Social security in India

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Source: *The Hindu*

Manifest pedagogy: Insurance and pension programmes are vital to facilitate human development with demographic change. The problems faced by Europe and other developed countries will eventually be a burden for India as well if we do not take appropriate measures on time. Therefore, social security net is vital along with increased focus on vulnerable and unorganised groups.

In news: New social sector schemes for farmers and shopkeepers launched.

Placing it in syllabus: Social Security in India (explicitly mentioned)

Static dimensions:

- Status of Social security in india
- Social security schemes for unorganised sector

Current dimensions:

- New schemes launched
- Need for such schemes

Content:

India's social security schemes cover the following types of social insurances:

- **Pension**
- Health Insurance and Medical Benefit
- Disability Benefit

- Maternity Benefit
- Gratuity

While a great deal of the Indian population is in the **unorganized sector** and may not have an opportunity to participate in each of these schemes, Indian citizens in the organized sector and their employers are entitled to coverage under the above schemes.

There are **two major social security plans in India,** the **Employees' Provident Fund Organization (EPFO)** and the **Employees' State Insurance Corporation (ESIC)**.

The **EPFO runs a pension scheme and an insurance scheme.** All of these are supposed to grant EPFO members and their families benefits for old age, disability, and support in case the primary breadwinner dies.

The **ESIC covers low-earning employees providing them with basic healthcare and social security schemes**. Originally aimed at factory workers, the coverage was extended to include greater parts of the population, e.g. employees in hospitals or educational institutions. The ESI scheme has been implemented in all states excluding Manipur and Arunachal Pradesh.

Social security schemes for unorganised sector:

In order to provide social security benefits to the workers in the unorganised sector, the Government has enacted the **Unorganised Workers Social Security Act, 2008.** Some of the welfare schemes for unorganised workers stipulated under this act are:

1. The **National Social Assistance Programme (NSAP),** launched in 1995 is a Centrally Sponsored Scheme of the Government of India that provides financial assistance

to the elderly, widows and persons with disabilities in the form of social pensions.

2. **Janani Suraksha Yojana (JSY)**, launched in 2005, is a safe motherhood intervention under the National Rural Health Mission (NRHM) being implemented with the objective of reducing maternal and neonatal mortality by promoting institutional delivery among the poor pregnant women.
3. **Rajiv Gandhi Shilpi Swasthya Bima Yojana** aims at financially enabling the artisans' community to access to the best healthcare facilities in the country. This scheme covers not only the artisans but his wife and two children also.
4. **National Scheme of Welfare of Fishermen** aims at providing better living standards for fishermen and their families and social security for active fishers and their dependants.
5. **Aam Admi Bima Yojana,** launched in 2013, is a social security scheme aimed at unorganised sector workers aged between 18 and 59 years, which offers a cover of Rs 30,000.
6. **Rashtriya Swasthya Bima Yojana (RSBY**), launched in 2008, aims to provide health insurance coverage to the unrecognised sector workers belonging to the BPL category and their family members. It provides for inpatient medical care of up to ₹30,000 per family/year in public as well as empaneled private hospitals.

Recently launched schemes

Atal Pension Yojna (APY)

- Under the APY, subscribers would receive a fixed minimum pension at the age of 60 years, depending on their contributions, which itself would vary on the age of joining the APY.
- The Central Government would also co-contribute 50 percent of the total contribution or Rs. 1000 per annum,

whichever is lower, for a period of 5 years, who are not members of any statutory social security scheme and who are not Income Tax payers.
- The pension would also be available to the spouse on the death of the subscriber and thereafter, the pension corpus would be returned to the nominee.
- The minimum age of joining APY is 18 years and maximum age is 40 years.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY):

- Under PMJJBY, life insurance of Rs. 2 lakh would be available on the payment of premium of Rs. 330 per annum by the subscribers.
- The PMJJBY will be made available to people in the age group of 18 to 50 years having a bank account from where the premium would be collected through the facility of "auto-debit".

Pradhan Mantri Suraksha Bima Yojana (PMSBY):

- Under PMSBY, the risk coverage will be Rs. 2 lakh for accidental death and full disability and Rs. 1 lakh for partial disability on the payment of premium of Rs. 12 per annum.
- The Scheme will be available to people in the age group 18 to 70 years with a bank account, from where the premium would be collected through the facility of "auto-debit".
- **Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Yojana:** Under the scheme, the government has promised a direct payment of Rs. 6000 in three equal instalments of Rs. 2000 each every four months into the Aadhar bank accounts of eligible landholding Small and Marginal Farmers (SMFs) families.

Pradhan Mantri Kisan Mandhan Yojana:

- Honourable Prime Minister Narendra Modi recently launched a pension scheme for farmers from Ranchi, Jharkhand.

- Under the scheme, farmers between 18 and 40 years of age will get Rs **3,000 monthly pension after reaching 60**.
- The scheme has an outlay of Rs 10,774 crore for the next three years.
- All **small and marginal farmers (***with less than 2 hectares***) who are currently between 18 to 40 years** can apply for the scheme.
- Registration for the farmers' pension scheme was started on August 9,2019.
- Life Insurance of India (**LIC**) has been appointed **insurer** for this scheme.
- The farmers will have to make a **monthly contribution of Rs 55-200,** depending on the age of entry, in the pension fund till they reach the retirement date.
- This is an **optional** scheme.
- The government started registrations for the Pradhan Mantri Kisan Maan-Dhan Yojana (PM-KMY) on August 9,2019.
- The enrolment for the voluntary scheme is being **done through the Common Service Centres (CSCs)** located across the country.
- **No fee is charged for registration** under the scheme.
- The Centre pays Rs 30 to CSC for every enrolment to ensure that the scheme witnesses maximum coverage.

Pradhan Mantri Laghu Vyapari Mandhan Yojana, 2019:

- The new scheme that offers pension coverage to the trading community was launched from Jharkhand.
- Under the scheme, all **shopkeepers, retail traders and self-employed persons** are assured a minimum monthly **pension of Rs. 3,000/-** month after attaining the age of **60 years.**
- All small shopkeepers and self-employed persons as well as the retail traders with **GST turnover below Rs. 1.5 crore and age between 18-40 years**, can enrol for this

scheme.

- The scheme would benefit more than 3 crore small shopkeepers and traders.
- The scheme is based on **self-declaration** as no documents are required except **Aadhaar and bank account.**
- Interested persons can enrol through CSCs across the country.
- To be eligible, the applicants should **not be covered under the National Pension Scheme, Employees' State Insurance Scheme and the Employees' Provident Fund or be an Income Tax assessee.**
- The **Central Government will make matching contribution**(same amount as subscriber contribution) i.e. equal amount as subsidy into subscriber's pension account every month.
- Five crore traders are expected to join the scheme in the next three years.

Why are they needed?

With about 22 percent of India's population living below the poverty line, the "unorganized" sector, i.e. enterprises – mainly in agriculture, which are not legally covered by any form of social security, is disproportionately large.

Source: World Social Protection Report 2017–19, International Labour Organisation.

The social security schemes for the unorganised sector, in addition to enhancing **labour-market efficiency** and providing income security to the poor and vulnerable, also address multiple facets of poverty by building **resilience against socio economic crises and shocks,** e.g. health hazards, disability, unemployment and old age.

According to the **World Bank (2015),** social safety nets reduce the poverty gap by 15 percent and the poverty headcount rate by eight percent. As highlighted by the **International Labour Organisation (ILO) and the G20 forum,** social-protection systems act as **self-regulating economic stabilisers, boost employability and fortify aggregate domestic demand, thus facilitating the transition into a more formalised economy.**