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IMPACT OF SOCIAL SECURITY SCHEMES ON INFORMAL LABOUR ECONOMY IN INDIA

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ABSTRACT: -

India's persistent high growth rate over a decade is remarkable but the majority of labor force i.e. informal labor has not much benefit from this high growth rate. As per the NSSO (2009-10), total employment in a country was 46.5 crore out of which only 2.8 crore employed in organized sector and the remaining unorganized sector. Time to time, Government has implemented various social security schemes to uplift the status of informal labor but they were not up to the mark. Since society's development can go with proper social security mechanism. Many factors such as poverty, crop failure, recession, disguised unemployment give birth to the informal sector. Social security is a mechanism of providing or making accessibility of basic amenities to the masses. This paper primarily focuses on Informal labor sector, various social security schemes and its impact on Informal labor sector.

KEYWORDS: Informal laour, economy.

INTRODUCTION:

Unorganized or Informal labor has categorized into four groups as per Ministry of Labour, Government of India, that is based on Occupation, nature of employment, Special distressed categories and service categories. As per occupation, it considers Landless farmers, sharecroppers, workers in brick kilns, Oil mills, sawmills, leather workers, building and construction workers etc. Under Nature of employment, it considers Bonded laborers, migrant workers, casual and contract laborers etc. As per special distressed category, it includes manual scavengers, drivers of animal driven vehicles, loaders and, unloaders. In service category, it considers domestic workers, barbers, newspaper vendors, midwives, vegetable and fruit vendors etc. Casual workers are those workers who don't get the same benefits as entitled by permanent workers.(daily wage earners and some kind of contract workers consider as casual workers).

According to Economic survey (2007-08), unorganized labor is largely constituted in Agriculture sector(i.e. 52% of the total workers). As per NSSO report may 2011, during the period between 2004-05 to 2009-10 in comparison to 1999-2000 to 2004-05, clearly shows notably decrease in regular worker and increment in a casual worker. The ongoing NSSO reports clearly indicate that casual workforce in total labor force keeps on increasing. In rural areas, particular types of caste and communities are reflected in informal labor



whereas such problem is not significant in the urban area but we cannot ignore such consideration as most of the informal labor in an urban area is migrant labor from a rural area. Even the various government organizations hire persons on a contractual basis and especially we can see in the education sector and health sector and they renew their contract time to time rather than making them permanent. The terms of these contracts are very stringent and the remunerations are quite low as compared to the permanent ones are getting. Not on the remuneration side, other benefits like maternity leave, sick leaves and casual leaves, retirement benefits, health insurance and many other aspects in which they are behind. The basic purpose of organizations to create more informal jobs is to enlarge their profits or cutting down their running cost. The long-term effects of such methodology will lead to social unrest and many times they are considered as one of the root causes of different crimes in the society.

"Social Security" is a dynamic term as it evolves over the years and differ from country to country and also not attached with any single notion of development but includes all those factors which affect the overall development of the society. In simple words, Social security is a wall of safety or safety net that prevents vulnerability and deprivation(Dreze and Sen 1991). Social Security is a medium of providing basic amenities like minimum wages, pension, maternity benefits, disability benefits, health insurance etc. Economist Amartya Sen and Jean Dreze consider two aspects of Social security, "protection" and "promotion". The first notion means protection against a fall in living standards and living conditions due to accidents or ill health whereas the second one deals with enhancing living standards and to overcome persistent deprivation capabilities. Economic security and Social security are two different notions but they are correlated with each other. Economic security provides security in terms of employment, income, and asset whereas Social security provides security in terms of old age pension, food, health care, housing and child care, etc. Economic security is a means to obtain social security and social security is a way to increase economic security (Jhabvala,1998). That is why both the terms are interconnected.

In 1952, ILO had adopted Convention No-102 and according to it the "Social Security" must incorporate 9 major component which was unemployment benefit, employment injury benefits, medical care, family benefit, invalidity and survivor's benefits, old age benefits, maternity benefit and medical care. Apart from these 9 components, ILO had considered "general protection against poverty and social exclusion" in Social security definition. Investment in social security would be "double edge benefit strategy" as in short run it will act as an automatic stabilizer and in long run, it will improve human capabilities and growth(ILO,2011)

LEGAL MANDATE FOR SOCIAL SECURITY

When independent India's constitution was drafted, from the very first-day social security was included in list III to schedule VII of the constitution, comes under the Concurrent list i.e. the center and states together have a responsibility of providing social security. Some of the initiatives in our Indian constitution were Workmen's compensation Act(1923), Maternity benefit Act(1961), Seaman's provident fund act(1966), Minimum wages act(1948), Contract labor act(1970), Payment of gratuity act(1972) etc. But the problem of these acts is that their coverage is very limited i.e. majorly in the organized labor sector. These acts are not confined only to the organized sector, it also applies to the unorganized sector but the implementation of these acts is about to be negligible. In 2008 "Unorganized workers' social security act was passed with a motive of improving the state of unorganized labor sector but was unsuccessful as the Act doesn't cover certain important aspects such as the Act neither define the Social security term nor defines its component, The administration and implementation were extremely poor and vague. Through this Act, National Social Security Board was constituted but that board doesn't have the power to grant any security to the unorganized sector.

In 2011, Tendulkar committee report on "poverty estimation" estimated that 30% of the total population live below the official poverty line. An affidavit was filled in the Supreme court which raised a question on the Tendulkar's committee poverty estimation, as per the report a person is considered as poor in an urban area if he earns less than Rs 32 per day and Rs 26 per day in the rural area. How can a person deal with illness, uncertain contingencies and basic amenities at such a low income?

SOCIAL SECURITY FOR INFORMAL SECTOR

As we know, the major stake in the total labor force is constituted by informal or unorganized labor sector and social security for informal sector is a prerequisite and need of the hour. Development of a Nation cannot think of without consideration of social security for the informal sector. Time to time, State Governments, and central Government implemented various social security schemes to improve the welfare of poor's and informal sector workers. Recommendations of "First National Commission on Labour in 1969" provided that Informal sector must follow the minimum wage law. "Second National Commission on Labour in 1999" recommended several schemes among which one was started in 2004 by the name of "Unorganized Sector workers social security scheme" to further strengthen the social security system and also in the same year the Government had set up "National Commission for Enterprise in the Unorganized Sector (NCEUS). In 2006, This commission recommended "The Unorganized worker's social security bill 2006", "National Minimum Social Security" and "National Social Security Board" to make provision of various facilities like health, maternity, disability and old age pension etc, especially for the unorganized sector.

As per the recommendation by NCEUS, "Unorganized sector workers' social security act 2008" came into force in 2009. The basic purpose of this act to provide sufficient social protection and health care benefits to the informal labor sector. Apart from these, there are various initiatives adopted by Government which include National Rural Employment Guarantee Act (NREGA) 2005, Right to Education Act (RTE) 2009, Right to Information Act (RTI) 2005 etc. Apart from these Central Government schemes, various schemes and programs have been launched by state government too such as Destitute Widows Pension Scheme and Destitute Agricultural Laborers Pension Scheme in Tamil Nadu, The Laxmi Bai Social Security Pension Scheme in Bihar, Sandhya Suraksha Yojana in Karnataka, The Widow pension in Rajasthan, old age pension scheme in Punjab and many more. West Bengal and Rajasthan have also launched Provident fund schemes for workers in the Unorganized sector.

In India, Social security schemes for Informal sector broadly categorized into four heads.

- Social Assistance through Welfare Fund of Central and State Government.
- Centrally Funded Social Assistance Programmes
- Public initiatives
- Social Insurance Schemes

Central Funded Social Assistance Programmes basically include employment generation poverty alleviation programs National Rural Employment Guarantee Act (NREGA), Swaran Jayanti Gram Swaroggar Yojana (SGSY), Employment Assurance Schemes, Sampoorna Grameen Rozgar Yojana (SGRY) etc.

National Social Assistance Program, Initially started under central sponsored scheme but later on it has been converted into state plan schemes. Only poor, old and BPL family can avail benefits under NSAP.

Social Insurance Schemes launched by Center and State Governments for the benefit of weaker section of the population with the help of LIC and General Insurance Corporation Of India. These are Jan Shree Bima Yojana (JBY), Universal Health Insurance Scheme (UHS).

Public Initiatives: Several public institutions, Private and agencies are also taking part in providing various kinds of social security services to the selected groups of workers. "Self Employed Women's Association (SEWA)" has made significant achievement in promoting social security through the formation of cooperatives.

Recently, the present government has launched the three different social security schemes that seems to be impressive in terms of their coverage as it launched at 115 locations throughout the country. These schemes are Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY). All these three schemes are comes under center government sponsor social security schemes. PMJJBY is a life insurance cover to the people in the age group of 18 to 50 years. Under this policy, the premium amount is very minimal, fixed and charged annually. To improve the coverage of this

scheme, it has provided through banks, as the premium will deduct automatically from their bank accounts. This policy give life cover of Rs 2 lakhs i.e. if an insured person died then this amount will be given to their nominated member. The second schemes, APY is a pension schemes dedicated majorly for the unorganized workforce in India. Under this scheme, the government will contribute 50% of the total amount or Rs 1000, whichever is lower, for the five years to those who opted for this scheme. This pension fund is open for all irrespective of the work the person is involved into. The third policy, PMSBY is an accidental insurance to the people in the age group of 18 to 70. The purpose of all these three schemes is to strengthen the weaker section of the society and provide some sense of social security to them.

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