

Draft code on Social Security-2019

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Source: Ministry of Labour & Live Mint

Ministry of Labour & Employment has prepared a preliminary draft of Code on Social Security, 2019 by amalgamating, simplifying and rationalizing the relevant provisions of the existing 8 Central Labour Acts

Key highlights of the code

- It proposes several new initiatives including **universal social security for unorganized sector workers and, insurance and health benefits** for gig workers including the Ola and Uber drivers.
- Besides, it also proposes **corporatization of existing organizations like EPFO and ESIC** headed by people other than the labour minister
- The draft code on social security, which subsumes eight existing laws covering provident fund, maternity benefits, and pension

Insurance, PF, life cover for unorganized sector employees:

The draft code says the “Central Government shall formulate and notify, from time to time, suitable welfare schemes for unorganized workers on the matter relating to

- Life and disability cover
- Health and maternity benefits
- Old age protection; and any other benefit as may be determined by the central government”.

While framing schemes, the draft says the **states may also formulate and notify suitable initiatives for unorganized workers, including schemes relating to provident fund,**

employment injury benefit, housing, the educational scheme for their children, old age and funeral assistance.

Corporatization of EPFO and ESIC:

The pension, insurance, and retirement saving bodies including EPFO and ESIC will be a body corporate. **The word body corporate has been added in the draft and may bring in a departure from the current autonomous body status of such an organization.** The draft also talks about the **appointment of chief executive officers (CEOs) in these organizations** indicating that the labour minister, labour secretary, the central PF commissioner and Director General of ESIC may not be by default the head of such organizations.

It means the EPFO may become a more structured national body with its entire Rs. 11 trillion corpus under the responsibility of a central government-appointed chairman. Currently, **EPFO is headed by the Labour Minister chaired central board of trustees.**

The draft also mentions that The Central Government shall also appoint a **Financial Advisor and Chief Accounts Officer** to assist the Chief Executive Officer in the discharge of his duties.

Benefits for Gig workers:

- Millions of **gig workforce in India often referred as lonely in the workplace**, may soon **get life and disability insurance, health and maternity benefits** among others as the union government is formulating a labour code that proposes such provisions.
- Though the exact number of gig workers are unknown as they are still figuring out whether they are formal workers or informal workers or independent entrepreneurs, a 2017 study by consulting firm EY has said that nearly one out four gig workers in the world are from India. The draft proposal comes as California

approved a law for wage benefit and protection for gig workers such as those working in taxi aggregating companies like Uber and Lyft. Like Ola in India, Lyft is a popular tax aggregator in the US.

Maternity Benefit:

The draft says subject to the other provisions of this Code, **every woman shall be entitled to, and her employer shall be liable for, the payment of maternity benefit** at the rate of the average daily wage for the period of her actual absence, that is to say, the period immediately preceding the day of her delivery, and any period immediately following that day.

For the purposes of this sub-section, **–the average daily wage means the average of the woman’s wages payable to her for the days on which she has worked during the period of three calendar months** immediately preceding the date from which she absents herself on account of maternity, subject to the minimum rate of wage fixed or revised under the Code on Wages, 2019.

Existing labour laws that the code will merge:

The Code on Social Security, 2019 once in place will merge eight exiting labour laws including;

- Employees’ Compensation Act, 1923
- Employees’ State Insurance Act, 1948
- Employees’ Provident Funds and Miscellaneous Provisions Act, 1952
- Maternity Benefit Act, 1961
- Payment of Gratuity Act, 1972
- Cine Workers Welfare Fund Act, 1981
- Building and Other Construction Workers Cess Act, 1996 and
- Unorganized Workers’ Social Security Act, 2008.