

Code on Social Security 2020

September 21, 2020

The Bill **replaces nine laws related to social security**. These include the Employees' Provident Fund Act, 1952, the Maternity Benefit Act, 1961, and the Unorganised Workers' Social Security Act, 2008. The Bill provides for the **establishment of several bodies to administer the schemes**. These include a Central Board to administer the provident fund schemes and national and state-level Social Security Boards to administer schemes for unorganized workers.

Features of Code on Social Security 2020

- **Social Security Schemes:** Under the Bill, the central government may notify various social security schemes for the benefit of workers. These include an **Employees' Provident Fund (EPF) Scheme, an Employees' Pension Scheme (EPS), and an Employees' Deposit Linked Insurance (EDLI) Scheme**. These provide for a provident fund, a pension fund, and an insurance scheme, respectively.
- Additionally, the central or state government may **notify specific schemes for unorganized workers, gig workers, and platform workers (and set up funds)** to provide various benefits, such as life and disability cover. (*Gig workers refer to workers outside of the traditional employer-employee relationship (Eg: Freelancers)*).
- **Contributions:** The EPF, EPS, EDLI, and ESI Schemes will be financed through a **combination of contributions from the employer and employee**. For example, in the EPF scheme, the employer and employee will make matching **contributions of 10% of the employee's wages** (which may be increased to 12% by notification).
- **Coverage:** The Bill specifies **different applicability thresholds** for the schemes. For example, the **EPF Scheme** will apply to establishments with **20 or more employees**. The **ESI scheme** will apply to certain establishments with

10 or more employees, and to all establishments which carry out hazardous or life-threatening work notified by the central government.

- **Inspection:** The appropriate government may appoint **inspector cum facilitators** to inspect establishments covered by the Bill and **advise employers and employees on compliance with the Bill.** Administrative authorities may be appointed under the various schemes to hear appeals under the Bill.
- **Employment Information:** The appropriate government may **require employers to report vacancies to career centers** notified by the central government. The employer will not be obligated to hire any person through the career center. These provisions will not apply to vacancies in certain employments, including agriculture and domestic service.
- **Offenses:** The Bill specifies penalties for various offenses, such as for failure by an employer to pay contributions under the Bill after deducting the employee's share, which attracts imprisonment between one and three years, and a fine of one lakh rupees.