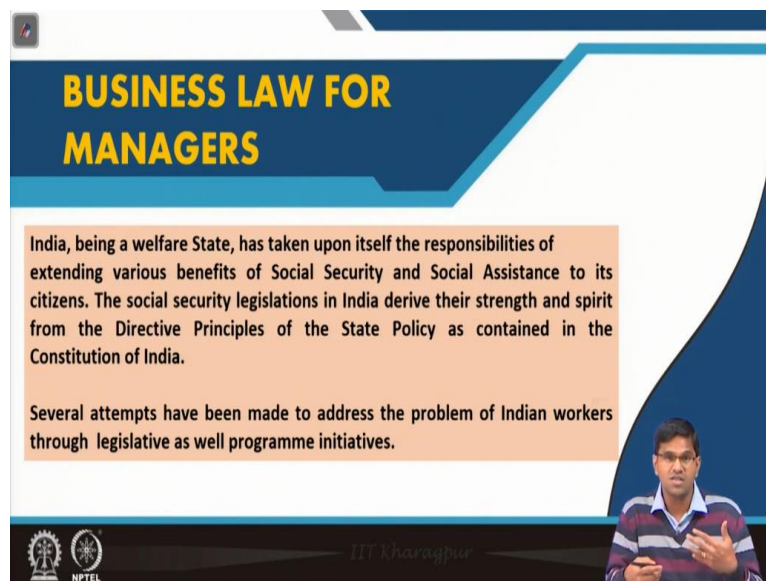


Business Law for Managers
Prof. S. Srinivasan
Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur

Module - 7: Social Securities
Lecture - 32
Social Securities in Unorganised Sector

Welcome to lecture 32. This is the second lecture in module 7. In the previous lecture, we have introduced to the concept of social securities and we were broadly classifying the social security schemes with respect to organised and unorganised sectors and where we briefly discussed about what type of social security schemes are available to these two different sectors. Now, in this lecture, we are going to discuss about social security schemes which are available to the unorganised sector.

(Refer Slide Time: 01:00)



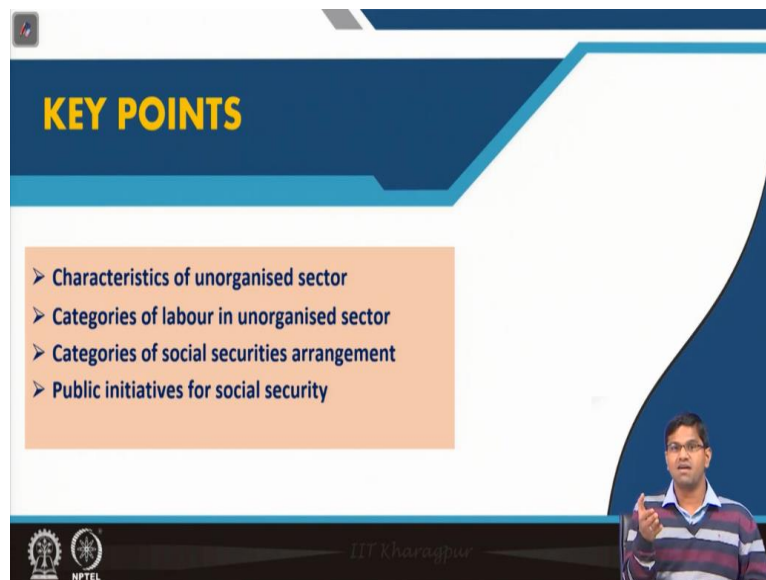
So, now, we have to understand the concept that, yes, India being the welfare state, it becomes a responsibility for the government to extend social security benefits and social assistance schemes to citizens. As we have already discussed that yes, the unorganised sectors are large in number in our country, wherein we talk about, yes, in this they lack formal employer-employee relationships.

In this situation, what happens, the social security schemes are relatively less; the reason being nobody contributes towards the social security schemes when these large sections of the workers who are working in an unorganised sector. So, the social security legislation in

India is one of the important perspectives because it is going to cover large number of unorganised sectors.

So, this social security's efforts are driven through the strength and spirit from the Directive Principles of State Policy which are enshrined from our Constitution of India. So, several attempts have been made to address the problems of Indian workers through legislative as well as the programme initiatives. So, as we are seeing that our Labour Ministry is making lot of effort in order to providing social security assistance and social security schemes to these unorganised sector workers through various legislation as well as through various national level programme initiatives to cover these unorganised sector workers.

(Refer Slide Time: 02:35)



So, what we are going to cover in today's lecture? We are going to understand the characteristics of this unorganised sector. So, what are the characteristics which make those workers being classified as unorganised sector workers? And we will also see categories of labour in organised sector. We were classifying the unorganised sector worker, but what about the categories of labour they exist in the unorganised sector?

And we will also see categories of social security arrangements which are available to these unorganised sector labour and we will also discuss about public initiatives for social securities, wherein these public initiatives are independent of what the government is putting in place for social security schemes. That also we are going to briefly discuss.

(Refer Slide Time: 03:26)

Social Securities in Unorganised Sector

Characteristics of Unorganized Sector

The unorganised workforce is characterised by the following:

- Scattered and fragmented areas of employment
- Seasonal nature of employment
- Lack of job security →
- Low legislative protection
- Lack of awareness and high unemployment level
- Primitive production technologies

NPTEL

Now, let us try to understand the unorganised sector with their various characteristics. So, the unorganised sector workforce is characterised by this. So, they are largely scattered and fragmented areas of employment. So, they do not have very formal employment of with things, rather they have a very scattered fragmented areas of employment or their work is seasonal nature of employment, they do not have a continuous employment.

They may be intermittently having their job. When there is a requirement, they work. It is a very seasonal in nature. That is why they are classified as unorganised sector. And also, they lack job security; meaning that, yes, there is no assurance provided to them about securing their job for a defined period. As we are saying that if you see, it also refers to the seasonal nature.

There is no assurance on the definite term that they will have an employment for in this particular workplace or worksite. And they were low legislation protection. The reason being is, since they work in an unorganised sector or do not have a formal relationship, they are, there the scope for legislative protection is very less, because why? When you are working in a formal setup, there are legal support which are available to you to claim your certain benefits from your employer, whereas since the lack of formal setup, that is why they have very low legislation protection with respect to the social security we are talking about.

And they lack awareness and high unemployment level and they enter into the primitive production technologies. They are not into a very formal production technology, they are into very primitive production technology, where we have seen artisans, the people work in a very

unorganised employment categories, where they are not registered organisations and their relationship is based on the, there is a work, you come and work and that is how they do not have a very formal structure. That is going to have an impact on their social security or securing their social security benefits.

(Refer Slide Time: 05:44)

Social Securities in Unorganised Sector

Categories of unorganized labour

The unorganised Labour can be categorised broadly into four categories as follows:-

a) **Occupation-based:** Small and marginal farmers, landless agricultural labourers, share croppers, fishermen, those engaged in animal husbandry, in beedi rolling beedi labelling and beedi packing, workers in building and construction, etc.

b) **Nature of Employment-based:** Attached agricultural labourers, bonded labourers, migrant workers, contract and casual labourers come under this category.

Handwritten notes in red ink:
↳ Muster - RSH
↳ Pay Roll

NPTEL

Now, let us try to understand the categories of this unorganised labour. So, there are classified into 4 categories. One is about occupation based; based on the occupations, they are classified. One is about small and marginal farmers; they are also unorganised. Landless agricultural labourers, sharecroppers, fisherman, those engaged in animal husbandry activities in villages, in beedi rolling, beedi labelling and packing, workers in building and construction, all of them are becoming unorganised sector largely.

Now, if you look at on building and construction activities, there are formal workers as well, those who are directly working with the construction companies on their payroll or a muster roll. Unless otherwise they do not been reflected on their muster roll or on their payroll, they cannot qualify themselves into a formal relationship, employment relationships. So, but of course large sections, still we have lot of migrant workers working in this construction and building activities; they are all, based on the occupations, yes, these are all people who are into the unorganised labour.

Next is based on the nature of employment. Attached agricultural labourers, bonded labourers, migrant labourers, contracts and casual labourers, they all come under this particular category of based on nature of employment. So, nature of employment also, they

are falling into the unorganised labour. So, they may be migrant workers, they may be casual workers or a contract worker or we are talking about a bonded labourer; those who are all people who are into these unorganised sectors.

(Refer Slide Time: 07:28)

Social Securities in Unorganised Sector

Categories of unorganized labour

c) **Specially distressed categories** : Toddy tappers, scavengers, carriers of head loads, drivers of animal driven vehicles, loaders and unloaders belong to this category.

d) **Service categories** : Midwives, domestic workers, fishermen and women, barbers, vegetable and fruit vendors, newspaper vendors etc. come under this category.

IIT Kharagpur
NPTEL

And we see specially distressed categories. What is this specially distressed categories? Which is very niche employments or maybe; if look at toddy tappers, scavengers, carriers of head loads where this is most prevalent in Maharashtra. They have specific associations also looking after these people who carry loads on the heads. Drivers of animal driven vehicles, loaders and unloaders belonging to this particular category which is called specially distressed categories.

Where if you look at know largely loading and unloading people and people who carry weights on their heads, scavengers; those people come under this specially distressed category. And then last one, we are talking about service categories, those who are large in number in the, as classified into unorganised labour. Those who are midwiferies, domestic workers, fisherman and women, the barbers, vegetable vendors, fruit vendors, newspaper vendors, they all come under this category.

They are all service categories. So, though they will be earning their livelihood to do these services to their owners, but they do not have any social security coverage or any other schemes which are covering their social security. So, that is why these are the largely broad 4 categories how these unorganised labours are classified either based on occupation, based on

nature of employment or distressed, especially distressed or maybe the service categories. These are the large level of categories of unorganised labour been classified.

(Refer Slide Time: 09:14)

Social Securities in Unorganised Sector

Categories of social security arrangement

The existing social security arrangements in the unorganised sector can be broadly classified into four groups as follows:

- i) Centrally funded social assistance programmes;
- ii) Social insurance schemes;
- iii) Social assistance through welfare funds of Central and State Governments;
and
- iv) Public initiatives.

DT Khurana
NPTEL

Now, what are the categories of social security arrangement which are available to this unorganised sector? So, the existing social security arrangements for these are broadly again into the 4 groups. One is about centrally funded assistance schemes; centrally funded in the sense, we are talking about Union Government facilitated funded social assistance programmes.

And social insurance schemes; and social assistance through welfare funds of central and State Governments. There are welfare funds are available from State Government and Central Government. And of course, public initiatives, which is beyond the support from the formal institution like government where State Government or Central Government. There are public initiatives which are also provide social security arrangement for this unorganised labour.

Now, we are also seeing that there are several states have associations for these unorganised sector workers. And they also try to have membership through their associations and also, they are trying to build some type of social security support for those members of this unorganised sector associations registered in various states and various parts of the country. Now, let us spend time to understand what are those centrally funded social assistance programmes.

(Refer Slide Time: 10:36)

Social Securities in Unorganised Sector

Centrally funded social assistance programmes

The centrally funded social assisted programmes include schemes for both rural and urban areas under the National Social Assistance Programme (NSAP), which has three components viz.,

- National Old Age Pension Scheme (NOAPS), ✓
- National Family Benefit Scheme (NFBS) and ✓
- National Maternity Benefit Scheme (NMBS). ✓

IIT Kharagpur

So, there are broad, majorly there are 3 as per social assistance programmes, which are National Old Age Pension Scheme, National Family Benefit Scheme, National Maternity Benefit Scheme. So, under the centrally funded national assistance scheme, social assistance scheme, which we call NSAP, which is National Social Assistance Programme, NSAP; under this, as I said, the 3 important schemes are available for this unorganised labour.

(Refer Slide Time: 11:11)

Social Securities in Unorganised Sector

Centrally funded social assistance programmes

➤ National Old Age Pension Scheme (NOAPS):

The destitute old age persons having little or no regular means of subsistence from his/her own source of income or through financial support from the family members or other sources is eligible to get old age pension.

IIT Kharagpur

Let us look at one by one. So, National Old Age Pension Scheme: So, this is a destitute Old Age Pension Scheme for the people who are destitute old age persons having very little or no regular means substance from his or her own source of income or through financial support from their family members. So, they are eligible to get this Old Age Pension Scheme.

And if you see, this National Old Age Pension Scheme, which are facilitated by the; it is centrally funded scheme but are facilitated by these State Governments to identifying that yes, there are destitute person who do not have proper income source, either by themselves or through their family members. In those case, they are provided with an Old Age Pension Scheme, so, which provides rupees 1000 for every month for this Old Age Pension Scheme.

(Refer Slide Time: 12:09)

Social Securities in Unorganised Sector

Centrally funded social assistance programmes

➤ **National Family Benefit Scheme (NFBS):**
In case of natural or accidental death of a primary bread winner member of the household qualifying to be below poverty line and contributing substantially to the total household income between the age group of 18 to 65, is given a financial support to the family of the deceased under NFBS.

IIT Kharagpur
NPTEL

And now we are talking about a National Family Benefit Scheme. So, in case of a natural or an accidental death of a primary breadwinner of the family or household, they are in a below poverty line and they are substantially contributing to the household income; so, between this age of 18 to 65, they are given a financial support to the family of the deceased person. So, in case a person died, either because of the natural calamities or of the accidental death, he or she is the sole breadwinner of the family and we are contributing to the financial sustenance of the family, if they between 18 and 65, those family are provided with a financial support under this National Family Benefit Scheme.

(Refer Slide Time: 13:00)

Social Securities in Unorganised Sector

Centrally funded social assistance programmes

- National Maternity Benefit Scheme (NMBS):
 - Under the NMBS, cash assistance is provided to the women of household below poverty line and 19 years of age and above, up to the first two live births.

NPTEL IIT Kharagpur

Next is the National Maternity Benefit Scheme. This National Maternity Benefit Scheme is a cash assistance provided to the woman of household below poverty line. Again, they have to be under a below poverty line. The women who are pregnant or they are all falling under the below poverty line, from the age of 19 years and above up to 2 live births; we are talking about for the first 2 pregnancies, if they successfully deliver the baby; for until the two the birth, the National Maternity Benefit Scheme, they provide financial support to these pregnant women who are below poverty line.

So, these are the 3 important centrally funded social assistance schemes available to these large sectors, unorganised sector and to a larger coverage to the citizens of the nation as well.

(Refer Slide Time: 13:54)

Social Securities in Unorganised Sector

Centrally funded social assistance programmes

In addition to NSAP, other important scheme implemented by the Govt. to ensure creation of adequate employment opportunities to provide social security to the people in the unorganised sector are :

- Mahatma Gandhi National Rural Employment Guarantee Scheme
- National Rural Livelihood Mission ✓
- National Urban livelihood Mission ✓
- Group Insurance Scheme for Beedi Workers
- Welfare fund for Building and Other Construction Workers

NPTEL IIT Kharagpur

And in addition to this National Social Assistance Programme, there are other important schemes implemented from the government to creation of adequate employment opportunity to provide the social security to the citizens. Though one is about a very famous one, which is Mahatma Gandhi National Rural Employment Guarantee Scheme, which secures at least 100 days of employment to a family in villages.

So, this is very much prevalent across the country. So, so many beneficiaries for this particular scheme, which is trying to provide at least 100 days of employment to the family living in villages. So, that is one of the employment schemes. And next is a National Rural Livelihood Mission and National Urban Livelihood Mission. People who work in urban places, this facilitates providing loans and facilitating self-help groups, that those they are trying to provide through various programmes and schemes that are facilitated through these National Rural Livelihood Mission and National Urban Livelihood Mission.

And group insurance schemes for beedi workers, welfare fund for building and construction workers, these are all some of the facilitated support from the Central Government beyond this National Social Assistance Programme.

(Refer Slide Time: 15:17)

Social Securities in Unorganised Sector

Centrally funded social assistance programmes

Welfare funds
The Central Government through the Ministry of Labour, also operates at present Five Welfare Funds for

- ❖ Beedi workers ✓
- ❖ Limestone & Dolomite Mine Workers ✓
- ❖ Iron ore, Chrome ore & Manganese ore Mine workers
- ❖ Mica Mine workers & Cine workers.

Source of funding of these Funds is collection through cess on mica export, export of iron ore, internal consumption of iron ore, manganese ore and chrome ore as well as limestone and dolomite.

NPTEL

Now, so, there are also welfare funds as we said, welfare funds available through Ministry of Labour and operates at 5 labour welfare funds. One is about for beedi workers; they have a welfare fund for a beedi workers. They have welfare fund for people working in limestone and dolomite mineworkers; there are welfare funds available. And there are also welfare

funds available for the workers who are working in iron ore, chrome ore and manganese ore mineworkers.

And there is also welfare fund for mica mine workers and also cine workers. The source of funding this is collection through just the government collect from mica export or export of iron ore, internal consumption iron and manganese ore and chrome ore and limestone dolomite. So, through this chess they collect, they create a welfare fund to support these workers who are working in these sectors.

(Refer Slide Time: 16:13)

Social Securities in Unorganised Sector

Public initiatives for social security

In addition to Governmental efforts, several public institutions and agencies are also providing various kinds of social security benefits to selected groups of workers. Two of the outstanding examples are those of

- Self-Employed Women's Association (SEWA) and
- the Mathadi Workers Boards in Maharashtra.

IIT Kharagpur
NPTEL

Now, as we are discussing about centrally funded insurance schemes, now we are talking about public initiatives. So, the public initiatives: In addition to the government efforts, there are public institutions; we are all seeing that many multinational government, non-governmental organisations also Indian non-governmental organisations and agencies also providing various kinds of social security benefits to selected group of workers.

So, there are so many. In every state, various agencies, non-governmental organisations, even multinational corporations through their corporate social responsibility fund also they do lot of other activities, but we are going to talk about 2 outstanding examples of this kind of a public initiative. One is that Self Employed Women Association which is SEWA and another we are going to discuss about Mathadi Workers Boards in Maharashtra. These two as an example we are talking about public initiatives which are directed towards social security for these unorganised sector workers.

(Refer Slide Time: 17:21)

Social Securities in Unorganised Sector

Public initiatives for social security

Self-Employed Women's Association (SEWA)

The social security experiments of SEWA started in 1975 with a demand from members

- For a maternal protection scheme followed by health care and child care.
- This was followed by starting of an insurance programme in collaboration with insurance companies.
- The insurance scheme started by the SEWA Bank was based on a realistic estimate of the capacity of the members to pay the premium.

NPTEL IIT Kharagpur

So, let us discuss about this SEWA, Self Employed Women's Association. This social security experiments SEWA, they started in the year 1975 with the demand from members for a maternal protection scheme followed by the healthcare and childcare. So, they were actually started with providing health care and child care facilities. And this followed by starting an insurance programme in collaboration with the insurance companies, because largely these unorganised sector workers are not covered under the insurance, formal insurance programmes as such.

That is why this organisation has facilitated to have an insurance programme with an insurance company. And then, insurance scheme started through SEWA Bank was based on realistic estimate of the capacity of the members to pay the premium. So, because the members also have to pay the premium, so they actually created an insurance programme looking at what is the viable contribution this premium can be paid by the workers working in this unorganised sector. This is one such initiative.

(Refer Slide Time: 18:22)

Social Securities in Unorganised Sector

Public initiatives for social security

The Mathadi Workers Boards in Maharashtra:

A mathadi is a worker who carries a load on his head, back, neck or shoulders. Normally his work consists of loading, unloading, carrying, shifting, weighing, tapping, banding and stacking goods.

The Mathadi Labour Market is regulated by Mathadi Tripartite Boards set up since 1969. There are about 50,000 registered employers and 1,50,000 workers registered under 30 different Boards in the State.

Each Board is headed by a Chairman appointed by the Government of Maharashtra and there are equal number of representatives from the unions and the employers associations.

NPTEL

Dr. K. Srinivasan

And we also looked at the next one. The next initiative, public initiative is the Mathadi Workers Boards in Maharashtra. The mathadi worker is one who carries load in head. So, we were discussing on the specially distressed workers; it is one of the categories in unorganised sector. So, the mathadi is a worker who carries load on the head, neck or back or shoulders. So, normally this work consists of loading, unloading; generally, they engage in loading, unloading, carrying, shifting, weighing and all these activities.

So, this Mathadi Labour Market is regulated through a Mathadi Tripartite Boards set up in the 1969. There are more than about 50,000 registered employers and there are 150,000 registered workers under 30 different boards in the state. So, imagine the number of workers who are working in this specially distressed category of unorganised workers. So, each board, they created boards which are trying to protect the interest of these particular workers.

Each board is handled by a chairman appointed by the government of Maharashtra. They are equal number of representatives from the unions and also employer associations. So, this kind of a public initiatives also some of the efforts that are directed towards securing these unorganised sector workers.

(Refer Slide Time: 19:50)

REFERENCES

- Acharya. 1990. Maharashtra Employment Guarantee Scheme: A Study of Labour Market Intervention, ILO - ARTEP, New Delhi
- Burgess, S and Stern, N. 1991. Social Security in Developing Countries: What, Why, Who and How?, in Ahmad et. al. Social Security in Developing Countries(Oxford, Clarendon Press, London.
- Vasandani, G. 1987 Social Security for Industrial workers in India Vasandani, New Delhi.
- Subramanya, R.K.A. 1992, "Social Security in the context of New Industrial Policy: - Certain Proposals" in Report of the Seminar, Social Security Association of India, New Delhi
- Rastogi, R.K., 1994 " Administration of Social Security" in Social Security in Developing Countries, (Social Security Association of India, Friedrich Ebert Stiftung, New Delhi




So, these are some of the references.

(Refer Slide Time: 19:52)

CONCLUSION

This lecture session has covered various issues relating to social security arrangements in unorganised sectors including the characteristics of unorganised sector, categories of labour in unorganised sector, categories of social securities arrangement, public initiatives for social security. Learning on all of these aspects will be useful to learners for application in their professional lives.

PMJIS
 Rs. 870/Year →
 Rs. 12/Year →



And we were actually discussed today in this lecture primarily on unorganised sector workers. These unorganised sector workers, as we said, what are the characteristics? They work on a lack of; for job security, they do not have a defined employer-employment relationship. These unorganised sector workers often become vulnerable because there is an absence of formal legislative frameworks that are securing their income or loss of income or the post-retirement or the health risk they go through.

So, for these unorganised sector workers, we looked at there are 3 ways of support systems comes from socially funded, centrally funded schemes and also State Government welfare funds are the ones which are available to them. We were discussing about some of the

National Social Assistance Programme; one is through a National Old Age Pension and Family Benefit Scheme, National Benefit Scheme and also Maternity Benefit Scheme.

Beyond this, very recently, I think it has been there for last 4 or 5 years, Pradhan Mantri Life Insurance Scheme, where every citizen can be a member of this open life insurance scheme, where they will contribute 330 rupees per year. Many of them have enrolled for this particular. So, this provides a life insurance coverage, Pradhan Mantri Life Insurance Scheme.

And also, one more is the Accident Insurance Scheme wherein they were rupees 12 per year, which are due to secure in case of accidental death up to 2 lakh rupees have been covered. These are all some of the larger social insurance scheme which is again a, where you have to pay the premium. So, this is open for all citizens in our country, which is also some of the efforts which are directed towards creating or enabling the social securities to secure through the uncertainties of the life.

So, this actually tries to secure the social securities to their dependents and their families. So, these are the larger social security schemes available for the unorganised sector. In the subsequent lectures, we are going to specifically spend time on understanding the legislations for the formal organised sector which are very critical and important because, as an employee who is going to be working in a company, you will have to understand from both perspectives, as a manager or as an employee, what are those benefits or a scheme which are available to me? How do I avail? What are the conditions which are there? How I have to contribute? Those we are going to learn in the subsequent lectures. Thank you.