

## Social Security in Informal Sector : A Myth

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### **ABSTRACT**

Social security means the overall security for a person in the family, work place and society. Social Security is a system to meet the basic needs as well as contingencies of life in order to maintain an adequate standard of living. It is not a charity rather a right. But women workers in the informal sector have the least access to social security. The objective of this paper is to assess the degree of social security of the working women in the informal sector in Odisha.

Keeping in view the objective of the study, a sample survey was conducted in districts like Keonjhar, Mayurbhanj and Cuttack. Hundred (100) women from each district were randomly selected and supplied with structured questionnaire pertaining to their availability of social security measures undertaken by the Govt. of Odisha.

In Odisha, three schemes like National Old Age Pension Scheme (NOAP), National Family Benefit Scheme (NFBS), Madhu Babu Pension Yojana (MPY) are launched to ensure social security at state level.

But everywhere they are deprived of various social security measures which are available in organized sector.

### **INTRODUCTION**

Social security, as a system to meet the basic needs as well as contingencies of life in order to maintain an adequate standard of living, is not charity but the right of all workers, because they are the contributors towards the national income of the country. In India about 390 million of unorganized workers are deprived of these benefits. It is generally believed that unorganized workers do not contribute anything to the national income. But according to some experts unorganized sector generates 62 per cent of the GDP, 50 per cent of gross national savings and 40 per cent of national exports. As they are the contributors towards the growth of the economy

they should have the privilege of social security as labour right. Now what is social security?

Social security is defined as labour right because it is originated from work and is claimed out of the income towards which the labour has contributed.

The Constitution guarantees rights including the right to life, equality, health, food, education, water, work and livelihood to all its citizens. These rights ensure to its citizens to lead a dignified life for themselves and for their families. Decent, dignified and safe work is a precondition for actual social security which is only possible if the workers' rights are recognized and employment is regulated. The regulation of

employment is mainly concerned with service conditions and condition of work. Social security now demands comprehensive social security legislation which ensures citizen rights, workers' rights and regulation of employment.

To ensure social security in unorganised sector, the schemes like Public Distribution System (PDS), Targeted Public Distribution System (TPDS), Annapurna Scheme, Antyodaya Anna Yojana and Mid-day Meal Scheme (MDMS) have been launched especially to provide food security to all age groups in unorganized sector. Similarly schemes like Food for Work Programme (FFW), Jawahar Rozgar Yojana (JRY), Sampoorna Gram Swarozgar Yojana (SGSY), Jawahar Gram Samridhi Yojana (JGSY), Employment Assurance Scheme (EAS) and Pradhan Mantri Gram Sadak Yojana (PMGSY) have been launched to provide employment opportunities in informal sector. Schemes like National Old Age Pension Scheme (NOAPS), National Maternity Benefit Scheme (NMBS) and Janani Suraksha Yojana (JSY) are undertaken to provide social security for workers in unorganised sector. These schemes are basically implemented at national level.

Similarly, at State level the schemes like National Family Benefit Scheme (NFBS), National Old Age Pension Scheme (NOAPS) and Madhu Babu Pension Yojana (MBPY) are being implemented to ensure social security in unorganised sector in Odisha. It is the right time to assess and examine the working and operation of those schemes in ensuring social security as well as their efficacy for the betterment of those socially deprived section.

## **OBJECTIVE**

The objective of this paper is to assess the degree of social security of the working women in the informal sector in Odisha.

## **METHODOLOGY**

Keeping in view the objective of the study, a sample survey was conducted in districts like Keonjhar, Mayurbhanj and Cuttack. Accordingly 100 women from each district were randomly selected and supplied with structured questionnaire pertaining to their availability of social security measures taken by the Govt. of Odisha. Further, to supplement the survey, secondary data are used from the published articles, journals and reports.

This paper is divided into four sections. Section-I depicts the women in different unorganized sector and the need for social security; Section-II deals with different social security measures at international, national and state level; Section-III covers the primary data which are collected from the unorganized women workers of Keonjhar, Mayurbhanj and Cuttack districts. This section depicts the status of social security measures in informal sector of Keonjhar, Mayurbhanj and Cuttack districts; Finally section-IV focuses the findings and conclusion of the investigation.

## **SECTION – I WOMEN IN DIFFERENT UNORGANISED SECTOR**

Generally unorganised women workers are not organised for their common interests due to certain constraints like casual nature of employment, ignorance and illiteracy, small and scattered size of establishments. They usually work in agricultural sector, construction site, manufacturing sector and in small trade and commerce. But everywhere they are deprived of various social security measures which are available in organised sector.

## **WOMEN IN CONSTRUCTION SECTOR**

In construction sector, women workers live in miserable conditions with regard to payment of wages and working hours. According to violation of Minimum Wage Act of 1948 there no worker can be paid below the legal minimum wage and a proper register should be maintained with the records of wage slip and there is also provision of extra payment for extra working hours. According to the Equal Remuneration Act of 1976 the duty of the employer is to pay equal remuneration to men and women workers for the same work or work of similar nature. Similarly the Maternity Benefit Act, 1968 provides that women workers who have children below the age of 15 months are entitled for two breaks in addition to the interval for rest granted to nurse the children are common problem in construction sites.

These workers do not have legal protection of employment or access to state the supported social security measure. Benefits of permanency of employment are available only to those employees who can establish permanent employment relationship with their employer. Women are paid less wages than men in construction sector for similar nature of work which violates the Equal Remuneration Act of 1976. Since these women are illiterate and belong to poorer class accept whatever rate is fixed by the contractor which may not fulfil their basic minimum needs as they lack bargaining power. The coverage of labour laws has not benefited these women workers in areas like health, maternity and social security. In this sector, there is the risk of death due to accident at working place. No compensation is given to them in exchange. In analysing the attitude of women workers it has been found that not a single worker

is interested that their children to continue working in construction sector.

## **WOMEN IN AGRICULTURAL SECTOR**

In agricultural sector, the percentage of working women is nearby about 70 per cent. They are doing variety of field operation like tilling, manuring, weeding, transplanting, harvesting, threshing and storing. In spite of this they are to look after dairy animals, poultry, fuel needs, food processing and storing of water for household need. Their domestic work is considered as invisible as it is not contributing anything towards the growth of economy. The daily income of women workers is generally less than those of men as they have to spare time for domestic work. During off season, the agricultural women workers have to find out alternative source of income. Mostly they engage themselves in construction work and also collection of forest products because of the least access to capital. Children of agricultural women workers do not get full attention of their mother. Though laws have been developed with regard to children facility, but some lacunae exist in their implementation.

## **BRICK - KILN INDUSTRY SECTOR**

Brick - kiln industry as a major employer of workers is a complementary industry to the construction sector, where majority of women workers are illiterate and so also their children. These workers go to their working place in month of October – November and stay there till May – June . They have to remain away from their houses for nearly nine months. So they have to leave their children at their native places as there was nobody to look after their wards. Further, the school is also far away from the brick-kiln industry.

With regard to safety of women in brick-kiln they should be provided hand gloves for protecting their hands and fingers from bruises and injuries. Similarly those women who work as unloaders of the trench require gas masks and goggles because they work in extreme dust all the time.

According to Factory Act, 1948, every factory having more than 500 workers shall have Ambulance Room with nursing staff. For more than 250 workers there must be a canteen and where there are 150 or more workers there shall have to be shelters, rest rooms and lunch rooms. Crèches are required in every factory having 30 or more women workers. The existing social security schemes do not provide any security to workers of brick-kiln due to non-implementation of these schemes by the owner of the kilns.

## NON-AGRICULTURAL SECTOR

In non-agricultural sector, most of the women workers are self employed. It includes variety of work forms – own account workers, casual workers, domestic workers and home workers.

**Own account workers :** Their activities range from agriculture, animal husbandry, fishery and forestry in rural areas to vending, service work, rag picking, paper recycling and manufacturing in urban areas. This type of self employment needs little finance, low skill and leads to low earnings. Their employment is not at the mercy of any employer.

**Casual workers :** In rural as well as in urban areas in India, women dominate casual work. In construction industry which is a large employer of casual labour, women tend to perform the less skilled and less paid casual work, even if both husband and wife work in same industry.

**Domestic workers :** Domestic workers work either full time for one employer or part time for many employers; Domestic work is the least regulated informal work. Women as domestic workers work without any contract or any leave.

**Home workers :** Home workers are classified under two groups - one is self employed and another is piece rate workers. Self employed home workers buy raw materials from market and produce the finished product themselves. A middleman gives piece rate home workers raw materials on the basis of weight or numbers, they work on these and return it to the person who gives it to them. Piece rate workers are paid on the basis of number and weight. They are regarded as disguised wage workers.

## Social Security : An urgent need of the hour.

Social security is very much essential for working women in informal sector as they face varieties of hazards in their life and workplace. The hazards which working women face along with their male colleagues, i.e., common to all workers.

i) **Less payment :** Women workers have no job security and do unskilled works for longer hours with less payment. Similarly the wage of piece rated workers depend on the speed with which they work. Unemployment under employment and temporary work are more common among women than among men. They do not enjoy social security or health care benefits for which they suffer from diseases like headache, back pain, fatigue, emotional and mental disorder. Fatigue is not considered as an illness, but if it is neglected, it may lead to variety of illness.

ii) **Discomfort and mental stress :** There is lack of some basic facilities like toilets, rest rooms, dining space etc. at the workplace which

create a lot of physical discomfort and mental stress

iii) **Dual responsibilities :** Similarly, they do not have any child care facilities. So they are forced to leave their children at home, under the care of their elder children or old people or neighbours, which create emotional strain.

iv) **Hazards related to society and family :**

**Insufficient dietary make :** Generally women workers face dual responsibilities one is in domestic field another is in working place. Many women are unable to take proper meal before leaving work. Improper and insufficient dietary intake along with heavy workload result in nutritional disorders.

v) **Hazards faced by women trade unionists :** Family support is very rare for women who participate in trade union activities.

## Section-II

**Social security measures at different level :**

### International Level

In international level International Labour Organisation (ILO) has occupied pivotal role in social security policy across the world. ILO defines social security as “the security that society furnishes through appropriate organisation against certain risks to which its members are perennially exposed. These risks are essentially contingencies against which an individual of small means cannot effectively provide by his own ability or foresight alone or even in private combination with his fellows. The mechanics of social security, therefore, consists in counteracting the blind injustice of nature and economic activities by rational planned justice with a touch of benevolence to temper it”.

The 89<sup>th</sup> session of International Labour Conference was held in 2001 which undertook a general discussion on social security. The resolution and conclusions concerning social security contained a detailed list of aspects such as technical, social and political to be taken into consideration in formulating an approach to the development of policy and in practice social security which is appropriate for the ILO.

The list of conclusions have been drawn from the above meeting are as follows :

- i) In order to provide basic income to all it is necessary to extend social security measures to all.
- ii) Development of national schemes of social security.
- iii) Each country should determine a national strategy for working towards social security to all.
- iv) Proposal for a major campaign to promote the extension of coverage of social security.

### Features

- i) Universal coverage of income security and healthy systems.
- ii) Benefits and poverty protection as a right (benefits should protect people effectively against poverty).
- iii) State should remain the ultimate guarantor of social security rights.

More than 30 developing countries have implemented varieties of programmes in this field in 2010. It is clear that middle income countries are more advanced in this field.

In Thailand, the health care coverage under the auspices of the government consists mainly of three components namely employer provided schemes provided by the government for its own employees, health insurance under the social security health insurance scheme and the universal health care scheme (WHO 2005 b; ILO, 2004 b); Ghana, Act. 650 identifies three major types of health insurance in the country as stated below.

- i) District Mutual Health Insurance Scheme,
- ii) Private Commercial Health Insurance Scheme and
- iii) Private Mutual Health Insurance Scheme.

Now the social security measures which are achieved through world wide is non-contributory. Some of the social transfer scheme which have been implemented like Bolsa Familiar Programme in Brazil, Oportunidades Programme in Mexico, Basic Pension System in South Africa, Nepal and Namibia and National Rural Employment Guarantee Scheme in India(NREGS).

## NATIONAL LEVEL

In national Level, government and other social institution have launched various social security programmes to meet the minimum needs of poor informal sector workers, which are classified under three heads as mentioned below:

- i) Centrally funded social assistance programme.
- ii) Social Insurance Scheme.
- iii) Social assistance through Welfare Funds of Central and State Governments.

### i) Social Assistance Programme

Social assistance programme comprises of food based transfer programmes, income transfer programmes and cash transfer programmes. The basis aim of food based transfer programmes is to provide food security to the poor and thereby improving their nutritional status. The Public Distribution System (PDS) plays an important role in providing food security in the country. The aim was to supply foodgrain and other essential commodities at lower prices, i.e., wheat, rice, sugar, imported edible oil, kerosene and soft cake. Due to limited effectiveness of PDS, the government introduced from 1997 onwards Targeted Public Distribution System (TPDS). The main aim of TPDS is to identify beneficiary one is below the poverty line and another is above the poverty line. The beneficiaries who are below the poverty line receive foodgrains at subsidized prices. Along with TPDS, other schemes were introduced such as Annapurna Scheme, Antyodaya Anna Yojana, Mid-day Meal Scheme and Integrated Child Development Scheme. Both mid-day meal scheme and integrated child development scheme provide cooked food to poor children.

Among the income transfer programme, the Food for Work Programme (FFW), Jawahar Rozgar Yojana (JRY), Sampoorna Gram Swarozgar Yojana (SGSY) Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS) are some of the programmes meant for providing employment opportunities in informal sector.

Similarly the cash transfer programmes like, National Old Age Pension Scheme (NOAPS), National Family Benefit Scheme (NFBS) and National Maternity Benefit Scheme(NMBS) have been implemented to

provide social security to the informal sector workers. Now the government has modified the NMBS to JSY (Janani Suraksha Yojana) for providing cash assistance and better diet to pregnant women who are below the poverty line.

### **Social Insurance Schemes**

The social insurance schemes include several schemes launched by the Central and State Governments for the benefit of weaker sections through the LIC of India and GIC of India. There are schemes for the employees of shops and commercial establishments and for weaker sections like Janashree Bima Yojana (JBY 2000) and Universal Health Insurance Scheme (UHIS 2004). Former provides insurance protection to persons between 18 – 60 years old, living below or marginally above poverty line in rural areas and latter provides hospital care to poor persons and families other schemes like “Personal Accident Insurance Scheme” for poor families and “Group Insurance scheme” for Landless Agricultural labourers are grouped under this social insurance schemes.

### **Welfare Funds**

Welfare funds represent one of the models developed in India for providing social protection to workers in unorganised sector. The various welfare funds have been constructed for different informal sector occupations to provide health care, housing and educational assistance for children and drinking water facilities to all. The welfare model of social security measures has been successfully functioning in the state of Kerala. The above mentioned insurance or pension scheme could not solve properly the social security issues of unorganised sector labour. So the Government has been giving more importance to social partners like insurance companies, employers, community organisations,

local bodies, SHG and the beneficiaries themselves for effectively implementing the programmes.

In February 26, 2010 at New Delhi, Union Finance Minister Mr. Pranab Mukherjee has announced three major initiatives for the unorganised sector in his budget speech for the year 2010-11.

The National Social Security Fund for unorganised sector workers is to be set up with an initial allocation of Rs.1000 crore. This fund will support schemes for weavers, toddy tappers, rickshaw pullers, bidi workers etc.

The Finance Minister stated that this has been done keeping in view the need for providing social security to the workers in the unorganised sector and as a follow up to the Social Security Act of 2008.

He also announced that the benefits of the Rashtriya Swasthya Bima Yojana (RSBY) will now be extended to all such Mahatma Gandhi NREGA beneficiaries who have worked for more than 15 days during the preceding financial year. The scheme provides health insurance cover to BPL workers and their families and so far more than one crore smart cards have been issued under this scheme.

A new initiative Swavalamban will be available for persons who join the new pension scheme (NPS) with a minimum contribution of Rs.1000 and a maximum contribution of Rs.12000 per annum during the financial year 2010-11. Government will contribute Rs.1000 per year to each NPS account opened in the year 2010-11. An allocation of Rs.100 crore has been made for this purpose. According to Unorganised Workers Social Security Bill, 2008, 34 crore workers will be covered in next five years.

### State Level

In Odisha three schemes like National Old Age Pension Scheme (NOAP), National Family Benefit Scheme (NFBS) and Madhu Babu Pension Yojana are launched to ensure social security at State level. These programmes have been implemented in the State since 1995 to provide social security to the poor and destitute. It is a 100% central scheme supported under the National Social Assistance Programme (NSAP) and has been renamed as Indira Gandhi National Old Age Pension (IGNOAP) with revised selection criteria. Persons having 65 age or above and enlisted as BPL families in 2002. The surveys are covered under IGNOAP. The scheme covers 6, 43, 400 beneficiaries, each of which is entitled to a monthly pension of Rs.200/-.

The second component of NSAP at state level is known as NFBS and has been implemented since 1995. Under it, financial assistance of Rs.10,000/- is given to a BPL family on the death of its primary bread earner in the age group of 18 – 64 years. The schemes covered 33, 384 beneficiaries in 2008 – 09.

MBPY launched in 2008 is the mixture of two pension schemes like Old Age Pension Rules, 1989 and Disability Pension Rules, 1985. All beneficiaries of these schemes are covered under MBPY since 2008. During 2008-2009, their number was 12.08 lakh.

### SAMPLE DESCRIPTION

Section-II deals with descriptive statistics of the survey. The results are obtained from 600 samples taken from three districts like Keonjhar, Mayurbhanj and Cuttack of Odisha. Around 100 per cent of respondents are interviewed with structured questionnaire. Around 60 per cent of women in informal sector were

interviewed at their workplace. Rest 40 per cent are contacted at their household. Information regarding social security measures and the availability of the measures has a dismal picture ( Table –1 ).

**Table - 1**  
**Sample characteristics(percentage in parenthesis) of unorganized women worker**

Criteria	Districts	Frequency
Literate respondents	Cuttack	43 (21.5)
	Keonjhar	15 (7.5)
	Mayurbhanj	08 (4.0)
Understanding of concept of social security measures	Cuttack	10 (5.0)
	Keonjhar	Nil (0.0)
	Mayurbhanj	Nil (0.0)
Awareness of social Security measures	Cuttack	08 (4.0)
	Keonjhar	Nil (0.0)
	Mayurbhanj	Nil (0.0)
Availability of any of the three social security scheme implemented in the state	Cuttack	02 (1.0)
	Keonjhar	Nil (0.0)
	Mayurbhanj	Nil (0.0)

Some respondents refused to reply at workplace. So they were contacted at the household with the expectation that they would respond freely. Respondents, in this survey were sensitized about the social security measures. Because first of all, they must understand the concept of social security. Then they could answer the questionnaire properly.

### FINDINGS

It has been roughly estimated that only three per cent of informal sector workers are covered by some social security measures in India. Because there are some lacunae in implementing the programme.

- i) Identification of beneficiary – It is difficult to identify who are eligible to avail the social



security benefits since they are performing different types of job.

- ii) Formation of welfare fund – Regarding the formation of welfare fund the employer's contribution is not regular and sufficient. Because the fund is constituted from the cess collected from the employer/manufacturer/producer.
- iii) Inadequacy of resources – Some schemes have been closed due to inadequacy of resources. In 2001, scheme like Krishi Samajik Suraksha Yojana whose aim was to provide social insurance benefits to the farm workers in collaboration with LIC was closed in 2004 due to inadequacy of resources.
- iv) Lack of awareness - Women workers in the informal sector are ignorant about the Maternity Benefit Act, 1968, Minimum Wage Act, 1948, Factory Act, 1948 and the Interstate Migrants Worker Act, 1979 etc.

### SUGGESTIONS

- i) There is a need of a comprehensive social security legislation for both organised and unorganized workers in the country.
- ii) There should be evolvement of a funding mechanism for various social security measures.
- iii) Government should take up the challenge of news dissemination media networking, out reach activities and media monitoring to reach the core of unorganised sectors.
- iv) Insurance industry should come forward to evolve health care management.
- v) Government should organise general awareness programme regarding their legal rights, health, nutrition and sanitation.
- vi) The government should issue individual identity cards for all categories of workers,

including self employed, unemployed and marginal farmers.

- vii) The law should not differentiate between BPL and APL workers. All unorganised informal workers should get social security.
- viii) Regarding the contribution towards welfare fund, it has been observed that in some cases the contributions are regularly collected and in some employers are unwilling to pay contribution, where they should be questioned in the court of law.
- ix) Government should constitute a tripartite committee every year at the state level to decide the rate of wages, the bonus and the incentives for these workers. Efforts should also be made to implement the recommendation of committees effectively.
- x) Social security components should comprise provident fund, gratuity and a monthly pension (when the workers are not covered by a state pension). The social insurance component should include compensation for ill health, accident and death. These two types of benefits should be incorporated in all welfare funds as common benefits. But the amount of common benefits depends on the rate of contribution. Where the contribution is insufficient state should come forward to provide financial assistance.
- xi) Role of trade unions and NGO is also significant. SEWA (Self Employed Women's Association) has made considerable achievement in promoting social security through the formation of co-operatives.

### CONCLUSION

The quest for security in earlier times created a number of social devices to afford protection to the needy. Joint families of the bygone era used to be the most effective

institution for social security. But the socio – economic changes has withered away that source of security and expect that the state will be the umbrella of total protection against economic risk. Available data suggest that social security in the organised sector is steadily shrinking but the major concern is for informal sector which imposes a heavy cost on society in terms of jobs, income and health care. In this context, the Government's strategy is to utilise not only its own apparatus, but also non-governmental organisation and other concerned sections to design a credible comprehensive and workable social security package for unorganized women workers of India. Otherwise social security in informal sector will be a myth.

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