

PRAYAS

TOWARDS IMPROVED SOCIAL PROTECTION IN INDIA

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SOCIAL PROTECTION FLOORS *for* 21ST CENTURY INDIA?

Part 1 : Essays

Positions on a Social Protection Floor

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Improving Social Security delivery in the States

Part 3

Policy Paper - Review of Social Security for Unorganized Workers in India

360 DEGREES
***Social
Protection
Reforms:
The Essential
Scaffolding***

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21ST CENTURY
INDIA?**

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SOCIAL PROTECTION FLOORS for 21ST CENTURY INDIA

360 DEGREES SOCIAL PROTECTION REFORMS: *The Essential Scaffolding*

Smita Srinivas

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SOCIAL PROTECTION REFORMS: THE ESSENTIAL SCAFFOLDING

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India is at an important economic and social crossroads. Should there be a floor for social protections, and if so, what kind of benefits should every citizen or resident receive? What might nationally mandated floors actually look like from the everyday viewpoint of very low-income Indians?

I thank Prayas editors Aarti Mohan and *Dr. Gayatri Vasudevan* for inviting me to be Guest Editor of this issue. This special volume provides a useful set of dimensions from which to consider the current policy debate on social protection floors. *This debate has disintegrated today to assessing the (sometimes pitiful) monetary value of individual benefits.* Important as this is, it misses several more crucial elements of approach and design. This volume begins with essays from a distinguished list of comparative international policy scholars who have contributed to the question on social floors. Special thanks are due to Prof. Mukul Asher, Prof. Armando Barrientos, Prof. Naila Kabeer, Prof. Frances Lund, Prof. Carmelo Mesa

Lago, Mr. R.K.A. Subrahmanyam and Dr. Wouter van Ginneken who bring their formidable experience to bear in their short articles. I want to emphasize that this is not and cannot ever be a straightforward borrowing of ideas from other countries and times. On the contrary, the comparative perspective is meant to provide contours to a uniquely Indian set of policies. Precisely because India is at crossroads, there is a fork in the path and no other country's approach will quite serve. Nevertheless, their mistakes and experiments can help us consider the best way forward for our own country.

This Prayas issue also usefully combines editorials with other more empirically immediate components to the Indian debate: a trade union perspective from different regions and a national level paper on recommendations to social security policy by the National Alliance of Social Security. I thank all participants for their contributions.

For India, this is a moment with a remarkable convergence of structural and demographic features. There is nothing natural about these shifts however. Several are specifically policy induced: the scale of private investments in many parts of the country, the expansion of rural employment guarantees (working primarily as social assistance), a possible urban livelihood expansion, a national manufacturing policy push, changes (for some time now) to urban land ceilings, special economic zones, and national skilling

initiatives. In total, combined with urbanization growth rates and the lack of basic amenities to many Indians, from clean drinking water to toilets, pedestrian safety to women's safety, social protection floors require a new debate. *No longer can such floors simply be seen as social assistance minima, they require a determined place at the centre of any future economic transformation.*

The editorials themselves have been chosen to offer diverse perspectives. *Some provide examples of experimentation and success in local provisions for migrants, connecting these to multilateral frameworks; others provide rights-based, and yet others, gendered nuances to this debate; some caution on the fiscal expansion of rights-based approaches; the need for democratic and administrative reforms instead of a too-rapid rollout of programs and benefits; several suggest opportunities to establish floors which can then provide a political potential for a later and greater expansion; some explain a lifecycle and inter-generational approach to social protection floors; others see such floors as part of a wider overhaul of India's social security apparatus, not as a set of interventions independent of such goals.* In short, the editorials provoke and needle us to consider what our nation's goals are and how to best accommodate the most vulnerable at any time. The editorial critique notwithstanding, all authors underscore that there are many options available going forward but

each will require a clear focus for Indian reform.

Combined with trade union and unorganized worker welfare organization perspective, these diverse perspectives (precisely because they are so diverse and come from different descriptive and normative positions), submit a very powerful indictment of current Indian programs. The indictment is two-fold: by and large, such programs have failed to diminish the vulnerability of citizens and failed to build political legitimacy around existing programs. Even long-standing worker welfare boards show repeated trends where existing budgets are unutilized and workers unable to fully benefit.

Yet, there exists a wide menu in terms of program design and small, consistent improvements which can be implemented even by those with no appetite for bold reform. It seems to me that this leaves the UPA government and Indian administrators all across the country with some important questions:

First, will India have clear-cut bases for entitlements for everyone?

The world's social protection history can be split into three important evolutionary strands of entitlement which may combine or diverge over time: residence (place), labour status and life-cycle stage (work) or employer (work-place) (Srinivas 2010). Existing social protection schemes which have greatly proliferated for many reasons to difficult to

discuss here, are often opaque, suffer from duplication, meagre benefits, and difficulty of access. Their main weakness arises because of a fundamental confusion over these three main types of entitlements and their program design options. Clarifying India's approach to the three types of entitlements would especially help build out programs in urban areas where residence-based basic securities (e.g. tenure security, ration cards, or basic infrastructure) can be further simplified and made more universal, but would require direct engagement with and greater devolution of funded mandates for local government functions. The muddling of the three categories of entitlements affects several types of individuals and households: those who assist migrant workers, those outside the labour force temporarily or permanently, those with impermanent residence (migrants or others without tenure security), women workers, formal (organized sector) workers whose work-place securities may be declining, and all those sectors for whom work-place benefits are unviable or meagre (the majority of India).

Second, is a full reform that improves repeatedly identified gaps in program design and administration possible?

These program issues include very long-standing reform needs such as the simplification and consolidation of the ESI program, conforming to international best practice on financial management, the increasing and the streamlining of health and occupational health standards by

sector or geography. But they also include reform in fiscal health and basic budgetary management of programs, many of which have grown at the cost of the individual paying into them. Despite these endemic challenges even to centrally-administered national programs, some advances are still possible. Regional states such as Andhra Pradesh and Tamil Nadu have made headway in some benefits –food and other social assistance– even if they suffer from end-of-mile delivery challenges.

Third, can India's current industry, technology, and wider economic transformations be better reflected in the design of social protections?

Current social protection design is largely static; it needs greater dynamism as reflected in many of the articles. India's current national economic priorities are shifting emphasis to urban issues, to increased manufacturing goals, to technology upgrading, and the need for skills-intensive mobility. This requires us to look more systematically again at employment linked benefits for health and pensions, an issue that has been put on the backburner while discussing the large numbers of workers outside formal establishment rules.

However, integrating social protection floors more closely with skills and employment dynamics will require better gender differentiated entry into certain skill categories, individual incentives, and a wider simplification through which

improved well-being is possible.

It must connect social protection floors in healthcare and pensions more tightly, for instance, with sector realities, even if healthcare and pension benefits are independent of sector-based administration. Moreover, thus far, India's largely market-led economic growth has poorly adapted to prior cumbersome administration and anaemic benefits. We need policies that are more dynamic. The national government has yet to offer a plan for how to accommodate rapid transformation in services from retail to construction, and manufacturing, from garments to food processing, and the specific technology and skill needs with a graded or universal social protection floor. Now is the time to consider whether to explicitly shift to a social productivist economic trajectory (the closest historic analogue, although by no means a good one, is East Asia). If this is the path forward, we must have this debate with renewed vigour. A healthy and skilled population as both the means and the end requires us to be more ambitious for welfare reform.

Fourth, is there a viable model of state-sponsored programmes which can provide a measured place for privatization?

Privatization is important not only to respond to the cost-containment question, but also to the viability, quality and access of state regulation by third-party providers. Privatization and strong state regulations go hand-in-hand. Public program

accounts paid into by workers for various sectoral and national schemes have been black holes; workers have certainly not benefited to the extent paid in. There is therefore a case for privatization perhaps, but a blanket argument for it–whether of pensions, insurance, or healthcare delivery – is yet to be made in the absence of evidence that the state can reliably regulate such privatization for the benefit of its people. In some domains of social protection–such as pensions and healthcare– privatization may make it entirely unprofitable for certain types of floors and skew the debate on national priorities.

Finally, can the UPA government extend some of its victories in establishing programs such as the MGNREGA into sharpening the contours of transparent administration, and providing sensible gendered components to benefit all families? And can the MGNREGA move beyond its current social assistance to develop demonstrable skills and career opportunities? If an urban equivalent of this program is to accompany urban centres as drivers of economic growth, what social protections can be rapidly built into this growth?

Indian healthcare suffers every problem the participants in this volume have pointed to: some individual choice yet without guaranteed floors, problematic privatization, uneven quality, high costs, and difficulties of everyday access. India now provides most of

the world's essential medicines, a significant fraction of its vaccines, and contributes to telemedicine and surgery of different kinds. It is practically an Indian global century for the healthcare industry, a testament to how well our industry can innovate. Despite this, a distinctive feature of Indian healthcare is how poorly institutionally connected it is to every woman, man, and child's health benefits and to their locus of daily living (Srinivas 2012). This challenge is emblematic of a more systemic and alarming disjuncture in national policy-making between economic and social goals, and a series of unmet market regulation challenges for public administration at every level.

As part of a drive to better connect economic and social priorities, we should perhaps begin re-measuring social protection as we have come to

evaluate transportation or other 'hard' infrastructure: lowered risk, transparent government response mechanisms to demonstrable demand, easy physical access to the nearest working facility, per capita tracked spending, and success measured by increased social mobility and opportunity. It seems to me that India's urbanization and drive to new infrastructure is an instance where the 'do no harm' principle is routinely violated and may be generating future challenges rather than reducing them. The central government has yet to propose how new manufacturing or growth targets and investment opportunities will be directly reconciled with local government capacity and absence of basic amenities. New guidelines for investment perusal and debate are not only necessary but urgent. An

urban livelihood mission or further anaemic expansion of social protection is pointless without attention by the national government to reconciling national economic and social strategies that generate a one-step-forward two-steps-back slide in well-being. This is even more unlikely without considering a shift in fiscal design and incentives designed to foster local government capacity in administering economic change and mitigating risks.

India is a unique country with remarkable opportunities ahead to attend to its population. We must take the right fork in the road with the clear goal to minimize risks for every Indian. The array of perspectives in the coming pages should help move forward the debate on how best we might do this.



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PREPARING FOR THE 200 MILLION

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Population estimates for India indicate that there will be **200 million people aged 65 and over in 2030, doubling the current 100 million.** This is to be welcomed especially as it reflects rising social and economic development. It is also a policy challenge. Compared to European countries, developing countries like India will have a shorter time to set in place appropriate policies and institutions, and fewer resources to do so successfully. It took 85 years in Sweden for the share of older people to double from 7 to 14 %, but the same process will take only 30 years in India. **Preparing for the 200 million is urgent.**

Income security in old age should be a focus for policy responses to population ageing. Vulnerability to poverty rises in later age as earnings and employment opportunities decline. But large scale social pensions, as in Brazil and South Africa, can be successful in lifting the threat of poverty in old age. Moreover, the ambition should be to ensure

that policies facilitate and sustain the contribution that older people make to economic and social development. In Brazil, the expansion of social pensions was in part motivated by the need to strengthen economic activity in rural areas, especially as migration of younger workers to urban areas left many older people behind. Social pensions focused on low income informal older workers helped maintain living standards in rural areas, but also supported economic activity. In South Africa, the HIV/Aids pandemic led to a rise in the incidence of 'missing-middle' families in which older people cared for their grandchildren. Social pensions have worked to prevent deprivation and they also facilitated the essential contribution of older people to their families and communities.

Two lessons are essential to achieving this. First, it is important to consider older people as part of their families and communities. In developing countries, a majority of older people live in multi-generation households. Older people are in poverty largely because they live in poor households. Secondly, developing countries should avoid replicating developed country policy models linking pension benefits to withdrawal from the labour market.

What are the policy options available? There is a spectrum of policies and institutions capable of ensuring income security in old age. India has advanced policy in several directions. For a very small

proportion of privileged workers, mainly civil servants, pension funds are available as part of their work entitlements. Non-contributory pensions are also available to a growing group of poorer older people as part of the National Old Age Social Assistance Scheme, with in-kind support also coming from other programmes. For poorest heads of households in rural areas, guaranteed employment as part of the MGNREGA should in principle provide a measure of income security. These initiatives are supported through public expenditure.

The issue is that these initiatives reach, at best, a fraction of older people. Estimates suggest that only about a quarter of them receive some form of support. In the case of social assistance pensions, pension benefits are widely acknowledged to be too low to make a significant difference to the poverty status of recipients and their households.

On paper, a comprehensive social assistance scheme would ensure support to all who have the misfortune of falling into poverty – regardless of age. This is in line with the right to social security as defined in the Declaration of Human Rights. In these circumstances, a separate scheme for older people would not be necessary.

In practice, existing social assistance schemes in developing countries often contain design features which, implicitly or explicitly, discriminate against older people. I am inclined to

approach the MGNREGA as social assistance, defined as tax-financed public programmes addressing poverty and vulnerability. Indian researchers and policy makers often emphasise the rights, and also the employment, dimension of MGNREGA instead. On paper, older people are fully entitled to participate in MGNREGA, and many do participate, but in practice the nature of the work required to access the employment guarantee implicitly excludes a fair proportion of them. Adding care as qualifying work, for example, would make the IGNREGA accessible to a wider group of older people, particularly older women.

The implicit exclusions in IGNREGA are common to anti-poverty programmes in other developing countries. In the South, developmental anti-poverty programmes often disregard the contributions of older people. Mexico's PROGRESA, an antipoverty programme introduced in rural areas in 1997, was initially restricted to families with children of school age which implicitly excluded many older households in extreme poverty. In 2003, the Mexican government addressed this issue by including older households and expanding transfers to cover both children and older people.

Age discrimination in antipoverty programmes provides one justification for separate schemes to address old age poverty, but there is another important justification. Social assistance schemes need to be designed so as to balance the need to

provide support for households in poverty with the need to retain strong work incentives. Economic theory suggests that benefits to older people through a separate scheme can be more generous because work disincentives are less pronounced in their case.

In developing countries, the fact that a majority of older people reside with their extended families recommends investigating this issue empirically. The evidence from Brazil and South Africa suggests that social assistance pensions are best considered as transfers to households in poverty which are channelled through their older members. They have complex effects on household labour supply- in some cases leading to a reduction in paid work by pensioners, an increase in care provided by female pensioners, and an increase in work among other adult members.

What are the main conclusions from this brief discussion? The policy challenges to address income security in old age in India are mainly to do with the reach of existing schemes. Eliminating age discrimination in anti-poverty programmes is urgent. Expanding the reach of social assistance pensions is a step forward but research is needed on their impact on household work incentives. My guess is that this research will show largely positive outcomes. **Preparing for the 200 million is urgent.**



OCCUPATIONAL HEALTH AND SAFETY FOR INFORMAL WORKERS

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Note to the Reader: There are regional variations in terms: in parts of Asia, OHS is more commonly called Occupational Safety and Health (OSH).

The majority of people working in 'developing countries' are without formal contracts with employers, and they work in places that are not covered by occupational health and safety (OHS) laws and rules. The minority who are formally employed get some employment security and benefits through their work, for example: overtime pay, paid leaves. **An important component of the formal workers' benefits is provision of occupational health and safety: a clean and safe working environment in the interest of prevention of illness and injury, and a system of compensation in place in case accidents, injury and death do happen.**

With the massive shift towards informal employment in the last century, majority of workers receive no such guarantees. In India,

informal workers constitute more than 90% of those employed, and these include sectors in which women work in large numbers, such as street vendors, waste pickers, domestic workers and homeworkers. India needs a model of OHS in place for *all* workers, and this article argues that this will not happen without giving more attention to the role of local government, and addressing preventive and promotive health care, rather than the private insurance industry's profit model.

The majority of informal workers are active in physical spaces that present hazards on a daily basis: street vendors' exposure to the weather and to petrol fumes each day; tobacco workers' daily exposure to tobacco in the fields and in sorting sheds; waste pickers who sort through hazardous materials in garbage dumps; domestic workers' long and variable working hours. These 'typical' working places are not covered by OHS regulation, and informal workers do not receive social protections of other kinds related to work. Furthermore, conditions of work in public spaces such as streets, pavements, parks, garbage dumps etc, are largely controlled by local government (Lund and Marriott 2011); local governments can tend to view informal workers as the source of hazard and uncleanliness, rather than as people trying to make a living in hazardous and filthy conditions.

There is a clear relationship between health and income for informal workers. For most poor informal

workers, their body is the most important asset. Hard physical labour, or lighter labour done over long hours, depletes that asset. Informal workers, like all citizens, use a variety of formal and informal health providers. Out-of-pocket expenses on health can be catastrophic for low income earners, propelling many into poverty (Berman 2010). When a worker or her child gets ill, she has to spend money to get to a health facility, and moreover she loses income in that time. Her own poor health and loss of income from being away from her work site in turn affects her children's future chances of escaping poverty.

National governments in a vast majority of developing countries are unlikely, in the short term, to invest much in occupational health and safety for informal workers. Governments have allowed the withering away of formal labour regulatory regimes through labour brokering and outsourcing/ contractualisation. There is some light on the horizon, however, with the current international drive towards a minimum floor of social protection (sometimes called the Global Social Protection Floor – GSPF), and with an international call, driven by powerful agencies and funders, for 'universal health coverage.' The GSPF advocates access to *basic income support* for children, people of working age, and for elderly people and those with disabilities. The principles are built on increasing evidence from schemes all over the

world, north and south, that cash transfers can be developmental, and a good investment. It also calls for *universal access to health care*, which overlaps with the call for universal health coverage. A key policy question is how OHS for informal workers might be improved in the course of these policy reforms.

OHS for formal workers is built on the financial contributions of workers, employers and sometimes national governments as well. The academic discipline and daily practice of OHS has a preventive and promotive component, as well as a curative and rehabilitative response to disease and accidents after they occur. As beneficial as OHS for formal workers has been, longstanding criticisms are that it is better at reacting to accidents, rather than diseases; it looks at the worker in the workplace, in isolation from his or her health conditions outside of the workplace; and, in developing countries, it has been hugely under-budgeted, and often separate from general health provision. Brazil appears to be an exception, with a more integrated approach to workers' and citizens' health. And Homenet Thailand, an organization working to support homeworkers/ industrial outworkers, has embarked on a pilot project with the government, in 9 health facilities in 3 provinces, to integrate occupational health services in primary health care services.

Where will OHS fit in the new campaign for a GSPF? Formal ILO

documents on the GSPF stress that countries decide what mix of private and public provision, and what levels and types of benefits, will be set. Work-based safety and health measures do not get mentioned – and this is not surprising given that the overall vision is an inclusive one, focusing on citizens throughout the life cycle, rather than on workers alone. The parallel campaign for universal health coverage promotes a mix of public and private health providers. At its heart, however, is a strong commitment to an active role for the private insurance industry.

Some hard but important lessons about private insurance-based financing of health have been learned, not least through India's recent roll out of Rashtriya Swasthya Bima Yojana (RSBY). From the perspective of informal workers, the early evaluation evidence is clear - RSBY has of course enabled poorer people including informal workers to access health care. However it has been grafted on to a poor public health service, and an expensive private health service. Jain's study synthesizing early evidence of the effectiveness of RSBY from the perspective of informal workers identified specific problems (Jain 2012). First, unlike the case of formal OHS which is both preventive and promotive and reduces costs both for the present cohort of workers now and in the future, RSBY is flawed because the private insurance companies have nothing to gain from doing preventive and educational work. This vital

aspect of OHS will disappear unless government health services make new intervention programmes.

Second, RSBY covers the cost only of in-patient care/ hospitalization. However it is the smaller amounts of money paid during frequent visits to outpatient services that constitute the high amounts going towards out-of-pocket expenses (Berman et al, 2010). There is also a bias towards unnecessary surgery at the tertiary level, whereas informal workers are more likely to need attention more often to less serious injury.

Third, for informal workers, the time spent on seeking medical help is time spent not potentially earning. Kalpana Jain's study of evaluations of RSBY and two large state schemes (Yeshasvini in Karnataka, and Rajiv Aarogyasri in Andhra Pradesh) showed how the lack of accurate

information about schemes led to an expensive waste of time in identifying the correct health provider, at the right time of the day (Jain, 2012). This issue of the importance of accurate information was found also in studies of informal workers' access to the new National Health Insurance Scheme in Ghana (Alfers, 2011). Good examples of intensive community- and worker-based involvement in policy design, implementation and monitoring and evaluation, come from Maharashtra in India (Shukla), and from Homenet Thailand.

So, there are positive policy changes in the air, towards more security and protection for all, including informal workers. Regarding OHS for informal workers, however, there is cause for concern. Far from work being the route to security for a worker and her/ his family, the conditions of work are a threat to that security. Private health

insurance sets up trends that are not compatible with the broader view of the social determinants of health. Close attention needs to be paid to the effect that private insurance has in determining what package of benefits is provided, the necessity of surgical interventions, and the impact of their lack of attention to information dissemination. There needs to be a greater focus on local government's role in dealing with the social determinants of health for poorer informal workers – especially in water and sanitation. Informal workers' realities and interests need to be expressed more clearly, and listened to more intently, in the clamour for 'global social protection', and 'decent work for all.'



CONSTRUCTING A CREDIBLE PENSION SYSTEM FOR INDIA

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Mukul G Asher, Professor of Public Policy at the National University of Singapore, was educated in India and the United States. His research focuses on public financial management, social security issues in Asia, and India's initiatives in expanding its geo-economic goals. He has published extensively in national and international journals; and has authored or edited more than ten books. He is an Associate Editor of the IIMB-Management Review. He also serves on the Editorial Board or on the Advisory Board of several other journals, including International Social Security Review. He has been a consultant to several Governments in Asia on tax policy and pension reforms; and to multi-lateral institutions including the Asian Development Bank, the World Bank, International Social Security Organization, and the World Health Organization.

Introduction

As India addresses the challenges of the 21st century and manages its rise globally, constructing and implementing a modern social security system is among the major imperatives. But it must construct such a system keeping in mind the harsher global macroeconomic environment, and much greater choice available to individuals and businesses in locating their economic activities.

India must progress towards a more broad-based social security system to cushion the burden of restructuring public and private organizations on workers; to increase the legitimacy of further reforms; and to encourage individuals and firms to engage in entrepreneurship and make creative career choices. All three are essential for India to emerge as a resilient knowledge-driven economy and society - the only method to achieve sustainable good quality inclusive growth.

India is also rapidly urbanizing and becoming an aspirational society whose expectations of retirement security are much greater than it was in previous generations. Such a

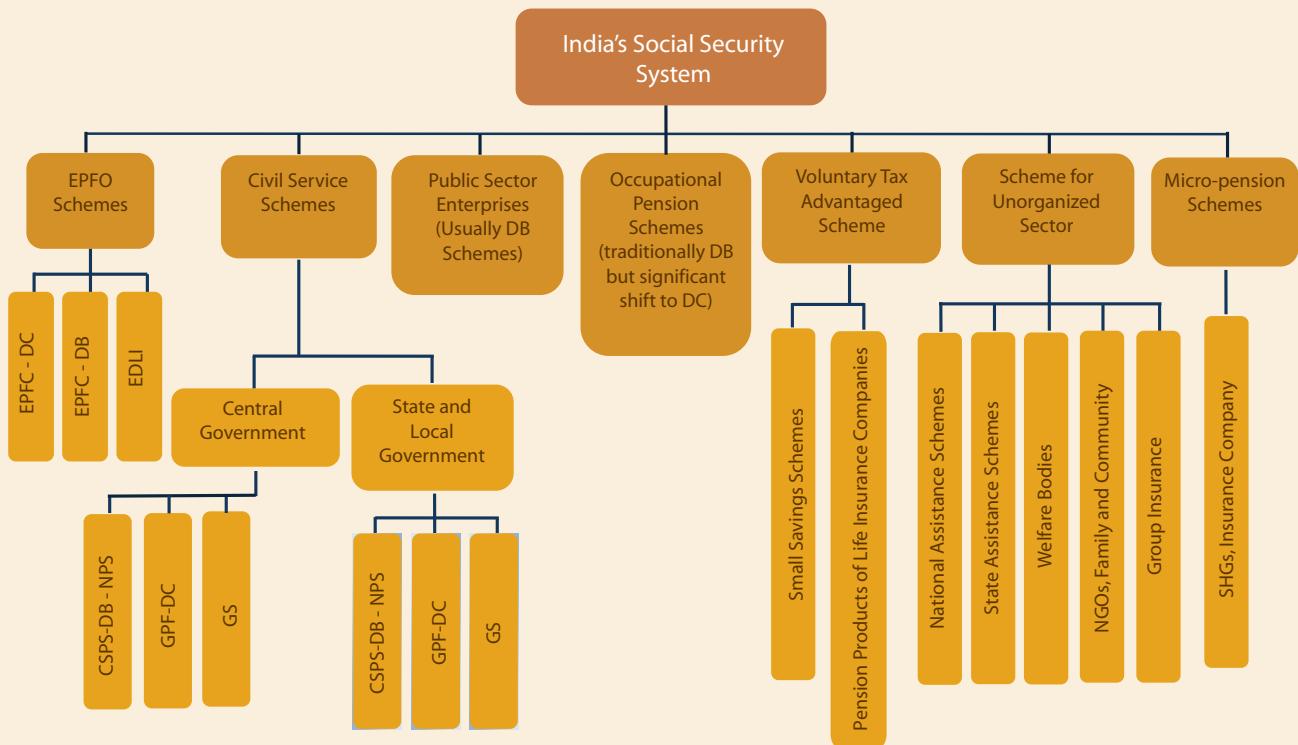
society also has individuals demanding greater choice, and therefore centralized programs that assume that the governments know what people want; and ones that are likely to be less effective.

The population of elderly people in India is over 91 million, each of whom is also expected to live longer. This suggests that long-term viability and reversibility of social protection programs, once introduced, should receive considerable attention. In 2030, there will be 185 million Indians above the age of 60, and this is projected to increase to 330 million in 2050. This is a large number, and any design, administrative and implementation errors in schemes and programs could undermine credibility of pension promises, while proving to be very costly to the economy.

Limitations of current retirement income arrangements

Since 1947, India has developed a fairly complex set of arrangements for retirement income security (Figure 1). Detailed discussion of various components of the arrangements may be found in Asher (2010).

FIGURE 1



*From January 1, 2004, all newly recruited civil servants at the Centre (except for armed forces) are on a DC scheme. 19 states have also issued notification for a shift to a DC scheme, but their starting dates vary.

Abbreviations Used

DB Defined Benefit

DC Defined Contribution

EDLI Employees' Deposit Linked Insurance Scheme

EPF Employees' Provident Fund

EPS Employees' Pension Scheme

GPF Government Provident Fund

GS Gratuity Scheme

CSPS Civil Service Pension Scheme

NGO Non-Government Organizations

Source: Author

While the above arrangements appear elaborate, they suffer from several limitations:

1. The design and implementation of individual components do not reflect India's current economic paradigm which is relatively more market oriented with a greater degree of orientation towards the global economy and a gradual though uneven shift towards a rule based structure as compared to discretionary governance practices.

2. There is insufficient emphasis on professionalism and accountability towards outcomes in the operations of provident and pension fund organizations. There has been little change in the governance structure, organizational practices, accounting and management information systems, and in investment policies of the EPFO. The government provident fund balances are not kept aside in a separate pool but used for current expenditure, contrary to accepted management practices.

3. Each of these components operates separately without any co-ordination with the others. As a result, there is little systemic perspective to the social security arrangements. EPFO members are not permitted to participate in the voluntary component of the NPS (National Pension System), even though both are defined contribution systems. This lack of choice to EPFO members constrains information about the alternatives to EPFO's performance and practices.

4. There has been reform of the civil service pension system reflected in the NPS. The reform was significant as it changed the pension benefit from defined benefit in which the government took the risks, to defined contribution where individual civil servants have to learn rudiments of investment and finance and bear the risk of retirement income provision. They are still, however, protected from the major risk in that there is security of employment which private sector individuals do not have. The NPS architecture incorporates the best of theoretical insights and international practices. However, even though the interim regulator called the Pension Fund Regulatory and Development Authority (PFRDA) was set up in 2004, the PFRDA Bill has still not been passed as of February 2012. This suggests lack of urgency in modernizing India's social security system.

5. India's social security arrangements have low coverage, and apart from the civil servants, low level of benefits. This is the most serious weakness of the current system. Even if all the components of the social security systems are taken together, no more than 1/5th to 1/4th of the labour force is likely to be covered.

Broadening the coverage will require many diverse but integrated measures. The EPFO for example covers establishments with 20 or more employees, the same arrangement it started with in 1952. If it acquires greater managerial capabilities to reduce this gradually to 5

employees, it would improve coverage. If this is combined with an emphasis on job creation rather than preserving existing jobs, some of them even economically unviable, the coverage can improve further.

The EPFO's refusal to include equities in its investment portfolio (it is the second largest Non Banking Financial Institution (NBFC) in the country with assets in 2009 of INR 3.5 trillion equivalent to 6.2% of GDP) has meant that its members have lost out on the opportunities to benefit from the equity premium when public sector companies were divested over the last two decades. This single act of omission has large adverse consequences for retirement adequacy of its members. But such acts of omission have been possible only because of the lack of transparency and accountability in the system.

Broadening could also occur if occupational pension plans are better regulated. The voluntary component of the NPS also deserves to be better structured and marketed than has been the case. The co-contribution by the government to encourage such voluntary contribution is a step in the right direction though care must be taken to ensure that overly generous promises which cannot be kept are not made.

The most important avenue for broadening coverage in India is the social pensions, pension benefits which are non-contributory, and finance from the budget. Currently,

Indira Gandhi National Old Age Pension Scheme (IGNOAPS) is a tested scheme available to individuals above 60 years of age, providing benefits equivalent to 7% of average per capita income and covering 12% of the elderly above 60. Financing is shared among the Centre and the States, but the administration is at the State level. There are therefore large variations in the effectiveness of the program. Reducing these variations could be an avenue for broadening social protection.

Even though the benefits are low and the total cost as share of GDP was only 0.05% of GDP in 2010, the estimated cost with universal coverage and benefit level of 25% of per capita income would cost a little over 2% of GDP, equivalent to 12.5% of average tax revenue, and over a quarter of fiscal deficit during the 2008-10 period. Thus, if the coverage is to be expanded through universal social pension, creation of huge fiscal space will be needed. The administrative capacities to effectively implement universal social pension in India with requisite degree of effectiveness also needs to evolve, suggesting that timing and expansion of the program must be calibrated with such capacities, along with the fiscal affordability.

The above are static costs; once demographic, behavioural and political economy considerations are taken into account, they are likely to rise. There will be other claimants to fiscal space created, assuming that its creation is even feasible in India through conventional tax reforms

such as the introduction of goods and services tax, reduction in tax arrears, reduction in tax expenditures, and greater cost recovery from social and economic services. Improving resource generation through non-conventional sources such as utilizing state assets more productively, better treasury management, and taking advantage of emission credits, will be essential for enlarging India's fiscal space but these require reforms in public financial management practices.

Concluding Remarks

The reforms needed for progress in public financial management towards universal social protection in India are wide ranging: greater professionalism, transparency, accountability and outcome orientation; systemic perspective; labour market reforms; application of knowledge economy to improve resource efficiencies; stronger advocacy for incorporating social protection policies into the mainstream of development policies. Insistence on rights-based approaches and centralized solutions without emphasizing on wider reforms or cultivating corresponding set of responsibilities among all the stakeholders, including managing competitive populism, is unlikely to be sustainable in advancing social protection or the economic well-being of India.

INTERNATIONAL MIGRATION AND THE SOCIAL PROTECTION FLOOR

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In 2009 more than 210 million people – **3.1% of the world population** – were estimated to live outside the country they were born into. About one-third of them migrated between high-income countries, one-third migrated from low- and middle-income countries to high-income countries, whereas the remaining one-third moved between low- and middle-income countries. An estimated 50 million people are living and working abroad with irregular or uncertified status (UNDP, 2009).

The Social Protection Floor (SPF) initiative represents an important step forward in guaranteeing social protection for all inhabitants of our planet, in principle also including international migrant workers and their families. A human rights approach towards the SPF would help in guaranteeing at least a minimum of benefits to everyone (van Ginneken, 2011). However, the question of human rights and international migration is complex, in particular because of the position

of irregular migrants, which is a delicate issue between many countries, such as between India and Bangladesh. On the one hand, international human rights instruments guarantee many economic and social, as well as some civil and political rights to all migrants – regular and irregular. However, sovereign States are entitled to control the flow of immigrants, often because of high unemployment and due to the problems related to the integration of migrant workers and their families in host countries.

In principle, the Social Protection Floor includes most social services, such as social security, healthcare, education, water & sanitation, housing and food (ILO, 2011a). However, the ILO SPF Recommendation that is to be adopted at the International Labour Conference in June 2012 will concentrate on social security and financial access to healthcare (ILO, 2011b). This paper will discuss some approaches to enhancing the migrants' accessibility to social and labour protection, such as affiliation to the social security systems in host countries, bilateral and multilateral agreements, and access to basic social and labour protection.

1. Restricted access to social security in host countries

Migrant workers are in principle protected by international legal instruments, such as the UN *International Convention on the Protection of the Rights of All*

Migrant Workers and Members of their Families (MWC, adopted in 1990) as well as the ILO *Migration of Employment Convention* (1949) and the *Migrant Workers' Supplementary Provisions Convention* (1975). However, these international instruments are ratified only by a limited number of countries. India has not ratified any of these Conventions, while Bangladesh has only ratified the MWC. Partly as a result of this situation, the immigration and integration policies of nation states typically result in highly differentiated rights (including with regard to social security) between citizens and various types of non-citizens. Most countries make significant distinctions, for example, between the rights of migrants with permanent residence status (who usually enjoy most of the rights of citizens except for the right to vote); temporary migrants (whose economic and social rights are often restricted); and illegally resident migrants (who typically enjoy few rights in most countries) (Ruhs, 2009).

2. The role of international agreements

Bilateral migration agreements can be a significant means of providing minimum standards and rights for migrant workers. These agreements can contain provisions on the cooperative management of pre-departure and return, social security and pension portability, dispute settlement procedures, and remedies for violation of rights.

Multilateral migration agreements are usually concluded in the context of regional economic integration and free movement of labour, which aim at progressive harmonization of labour policies, and eventually at equal treatment between nationals of all member states.

Bilateral and multilateral social security agreements usually govern the way social security institutions regulate the transfer and payment of acquired social security entitlements. They normally also include provisions on non-discrimination between nationals and migrants with respect to social security. Most agreements refer to long-term benefits like old age, disability, survivor pensions and other annuities. Short-term benefits, such as healthcare, tax-funded social assistance are usually excluded.

The European Union (EU) has the most advanced and complex system of portability of social benefits. In the Latin American and Caribbean region (LAC), migrants can take advantage of social security provisions that have been established in the multilateral frameworks of CARICOM (established in 1996) and MERCOSUR (in force since 2004). In Asia there is also growing interest in international cooperation and multilateral social security agreements. The Gulf Cooperation Council (GCC), for example, adopted in 2006 the Unified Law of Insurance Protection Extension for GCC State Citizens working in other GCC countries (ISSA, 2009). Members of

ASEAN have started preparations for establishing a multilateral social security agreement (Tamagno, 2008).

3. Social and labour protection for migrant workers

Many low-income regions of Central Asia, South Asia, South-East Asia and sub-Saharan Africa now include various major host countries – such as Burkina Faso, Côte d'Ivoire, India, Kazakhstan, Pakistan, Tanzania and Uzbekistan – but little is known about the social and labour protection status of their immigrants. Many of these host countries have weak social security systems that cover only a small portion of the labour force. Large numbers of immigrants are undocumented and work in the informal sector.

The creation of a policy framework to manage migration in these regions would be a first step to enhance the social and labour protection of these migrants – at all stages of the migration process, i.e. pre-departure, transit, stay abroad and return. Secondly, it would be necessary to focus on the social and legal protection of the most vulnerable groups, such as women, children, refugees and undocumented migrants. These groups have often insufficient access to justice to seek legal remedies against their exploitation. Moreover, they have usually no access to basic health care and their children are often not allowed to attend primary school.

4. Key policy challenges

The first challenge is to think through the implications of the SPF for international migration. In some regional economic frameworks, such as within the European Union, some form of transnational regulation of social and labour protection policies has emerged. In the context of low- and middle-income countries, it would be possible to link the SPF concept with the wider ratification of the UN Migrant Workers Convention. The issue is that basic social protection – even of irregular migrants – has priority, but when that protection has been provided, there should be clear rules as to how migrants and their families can return to their country of origin. These return procedures can be defined in bilateral and multilateral migration agreements. India may

therefore consider ratifying the UN Migration Workers Convention, as well as agree on the labour protection aspects in a separate bi-lateral migration agreement with Bangladesh.

A second challenge is to provide access to social security coverage for migrants in host countries. Countries may therefore consider reviewing national law and practice to see to what extent migrants are disadvantaged with regard to their eligibility. It is also important to find ways in which migrants and their employers can be motivated to affiliate to social security schemes, for example through public information campaigns on the benefits of social security and through special compliance mechanisms.

A third challenge is to improve the portability of workers' occupational social security benefits, such as workers' compensation benefits, severance payments and payments from pension and provident funds (Sabates-Wheeler and Koettl, 2010). Although most of these benefits are legally portable – often paid out as lumpsums – the provisions on cross-border payments are generally poorly implemented, so that benefits commonly never reach migrants or their survivors in the migrants' home countries. The proper implementation of such provisions, for example, through better administrative arrangements such as submission of claims, declarations and appeals, would be an important step towards improving the social security coverage of migrant workers.

A GENDER PERSPECTIVE ON SOCIAL PROTECTION

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A gender analysis of poverty and vulnerability makes an important contribution to the task of constructing an inclusive social protection strategy - it draws attention to some of the ways that gender differentiates the experience of vulnerability. For instance, it highlights the greater degree of variation in a woman's experience of vulnerability over the course of her life as well as the cumulative nature of gender disadvantages that render women generally more vulnerable than men in the face of shocks and stress.

A Social Protection Floor (SPF) must have a life-cycle basis
 Gender inequalities begin in the early years, reflecting inequalities in household resources that are devoted to the well-being of children. These early inequalities intersect with the domestic responsibilities and unpaid care that girls have to experience as they grow up. The result is that women face a far more restricted set of livelihood opportunities relative to men, rendering them dependent on

male earnings to meet their need for survival and security. A lifetime of discrimination also leads to greater insecurity in old age. Women own fewer assets than men, thanks to discriminatory inheritance laws and lower lifetime earnings. They will therefore have saved less and will have fewer pension rights.

SPF design must make it easier for women to work, but also account for double burdens

While women's overall participation in the labour force varies considerably across the world, women from low income households in most contexts are either in work or looking for work. This is as true in India, where restrictions on women's mobility in the public domain have led to lower rates of female labour force participation, as it is elsewhere. In India, poorer households simply cannot afford to keep women confined to the home. As the latest NSSO data tells us, it is women from the lowest income groups, particularly those from dalit and adivasi households, who report the highest rates of labour force participation in India.

A gender analysis draws specific attention to the struggles of working women, poor working women in particular, who manage the dual responsibilities of earning a living and caring for the family. Unable to pay others to take care of their children, poorer women face a harsh set of options if they are to earn a living. They can choose to work from home and accept the lesser pay involved. If they work outside, they

may have to cope with a longer working day - they would have to rely on older children, usually daughters, to look after younger ones, they may take their children to work with them, or may leave them unattended in the house. All of these options have adverse consequence for women and their children.

SPFs should boost upward opportunities with every generation

A gender analysis illuminates problems but it also offers useful pointers for the design of more inclusive and effective social protection strategies. First of all, it suggests that designing social protection interventions to address gender disadvantage earlier in the life course can help mitigate disadvantages faced later.

One example of this comes from Mexico's conditional cash transfer program which provides monthly cash stipends to mothers on the condition that they ensure their children's attendance at school and in health clinics. The program has now been in operation long enough for both immediate and longer term impacts to have become discernible. Studies suggest that not only has it succeeded in increasing the overall school enrolment of children from poorer households but also helped to close the gender gap in education. In addition, education has enhanced women's prospects in the labour market. Recent research suggests that young women who graduated from these programmes are finding jobs higher up in the occupational

hierarchy than their mothers. This is particularly true for women from marginalized indigenous communities.

A universalist and not uniform SPF

There is a need to design a social protection that can reflect life course variations in women's needs and constraints. A universalist social floor should not be taken to imply a uniform social floor. Married women with children are likely to face a very different set of constraints in managing their dual workloads to single women, women without children, or women who head households.

Public works quotas and accompanying care support for women:

Public works programmes in their conventional forms tend to benefit able-bodied men.

The guarantee of work to all adult members of households rather than to the head of the household or just one member has been a factor in explaining the success of the MGNREGA program in drawing high percentages of women. While the MGNREGA specifies crèches wherever there are a minimum number of women on the worksite, this has not materialized in reality. The requirement that work be provided within proximity of those demanding work has allowed many married women to participate. Introducing quotas for women or, as with the Rural Maintenance Programme in Bangladesh, designing a programme intended specifically

for women, may also help to promote their participation in contexts where discrimination is otherwise likely to prevail.

Redefining public work to include forms that women can more easily participate in is another option. Care-related work in South Korea and environmental work in South Africa were both found to be more conducive to women's participation than construction work.

Direct transfers

Alternatively, in a number of African countries, there have been experiments with direct transfers to the working poor, many of whom are not able to participate in public work programmes. These may be provided as cash to subsidize food purchase as in Mozambique, or as vouchers tied to the purchase of specific assets or productive inputs. Direct transfer approaches are likely to be of particular benefit to women in those Indian states where there is no tradition of waged work for women, participation in the MNREGA is very low, and women have domestic responsibilities that make it difficult for them to participate in any public work.

Wage guarantees must be accompanied by other services

Thirdly, social protection measures can be designed to challenge rather than simply reproduce gender inequalities. The Rural Maintenance Program in Bangladesh began by offering waged work to destitute women for a period of two years; but over time, and in response to various

evaluations, built in a savings component as well as life and livelihood skills so that women graduated from the program equipped to start their own businesses. The ‘guarantee’ element in the MGNREGA program together with gender equality in the remuneration offered hold out the promise of citizenship to poor men and women although it is more likely to be realised in the presence of a pro-active bureaucracy and civil society.

Indirect and inter-generational design

The policy rationale for ensuring women’s participation in social protection programs is strengthened by the evidence of positive indirect impacts. Women’s dual responsibilities within family and market mean that social protection measures

directed at one set of responsibilities can have positive knock-on effects on the other. Conditional cash transfers in Brazil and Mexico, for example, were found to help women invest in their own education and in small livestock and poultry rearing alongside increasing their children’s education. In South Africa, not only did pensions to grandmothers have a more positive impact on the welfare on grandchildren than pensions to grandfathers, but it was also found to increase the mother’s labour force participation, since some of it was used to pay for transport and jobs search costs which they could not hitherto afford. In Mozambique, women were found to invest some of their food subsidy transfers in petty trading activities on the ground that would enhance their ability to feed their children.

Equally, women are often more likely than men to use the economic opportunities provided by social protection to enhance welfare within the household. A study of public works programmes in South Africa found that women participants were more likely than men to use their public work wage transfers for food and education while men were more likely to use it to improve their housing or on burial societies. There is, of course, a much wider body of literature suggesting that women are more likely to use income at their disposal for children’s welfare, one of the main reasons that they have been targeted for child-oriented cash transfer programmes.



LESSONS LEARNT FROM SOCIAL SECURITY REFORMS IN LATIN AMERICA

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Globalization, structural adjustment and neo-liberalism have led to social security reforms in Latin America. The informal sector has grown since the 1980s and as is usual, lacks coverage; it averaged 43% of the labour force in 2008 and has probably risen since the world crisis. 'Labour flexibilization' generated part-time employment, sub-contracting and jobs without contract, all excluded from social-insurance. Poverty incidence fell from 48% in 1990 to 33% in 2008 (due to the boom and anti-poverty programs) but stagnated in 2009 because of the crisis. A social protection floor (in healthcare and pensions) is essential to cover the informal sector and the poor lacking social insurance.

In 1980, Chile under Pinochet implemented structural reforms that privatized social insurance (totally in pensions and partially in health). In the 1990s, international financial organizations pushed the Chilean model as a paradigm in most of the region. Herein we evaluate 30 years of social insurance reforms and

provide evidence that those countries that implemented social protection (as part of the broader concept of social security) reduced poverty and improved equity. Being the developing region of the world with the oldest and widest social security programs, the Latin American experience is valuable for India.

Privatization and the State Role

Privatization was much higher in pensions (34% of the regional labour force) than in health care (7%). Eight countries privatized pensions (from 43% in Uruguay to 100% in Mexico) whereas eleven countries retained public pension systems. Health privatization reached 26% of the insured in Chile, but democratic governments expanded the public sector and improved its quality, hence reducing the private sector to 16%.

The state plays a key role even in countries with a large private sector. In pensions, the government finances fiscal costs of the transition, ensures minimum pensions, pays social assistance pensions, and supervises and guarantees the system. In health it finances the public sector, supervises the system, provides subsidies to the poor in five countries, and non-conditional transfers in a dozen.

During re-reforms after 2007, Argentina and Bolivia shut down the private system and transferred all funds and those insured to the public system. Chile maintained the private system but improved it, expanding social protection to all the poor.

Several countries (particularly Chile) also re-reformed their health systems, providing free care for the poor and subsidizing care for those with low incomes.

The role of the state therefore is crucial to social security and social protection and re-reforms should not only focus on social insurance but also expand social protection.

Population Coverage and the Poor
 Pension coverage, prior to the structural reforms in 2010, fell in four countries, stagnated in five and only rose in one. Current coverage averages 35% of the labour force, ranging from 63% in Chile and Costa Rica to 13% in Bolivia and Paraguay. The reforms have not solved the exclusion or voluntary ineffective affiliation of the self-employed and other informal workers; and despite significant poverty, they failed to introduce social assistance pensions (both flaws are now acknowledged by the World Bank).

Half of the 20 countries in the region grant social assistance pensions - six of them (Argentina, Brazil, Costa Rica, Chile, Panama and Uruguay) have the highest social insurance coverage, lowest informal sector and poverty incidence. Haiti, Honduras, Nicaragua and Paraguay lack such pensions and are among the poorest, with the highest informal sector and lowest contributory coverage.

Tax-financed pensions cover 9% of the poor in Costa Rica and 12% in Brazil, lower than their poverty incidence but reducing poverty; costs are small: from 0.1% to 1% of GDP.

In the least developed countries, health social insurance excludes almost 60% of the population and access to the public sector is limited by lack of funds. Conditional transfers (CT) in cash or services require registration of children and families in health posts; they have significantly increased primary-level attendance and reduced poverty. Chile pioneered such transfers (Chile Solidario, 2004); Brazil has several of them, all targeted on the poor; in 2000-2010, some of the poorest countries introduced CT: Guatemala, Honduras and Nicaragua.

Because of the large segment of the population uncovered by social insurance, social protection schemes (tax-financed pensions and health care and CT) are vital to protect the poor. But these programs must be properly designed and targeted in order to have the expected positive impact on poverty.

Social Solidarity and Gender Equity

Majority of reforms have not corrected previously segmented pension and health care systems that led to overlapping, waste and gaps in protection. Most have not integrated privileged social-insurance schemes for powerful occupational groups (armed forces, civil servants, oil workers) thus provoking unjustified inequalities.

Coverage in pension and healthcare declines with income and education levels, enterprise size, in rural areas, least developed regions, and among women and indigenous peoples

(usually excluded). The reforms had adverse effects on social solidarity, gender equity and distribution, because their benefits are closely tied to contributions.

Women have lower pension coverage than men in half of the countries, and in all of them among elderly females. Pensions based in accumulated savings in individual accounts depend not only on contributions but also on macroeconomic performance and capital-market returns. The insured, rather than a collective fund, endure all risks. Women accumulate less in accounts and receive lower pensions than men, as they are paid lower wages, leave jobs to raise their children and live longer than men. The Chilean re-reform granted a solidarity pension to the population below a certain income, a state solidarity contribution to improve low pensions, and a maternity bonus for each child born alive.

13 countries endured segmented health systems which contribute to low coverage; the reforms neither integrated the three traditional health sectors (public, social insurance and private) nor the unequal distribution of resources between them. Higher the degree of privatization, poorer the social solidarity and gender equity. Private insurers/providers practice risk selection – they discriminate against fertile-age women, the elderly, and those with chronic diseases, excluding them or charging higher premium. Only three countries in the region ban risk selection. Women are

mostly insured as dependents of husbands and lose coverage in case of divorce or abandonment.

Finances

The cost of transition in private systems is financed by the state; when coverage is very small, those excluded contribute to such costs via consumer taxes. Capital accumulation in private systems is much higher than in public systems but reliance on capital markets creates volatility and affects the value of the fund, its return and the pension level.

During the world crisis, the total private pension fund fell 19% (but later recovered and surpassed the previous level), whereas the public

pension fund steadily rose. Private pension capital returns fell 15% whereas public pension returns rose 10%. Funds invested in stocks suffered the worst decline (Chile and Peru), while those invested in public securities, bonds and CDs were affected to a lesser effect or not at all. The insured who retired in private systems during the crisis got lower pensions due to a fall in their individual accounts, but not those in public systems. In the long term, however, countries with diversified portfolios have had better capital returns than those with concentration in public securities and CDs.

The public health sector is in charge of prevention and the uninsured population but receives insufficient

funds to provide effective access and quality care. As the private health share in total expenditures expanded, the public/social insurance share contracted to 41% in 2003, although it rose to 56% in 2007. Out-of-pocket expenses have the highest share of expenditures (averages 34% and reaches 65% in Guatemala), badly harming the poor who lack insurance or public-sector access.

In all countries except Chile, the employer contributes to health care insurance. Argentina, Brazil, Colombia, Chile and Uruguay have created solidarity funds to extend coverage or the basic health package or to reduce regional inequalities.

CONCLUSIONS

- With few exceptions, social-security reforms (supported by international financial organizations) have had adverse effects, and only in a minority of countries, expanded the social protection floor.
- Privatization averages 34% of the labour force in pensions and only 7% in health care. Even in the most privatized systems, the state plays a crucial role.
- Re-reforms in pension and healthcare since 2004–2008 have reversed previous trends.
- Low social insurance coverage is largely determined by informality and poverty but structural reforms caused a decline.
- Social assistance pensions, subsidized health care, and CT, all targeting the poor, expanded social protection at a relatively low cost, and reduced poverty.
- Reforms and privatization did neither integrate previous segmented pensions/health systems nor separate privileged schemes for powerful groups; and they reduced social solidarity and gender equity (re-reforms have improved that situation).
- Four reforms eliminated the employer contribution to pensions, whereas all suffer from declining compliance, high transitional fiscal costs (to which the excluded contribute via regressive taxation), and transferred public-risk responsibility to the insured.
- The world crisis hurt private pension systems (albeit recovering by 2010) whereas public systems were not affected; but capital accumulation and long-term returns in private systems have been higher than in public ones.
- Half of the countries introduced basic health benefits packages that include the poor, but only Chile has a universal guaranteed package for all citizens with a social protection floor.
- Five countries introduced subsidized health care programs targeted at the poor that have substantially expanded social protection and reduced out-of-pocket expenses.

THE ROLE OF ESIC IN UNIVERSAL HEALTH CARE

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Medical care is widely regarded as the foremost concern of a social security system since health is important to all age groups and all categories of people. All comprehensive social security programmes therefore make provision for medical care. It is one of the benefits to be provided on a universal basis under the Social Protection Floor programme envisaged by the ILO.

Improvement in the health status of the population by providing access to healthcare and facilitating utilisation of health, family welfare, and nutrition services with special focus on the underserved has been the main thrust of social development programs in the country. The responsibility of building infrastructure and manpower rests with the State

governments, supported by funds from the Central Government. Major disease control programmes and family welfare programmes are funded by the Centre (some with assistance from external agencies) and are implemented through the infrastructure provided by the States.

There are a variety of arrangements available for providing healthcare to people in India. They consist, from the point of view of financing, of social assistance programmes, social insurance schemes including the Employees State Insurance Scheme (ESIS) and Rashtriya Swasthya Bhima Yojana, health insurance schemes introduced by State governments, and health insurance schemes run by insurance companies in the public as well as private sector. As far as the actual provision of healthcare services is concerned, there are hospitals and dispensaries being run by Central and State

Governments, including the Central Government Health Service Scheme, the Railways Health Service Scheme, Defence Services Health Service Scheme, the Employees State Insurance Corporation (ESIC), as well as hospitals and dispensaries being run by private and voluntary agencies.

Yet coverage of all these arrangements is limited and there is a wide gap between demand and supply for these services. In order to bridge this gap, the Approach to the Twelfth Plan approved by the Government envisages the introduction of a Universal Health Care Scheme. The Planning Commission High level Expert Group on Universal Health Coverage, under the chairmanship of Prof K.Srinath Reddy, has recommended inter alia that the National Health Package be financed by the State with services being provided by public as well as private institutions. The Committee has further recommended that insurance companies (for-profit ones) not be used for the purchase of healthcare on behalf of the Government.

There is however lack of clarity about the role of various agencies in providing healthcare. In particular, the policy papers are silent about the role of the Employees State Insurance Corporation.

The ESIC is a statutory corporation responsible for administration of the Employees State Insurance Scheme framed under the Employees State Insurance Act. This scheme was,

until recently, the only social insurance scheme in the country. The main objective of the scheme is to provide certain benefits to workers and their families in the event of sickness, maternity, employment injury or death of workers.

Of all the services offered by the ESIC, the Corporation attaches the greatest importance to medical benefit; bulk of its funding is used for providing this benefit. Medical benefit is available to an insured person and his family in kind from the date of his entry into insurable employment. Medical benefit has also been extended to permanently disabled persons who cease to be in employment due to employment injury. The benefit is also extended to insured persons after their retirement on the same conditions.

The scheme provides for comprehensive medical care in the form of medical attendance and specialist consultations, supply of drugs and injections, free hospitalization care, outpatient service, specialist and hospital services.

Within the ambit of the program is a drive towards immunisation of young children, of insured persons against diseases like diphtheria, polio, tetanus, measles and tuberculosis. It provides family welfare services to the beneficiaries of the scheme. Insured persons and members of their families are provided with artificial limbs, hearing aids, cervical collars, walking calipers, crutches, wheelchairs and

pacemakers as part of their medical treatment.

Conceptually, from the point of view of the insured persons, the ESI Scheme can be said to be one of the best medical insurance schemes in India . But it suffers from several drawbacks:

The Act envisages that the medical benefits will be provided by the State Governments; the Corporation may enter into agreements with these State Governments to decide the nature and scale of medical treatment that should be provided and cost sharing thereof. The Act also provides for the Corporation itself, in consultation with the State government concerned, undertaking the responsibility of providing medical benefit to insured persons in a State. Accordingly, medical treatment and attending to insured persons and their families is being provided by the State Governments everywhere, except in Delhi where the Corporation has undertaken this responsibility.

The responsibility for creating the necessary infrastructure for providing medical benefits therefore rests with the State Governments though the cost is met by the Corporation. The inability or the unwillingness of the State governments to discharge this responsibility has come in the way of expansion of the ESI Scheme. This is one of the reasons for the slow growth of the scheme.

The arrangements under which the Corporation provides funds and the State Governments implement the scheme has come in for criticism on the ground that there is a dichotomy in the administration of medical benefit which is not conducive to efficiency and has resulted in dissatisfaction among the insured persons. The committees which reviewed the workings of the scheme have recommended that the Corporation take over the administration of the medical benefit. There has been no decision on this recommendation but the process of taking over the administration of medical benefit by the Corporation is reported to have commenced with the Corporation taking charge of a few hospitals to be run as model ones.

If the Corporation is free from this constraint, it should be possible for it to expand medical facilities significantly. It can become a major instrument for providing Universal Health Care and assume responsibility for providing medical care to all workers in the organised as well as the unorganized sector.





IMPROVING SOCIAL SECURITY DELIVERY IN THE STATES

Each State in India has a different approach to operationalising the Unorganized Workers Social Security Act (2008)- UWSSA, and each implementation comes with its successes, itinerant challenges, and measures required to improve the current status. Presented here are excerpts from research studies conducted by the National Alliance for Social Security (NASS) in 2011-2012 on social security scheme implementation in the States of Andhra Pradesh, Gujarat, Tamil Nadu, Bihar and New Delhi.

National Alliance for Social Security

The following has been compiled after discussions, workshops and consultation sessions with Trade Unions and grassroot organisations in 5 States: the Andhra Pradesh Vyavasaya Vruthidarula Union (APVVU) with a membership of 4,48,200; Building and Wood workers' International (BWI) with a membership of 16,000; Home Net South Asia (HNSA) with a membership of 85,974; National Association of Street Vendors of India (NASVI) with a membership of 3,62,400; Social Awareness and Voluntary Education (SAVE) with a membership of 2805 and SEWA with a membership of 12,56,944 workers.



ANDHRA PRADESH

◀ Unorganised workers today enjoy varying levels of social security in Andhra Pradesh. Pic courtesy: Shreyans Bansali

Andhra Pradesh has adopted a welfare-based approach towards supporting unorganized workers. While the central government measures 16% of the state population as below the poverty line (BPL), the state government classifies about 60% as BPL.

While there has been an effort in the past to set up a labour welfare board to implement the Unorganized Workers Social Security Act (UWSSA) in 2010, there was strong resistance as there were no representatives from the trade unions in the labour welfare board. As the result of a PIL, it was decided to stay the functioning of the board.

Unorganized workers today enjoy varying levels of security based on the nature of occupation, level of organization among workers, and the government's focus towards the workers.

Type 1 – Unorganized workers (E.g. Coastal fishermen, Street vendors)

One of the fundamental needs of these workers is a proof of identity that will help formalize their right to run their business, facilitate

mobilisation of resources, and deter exploitative authorities from harassing them. An identity card will help these be part of the minimum social security net via the Public Distribution System (PDS). Secondly, given their unsafe working conditions, the State should provide these workers both an essential infrastructure (such as cyclone shelters for fishermen, basic shelter in vending zones for street vendors) and tailored health, medical and life insurance benefits. Finally, given the informal nature of their work, one of the key challenges is access to credit – the state should facilitate inclusion of these workers in the formal banking system.

Type 2 – Workers not organized as welfare boards

(E.g. Agricultural workers)

While these workers are provided both universal and focused benefits by the government, not being organized formally as welfare boards often results in skewed delivery. For instance, among agricultural workers, the landless labourers and small and marginal farmers do not have access to many benefits. One of the key needs in such sectors is to

ensure adequate and equitable benefits to all worker segments. For instance, during the draught season both the farmers and the labourers should be provided compensation. Similarly, in case of land displacement, the landless labourers whose livelihood is also intertwined with the land should be offered compensation benefits.

Type 3 – Workers organized as welfare boards

(E.g. Construction workers)

The key priority for such workers is to strengthen the existing social security cover. For instance, while the construction welfare board offers the workers compensation towards education, marriage and death, there is a need to offer a robust pension and health insurance scheme to workers. Workers should automatically get access to Employee State Insurance Scheme (ESIC) and Provident fund. Health and Safety management systems should be put in place. All workplaces should be equipped with the facilities and expertise to offer first aid and basic health services.

Recommendations

Andhra Pradesh should set up a Labour Welfare board with adequate representation of trade unions and workers so that the challenges of the workers are highlighted and addressed.

The minimum social security floor should provide all unorganized workers

- *Livelihood security*
- *Access to Pensions post-employment, irrespective of age*
- *Access to financial instruments (e.g. Insurance) that provide cover for health, disability, accident and life. All workers should have access to schemes such as PF and ESI*
- *Access to medical insurance through schemes such as RSBY*

Benefits should be provided to all workers irrespective of poverty line status and to workers from all occupations. Specific attention should be provided to inter-state migrant workers and those from socially disadvantaged communities such as Scheduled Tribes.



BIHAR

◀ There is a need for focused targeting while delivering social security in Bihar. Pic courtesy: Gates Foundation

The State should provide a minimum social security cover to all unorganized workers that includes food, health, housing, employment, income, life and accident, and old age security. The state government also should increase the pension amount provided to all unorganized workers.

In addition to improving the overall social cover, the State should focus on three key areas:

1. Improve the overall efficiency of the system. Most of the schemes suffer from lack of optimal provisioning of funds both from the Centre and the state governments. The entire process from sanction to release and allotment of funds is characterised by unnecessary complications and centralisation of power which leads to avoidable delays. The problem is compounded due to lack of sufficient human resources to implement the scheme. Among existing officials, there is a

clear lack of accountability and fear of penal action.

The state government should release funds to the district on a monthly or bi-monthly basis automatically. A robust supervision and monitoring system should be put in place to fix accountability of the officials.

2. Focused targeting. In Indira Gandhi National Old age pension scheme, out of 3512419 beneficiaries only 513466 pensioners are under SC

category, highlighting the need for greater focus on the SC population. While evaluating the implementation of National Family Scheme Benefit (NFSB), it is evident that in many districts there is little or no data on beneficiaries. It is essential to improve the monitoring system, particularly the quality of BPL list, as laid down in the Citizens Charter. The State should proactively share implementation-related information with the public through mukhiya and other PRI members in all the districts. There is overall a need to

improve transparency about the government machinery.

3. Last mile delivery should be strengthened. While unorganized workers are vast in number, the number of beneficiaries and the impact on the ground has been abyssmal. Greater awareness and dissemination of information among the public about the social security schemes for unorganized workers is required. It is also important to streamline delivery bottlenecks. For eg: in the NFBS scheme, a death

certificate should be treated as sufficient criteria for eligibility, and a local bank/post office designated for releasing the amount directly to the beneficiary.

The gap in Government schemes and population should be fixed by institutionalizing a cadre of Accredited Social Health Activists (ASHAs) focusing on raising awareness, improving intra and inter-sectoral convergence at the district level and ensuring effective utilization of resources.



DELHI

◀ Despite the large amount of funds available, there is very little progress in registering workers and delivering benefits to them in Delhi. Pic courtesy Sean Ellis.

The implementation status of the UWSSA is far from realized – the Social security board, meant to be established under the Act, has not been established yet. Though the state government runs a number of schemes such as RSBY, JSY, Rajiv Ratan Awas Yojna, LADLI, Old Age Pension Schemes, Widow Pension and financial assistance towards marriage, the actual number of beneficiaries is negligible. This inefficiency is exemplified by the Construction Workers Welfare Board

– despite the large amount of funds available, there is very little progress in registering workers and delivering benefits.

1. Strong need to engage the government to build on existing public policy (Unorganised workers Social Security Act) and improve on current dismal implementation at the level which ensures access to unorganised workers. A strong state level campaign should be built to advocate for effective

implementation of the Act and establishment of a Social Security Board in Delhi as soon as possible. The Boards should be statutory and not advisory in nature.

2. Important to raise awareness among workers about their rights. The State should disseminate information about the provisions among the targeted beneficiaries and the ground level implementation agencies by collaborating with Govt/Board camps, NGOs, Civil

Society and mass media. It is essential to develop functional literacy for social security awareness. Setup and effective functioning (e.g. computerization) of Worker facilitation centres will play a key role in raising awareness.

3. Convergence of all schemes giving similar benefits to the informal workers and targeted groups. This can be achieved by

implementing a single point registration of the beneficiaries, smart-card based access and delivery and establishment of a nodal authority to provide coordination mechanisms in delivery of the schemes.

4. Need for clear accountabilities and streamlined execution.

It is important to have a nodal implementing authority at the state

level, which is responsible for overall execution. The departments delivering various schemes and benefits should have proper measures to obtain an accurate estimate and mechanisms to trace and track entitlement holders. Government should take effective measures for the provision of adequate resources.



TAMIL NADU

◀ Tamil Nadu has consistently revealed a strong emphasis on welfare-oriented programmes through its welfare boards. Pic courtesy: Furtwangl

Tamil Nadu has consistently revealed a strong emphasis on welfare-oriented programmes. One of the key strategies of delivering benefits to unorganized workers has been through worker welfare boards. Yet despite the large number of boards, delivery on the ground is impeded due to the following reasons:

1. Long delays in registering workers and in addressing worker petitions across all welfare boards.
2. While it is important to ensure that workers are not availing benefits across various bodies, there are grassroots implementation challenges that create such anomalies which need to be addressed.
3. Despite the sectoral focus, specific worker groups fall through the cracks and are not able to avail their rightful benefits.
4. Due to the cancellation of registration fees and the lack of cess for all welfare boards, they are dependent on grants from the government to support these workers.

Worker welfare board credibility and sustainability

- Enforce collection of cess and registration fees for all unorganized worker boards. Allocate 3% of the budget towards addressing social security of unorganized workers.
- Ensure all worker segments are covered including part-time, contract workers across all industries.
- Co-opt welfare boards for state sponsored schemes to reach out to and benefit workers
- Authorize welfare board identification as a legitimate proof of identity

While addressing these issues, it is important to always work based on a rights-based approach towards social security and not adopt a welfare-based approach. And given that social security of workers needs to be looked at holistically including providing relevant benefits, ensuring right working conditions and ensuring the workers' rights are respected, it has to be the responsibility of the Labour Department to own the end to end mandate of workers' social security.

Recommendations

- Strengthen medical care support to workers by providing for outpatient care and access for all workers to the Employee State Insurance Scheme (ESIS).
- Provide non-employment and sickness wages to workers, especially those relying on daily wages.
- Ensure the right working conditions for all unorganized workers by enforcing minimum wages, maximum working hours, safe and basic facilities at workplace.
- Ensure the safety of working women across all sectors.
- Extend support for housing.
- Provide crèches and education support from primary to college education to the children of unorganized workers



GUJARAT

◀ Gujarat does not have an extensive public health system and has more proliferation private systems.

Gujarat is among the fastest growing economies of the country, surpassing national average for almost three decades now. However, Gujarat's rapid economic growth has been at the altar of sacrifice of labour welfare.

The state is among the last ones to frame the rules for the implementation of the Unorganised Sector Workers' Social Security Act, 2008. There is no mechanism specified to ensure collection of large levy and without funds the Board may not be able to do much work. Besides, the Board has left it to the District Panchayats as well as the ULBs to evolve their own mechanism of registering the workers, which would mean delay in registration on one hand, and passing on the onus of registration to the workers who may not do it on time, on account of time and cost involved. The GSSSB* has been set up and rules framed under the directions of the Gujarat High Court in response to a PIL, and not by the State's own volition. The state has also not set up the Gujarat CWWB in the same spirit as the national legislation and has also not included all the provisions that the central act has prescribed.

At the grassroots level, the advocacy activities of trade unions like SEWA and BMS have resulted in some forward movement on registration of the workers. Going forward, under the GSSSB, the local government units, and in the city, the ward committees, should take up the responsibility of registering the unorganised sector workers. Undue emphasis on residential address should not be laid, particularly in the cities, but a more flexible approach to identifying eligible workers should be taken.

The RSBY – the flagship programme under the UWSSA - has many operational lacunae. At the moment, it is based on a faulty BPL list. Secondly, Gujarat state does not have an extensive public health care delivery system and there is greater presence of private healthcare facilities. Costs of services in the private care facilities are often prohibitive. For the RSBY to be a success, healthcare costs have to come down and the public health care system can play a major role in the same.

The state of Gujarat has often argued that good employment would generate good income and the

workers would be able to take care of their own welfare. The argument does not have merit on two grounds, (i) the state's human development is low in spite of high per capita incomes and high growth in incomes because aggregate incomes are not translating into human development and (ii) Three-fourths of the state's workers are in the unorganised sector, with a large proportion in tertiary sector with low labour productivity. The aggregate state income is very high and growing but the incomes are not reaching the workers, whose wages remain low.

Now that the GSSSB has been set up, civil society groups (CSOs) should monitor its functioning based on the experience of the other boards till now. The CSOs should assist the Board in framing the mechanisms of registering the workers and continue to pressurise the state government to collect levies for the schemes of the Board. At the same time, the state must increase its budgetary allocation to the labour and employment department and give it more teeth, given that the GSSSB has been set up under the jurisdiction of this department. This should be the immediate agenda of the CSOs in the state.

REVIEW OF SOCIAL SECURITY FOR UNORGANIZED WORKERS IN INDIA

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According to the commitments of the Government of India, right of workers to social security has been recognised as inalienable and, therefore, must accrue to every worker under any system of labour law or labour policy. Provision of social protection is enshrined in Articles 38 (securing a social order for the promotion of welfare of the people), 39 (certain principles of policy), 41 (right to work, education and public assistance in certain cases), 42 (just and human conditions of work and maternity relief) and 43 (living wage etc.) of the Constitution of India as a part of the Directive Principles of State Policy. Important social security, poverty alleviation and social welfare measures are being implemented by various Ministries/ Departments of State Governments and by civil society organisations.

However, the reality on the ground today is that workers don't have access to essential social security services. Though the Unorganized Workers Social Security Act was passed in 2008, there has been dismal progress on the ground. The Act itself has been criticized for not defining a minimum social security floor that is enforceable by law and for not providing institutional powers to ensure effective implementation. The National Social Security Board for Unorganised Workers, constituted in August 2009, is limited to an advisory role, and does not have sufficient powers to implement, monitor or enforce social security. With the exception of a few states such as West Bengal, Chattisgarh and Karnataka, a majority of the states have not even set up their state level welfare boards.

As of February 2012, the RSBY health insurance scheme has covered 2.5 crore Below Poverty Line families and is being extended to other categories of workers. While the success of the scheme is commendable, the over emphasis on RSBY has resulted in lack of any attention to

the other schemes outlined as part of the social security cover for all unorganized workers. In reviewing the effectiveness of the Act, this paper focuses on five essential characteristics, namely coverage, benefits, financing, delivery, and administration.

Coverage

The term unorganized worker should be as inclusive as possible since the impact of exclusion errors are far higher than the impact of inclusion errors. This is also emphasized by the Parliamentary Standing Committee for Labour – “any class of worker, who is otherwise entitled for social security coverage, should be not be left out merely because his class of workers have not been included in the definition.” Given that 90% of the working population is unorganized, it will be prudent to have a definition that declares unorganized workers as everyone excluding organized workers. For instance, NAC defined unorganized workers as everyone excluding those already registered with and covered by the existing PF and ESIC schemes, are self-employed but well off (e.g. doctors and lawyers) or are income tax payers.

Secondly, migrant workers, women workers and disadvantaged groups should be explicitly mentioned in the initial coverage of workers. The sections on registration and delivery should keep in mind the challenges faced by these workers and address them appropriately. Essential working condition needs of these workers such as security and physical safety should be considered and covered in the Act.

Thirdly, access to social security should be universal across all unorganized workers irrespective of the financial status of the workers or position vis-à-vis the poverty line. This change is already reflected in one of the key decisions taken by the National Social Security Board in its initial meetings – It was decided that basic minimum social security which should include life and disability insurance, health and maternity benefit and old age pension should be applicable to all unorganised workers/ occupational groups irrespective of whether they belong to APL/BPL category. States have started extending programmes such as RSBY to construction workers and NREGA beneficiaries irrespective of their BPL status.

Benefits

The Act should have a clear definition of social security as measures by the government in collaboration with employer, worker or otherwise, designed to meet the contingencies in life of a worker including old age pension, unemployment benefits, maternity, livelihood loss compensation, accident and medical care and

child care support.

The State should provide hard commitments on the social security cover for workers. It is understandable that the list of schemes will continue to evolve and there is need for making modifications to address changing needs. However, in order to ensure that the Government provides schemes to unorganized workers, the following recommendations by the Standing committee are very relevant –

- *The National Minimum benefits should be made part of the Act with the State governments being able to add on the benefits.*
- *While minor changes can be done by the government on the scope and delivery of the schemes offered, it is important to seek the approval of legislature to add/remove/alter schemes.*
- *The National Minimum benefits should be extended to all the unorganised workers and should be extended within a period of three years.*

The Act should have an additional chapter to include the Right to Working Conditions as an essential right of the worker.

Financing

The Act should have a separate section that defines the existence and nature of the National Social Security Fund and appropriate mechanisms at the state level to ensure that there's clear financing support to address the social security needs of the workers. It is also important to define an enforceable timeline to realize the fund both at the national and the state level.

It is critical to institutionalize a welfare board-based approach across

all unorganized workers to ensure uniform access to benefits. Welfare boards should strive to achieve financial independence through institutional mechanisms such as cess from the employers, levy on export duty, and contributions from the unorganized workers.

Delivery

There should be a new chapter in the Act that addresses the issue of Grievance Redressal (with penalties) and dispute settlements. The grievance redressal should be based on the tripartite model of employers, worker representatives and the government. Such a grievance redressal mechanism should not only be limited to the district level but should also extend to the block level so that it is accessible to the workers. Worker Facilitation Centres can be leveraged to combine both awareness generation and grievance redressal support, thus providing holistic support to the workers.

The Act should provide a clear definition of the responsibilities of employers and a strong enforceable mechanism to ensure adherence. There should also be emphasis on the role of Worker Facilitation Centres and defined modalities on how WFCs can be run collaboratively by the Government and local community organizations.

Administration

It should be clearly stated that the State and the National Social Security Board shall be responsible for the overall administration, finance, annual report and enforcement of social security while being

accountable under RTI and to the parliament or state legislature as the case may be. In addition, the National and the State social boards will be vested with enough powers to administer the social security schemes and to bring coherence, monitoring and consistency to the

delivery of social security. In order to realize this, it is important to set up a social security fund that the board is responsible for and is used to finance schemes and benefits to the workers. Secondly, all essential schemes that comprise the social security cover

will be brought under the ambit of the Ministry of Labour so that there's a clear and one point accountability for delivery. The Ministry of Labour should own the holistic responsibility of addressing the social security needs of the workers.

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Prayas is a Community of Practice (CoP) platform on social protection in India. We welcome all individuals who have an interest in social protection issues to participate, discuss and contribute. Prayas is an initiative by Satta to develop a community of practice around social protection in India. It is supported by the German Technical Co-operation (GIZ).

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The CoP provides social protection practitioners as well as government functionaries with easy access to ideas, knowledge and the collective wisdom and experience of the community while providing an environment where practitioners can collaborate to improve delivery of social protection programmes on the ground.

How you could contribute

We invite you to actively participate in the CoP by contributing success stories, articles/notes that detail challenges which you have faced in delivering social protection and your views on what can be done better or differently.

We, at Prayas are happy to support organizing discussions. All you need to do is write to us with the issue that is of interest to you. In these discussions, you could both respond to specific questions, and request support from the community.

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