Chapter - 5

NEED OF THE POLICY ATTENTION TOWARDS UNORGANISED MANUFACTURING SECTOR IN INDIA

The spectrum of work in India is generally divided into two broad segments, one is work in the organised sector and other in unorganised sector. While the former is characterised by its homogeneity, reasonable bargaining strength of workers, applicability of labour laws and clear visibility, and the latter lacks all these. The unorganised sector is generally recognised by its heterogeneity, employment in small scattered units, jobs involving low skills and low wages, casual nature of work, lack of unionisation etc. The term ‘Unorganised Sector’ is used to denote the aggregate of economic units engaged in the production of goods and services with the primary objective of generating employment and income for the persons engaged in the activity. These units are typically small in size and not distinguishable from the households managing the activity. The units thus constitute part of household sector as unincorporated enterprises. The contribution of these units in the economy of India has been very significant but the employment in this sector is characterised by poor employment conditions as labour and social welfare laws do not cover the informal sector, wages and working conditions often fail to meet minimal requirements, resulting in long working hours, insecure employment, irregular incomes, lack of access to proper health care and old age or retirement benefits. Moreover, labour often works in unhealthy, unsafe and unprotected working environments. The workers in the unorganised sector are generally considered the poorest workers in India and most exposed to shocks and stresses threatening their livelihood (Breman, 1996). For their social welfare they are left to informal arrangements of insurance, mutual help and
family assistance. So the most important characteristics of unorganised employment, as far as workers are concerned, are the absence of any form of protection. The workers in the unorganised sector neither have employment and income security nor the security against the contingencies of life due to their too little income. An overwhelming majority of them have no facility for covering such risks as ill-health, accidents, death and old age. The majority of the social protection policies in India largely cover the organised sector workers and the vast majority belonging to the unorganised sector is left out. Even though India is a signatory of a number of international conventions including the ILO conventions, yet out of about 41 conventions ratified, it is mainly the minimum wages legislations that cover the informal workers and others deal with the conditions of workers in the organised sector only. The crisis becomes severer as the size of employment in the informal sector is increasing since globalisation.

The need to provide essential social security to the work force in the unorganised sector has become urgent in the context of the consequences of economic reforms. Juan Somavia, Director General, ILO during his address to the international labour conference of ILO 2001, pointed to “The need for a new algebra of efficiency and productivity, which views social policy not as a cost but as a sound reason: which can quantify, for example, the economic benefits of good industrial relations, social security and safety measures at work” (Juan, 2001). Basically, his emphasis is on the need to develop the concept of ‘social efficiency’ or in other words, on ‘marginalised economic units and workers who are characterised by decent work deficits: labour standards deficits, worker productivity deficits, job quality deficits, social protection
deficits and organisational cum representational deficits’ (Anand, 2001). If we have to realise this dream of social efficiency, we have to think of providing some kind of social security to all workers, irrespective of the size of establishment or the nature of activity or the gender of the workers. It also has to include the self employed, casual workers, home based workers, etc. The NCEUS (2006) believes that the absence of a meaningful social security arrangement is not merely a problem for individual workers and their families. It also has wider implications for the economy and society. From an economic point of view, it adversely affects the worker’s ability to meaningfully use his/her efficiency for increasing production and productivity. Low earning power coupled with vulnerabilities lead to poverty that reduces the aggregate demand in the economy. Socially, it leads to dissatisfaction and disaffection, especially when a small segment of society is well endowed and seen to be prospering. The indirect cost of the absence of social security might well be the increasing social costs resulting from the need for policing and management of crime and illegal activities, widespread ill-health and variety of related social problems. The commission thus focused on the need for protective social security for workers in the informal economy, though the complementarities of promotional social security that should form a part of an overall and integrated social policy are also recognised by the commission. However in the context of a developing country such as India, social security arrangements for the working poor have wider ramifications for the economy and society. From a macro-economic point of view, it helps to develop a healthy and contented workforce capable of enhancing its contribution to the national income, which would, in turn enhance the capacity of the economy to grow. When more than
90 percent of the work force is in the unorganised sector, there is a greater urgency for sustaining a higher rate of growth of economy. A work force with higher capability and security could contribute to higher growth, which in turn, would enhance the aggregate demand in the economy through higher purchasing power of this vast mass of the work force (NCEUS, 2006). The mutually reinforcing nature of this relationship needs to be recognised and exploited. Although the country does not have a formal social policy, it has a long standing and universal social development agenda arising out of the directive principles enshrined in the constitution. In addition, it also has several long-standing target-oriented programmes that aim at the eradication of poverty and deprivation. There is need to locate the evolving national social security system within the framework of the existing (and also evolving) national social/human development programmes for the poor, and the larger framework of universal social/ human development programmes. The social security problems of workers in the unorganised sector may be divided into two sets of problems (Kannan and Srivastava, 2006). The first category arises out of the deficiency or capability deprivation in terms of inadequate employment, low earnings, low health and educational status, among other factors, that are related to the generalised deprivation of the poorer sections of the population. The second category arises out of adversity in the sense of an absence of adequate fallback mechanisms (safety nets) to meet contingencies such as ill-health, accident, death and old age. The fact that a majority of workers from the socially backward communities find themselves in the unorganised sector imparts a certain social dimension to the characteristics of these workers. In this context, the social security offered to these workers should also be
seen as a form of social upliftment. The International Labour Organisation’s notion of social security as expressed in the International Convention No. 102 includes nine core contingencies that lead to stoppage or substantial reduction of earnings. These are sickness, maternity, employment injury, unemployment, invalidity, old age, death, the need for long-term medical care and for supporting families with children.

There are a few studies in the Indian context which have analysed the impact of various sources of social security and its need for unorganised sector workers. A recent study in Karnataka used a participatory method to derive the perceived social security needs of unorganised sector workers. Among the workers surveyed, 92.3 percent felt that benefits towards old age, unemployment, death, sickness and employment injury were relevant for them. Women in the reproductive age groups also felt that maternity benefits were important (Rajasekhar, et. al., 2005). Each respondent was shown various pictures of these six types of needs and asked to assign priority to these needs. Priorities were assigned more or less in the same order. An interesting aspect of this study was that about 7.7 percent of the sample workers were unwilling to rank their priorities for security. It was found that these included the highly vulnerable category of households for whom all these insecurities were obviously not important enough since their basic entitlements had not been satisfactorily met. Another aspect of unorganised manufacturing sector of India is that even the employers are vulnerable and are unable to bear the extra burden of providing social security to their workers (Anupama, 2009). Due to lack of funds in majority of these enterprises the tripartite arrangement (of employer, employee and the state) of providing social security has not worked well and as a result, the formal
social security arrangement for the unorganised workers, which is either in the shape of the central welfare funds or initiated by the voluntary organisations has so far covered only 5 to 6 per cent of the workers in the informal sector (NCEUS, 2006). So most of the workers in unorganised manufacturing sector do not get any social protection in the contingencies of their life and even small hurdles push them to penury levels (Noponen and Kantor, 1996). In such a situation the participation by the government or non government body in the social protection programme may prove to be of great help for this poorer section of the economy. Visualising its role for providing social security to the unorganised sector, the government has already taken some initiatives in this direction though these are for whole of the segment of the poor or the informal sector workers in general. It will also benefit the workers in the unorganised manufacturing sector as they belong to both the categories-they work in the informal sector and they are poor as well.

**Government Initiatives**

A number of social security programmes are being implemented by both the central and state governments for the benefit of unorganised workers. In general, the model that has been adopted in most of these programmes has been that of welfare funds. A few schemes have also been implemented by the central government either directly or through insurance companies. Separate legislations have been enacted by the parliament to set up five welfare funds to be administered by the Ministry of Labour for providing housing, medical care, social security, education and recreational facilities to workers in selected mining operations, beedi-making and production of feature films (called cine workers). All these funds are financed out of
the proceeds of the cess levied under the respective cess fund acts on manufactured beedi, feature films, export of mica, consumption of limestone and dolomite, and consumption and export of iron ore, manganese ore and chrome ore.

The central government has, over the years, taken a number of initiatives to extend social security cover to workers in the unorganised sector. However, the social security entitlements backed by legislation have been mainly for workers in the organised sector. The legislation-backed entitlements for the unorganised sector are limited for workers in certain occupations. Their coverage would roughly be around 15 million (around 5 million covered by central government schemes and the remaining by the state government schemes). To this, we may add the National Old Age Pension Scheme (NOAPS), covering around six million people. This takes the total number of persons covered under various social security schemes to 21 million, which is equivalent to a mere 6 percent of the total number of unorganised workers.

The model for social security that has so far been adopted by the central government as also the state governments is that of welfare funds. Typically, this model is a tripartite one, consisting of representatives of workers, employers (Wherever identifiable) and of the government. A welfare fund is managed by a board appointed by the government with its chief executive being a government functionary. Defined social security cover is given to the worker-members of the funds for which contributions are collected from the workers, from the employers (usually through a cess) and in most cases, from the government. Apart from the welfare fund model, a few schemes are implemented by the central government through public sector insurance companies while a few others are directly implemented by various
departments. Most of the social security benefits consist of life insurance (natural or accidental), compensation for disability and some assistance for health related problems. The protective social security programme provided to the very poor citizens without any reference to their status as workers in the national social assistance programme (NSAP). However, most of the beneficiaries of this programme may have been worker in the unorganised sector. National Social Assistance Programme (NSAP), 1995 is a programme of cash transfer nature in the country. It was launched with the objective of protecting the poor and destitute persons in the event of insecurity due to old age, death of breadwinner and maternity. The scheme is 100 percent funded by the central government to ensure that a measure of social protection, albeit limited, is available to the poor and old persons throughout the country. The programme was launched to cover the following benefits:-

A) **National Old Age Pension Scheme (NOAPS):** The applicant, who is more than 65 years of age, should be destitute in the sense of having little or no regular means of subsistence from his/her own sources of income or through the support of family members or other sources. A financial assistance of `75 per month per beneficiary was given earlier, which has now been increased to `200 per month. The coverage under this scheme was 72.8 lakh persons in 2005-2006. The expenditure reported by various states up to February 2006 was `195.66 crores.

B) **National Family Benefit Scheme (NFBS):** This scheme is targeted at Below Poverty Line (BPL) households who have suffered from the death of the primary breadwinner. The applicant should be in the age group of 18 to 65
years. A lump sum financial assistance of `10,000 is given to the targeted family. The coverage under the scheme is 2.11 lakhs as in 2005-2006. The expenditure reported by the various states up to February 2006 is `80.62 crores.

C) National Maternity Benefit Scheme (NMBS):- This scheme is meant for pregnant women in BPL households for up to their first two live births, provided these women are aged 19 years and above. It gave a lump sum assistance of `500/- per beneficiary and covered 11.52 lakh women beneficiaries as in 2000-2001 and has been redesigned as the Janani Suraksha Yojana in which the targeted women in BPL households are provided cash benefits of up to `1300 in rural areas and up to `800 in urban areas for antenatal care and institutional deliveries.

The gram panchayats and municipalities play an important role in the identification of beneficiaries, monitoring of the programmes and the disbursement of funds. The state government communicates the targets for NOAPS and other schemes to the gram panchayats/municipalities so that identification of the targets can be undertaken by the gram panchayats in the gram sabhas and by the municipalities in the neighbourhood/mohalla committees. The financial assistance of these schemes is funded by the state government and central government. The central assistance is determined by the size of population in the state and the percentage of people living below the poverty line.

Central Welfare Funds:

Separate legislations have been enacted by the parliament to set up five welfare funds to be administered by the Ministry of Labour to provide housing,
medical care, social security, education, and recreational facilities to workers engaged in selected mining operations, beedi-making and the production of feature films (called cine workers). All these funds are financed out of the proceeds of cess levied under respective cess / fund Acts on manufactured beedi, feature film, export of mica, consumption of limestone and dolomite, and the consumption and export of the iron ore, manganese ore and chrome ore. The Funds have been created by the following Acts:


Apart from NSAP and welfare funds, a number of Central Government schemes for social security have been in operation over a period of time. These have been targeted at the poorer sections of the society and selected occupational groups, and are mostly contributory in nature. Some of these schemes are:

**Varishta Pension Bima (2003):**

This scheme is exclusively meant for unorganised sector workers aged 55 years and above. The scheme is fully financed by the investment of the beneficiary with an annual return of a 9 per cent in the form of monthly pension. The amount of pension benefit varies according to the amount invested from a minimum of ` 33335/- to a maximum of ` 2,66,665/- . The minimum and maximum monthly Pension per
month would be `250/- and `2,000/-, respectively. The scheme is implemented by the Life Insurance Corporation of India (LIC). The government provides subsidy to the LIC to the tune of the difference of actual pension payout at rate of 9 percent and the amount actually earned by the LIC on the corpus.

**Janshree Bima Yojna (2000):**

The Janshree Bima Yojna is targeted at the urban and rural poor who live below the poverty line or on the margin. The premium for the insurance cover would be `200/- per annum of which 50 percent would be borne by the central government through the newly setup Social Security Fund. The balance premium would have to be paid by the individual or some nodal agency or the state government.

**Unorganised Sector Workers Social Security Scheme (2004):**

As an outcome of the recommendations of the Second National Labour Commission, the central government launched the Unorganised Sector Workers Social Security Scheme (2002) on a pilot basis in 50 districts. It is available for unorganised and self-employed workers drawing salary / wages / income of not more than `6500/- per month. This scheme is financed by contribution at `50/- per month from workers in the age group of 18-35 years and `100/- per month for workers in the age group of 36-50 years. The contribution of the employers is `100/- per month while that of the government is 1.16 percent of the monthly wages of the workers. The scheme includes the following three benefits:

a) **Old Age Pension Scheme:** - This includes a minimum pension of rupees 500/- per month at the age of 60 years or permanent disability and family pension in case of the death of the worker.
b) **Personal Accidental Insurance**: - This provision includes accidental insurance of rupees 1 Lac.

c) **Medical Insurance**: - This includes a medical re-imbursement of the hospitalisation expenses up to ` 30,000/- in a year and ` 25,000/- for accidental death. So far only 3500 workers have been enrolled under this scheme. This scheme is virtually closed as it has no statutory backing, is voluntary in nature and has had no contribution from the employers.

**Universal Health Insurance Scheme (UHIS), 2004**: -

The community-based Universal Health Insurance Scheme was launched by the four public sector general insurance companies in July 2003. The UHIS was redesigned in 2004-05 exclusively for persons and families below the poverty line with a premium of ` 165/- for individuals ` 248/- for families of five persons and ` 330/- for a family of seven. The benefits under the scheme were re-imbursement of medical expenses up to ` 30,000/- towards hospitalisation and insurance cover for death due to accident of ` 25,000/- and compensation due to the loss of earning at the rate of ` 50/- per day up to a maximum of 15 days. However, UHIS excludes maternity benefits and outpatient case.

**Scheme for Handloom Weavers and Artisans**: - This programme offers the following benefits:

a) **Thrift fund Scheme**: - Under this scheme, every member contributes 8 paisa per rupee of wage earned while the central and state governments contribute 4 paisa each to the fund. The scheme is implemented by the Weavers Co-operative Societies/Corporation. It provides for temporary advance and both partial and final withdrawal.
b) **New Insurance Scheme**: - This scheme is implemented by the United India Insurance Company and financed by the central government (‘60/-), state government (‘40/-) and handloom weavers (‘20/-) to share an annual premium of ‘120/- The benefits include ‘1000/- in the case of loss of dwelling due to natural calamities or fire, ‘1 lakh in case of accidental death, reimbursement of hospitalisation charges up to ‘2000/- and maternity benefits.

c) **Group Insurance Scheme**: - Under this scheme an assured sum of ‘10,000/- will be given.

d) **Pension Plan scheme**: - A sum of ‘1000/- per month is given to a master craftsperson who is unable to work due to old age.

e) **Insurance for Power loom Weavers**: - This scheme insures workers in the age group of 18-60 years with an income of ‘700 p.m. The central and the state governments equally share the annual premium of ‘120/-. Benefits are given in case of natural death (‘10,000/-) and accidental death (‘20,000/-). In addition, the accumulated amount in the beneficiary’s running account earns an interest at 11 per cent per annum.

**The Unorganised Sector Workers’ Social Security Act, 2008**: -

The Ministry of Labour & Employment drafted the ‘Unorganised Sector Workers Bill, 2004’ which, inter-alia, envisages to provide for safety, social security, health and welfare matters. The National Advisory Council (NAC) has forwarded a draft Bill namely, ‘The Unorganised Sector Workers Social Security Bill, 2005’. In the meantime, the National Commission for Enterprises in the Unorganised Sector
(NCEUS) on the request of Ministry of Labour & Employment has also drafted two bills i.e.

i. Unorganised Sector Workers (Conditions of Work & Livelihood Promotion) Bill, 2005 and


All the four draft Bills were examined in consultation with all stakeholders. In August 2005 and May 2006, the NCEUS submitted two reports to the Prime Minister containing draft legislation on securing the conditions of work and creating a social security scheme for unorganised sector workers. The various draft legislative proposals were consolidated by the NCEUS in July 2007. In its deliberations, the NCEUS found the need for separate laws to differently protect agricultural workers and non-agricultural workers within the unorganised sector.

In 2005, the National Advisory Council (NAC), formerly chaired by Sonia Gandhi, also submitted a draft Bill based on the recommendations of the Second National Labour Commission and the ongoing deliberations of the NCEUS. This draft Bill which was titled “The Unorganised Sector Workers’ Social Security Bill” was tabled in the Rajya Sabha in September, 2007.

This draft Bill received the assent of the President of India on 23rd December, 2008 and has now become an Act. This Act titled “The Unorganised Workers’ Social Security Act, 2008” has been brought into force with effect from 16. 05. 2009.

The main features of this Act are:-

Enabling Framework for Social Security Schemes:

- The Act enables the central government to formulate welfare schemes for unorganised sector workers regarding
(1) Life and disability cover.

(2) Health and maternity benefits.

(3) Old age protection.

(4) Any other benefit decided by the government.

- Eleven existing social security schemes for the unorganised sector workers are listed in this Act e.g. (a) National Old Age Pension Scheme (b) National Family Benefit Scheme (c) National Maternity Benefit Scheme (d) Mahatma Gandhi Bunkar Bima Yojana; (e) Health Insurance Scheme for Handloom Weaver; (f) Scheme for Pension to Master Crafts Persons; (g) Group Accident Insurance Scheme for Active Fishermen; (h) Saving-cum-Relief for fishermen; (i) Janshree Bima Yojana; (j) Aam Admi Bima Yojana; (k) Swasthya Bima Yojana. The central government may modify this list by notification. The Act also enables state government to formulate welfare schemes related to the provident fund, employment injury benefits, housing, educational schemes for children, and skill up gradation of workers, funeral assistance and old age homes.

- Any notified scheme may be wholly funded by the central or state government or both, and could require contributions by the beneficiaries of the schemes or their employers.

- Welfare schemes introduced under this Act will not affect existing welfare schemes of any state that may be more beneficial to unorganised sector workers.
Creation of State and National Social Security Advisory Boards:

- The Act establishes a national level Social Security Advisory Board to recommend formation and implementation of suitable welfare schemes for the unorganised sector workers. The national board will consist of an appointed chairperson, a member secretary, and 31 nominated members.

- The Act also establishes state level Social Security Advisory Boards. The state boards will have similar functions as the central board at the relevant state and district levels. Each state board consists of an appointed chairperson, a member secretary, and 26 nominated members.

Registration and Smart Cards for Unorganised Sector Workers:

- Unorganised workers must apply for registration with the district administration. An individual must be 14 years or older and should declare that he is an unorganised sector worker. Upon registration, the district administration will issue a portable smart card carrying a unique identification number.

- If a scheme requires a contribution from the registered unorganised worker, he will be eligible for social security benefits under that scheme only if he has made the required contribution.

New Pension Scheme:

The government of India approved a `1,000 per annum pension assistance to unorganised sector workers on 9 August 2010 to inculcate the habit of savings among the population of 300 million. Under the ‘Swavalamban Scheme’, the government would contribute `1,000 per year to every New Pension System (NPS) account of 40
lakh such workers over four years starting this fiscal. The assistance is subject to the beneficiary contributing any amount between ` 1,000 to ` 12,000 per annum, according to an official statement. Initially, 10 lakh workers would be covered each year over the four years ending 2014-15. “A higher level of New Pension System (NPS) enrolments from the informal sector will ensure old age income security for such subscribers in their post-retirement phase and, therefore, decrease the burden of the government on social security in the future,” said the statement issued after the cabinet meeting on this issue. Under the scheme, the government would provide ` 1,000 crore over a period of four years up to 2013-14. The government would also provide about ` 100 crore to the Pension Fund Regulatory and Development Authority (PFRDA) for promotional and developmental activities for enrolment and contribution collection under the ‘Swavalamban’ Scheme. Finance Minister Pranab Mukherjee in his Budget speech this year had announced to launch the ‘Swavalamban’ scheme in the current fiscal. A large number of India’s 300 million informal sector workers are highly vulnerable to old age poverty because they have traditionally been excluded from formal pension provisions.

**State Level Initiatives:**

Apart from the central government’s initiatives on social security, a number of social security initiatives have also been taken at the state level. However, these initiatives are found to be uneven in terms of coverage of both states and workers. With the exception of a few, most social security initiatives mostly cover such accidental death and injury, maternity and some financial assistance for the education of children. One of the major insecurities of workers stems from frequent incidences
of illness and need for medical care and hospitalisation of the workers and other family members. Brief review of the existing schemes currently under implementation in selected states is given below:

Kerala: - The recent Human Development Report for Kerala indicates, unlike most other states in India, the state shows very little disparity in several social developments indicators such as between rural and urban areas as well as between the male and female population (Centre for Development Studies, 2006). This is because the Kerala government, in response to sustained public action, has been providing a range of promotional and protective forms of social security, which cover an overwhelming majority of the population, especially those in the poorer households. This has helped Kerala to raise its level of human development for the population, in general, and the poorer sections, in particular (Kannan and Francis, 2001). It has been argued that the earlier investments in human development, including protective social security measures, have now started paying off in terms of economic growth (Kannan 2005). A few schemes of social welfare for the unorganised sector are listed below:-

(a) **Old Age Pensions for Destitutes and Rural Labourers:** -

Pension schemes for the poor old aged persons cover all those above 60 years of age and those who are destitute, widows, people with disabilities, and leprosy and cancer patients. A special pension is given to unmarried women above 50 years of age. In addition, the state government disburses pension as per the norms of the National Social Assistance Programme of the government of India to destitute above 65 years of age.
Successive governments in Kerala have introduced a large number of social security and welfare funds in order to attain the goal of reducing income insecurity among the weaker segments in society. Kerala thus has the most wide-ranging set of schemes for the benefit of the unorganised sector. These schemes are implemented through both institutional care measures and non-institutional measures. At present, there are 23 welfare boards for the unorganised workers functioning in Kerala (in addition to the centrally administered fund for beedi and cigar workers). Some of these welfare funds are statutory while the others are non-statutory. The contribution to these funds is made by the workers, employers and government. The individual contributions of employers and employees are determined after taking in to account a number of both specific and common factors. Therefore, the contributions of employers, employees and government vary across funds, as no uniform or fixed pattern is commonly applicable for all the funds. The diverse nature of occupations and differential earning opportunities and risk associated with each of them may be leading to such differences in contribution. The state’s contribution to funds is relatively higher than that of workers because of the latter’s lower ability to pay (NCEUS, 2006). Thus, the rates of contribution vary in keeping with the nature of occupations. The benefits accruing to workers vary across funds. However, they seem to cover a number of aspects. Some of the major benefits are: provident fund, gratuity, monthly pension (old age), disability and accident cover, health care, unemployment relief, educational allowance, housing assistance, marriage assistance and funeral expenses.
**Tamil Nadu:** Tamil Nadu has been a pioneer in implementing protective social security. The development strategies of the state reveal that there has been an emphasis on welfare-oriented programmes. In Tamil Nadu, old age pension is available to (a) aged poor who are 65 years and above (b) destitute and physically handicapped (c) destitute widows (d) destitute agricultural labourers and (e) destitute/deserted wives. Besides pensions, the beneficiaries are also entitled to clothing and food grains. Under the Annapurna scheme, food grains are distributed to the destitute citizens covered under the National Old Age Pension Scheme. The beneficiaries are given 10 kgs of rice per month free of cost.

**Welfare Funds /Boards for Workers in the Unorganised Sector:** Apart from the various social assistance schemes, the state of Tamil Nadu has also set up welfare boards for providing social security to selected categories of workers in the unorganised sector. These are

(a) **Tamil Nadu Construction Worker’s Welfare Fund Board:** This board registers the workers in the construction sector. Identity cards are issued to all registered construction workers free of cost. A number of schemes are being implemented under the board which covers:

(a) Group Personal Accident Insurance Scheme

(b) Assistance for Education

(c) Assistance for Marriage

(d) Assistance for Maternity/ Abortion / Miscarriage

(e) Assistance to Family in case of Natural Death

(f) Assistance for Funeral Expenses
(g) Assistance for reimbursement of cost of spectacles

(h) Old Age Pension

(b) Tamil Nadu Manual Worker’s Social Security and Welfare Board: - A number of welfare boards for various categories of unorganised sector workers have been constituted in Tamil Nadu over the years. In order to ensure the proper management of these Boards, the Government amalgamated nine Boards with the Tamil Nadu Manual Workers Social Security and Welfare Board with effect from July 21, 2004. These Boards were specially meant to oversee the welfare of auto-rickshaws and taxi drivers, washer men, hairdressers, tailors, palm tree workers, handicraft workers, footwear and leather goods manufacturers and tannery workers, artists, and handloom and handloom silk weaving workers. The manual workers who were already registered with the amalgamated boards would continue to get the benefits under the Tamil Nadu Manual Worker’s Social Security and Welfare Board. A manual worker has to pay a onetime contribution of ` 100/- at the time of registration and has to pay ` 10/- once in two years for the renewal of registration.

Maharashtra: - The Maharashtra Government brought out legislation in 1961 called “The Maharashtra Mathadi, Hamal and other Manual Workers (Recreation of employment welfare) Act 1961”, to provide a range of social security measures to the manual workers engaged in the loading unloading of goods. This legislation was a culmination of a series of demands and representations made by the trade unions for a number of years. Since 1969, the Mathadi labour market has been regenerated by the
Mathadi Tripartite Boards. Today there are around 50,000 registered employers with almost 150,000 workers registered under 39 different Mathadi Boards in the state of Maharashtra. Each of these boards is headed by a chairman appointed by the government of Maharashtra and in addition, there are an equal number of representatives from the workers’ unions and employers’ associations. Each board has its own staff members including the secretary, personnel officer, chief accountant, inspectors and clerks. The various benefits provided by the boards are:

(a) **Regulation of conditions of work:** - The main functions of a board are to settle disputes between the unions and the employers, arrange meetings for negotiations, get new employers and workers registered and distribute wages and social security benefits. They also have to handle disputes among the workers.

(b) **Health:** - One of the major achievements of the Mathadi workers boards has been their effort in starting hospitals and health care facilities for most of its workers including their families. In 1976, Anna Patil started a dispensary under a trust on a part-time basis. By 1978, it started working full-time. Today, two hospitals, with an annual budget of `4-5 crores, are run by six Mathadi boards. In addition to this, there are 12 dispensaries. During the last few years some of the Mathadi boards have been able to get the workers insured against accident, injuries and death.

(c) **Housing:** - The Mathadi boards also help their workers to get housing facilities on ownership basis. For this purpose, the workers take loan from GIC and HDFC, and can also draw money from their provident fund accounts.
(d) **Education**: - The boards are also trying to promote formal education among Mathadi families. Since 1982, they have instituted a number of scholarships for the children of Mathadi workers.

**Maharashtra Security Guards’ Boards**: - They were set up under the Maharashtra Private Security Boards (regeneration of employment and welfare) Act 1961. They work on the same lines as the Mathadi boards. Under the act, the employers as well as the security guards have to be registered with the boards. The registered guards are assigned to the various employers. Through a single window system, the boards provide training and benefits such as provident funds, gratuity, and leave with wages, uniforms, ex-gratia and Employee State Insurance (ESI) to the registered security guards.

**Madhya Pradesh**: - The government of Madhya Pradesh constituted an unorganised sector workers committee in 2001 to study the conditions and make recommendations for improving the working conditions and social security needs of the workers in the unorganised sector. It presented its report in 2002 and recommended legislation to provide a measure of social security to the workers in the unorganised sector. Two separate welfare boards for unorganised workers were constituted for the rural and urban areas in the state. Each of them consisted of the Minister for Labour as the Ex-officio Chairman, secretary to the labour department and finance department, labour commissioner and six members appointed by the government representing employers of the unorganised sector and six members representing unorganised workers, two of whom had to be women, and one each belonging to schedule cast and schedule tribes and backward castes. Two separate Madhya Pradesh Unorganised Sector Welfare
Funds were constituted for the rural and urban areas, which were to be administered by the board. The benefits to be extended to the all the workers who have contributed to these funds are: old age, family and disability assistance and pension, loan for purchase or construction of house, assistance for education like scholarship, loan, cash award for meritorious students, loan for tools and small machines, marriage assistance, medical assistance, maternity assistance, group insurance. These benefits are normally credited into the bank account of the member.

**Andhra Pradesh**: Andhra Pradesh introduced the labour welfare fund board in 1998. The aim of the board is to enrol factory workers, workers in shops and motor transport workers. The benefits offered to the members and their dependents include scholarships to children, medical aid to workers, funeral expenses. There is no provision for old age pension for the unorganised workers registered in the fund.

**Bihar**: In Bihar under State Social Security Pension Scheme, old persons, widows, destitute, handicapped persons and bonded labourers are covered. A pension of ` 100/- per month is paid to old persons, who are aged 60 years and above, with an annual income of ` 5000/- in rural areas and ` 5500/- in urban areas. There is relaxation of age limit for widows, handicapped persons and bonded labourers. The state government provides 100 percent funding for this scheme.

**Karnataka**: Under the Karnataka Unorganised Workers’ Welfare Act, 2002 Karnataka Welfare Board was constituted to administer welfare schemes for the unorganised sector workers. It applies to 68 categories of employment in the unorganised sector under a specified schedule. This includes labour in agriculture, horticulture, floriculture, sericulture and areca nut gardening, Beedi, port and mine
workers are not eligible under the scheme. Almost all the benefits offered under this scheme are in the form of financial assistance for specified purposes. These include: (a) medical assistance scheme, (b) financial assistance for the purchase of spectacles, (c) financial assistance for the purchase of hearing aids, (d) financial assistance for the purchase of artificial organs for the disabled, (e) financial assistance to pregnant women workers, (f) financial assistance to workers in case of accidents, (g) financial assistance to the families of the deceased workmen for performing the latter’s last rites, (h) supply of tri-cycles to disabled workers.

**Goa**: - The State of Goa enacted The Goa Employment (conditions of service) and Retirement Benefit Act in 2005. According to this act, the employer is required to issue social security cards to the workers engaged by him in both the organised and unorganised sectors. Detailed information about the worker is embossed on the chip of his card. The act covers all workers in all establishments in every industrial activity, including services, construction and plantation. Only establishments engaged in agriculture and self-employed professionals are excluded from the Act. The social security scheme under the Act provides retirement benefits to the unorganised sector workers who have completed 240 days of continuous employment. The contribution is to be made by the employer at the rate of 5 per cent of the gross wages of the workers and deposited in the Retirement Fund to be maintained by the government. The contribution made by the employer in the worker’s account is deposited with the government along with an interest of 6 per cent or as fixed by the government to be paid to the worker when he reaches the age of 50 years, or to his dependents/heirs in case of death of the worker before the age of 50 years. This scheme allows for
portability of the benefits of the scheme if the worker changes his employer. The registered number on the social security card does not change in case of a change of employer and is valid within the state of Goa.

**Gujarat:** - The Gujarat Rural Workers’ Welfare Board administers four insurance schemes under its programme for rural workers. These are:

a) Group Insurance Scheme for landless agricultural Labourers.

b) Group Insurance Scheme for Fishermen and Forest Workers.

c) Group Insurance Scheme for Salt Workers.

d) Shramik Suraksha Scheme for both rural and urban unorganised workers.

There is another Financial Assistance Scheme for the welfare and development activities of agricultural labourers and rural workers.

**Punjab:** - Old Age Pension scheme was started as early as 1964 in the state of Punjab. The eligibility for the pension scheme is the attainment of the age of 65 years for men and 60 years for women. There is an economic limit of `1000/- for the monthly income, if the applicant is single and up to `1500/- per month for a family of two. Further, he/she should be a bona fide resident of Punjab and should have been residing in Punjab for at least 3 years. A pension of `200/- per month per beneficiary is paid on quarterly basis through designated banks.

A similar pension scheme for destitute women and widows was started in 1968. The applicant is eligible for benefits under this scheme if she has attained the age of 60 years, is a bona fide resident of Punjab and has been residing in the state for the last three years. Widows or women deprived of their husband’s support for any reason and unmarried destitute women of 30 years of age and above, are also eligible
for financial assistance under this scheme. A monthly pension of ` 200/- per
beneficiary is paid on a quarterly basis.

- Apart from it there is a Financial Assistance Scheme for orphans and destitute
  children below the age of 21 years. This scheme was also started in 1968.

- Another Scheme covers handicapped persons with severe disability or
  permanent infirmity caused by blindness, retardation or chronic illness is
  eligible for a pension of ` 200/- per month if the income of the person
  concerned and his/her spouse or parents is not more than ` 1000/- per month.

- Finally, there is a Punjab Labour Welfare Board which is statutory body,
  created in 1974 under the Punjab Labour Welfare Fund Act, 1965. It is headed
  by the Welfare Commissioner, Punjab. The board is implementing various
  welfare schemes for the benefit of industrial workers and their families.

**N.G.O. Initiatives**

Although, a number of schemes are being implemented by both the central and
state governments, their total coverage is estimated to be about 21 million workers. In
other words, only about 6 per cent of the unorganised workers in the country are
covered under any of the social security measures. It is further estimated that small
and large NGOs in the country provide some social security cover to about 2 per cent
of the workforce in the unorganised sector (NCEUS, 2006). The most common form
of security cover provided by the NGOs is in the area of health security. This is
achieved mainly through the provision of a health insurance cover in any of the two
ways. First, the NGO acts as an intermediary between the provider of insurance and
the community. The second method is more common wherein the NGO itself
provides the insurance cover. In most cases, the insurance covers hospitalisation and additional expenses of medicine. The highest NGO presence in the case of such social security coverage is in the southern states of Andhra Pradesh, Karnataka and Tamil Nadu, and the western states of Maharashtra and Gujarat. A large number of voluntary and people’s organisations are involved in providing a measure of protective social security to workers and their families in the unorganised sector in the country. However, such provision is often part of a larger package of services that include promotional social security such as access to micro-credit, housing, preventive healthcare and employment. It should be emphasized that most social security schemes in the voluntary sector were initiated in the early 1990s. This indicates that the issue of protective social security has recently entered the agenda of the voluntary sector. There are certain organisations in the voluntary sector, which provide protective social security in one way or another e.g. in Gujarat, Self Employed Women Association (SEWA) has been providing health insurance to its members as part of the integrated social security scheme. Health insurance is an integral part of the insurance programme of SEWA. The coverage of the SEWA health insurance programme includes maternity coverage, hospitalisation coverage for a wide range of diseases and insurance for occupational health related illnesses and other diseases specific to women.

Others

- **Bharathi Integrated Rural Development Society (Andhra Pradesh)** is the only NGO that has a provision for funeral expenses. It gives an amount of
500/- for immediate funeral expenses that cover both the member and spouse at a premium of `50/- per client per year.

- The Karuna Trust (KT) in Mysore along with the National Insurance Company (NIC) offers the following insurance package in a public-private partnership initiative. For a premium of `30/- per person per annum, the insurance company pays, in the event of hospitalisation, `100/- per day per patient with a maximum cover of `2500/- for all in patient care at public health facilities. The package includes all kinds of illnesses and diseases, with no exclusion nor any waiting period involved. The premium was subsidised fully for the poor SC/ST population and partially for BPL non-SC/ST households while there was no subsidy for above the Poverty Line (APL) households.

Thus, to sum up we can say that since, the majority of the workers in the unorganised sector in general and unorganised manufacturing sector in particular are poor and vulnerable, their woes multiply when they have to face certain contingencies of life. Therefore, it is the need of the hour that these workers should be adequately protected. So far, many schemes have been implemented at the central and state level. But most of these Schemes are for whole of the unorganised sector of which agriculture holds a major part. Since the unorganised sector is heterogeneous in nature including a wide range of activities, workers in each sector face different kinds of problems. So is the case with the unorganised manufacturing sector. Therefore, there should be sector-specific policies. Whatever assistance is provided should be capability enhancing and should be provided on sustainable basis. Though most of the
problems faced by the Social Security Schemes for the unorganised workers have been rightly addressed in the latest Unorganised Sector Workers Social Security Act, 2008, which is to be implemented from May, 2009, yet it would be too early to comment on the effectiveness of the implementation of this Act.
REFERENCES


