Chapter 6
SOCIAL SECURITY FOR UNORGANIZED SECTOR- An Overview

History of Social Security

Germany was the first country to announce Social security scheme (1883) each member of a particular trade (blacksmiths, painters, weavers etc.) was required to contribute at regular intervals; Money from this fund was used for food, lodging, hospital and funeral expenses of aged and disabled members. In USA, Social Security Act came into existence in 1935. Later New Zealand adopted the same in 1938. After that several countries including India implemented some social security measures.

The social security can be provided by institutional and non-institutional agencies. The non-institutional agencies existed from time immemorial and they are the backbones of the present social security programmes. India is a good example of having non-institutional form of social security measures in the world. The needy and unfortunate are seen protected in joint family set up and the caste system. The hardship due to unemployment, economic difficulties, old age, widowhood etc. was taken care of by joint family system. It had a religious backing also. An additional help from individual and institutions was provided to them through the guilds, community and Panchayats, orphanages, widow homes and charity centers available during that time. This indicates that India had its own social security system of self-sufficient, village economy, joint family system and organizations of charity.

The ideals of social security ultimately became a social responsibility largely depending on the resources and needs of the country. India is a country where economic resources are less and needs are more. The social security enactments that we find today in India are an amalgam of the ideals and principles emerged over the years.

Concept of Social Security

Social security is a protection that a society extends to individuals and households to ensure access to health care and to guarantee income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner.
Social security is a concept enshrined in Article 22 of the Universal Declaration of Human Rights which states that “everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality”.

In simple words it may be defined as a protection which society provides to its members by various public measures against social and economic distress.

Social Security is considered as one of the important aspects in the global era which has a significant impact on the social and economic policies of several countries. It is quite obvious that the first objective of any welfare state would be the security of men, women and children. The security of the individual and family concerns itself primarily with three factors; people want decent homes to live, want to engage in productive work and want some safeguard against misfortune, which cannot be wholly eliminated in this man made world of ours (Roosevelt, 1934).

The concept of Social Security has been very old one though the term, the laws and the institutions build to institutionalize the entire concept may be of recent origin in developing country like India. As a concept social security has its roots in western society. It was coined for the first time when the United States Social Security Act 1935 was enacted. Later, several countries including India implemented the social security measures. In contemporary western societies it is common to indicate with social security the protection provided by state institutions for individuals or social groups against the loss of earnings, which result from so called social risks (for example, old age, sickness, maternity, unemployment). Four major elements of this protection are income-tested social assistance, social insurance, categorical transfers, and health care. Studies of social security in western societies focus on the implementation of these forms of protection, and their effects on socio-economic processes and relationships.¹

Social security was established as a basic human right in the ILO’s Declaration of Philadelphia (1944) and its Income Security Recommendation, 1944 (No. 67). This


The main objective of social security is that the state shall make itself responsible for guaranteeing a minimum standard of material welfare to all the people on a foundation wide enough to cover all the main contingencies of life. In the life of a man there are two phases of dependencies, childhood and old age, and in the intervening years of adult life there are spells during which he cannot earn a living. The social security system aims to help individuals in such times of dependency. It will be significant to consider as to what are those main risks of insecurity to which human life is liable and in relation to which organized society can afford relief to the helpless individual. These are incidents of life securing right from childhood up to old age and death which includes sub-stages like sickness, maternity, invalidity, accident, industrial disease, unemployment, death of a bread winner and other such emergencies (ILO Publication, 1949).

In fact, social security is very wide term and today it has acquired a global character. The concept is usually employed to constitute specific government programme designed primarily to prevent want by assuming the families the basic measures of subsistence.  

The British interpretation of social security is that the main purpose of any plan for social security is insurance against interruption and destruction of earning power and for special expenditure arising at birth, marriage or death.  

Social security is a way of guaranteeing freedom from poverty which is one of the challenging obstacles in the way of development. Social security involves insurance against those misfortunes to which an individual remains exposed even when the condition of the society as a whole improves. It covers several measures for improving the conditions of society- full employment, minimum wage, public health, housing, education and so forth (W.A Robson).

Social security points out that the members of a community shall be protected by collective action against social risks, causing undue hardship and privation to

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2 Encyclopedia Americana, Vol.25.p1  
3 Encyclopedia Britannica, Vol.20, p839
individuals, whose private resources can seldom be adequate to meet them (National Labour Commission, 1969).

The concept of social security is multi-dimensional in its contents and in the present day society it includes within its ambit the aspect of socioeconomic justice done to the members of the society. To achieve this purpose under the concept of social security, a minimum standard of living is guaranteed to the members of the society against certain economic hazards to which they are exposed.

Varandani, G. (1989) noted that social security is mainly comprised of two synonymous terms; social assistance and social insurance. They are meant to ameliorate the conditions of masses and both are the main instruments to provide financial assistance but they differ from each other in terms of their substance and operation.

Social Assistance: It is inevitable and permanent feature of and system of social security. This system has its origin in old poor laws passed in Great Britain for the first time in 1601 to replace the voluntary charity. With the progress of civilization, state intervention, in such public charity increased, resulting in better schemes and greater adequacy of assistance in quality and quantity (Bhagoliwal, 1966). Social security is a concept enshrined in Article 22 of the Universal Declaration of Human Rights which states that Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international cooperation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

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Social assistance is a mechanism by means of which benefits in cash or kind are provided out of general revenues of the state to those in acute need designed to enable them to live at a minimum subsistence standard directly or through some appropriate organizations. In social assistance means test or test of need is very important and determinates as being the extent of need and dependency.
The ILO conducted a study on Social Protection of Unorganized Sector in India with technical support given by UNDP in 1996. This report reviews the existing policies in three domains namely:

1. The promotion of Social Insurance in Unorganized Sector.
2. Social Assistance for Old Age, survivors, maternity and invalidity

**Approaches to Social Security**

According to Saxena, (1981), Social Security is a dynamic concept adopted by all the developed nations of the world as an essential chapter on all national programmes to strike at the root of poverty, unemployment and disease, it was regarded as most important for industrial workers⁴.

The different comprehensive schemes on social security and labour welfare would help in boosting the industrial morale and productivity and is an crucial means to motivation of the workers.

A program of social security would open the way to a new and better life for poor people of India. The different comprehensive schemes on social security and labour welfare would keep industrial morale and efficiency and is an indispensable means to efficiency and productivity.

*Broadly speaking the approaches of social security are three fold in nature.*⁴

1. Compensation
2. Restoration
3. Prevention

(i) Compensation means income security during spell of risks because the individual and his family not be subjected to a double calamity involving both destitution and loss of life, health and work. Under worker compensation, workers are compensated in case of any permanent disability reducing permanently or temporary earning capacity of aggrieved employee. It is compensating a suffered employees due to contingencies and unexpected mishaps by providing financial support.

(ii) Restoration. It means giving individuals and their families the confidence that their level of living and quality of life will not suffer as far as possible due to any

⁴ [http://mbaexamnotes.com/social-security.html](http://mbaexamnotes.com/social-security.html)
social and economic loss. “It aims at restoring the previous social and economic status of the employee by providing financial and social help under different provisions of social security Acts. Due to restoration of one’s previous status financial position the self-confidence and self-esteem of the employee can be maintained.” Restoration mean reemployment and providing self-confidence through cure of sick/injured employees.

(iii) Prevention. Social Security is a basic instrument of social and economic justice among members of the society.” It not only aims at compensation and restoration of one’s financial and social status; it further aims prevention of mishaps, industrial injury and occupational diseases.

Prevention focuses on avoiding loss of creative ability due to illness, injury or unemployment. Factory’s Act, Industrial safety Act and worker’s Compensation Act are helpful in the preventions of different Industrial hazards leading to injury and occupational diseases. Prevention is better than cure.”

**Social Security Needs:**

India has always had a Joint Family system that took care of the social security needs. However with rise of migration, urbanization, nuclear families and demographic changes, Joint family system has declined. Hence we need a formal system of social security.

**Constitutional Provisions Underlining Social Security for Unorganized Workers**

The constitution of India guarantees fundamental rights to every citizen including the right to life (Article 21) and as the Supreme Court has pointed out that the right to livelihood is inherent in the right to life.

The ultimate aim of social security is to ensure that everyone has the means of livelihood and hence the right to social security and protection of the family are integral part of right to life. Further, the Supreme Court has also held that security against sickness and disablement and also right to family pension held to be forming part of right to life under Article 21.

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Since majority of the unorganized workers belong to the downtrodden section of the society, they are entitled to some special rights apart from rights under the Indian constitution. Some of the important and relevant constitutional provisions that underpin the essence of Social Security are as follows:

**Fig: 6.1 Social Security: Constitutional Provisions**

![Diagram showing constitutional provisions](http://mrunal.org/2012/07/economy-social-security-epfo.html)

**Article 14:** Equality before law (Right to Equality);

**Article 15:** Prohibition of discrimination on grounds of religion, race, caste, sex or place of birth:

1. The State shall not discriminate against any citizen on grounds only of religion, race, caste, sex, and place of birth or any of them.

2. No citizen shall, on grounds only of religion, race, caste, sex, place of birth or any of them, be subject to any disability, liability, restriction or condition with regard to (a) access to shops, public restaurants, hotels and places of public entertainment; or (b) the use of wells, tanks, bathing ghats, roads and places of public resorts maintained wholly or partly out of State funds or dedicated to the use of general public.
(3) Nothing in this article shall prevent the State from making any special provision for women and children.

(4) Nothing in this article or in clause (2) of article 29 shall prevent the State from making any special provision for the advancement of any socially and educationally backward classes of citizens or for the Scheduled Castes and the Scheduled Tribes.

(5) Nothing in this article or in sub-clause (g) of clause (1) of article 19 shall prevent the State from making any special provision, by law, for the advancement of any socially and educationally backward classes of citizens or for the Scheduled Castes or the Scheduled Tribes in so far as such special provisions relate to their admission to educational institutions including private educational institutions, whether aided or unaided by the State, other than the minority educational institutions referred to in clause (1) of article 30

Article 16: Equality of opportunity in matters of public employment; -

(1) There shall be equality of opportunity for all citizens in matters relating to employment or appointment to any office under the State.

(2) No citizen shall, on grounds only of religion, race, caste, sex, descent, place of birth, residence or any of them, be ineligible for, or discriminated against in respect of, any employment or office under the State.

(3) Nothing in this article shall prevent Parliament from making any law prescribing, in regard to a class or classes of employment or appointment to an office under the Government of, or any local or other authority within, a State or Union territory, any requirement as to residence within that State or Union territory prior to such employment or appointment.

(4) Nothing in this article shall prevent the State from making any provision for the reservation of appointments or posts in favour of any backward class of citizens which, in the opinion of the State, is not adequately represented in the services under State. (4A) Nothing in this article shall prevent the State from making any provision for reservation in matters of promotion, with consequential seniority, to any class or classes of posts in the services under the State in favour of the Scheduled Castes and the Scheduled Tribes which, in the opinion of the State, are not adequately represented in the services under the State. (4B) Nothing in the article shall prevent...
the State from making any unfilled vacancies of a year which are reserved for being
filled up in that year in accordance with any provision for reservation made under
clause (4) or clause (4A) as a separate class of vacancies to be filled up for
determining the ceiling of fifty per cent reservation on total number of vacancies of
that year.

(5) Nothing in this article shall affect the operation of any law which provides that
incumbent of an office in connection with the affairs of any religious or
denominational institution or any member of the governing body thereof shall be a
person professing a particular religion or belonging to a particular denomination.

**Article 17:** Abolition of Untouchability; "Untouchability" is abolished and its practice
in any form is forbidden. The enforcement of any disability arising out of
"Untouchability" shall be an offence punishable in accordance with law.

**Article 19(1) (a):** Right to adopt any profession, or to be any occupation, trade or
business;

**Article 21:** Protection of life and personal liberty;

**Article 23:** Prohibition of traffic in human beings and forced labour:

(1) Traffic in human beings and beggar and other similar forms of forced labour are
prohibited and any contravention of this provision shall be an offence publishable in
accordance with law.

(2) Nothing in this article shall prevent the State from imposing compulsory service
for public purposes, and in imposing such service the State shall not make any
discrimination on grounds only of religion, race, caste, or class or any of them.

**Article 37:** Application of the principles contained in this Part.-The provisions
contained in this Part shall not be enforceable by any court, but the principles therein
laid down are nevertheless fundamental in the governance of the country and it shall
be the duty of the State to apply these principles in making laws.

**Article 38:** State to secure a social order for the promotion of welfare of the people:

(1) The State shall strive to promote the welfare of the people by securing and
protecting as effectively as it may a social order in which justice, social, economic
and political, shall inform all the institutions of the national life.
(2) The State shall, in particular, strive to minimize the inequalities in income, and endeavour to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations.

Article 39: Certain principles of policy to followed by the State. - The State shall, in particular, direct its policy towards securing -

(a) that the citizens, men and women equally, have the right to an adequate means of livelihood;

(b) that the ownership and control of the material resources of the community are so distributed as best to sub serve the common good;

(c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment;

(d) that there is equal pay for equal work for both men and women;

(e) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength;

(f) that children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against moral and material abandonment.

Article 41: Right to work, to education and public assistance in certain circumstances;

Article 42: Just and humane conditions of work;

Article 46: Promotion of educational and economic interests of scheduled castes, scheduled tribes and other weaker sections: The State shall promote with special care the educational and economic interests of the weaker sections of the people, and, in particular, of the Scheduled Casts and the Scheduled Tribes, and shall protect them from social injustice and all forms of exploitation.

Article 47: It is the duty of the State to raise the level of nutrition and the standard of living and to improve public health.
Legal Legislation Underlining Social Security for Organized Workers.  

WORKMENS COMPENSATION ACT, 1923

The act implies in organized sector. It is basically formulated to compensate the loss due to accident or death of workman at the worksite. In case of death 50% of the monthly wages multiplied by the relevant factor or an amount of Rs.1, 20,000/-, whichever is more is paid to the worker’s family. In case of permanent total disablement 60% of the monthly wages multiplied by the relevant factor or an amount of Rs.1,40,000/-, whichever is more is paid lifelong. A sum of Rs. 5000/- is paid for funeral expenses.

EMPLOYEES STATE INSURANCE ACT, 1948

The Act is applied to factories employing 10 or more persons. The provisions of the Act have been further extended to shops, hotels, restaurants, cinemas including preview theatres, road motor transport undertakings, educational and medical institutions employing 10 or more employees. Employees in receipt of daily average wage upto Rs. 70/- are exempted from contributions. The benefits given under this act are Sickness benefit, extended sickness benefit, and enhanced sickness benefit, disablement benefit, medical benefit, maternity benefit, confinement expenses, funeral expenses, vocational rehabilitation, physical rehabilitation and Unemployment allowance.

THE EMPLOYEES’ PROVIDENT FUNDS & MISCELLANEOUS PROVISIONS ACT, 1952

Currently, the Act is applicable to 187 identified industries or classes of establishments in which 20 or more person are employed. There are three schemes under this act listed below.

1. Employees’ Provident Fund Scheme,
2. Employees Deposit Linked Insurance Scheme, 1976 (EDLI),
3. Employees’ Pension Scheme.

THE MATERNITY BENEFIT ACT, 1961

The Act applies in establishments including factories, mines, the circus industry, plantation units and shops or any establishments employing 10 or more persons except the employees covered under the Employees State Insurance (ESI) Act, 1948.

Salient Features of the Act: (i) Maternity leave given to the working women shall be 26 weeks for the first two children. (ii) Maternity leave for children beyond the first two will continue to be 12 weeks. (iii) Maternity leave of 12 weeks is to be given to mothers who adopt a baby below the age of three months as well as to the “commissioning mothers”.

THE PAYMENT OF GRATUITY ACT, 1972

Gratuity is a defined as benefit provided to the employee by its employer for extending services continuously for 5 years or more. It is a monetary benefit usually disbursed at the time of employee’s retirement. But there are certain rules that make an employee eligible to receive gratuity before the age of retirement or superannuation.

As per the provisions of Payment of Gratuity Act, 1972, an employee is eligible to get gratuity if he has rendered continuous service for at least 5 years with an organization. The amount of gratuity is disbursed to the employee:

a) On his/her superannuation, or

b) On his/her retirement or resignation

Social Security Schemes and Legislations for Unorganized Workers in India:

MINIMUM WAGES ACT, 1948

The Minimum Wages Act, 1948 is the most important legal regulation that has come into force for the benefits of unorganized workers. It was passed for fixing and reviewing the minimum rates of wages in the scheduled employments where workers are engaged in the unorganised sector. This act is limited to the so called sweated industries, in which workers are basically unorganized and working conditions are poor as compared to organised industry.
The appropriate Government fixes the minimum wage rates on the recommendations of wage committee.

*Social security is of two types*⁸

Social assistance: A system to provide benefits to worker belonging to vulnerable sections of community (Children, mothers, disabled, old age people etc.) from general revenues of the state, it is non-contributory.

Social insurance: A method to provide benefits to person through contributions of beneficiaries with contribution/subsidies from employer and state.

**Unorganized workers’ Social Security Act 2008**⁹.

This act recommends that the Central Government provide social security schemes to mitigate risks due to disability, health shocks, maternity and old age which all unorganized workers get exposed to and are likely to suffer from. Ministry of Labor & Employment has enacted the Unorganized Workers’ Social Security Act, 2008. The Act has come into force with effect from May 2009. National Social Security Board was constituted on August 2009. Government of India has approved a proposal for Convergence of 3 major Social Security Schemes for Unorganized Workers on a single smart card platform based on a single unified data base – RSBY, AABY, and IGNOAPS for old age protection through a common data base and single Smart Card valid across India. In order to ensure social security benefits to the unorganised workers, the Government has passed “The Unorganised Workers Social Security Act, 2008”. This Act specifies formulation of suitable welfare schemes for unorganised workers in matters relating to:

i. Life and disability insurance,

ii. Health and maternity assistances,

iii. Old age security and

iv. Any other benefit/scheme as may be notified by the Government time to time, through the National Social Security Board.

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There are list of schemes, framed by the Government to ensure social security benefit to the unorganized worker, listed in the Schedule I of this Act are listed below.\(^\text{10}\)

**Indira Gandhi National Old Age Pension Scheme:** (Ministry of Rural Development)

Rs.75 per month is provided per beneficiary for destitute above 65 years. The scheme covered destitute having little or no regular means of subsistence from his / her own sources of income or through financial support from family members or other sources. In order to determine destitution, the criteria, if any, currently in force in the State / UT Governments were adapted. The Government of India reserved the right to review these criteria and suggest appropriate revised criteria.

**National Family Benefit Scheme:** (Ministry of Rural Development)

A grant of Rs 5000 in case of death due to natural causes and Rs 10,000 in case of accidental death of the “primary breadwinner” is provided to the bereaved household under this scheme. The primary breadwinner as specified in the scheme, whether male or female, had to be a member of the household whose earning contributed substantially to the total household income. The death of such a primary breadwinner occurring whilst he or she is in the age group of 18 to 64 years i.e., more than 18 years of age and less than 65 years of age, makes the family eligible to receive grants under the scheme.

**Janani Suraksha Yojana:** (Ministry of Health and Family Welfare)

Janani Suraksha Yojana was launched in April 2005 by modifying the National Maternity Benefit Scheme (NMBS). The NMBS came into effect in August 1995 as one of the components of the National Social Assistance Programme (NSAP). The scheme was transferred from the Ministry of Rural Development to the Department of Health & Family Welfare in 2001-02. The NMBS affords the financial assistance of Rs. 500/- per birth up to two live births to the pregnant women who are 19 years of age or above and hail from the below poverty line (BPL) households.

**Aam Admi Bima Yojana. (Department of Financial Services)**

The premium to be charged initially under the scheme will be Rs.200/- per annum per beneficiary to give cover of Rs.30,000/-, out of which 50% will be subsidized from the Social Security Fund. In case of Rural Landless Household (RLH) remaining 50% premium shall be paid by State Government/ Union Territory and in case of other occupational group the remaining 50% premium shall be borne by the Nodal Agency and/or Member and/or State Government/ Union Territory.

The beneficiary should be aged between 18 years completed and 59 years nearer birthday and should normally be the family head of or earning member of the BPL family or marginally above the poverty line under identified vocational group/rural landless household.

**Rashtriya Swasthya Bima Yojana: (Ministry of Health and Family Welfare)**

RSBY was started by Government of India in 2008. It first targeted only Below Poverty Line (BPL) families, but later expanded to other well-defined categories of unorganised workers, including; Licensed Railway Porters, Street Vendors, MGNREGS, Beedi Workers, Domestic Workers, Conservancy Workers, Mine Workers, Rickshaw pullers, Rag pickers, Building and construction workers registered under Welfare Boards and Auto/Taxi Driver.

The cost of premium for registered beneficiaries under the scheme is divided between Central and State Governments. Its key service delivery model is based on demand financing, freedom of choice among accredited government and private hospitals, and cashless service reimbursable to provider on a pre-determined package.

On 1st April, 2015, the Scheme (RSBY) was transferred to Ministry of Health & Family Welfare. From then Ministry of Health & Family Welfare is executing this scheme in a decentralized model at the State level.

*RSBY has two broad objectives:*

1. To provide financial protection against catastrophic health costs.
2. To expand access to quality health care for BPL families of pocket expenditure for hospitalization and other weaker sections in the unorganized sector.
The registered members under RSBY are entitled to hospitalization cost up to Rs.30,000/- per annum. The benefit will be available under well-defined diseases in the form of package. The government has formulated specific package rates for the hospitals for a large number of treatments. There is no age limit under this scheme. It covers maximum five members of a family which includes the head of the family, wife and up to three dependents. Moreover, local conveyance of Rs.100/- per hospitalization shall also be given to the member subject to a maximum of Rs.1000/- per year per family. The members need to pay only Rs. 30/- as registration fee for a year while Central and State Government contribute the premium as per their sharing ratio to the insurer selected by the State Government on the basis of a competitive bidding. The State Government sets up a State Nodal Agency (SNA) that is responsible for execution, monitoring, evaluation and part-financing of the scheme with due support and coordination of Insurance Company, Hospital, District Authorities and other stakeholders.

Central Government has also launched following 3 schemes for all citizen focusing unorganised workers to give them inclusive social security.

1. **Atal Pension Yojna (APY):** Under this scheme, beneficiaries would receive a fixed minimum pension after completion of 60 years of age, depending on their contributions, which itself would vary on the age of joining the scheme. The Central Government would also contribute 50% of the total contribution or Rs.1000 per annum per beneficiaries, whichever is less, for a period of 5 years. The pension would also be available to the spouse on the death of the registered member and thereafter, the pension corpus would be returned to the nominee. The minimum and maximum age of joining the scheme is 18 years and 40 years respectively.

2. **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY):** Under this scheme, life insurance of Rs.2 lakh would be given on premium amount of just Rs.330 per annum by the registered member. This scheme is for the people lying the age group of 18 to 50 years. The members must have a bank account from where the amount of premium would be deducted through net banking "auto-debit" facility.

3. **Pradhan Mantri Suraksha Bima Yojana (PMSBY):** Under this scheme, accidental death insurance & full disability insurance due to accident of Rs.2
lakh and partial disability insurance of Rs.1 lakh would be provided on payment of premium of Rs.12 per annum. The Scheme is for the people lying in the age group 18 to 70 years having a bank account, from where the premium would be deducted through net banking "auto-debit" facility.

Social Security and MGNREGA:

For the first time in the history of Indian labour reforms MGNREGA is the only act which gives its rural masses right to guaranteed 100 days employment that too is demand driven. It has played a crucial role because of its right based demand driven approach. It provides a safety net to the poor rural masses particularly during famine and drought season. It has facilitated them with adequate purchasing power and helped them to fulfill their basic needs. The ethos of number of social security legislations are enshrined in the act such as;

**Minimum Wages Act:** MGNREGA ensures statutory minimum wage as per the standard of minimum wage rate set in different states of India.

**Payment of Wages Act, 1936:** The worker under MGNREGA are entitled to receive payment of compensation as per the provisions of the Payment of Wages Act, 1936 (Sec 4 of 1936), it they are not paid wages within the specified time as mentioned in the guidelines of MGNREGA.

The wages under the scheme may be paid either totally in cash or in cash and kind but at least one- fourth of the wages will be paid in cash only.

The employment under the scheme would be provided within 5 km radius of the village where the worker resides. In cases the employment is provided outside of this radius, it must be provided within the Block, and the workers would be paid additional 10% of the wage rate to meet the cost of transportation.

In case employment is not given to the worker even after 15 days of his job application in writing, then he will be eligible to get unemployment allowance as per the provisions mentioned in the Act.

**Equal remuneration Act:** There would be no discrimination in allotting work on the ground of gender, cast, creed, religion, region and the provisions of the Equal Remuneration Act, 1976 (Sec 25 of 1976), will be obeyed, i.e. equal pay for equal work without any bias.
**Workmen Compensation Act:** If any worker of MGNREGA becomes a victim of personal injury at the worksite, he/she shall be entitled to, free of charge, such medical treatment as specified in the guidelines of MGNREGA.

If hospitalization of the injured worker is needed, the State Government shall arrange for such hospitalization; including accommodation, treatment, medicines and payment of daily allowance not less than half of the wage rate.

If a worker employed under MGNREGS dies or becomes permanently disabled (at worksite) because of accident while working, he/she shall be paid by the government an ex-gratia payment at the rate of Rs.25000 or such amount as may be notified by the Central Government, and the amount shall be paid to the legal dependents of the deceased or the disabled, as the case may be.

If any personal injury is caused by accident to a child accompanying any person who is employed under a Scheme, such person shall be entitled to, free of charge, such medical treatment for the child as may be specified in the Scheme and in case of death or disablement, through an ex-gratia payment as may be determined by the State Government.

**Factories Act 1948 (provisions of Workplace facilities):** As per the provisions of MGNREGA, the facilities of clean drinking water, shade, crèche and break for rest, first-aid box with sufficient material for emergency treatment for minor injuries and other health hazards connected with the work being performed shall be provided at the worksite.

If the number of children below the age of 6 years accompanying the women working at MGNREGA worksite are 5 or more, then a woman worker shall be deputed to look after such children. As far as the worksite facilities are concerned the MGNREGA has the basic flavor of Factories Act 1948.

Above all, social protection for the marginal sections living in rural parts of India through ensuring employment in manual work and thereby generating livelihood security for the poor through production of durable assets in the rural areas, are some of the important mandates of MGNREGA.

The Act, to a greater extent tried to ensure social security for unorganized manual workers which was never present in earlier labour legislations for unorganized rural sector. It is not only giving rural livelihoods but also providing them livelihood
security at times when agriculture work is not available in the village. This has helped in handling disguised workers. Employment in other non-agricultural work will also improve the rural infrastructure i.e. rural asset building. It will ultimately lead to sustainable development.

**Challenges: Social Security for Unorganized Sector**

As far as social status of organised sector is concerned, the system is somewhat in place and is not a matter of concern but it is the unorganized sector which is a major area of concern due to dual reasons: first, the magnitude of unorganized sector is very high and in which 43.3 crores people constitute almost 94 per cent of the whole workforce of the country. Another, this is the sector whose people normally don’t have any other economic resource to back upon and major portion of this sector comprises the poor families of the country. Hence this is the sector which is in desperate need of the social security. Though the governments and society are taking initiatives but somehow these programmes have not been able to achieve the objectives the way they were expected to achieve them.

There may be some reasons which have reduced the effectiveness of these programmes listed below:

1. **Lack of comprehensive universal social security policy:** This is the biggest drawback in the welfare policy formation of Indian Government that social security has not been made a fundamental right of an Indian Citizen and no comprehensive policy has been made by the government in this regard rather government is following piecemeal approach which is not resulting into comprehensive coverage of social security benefits.

2. **Lack of Awareness:** The people of this sector lack the communication facilities and whatever communication facilities they have, they utilize if for entertainment purposes. So the messages regarding these programmes do not reach to masses in effective manner.

3. **Ignorance:** Lack of awareness and knowledge how to approach to the right authorities managing schemes lead to the lesser prevalence of these schemes among the unorganized sector.
4. *Poor implementation:* There are very few government departments which act promptly on the instructions and policies of the Government. India is a country who is excellent in making plans but when it comes to implementation, her efficiency erodes.

5. *Leakages in system:* Our late Prime Minister, Rajiv Gandhi once said that The ‘One Rupee that is dropped from the center on various programs transforms into 15 paisa as it reaches to the ground. The same may be applied to the social security schemes for this sector.

6. *Lack of Social activism:* The participation” of the society and the social organization is must for any welfare programme to be successful because the government machinery may prove insufficient on many fronts. Hence the participation of the social groups to motivate these people to take maximum benefit of these programmes i must which is somewhat falling short of the requirement. Hence, in the last it can be said that all these pitfalls should be removed for sound implementations of social security schemes in India to give their best.
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