through non-contributory schemes. The government has also embarked on an ambitious housing for all programme. It has also brought in a comprehensive Code amalgamating all existing Central social security laws (see Section 6). However, in aggregate, the share of expenditure in revenue expenditure or GDP on social security and all major social protection programmes has been declining (Srivastava, 2021b). Except for some items, this expenditure declined further during the current crisis years.6

It is clear that the important relationship between social protection, SDG goals, consumption stability, and sustainable, equitable growth needs a firmer reiteration as well as reaffirmation.
The Government of India has legislated a new Code on Social Security in October 2020 (GoI 2020a) which merges nine Central Social Security Acts and aims at providing a common legislative framework for social security in India. The definitions given in the Code shows that its framework covers a wide section of workers, both formal and informal, in the organized and unorganized sectors. But it does not cover contributory workers, who are mainly female, and a large section of frontline nutrition and health workers, who have been described as “voluntary” workers. There is also ambiguity whether the Act covers agricultural labourers. Other than the categories of workers who seem to be outside the purview of the Code as of now, the focus of the analysis is to identify gaps in social security coverage, given the characteristics of the workforce.

The Code has been legislated with limited goals viz. amalgamation and amendment of the existing Statutes. The Code reproduces the extant distinction between social security measures available to formal sector workers and to informal sector workers. It does not provide any social security guarantee for informal (sector) workers but there are also other significant gaps.

Chapters III, IV, V, and VI of the Code subsume five laws. These laws were meant for India’s formal sector workers with threshold sizes of ten or more, or twenty or more workers. They provide social security to India’s private formal sector workers.

Chapter III of the Code subsumes the Employees Provident Fund Act and is applicable to establishments with twenty or more employees. It also works on contributory basis and provides post-retirement benefits to workers below a wage ceiling. S1(5) allows establishments to become entitled to the benefits of the chapter or to exit from it, on mutual agreement between employers and employees. Further, a new insertion, S. 15(d) enables the Central government to formulate social security benefits for self-employed or other classes of workers (S. 15(d)).

Chapter IV subsumes the existing Employees State Insurance Corporation Act and will generally cover establishments in which ten or more persons are employed. The Corporation provides medical care, sickness leave, invalidity benefit, maternity benefit, and (since 2008) unemployment benefit to insured workers. It traditionally covered industrial establishments in clusters but its geographical and sectoral coverage has been steadily expanding and is now aimed at covering all workers with an income threshold in the covered establishments. S1(5) allows establishments to become entitled to the benefits of the chapter or to exit from it, on mutual agreement between employers and employees. The Code also provides for covering even single person establishments with hazardous employment.

Chapter V of the Code is regarding gratuity and again applicable to establishments employing ten or more employees and determines the employers’ liability to pay gratuity to long-term workers with five or more years of employment, except in the case of fixed-term workers, for whom the minimum period of employment is only one year.

Chapter VI relates to maternity benefit for workers not covered in chapter IV but working in similar sized-establishments. Both gratuity under chapter V and maternity benefit under chapter VI are employer liabilities.

S1(6) is an important insertion in the Code. It allows the Central government to lower the worker threshold limit for enrolment of smaller establishments for provisions in the Code.

However, both the nature of discussions that took place in drafting of the Code and the institutional arrangements specified in the Code show that there is a definite tilt towards weakening the tripartite structure of management of the social security structure and the Funds under chapter three and four. They provide greater flexibility to firms to opt out of the social security arrangements and for the Central government to control the management of the Boards and Funds related to the social security provisions under chapters III and IV.

The workers covered in chapters III to VI comprise about 18.6 per cent of the workforce.
Chapter VII relates to employment injury compensation of those workers in specified occupations, who are not covered in chapter IV. It subsumes the Employees’ Compensation Act. The occupations covered are provided in the Second Schedule of the Code. The coverage of workers under this chapter is different in nature as these workers are not eligible to benefits under Chapter IV and the liability to pay compensation to the Employees is on the Employers.

It is strange that these workers who are not eligible to any other benefits under chapters III to VI of the Code have been treated on par with them in defining unorganised workers.

Chapter VIII of the Code concerns social security and welfare provisions for building and construction workers. It amalgamates the current law on Building and Construction Workers Cess into the Code. Building and construction work and worker are defined in the Code in relation to certain kinds of building and construction works.

The governance of the provisions of social security/welfare of Building and construction workers will be through State level Boards. The crucial functions of the Board laid down in S7(6) include providing death and disability benefits to workers or their dependents; payment of maternity benefits; pensions to beneficiaries after they have reached 60 years of age; payment of group insurance, educational benefits, medical benefits as prescribed by the State government; framing skill development and awareness schemes for beneficiaries; providing transit accommodation or hostel facilities for beneficiaries; formulation of other welfare schemes prescribed by the Central government, or with the concurrence of the Central government.

The Social Security and Welfare Provisions under this chapter will be financed by a cess, between one and two percent of the cost of construction, as notified by the Central government. The cess will be credited to a dedicated Fund which will be administered by the Board.

The chapter provides for the registration of every worker between the age of 18 and 60 years, who has been engaged in building and construction work for not less than 90 days a year in the preceding 12 months, as a beneficiary. However, a building worker will cease to be a beneficiary, if she/he has worked in the industry for less than 90 days in a year, or has attained the age of 60 years, with the important proviso that if a person had been a beneficiary for at least three years continuously immediately before attaining the age of sixty years, then, she/he shall be eligible to get such benefits as may be prescribed by the Central Government. Further, for computing the period of three years, any period for which a person had been a beneficiary registered with any other Board immediately before his/her registration with the Building Workers’ Welfare Board will also be added. Thus, this section broadly lays down the qualifying conditions for the benefits.

The State government can also set up advisory committees to advise it on matters related to this part of the Code.

Some of the important provisions in S47 of the Central government Draft Rules (DR) relating to registration specify that registration will be done electronically through a specified portal and the manner of registration should ensure portability of the benefits of the building and other construction workers.

Chapter IX of the Code subsumes the extant Law on Social Security for Unorganised Workers (to which reference has been made earlier) and covers the remaining large mass of unorganized workers.

The Code (in chapter II) provides for the constitution of a National Social Security Board and State Social Security Boards. The Boards will comprise official and non-official members, include representatives of workers and employers, in a manner prescribed by the appropriate government. They will play an advisory role on the nature of the schemes, monitor their progress, review the progress of registration of workers and expenditure, and undertake any other function assigned by the respective governments.

The Code (in chapter IX) provides for the Central and State governments to make and notify welfare schemes for the unorganised workers on the matters mentioned in the table below:

<table>
<thead>
<tr>
<th>Central Government</th>
<th>State Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life and Disability Cover</td>
<td>Employment Injury Benefit</td>
</tr>
<tr>
<td>Health and Maternity Benefits</td>
<td></td>
</tr>
<tr>
<td>Old Age Protection</td>
<td>Provident fund</td>
</tr>
<tr>
<td>Education</td>
<td>Educational Schemes for children</td>
</tr>
<tr>
<td></td>
<td>Skill upgradation</td>
</tr>
<tr>
<td></td>
<td>Funeral assistance</td>
</tr>
<tr>
<td></td>
<td>Old age homes</td>
</tr>
<tr>
<td></td>
<td>Any other benefit as may be determined by the Central government</td>
</tr>
</tbody>
</table>
As can be seen, the welfare schemes within the purview of the Central and State governments pertain to different but often overlapping matters.

The Code provides for the funding of these schemes through Central and/or State funds, employer/beneficiary contributions, and corporate responsibility funds.

For Central schemes, the Code (in §109(4)) specifies that every notified scheme must provide certain specified details. The Code provides for registration of every unorganised worker, gig worker and platform worker above the age of 16, using Aadhar number and other particulars required, in a manner prescribed by the Central government, and will be provided a distinguishable number. There will also be a modality laid down for self-registration. Governments may set up call centres, help-lines or facilitation centres to help in the process of registration, disbursal of benefits, or raising awareness regarding schemes. Section 50(1) in the Draft Rules lays down the procedure of registration for unorganised workers.

The novelty of the Code is that it recognises gig and platform workers as a sub-category of unorganised workers and created a separate mechanism for funding their social security. Although gig and platform workers are dealt with in chapter IX of the Code for Unorganised Workers discussed below, this is the only category of unorganised workers with a dedicated funding mechanism identified in the Code. The Code prescribes that the contribution by the aggregators (in Schedule 7 of the Code) shall be between one and two percent of turnover net of taxes, but will not exceed 5 percent of the amount payable to gig or platform workers.

Every scheme framed and notified may provide for—the manner of administration of the scheme; the agency or agencies for implementing the scheme; role of aggregators; and any other matter that the Central government may consider necessary for efficient administration of the scheme.

The composition of the National Social Security Board which will administer the schemes and manage the fund for platform and gig workers will be modified to include representatives of aggregators, gig and platform workers, and other official representatives and experts.

Although the Code has laid down common provisions for registration of unorganised workers, gig and platform workers, Section 50(2) of the Draft Rules provide for a separate registration process for gig and platform workers. This is principally to relate the self-registration process of these workers to the information provided by the aggregators.

To conclude: chapter IX provides a legislative framework for the largest percentage of uncovered workers. It says that the Centre and State can frame social security schemes for any segment of these workers. It specifies the framework which the schemes notified by the Centre should adhere to. However, no schemes have been laid down in the Code itself and no dedicated funding mechanism is specified, except for the gig and platform workers. The Code also does not lay down any specific targets by which unorganized workers will be provided with social security. In other words, the chapter does not offer any definite blueprint for providing social security to the overwhelming majority of unprotected workers in the Indian workforce.
This section touches on some of the important issues in moving towards a universal rights-based social protection regime in India within a reasonable time frame of five to ten years.

As pointed out above, India has evolved a framework of social security laws and social protection programmes (both that create legal entitlements and those that do not). The Code on Social Security 2020 provides the key ingredients of a social security framework for expansion of social security to segments of the informal workforce but it does not provide for any financing mechanism and does not provide a clear roadmap for universalisation of social security/social protection.

We contend that the existing social security system and the social protection framework, which is already partially statutory, can readily be enlarged to create a universal social protection floor, with basic guarantees which will be essentially non-contributory, followed by a second level of contributory social security for workers who have a recognizable employer, or where a class of employers can be collectively responsible for providing social security for a class/segment of workers. Such a system will be both citizen-centric and worker-centric and will bridge the gap between workers in employment, workers not in employment, and others. It will therefore have a greater potential of being gender-sensitive, and responsive to labour market and life cycle issues.

Building bridges between worker based and citizenship based social protection

The approach to social security linked to the status of the worker recognizes the contingencies linked to her/his work status and also unique to it. But these contingencies are built on the notion of a standardized employment relationship, which is far more the exception than the rule. Indeed, ‘employment’ itself is a restrictive notion which does not recognize important categories of work that people in general, and women, in particular, do, thereby creating a highly gendered basis for a universal system.

As discussed in the preceding sections, India has followed an approach of providing social security to a small segment of workers. Our analysis shows that this approach only reinforces existing labour market inequalities. The social security code, which has now been legislated, does very little to tangibly expand the scope of social security.

On the other hand, citizen-centric approaches to social protection have steadily expanded. Food-based support for nearly two-thirds of the population, with targeted measures for children and pregnant and breastfeeding mothers, has been made a constitutional entitlement. Access to rural public employment in times of need is another area which now has statutory backing. There also have been non-statutory extensions to social protection in the form of a health insurance package (Ayushman Bharat) backed by “wellness centres”, which, in principle, on complete extension, could be available to 500 million people or about 40 per cent of India’s population. The contributory schemes under the Employees’ State Insurance are now aimed at universalizing their services to all workers in the formal sector, instead of following a geographical and industry-wise approach. Interestingly, with expansion, they are falling back on the government’s health insurance package to provide hospitalization services to insured workers and their families. Universal access to health needs to be further reimagined along with existing schemes providing a sense of the government’s commitment. Non-contributory old-age pensions are another area where protection has been enhanced, in this case, more at the instance of state governments.

These developments are pointing in the direction of an evolving three-tier social protection structure. At the bottom is a social floor, comprising access to health and other essential services and a basic level of income, in cash or kind, to all individuals in need. At the next level, there are contributory provisions which will cover classes of workers with benefits in the case of work-related contingencies. Social security and protection at the first two levels must be based on legal entitlements which can be applied transparently by accountable
structures, and the ability to settle grievances quickly and inexpensively. At the highest level, individuals will be able to purchase marketed or insurable services. This ‘staircase’ approach, also discussed earlier, is inclusive and also retains the link between work related contingencies and social protection.

Universal Basic Income

There are nonetheless competing approaches to social protection which are being advocated and which need to be considered. For a few years, the idea of a Universal Basic Income (UBI) has gained some currency in India. Its attractiveness comes from its universality and its consequently non-discretionary and non-paternalistic nature and supposed administrative simplicity compared to other social protection arrangements. It is also supposed to be tailor-made for a future world where worklessness might become endemic, and essentially abandons any link between employment and social protection. The debate on the UBI has re-emerged after the pandemic, which was followed by the lockdown. In India, the cash-in-kind rationale of the schemes needs to be assessed carefully in light of the overall costs and benefits and the objectives of the scheme. Moreover, in a country such as India, basic services (health, basic education, water, sanitation, food) are inaccessible to a large percentage of the population, and their privatization is leading to further exclusion of the poor (Srivastava, 2021b). There is a compelling need to increase public expenditure on these services, and a cash transfer, whose real value it would be difficult to protect, could well dilute the state’s responsibility to ensure provision of these services. Indeed, it would be difficult to protect the real value of any cash transfer. The broader issue is to examine the integration of social security with a social protection floor contextualized in the Indian context, and cash transfers, for example, old-age pensions or maternity benefits, could well be an important part of this architecture.

However, the nature and level of guarantees, coverage, contributions, and availability of resources, will still need to be examined further.
Part 8:  
Going Forward: Issues Requiring Reflection

Contributory and non-contributory social protection

All previous Commissions in India have recognized the need to build the social security or social protection system on both contributory and non-contributory principles. This is in recognition of the fact that the small base of formal employment limits the normal scope of contributory systems in India. This should continue to be the recognised guiding principle as we move towards universal social protection.

Public versus private provisioning

The sectors in which social protection is being proposed (health, education, pensions, life cover) are replete with private actors. At the same time, the public sector is either too sparse (as in health) or plagued with problems of quality, accountability, and responsiveness. There are also, undeniably, intermediate non-profit institutions, which play a facilitative or intermediary role, but their presence is much smaller than the profit-oriented sectors. The challenge in designing social protection in each of these sectors is whether, and to what extent, each of these sectors can be harnessed to meet the social obligations, and how (given that the final accountability rests with governments) they can be held accountable by tri-partite management systems. Although governments will have the major responsibility in mobilising resources, tri-partite controls should not be eroded but given greater autonomy and responsibility.

Financing Social Protection

Any universal and rights-based social protection system with the ingredients described above puts the focus on financial requirements and raising of financial resources. The modest universal national minimum package of social security measures envisaged by the NCEUS was estimated to cost 0.6 per cent of GDP, with the cost to central and state exchequers at 0.48 per cent of GDP. Examination of the financial requirements of a more ambitious social protection floor (Srivastava, 2013) showed that India could require additional financial resources ranging from 1 per cent to 3.5 per cent of GDP in the initial years, rising to 2.26 per cent to 4.37 per cent of GDP in the tenth year, to finance a social protection floor which could give a credible level of protection to the poor through entitlements. The bulk of this increase was to cater for increases on expenditure in the health sector, in which expenditure was slated to rise by 1.4 per cent of GDP over a 10 year period.

This will require clear priorities and a concerted strategy to raise additional financial resources and reprioritise expenditure even in the face of the pandemic. There should be a clear recognition that social security/protection can form the basis of sustained and equitable growth. The dimensions of the workers crisis in 2020 and again in 2021 would have been significantly reduced had a social protection floor been in place. Finances can be mobilised in various ways and there are clear pointers from the past regarding the avenues available.

Implications for a rights-based framework in a quasi-federal structure

Social protection falls in the concurrent domains of the central government, provincial states and local bodies (the third tier of government) in India, and the three tiers of government also have a vital role in designing and implementing schemes for social protection. The concurrent nature of social protection programmes and resource availability allows the centre to design and fund social protection programmes with a smaller or equal share of the financial burden being borne by the states. The same scheme also allows the central government to legislate on social protection programmes, but in that case the bills usually need to be approved by a few state legislatures before they are enforceable across the country.

Programmes from central government reduce the flexibility that states have in designing their own schemes (since central schemes also pre-empt the states’ fiscal space) as well as states’ ability to implement the central programmes with desired flexibility. The results can be suboptimal as the design of the scheme may not be appropriate for a particular state and states may have neither 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 the capacity required to address social protection issues. On the other hand, the diversity of schemes across states, centre and local bodies with different entitlements creates a hierarchy of rights for citizens and non-citizens. In a rights-based framework, the different levels of government must constitutionally share the obligations arising out of the legislation and create a common base of entitlements for all citizens, including migrants. This architecture, involving the right mix of centralization and decentralization in design and resources, is complicated and requires careful reflection and analysis. The NCEUS (2006; 2007) had envisaged such a scheme by holding the centre and states responsible for a minimum package of social security entitlements which would, therefore be universal fully portable across state boundaries, beyond which there could be add-ons at the state or sectoral levels.

**Delivery of benefits, financial inclusion with digitised financial transactions and unique identification**

Since 2013, the modern architecture of social security and social protection in India is being built around the unique (biometric) identification of potential beneficiaries and financial transfers using digital technologies. Neither digitisation nor unique identification are peculiar to social protection frameworks, but are part of larger frameworks being promoted globally with multiple objectives and far-reaching implications for personal and financial security, as well as privacy, financial cost and efficiency. The route forward should be carefully be considered. The recommendation of the NCEUS, also incorporated in the Unorganised Workers Social Security Act (UWSSA) (GoI 2008) was to create a unique social security number and a smart card, not being the same as Aadhar, and restricted to social security. Many countries follow this route internationally. The Rashtriya Swasthya Bima Yojna (RSBY) created a smart card for its implementation which was portable and could be used by members across split locations.

The other vexed issue is that of digital transfers. For the poor, who are still digitally illiterate this not only creates financial risks but also costs, which must be considered before moving over to a single mode of transfer as envisaged.

In fact, there have been large scale exposes of misuses of the Jan Dhan-Aadhar-Mobile (JAM) architecture to facilitate large scale siphoning of funds from government schemes (Srivastava 2020b, 2021b). A number of studies have also highlighted “last mile” issues with Aadhar identification and delivery, leading to the exclusion of the most vulnerable from government social protection programmes.

With the increased globalised use of digitised financial technologies in delivering financial benefits to the poor, the above issues require careful consideration and analysis (Srivastava, 2021b).
Part 9: Conclusion

This paper makes a distinction between worker-based social security and social protection in a citizen-centric framework. Given the structure of the labour market in India, it argues that worker-based expansion of social security will remain limited and will more-or-less reproduce the inequities in the labour market. It therefore makes the case for a rights-based framework which integrates workers’ social security with social protection. Since 2009, and Recommendation 202 approved by the ILO in 2012, a nationally contextualized social protection floor is deemed to be a global priority. India made substantial progress between 2002 and 2013 in the expansion of a rights-based social protection regime. This expansion occurred due to a number of factors – grassroots movements, favourable interpretations by the apex court, support from an important section within the ruling coalition, and strong economic growth. The current government has added some elements of its own with its main thrust on social security schemes contributed to by poor unorganised workers, later introducing a significant element of government contribution.

The Code on Social Security, 2020, was presented in parliament nearly six months after the very severe national lockdown which exposed the dramatic precarity in Indian labour markets, particularly among the circular migrants. An estimated 40 to 50 million interstate circular migrants, along with 20 to 30 million intrastate migrants, left their destination areas for their native places, in many cases walking back thousands of kilometres. Several hundred died during the long march. Even as precarity and destitution loomed, it became clear that the circular migrants and a vast percentage of other informal workers, could neither access social security measures, nor the social protection measures that had been instituted for poorer citizens. This was mainly because of lack of entitlements in destination areas. This precipitated an intense debate in India on registration and portability of entitlements, as well as cash transfers, not only as an emergency measure, but as a pillar of the social protection system.

The Code presents ingredients of a framework, can at best be regarded as work in progress. As it stands, it does not provide a framework for universalizing social security and the financial memorandum to the code does not commit any finances towards the code. But it has made progress in recognising labour mobility and portability of benefits (for construction workers) and in linking registration processes to what could be processed as a common architecture.

The previous section of this paper touched on several of these issues along with the key ingredients of a rights-based social protection system, which we argue could integrate a worker-based social security framework with a citizen-based social protection framework.
The unemployment rate rose from 2.32% in 2011-12 to 6.57% in 2017-18, and moderated slightly to 6.31% in 2018-19.

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.

All figures cited in this section are based on unit level computations of the NSO employment-unemployment surveys and the Periodic Labour Force Surveys of the relevant years.

The self-employed include both independent self-employed and the dependent self-employed, usually homeworkers. This category is also dealt separately.

The ILO Convention No. 177, adopted in 1996, defines a homeworker as a person who carries out work for remuneration in premises of his/her choice other than the workplace of the employer, resulting in a product or service as specified by the employer, irrespective of who provided the equipment, material or inputs used. Thus, strictly speaking, a homeworker need only be ‘working at a place of his/her own choice’, but in this analysis I have considered as homeworkers only those dependent workers who work in their dwelling places.

Based on analysis of the Union Budget for 2021-22.

Another code – The Code on Occupational Safety and Health (GoI 2020b) intersects with some of the issues, such as registration, with the Code on Social Security.

“Building or other construction work” is defined in the Code and excludes any building or other construction work which is related to any factory or mine or any building or other construction work employing less than ten workers in the preceding twelve months or where such work is related to own residential purposes of an individual or group of individuals for their own residence and the total cost of such work does not exceed fifty lakhs rupees or such higher amount and employing more than such number of workers as may be notified by the appropriate Government. “Building worker” means a person who is employed to do any skilled, semi-skilled or unskilled, manual, technical or clerical work for hire or reward, whether the terms of such employment are express or implied, in connection with any building or other construction work as defined above, but does not include a person who is employed mainly in a managerial or supervisory or administrative capacity.
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