

# **Social Protection in India: Issues and Challenges**

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## Scope of Social Protection (SP)

- Defined in wider sense covering both absolute deprivation and contingencies
- Promotional vs. Protective (contingent) Measures
- Both important in India because of
  - high incidence of poverty and vulnerability (77%)
  - 92% workers (including rural) informal majority own account workers and self-employed
  - As a whole high level of livelihood insecurity
- But India has relied more on promotional measures (mainly social assistance)
- Protective measures mainly available to formal workers (8% of the workforce)
- 92% informal workers hardly covered (only 6% in 2005)

## Promotional SP Measures

- Large numbers of promotional measures initiated since 1970s
- Food and nutrition programmes
  - Public Distribution System (TDPS)
  - Mid-day Meals
  - Integrated Child Development Scheme (ICDS)
- Housing Programme (IAY) for rural areas
- Self employment programmes
  - Swarna Jayanti Grameen Swarojgar Yojana (SGSY)
  - Self Help Groups
  - Prime Minister Employment Generation Programme (PMEGP)
  - Swarna Jayanti Shahri Rojgar Yojana (SJSRY)
- Wage employment programmes
  - Several programmes initiated since 1970s
  - Now all merged into NREGS for rural areas
- Two most important promotional programmes at present
  - PDS
  - NREGS

# Targeted PDS

- Four major problems :
  - High inclusion and exclusion errors
  - Non-viability of fair price shops
  - Not fulfilling price stabilization objectives
  - leakages (38% of rice and wheat)
- Some advocate reverting back to universal
- Several measures being taken for improvement
- Are Food stamps alternative to PDS?

# National Rural Employment Guarantee Act (NREGA)

- The most important wage employment programme is National Rural Employment Guarantee Act (NREGA) now called MGNREGA.
- Objective is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment to every household as a matter of right.
- This is probably the largest ever public employment programme visualised in human history.
- Demand for such a universal programme for urban workers is being demanded. However, government is reluctant due to complexities.

# Social Protection for Informal Workers

- Dualism in Indian economy: Formal and informal
- India has about 456 million workers in 2004-05; around 92% are informal workers.
- Suffer from two sets of problems: (a) Capability Deprivation; (b) Adversity; no fallback mechanism to meet contingencies such as ill health, accident, death and old age.
- To some extent, promotional measures have helped in enhancing capabilities and livelihoods.
- But hardly any protective measure till recently.
- Welfare Boards, for specific occupational groups (such as cine, beedi workers etc.)
- Boards set up by both state and central governments; Kerala and Tamil Nadu are the leading states
- As a whole only 6% workers were covered till 2005, but some measures initiated in recent years like RSBY. Steps are underway for effective PDS.

# Old Age Pensions

- In India, the share of old age population is likely to increase from 6.9% in 2001 to 12.4% in 2026 (from 71 million to 173 million during this period).
- National Old Age Pension scheme (NOAPS) introduced in 1995. Rs.75 per month was provided to persons 65 years and above among destitute
- Amount enhanced to Rs.200 from 2006-07 and eligibility among BPL population.
- No. of beneficiaries increased from 6.7 million in 2002-03 to 15.5 million in 2008-09
- Renamed as Indira Gandhi NOAPS since 2009; two more pensions schemes for widows and disabled introduced.
- Several State Governments have introduced own pension schemes, apart from Central Government.
- Scheme has performed well. But major problems – low coverage and meager amount.

## **Unorganised Sector Social Security Act (USSSA) 2008**

- A major milestone – first attempt to address SP needs of informal workers
- Covers both self-employed and wage workers
- Provides for formulation of schemes by central government on life and disability, health and maternity benefits, old age protection etc.
- Also provides for formulation of schemes relating to PF, employment enjoy benefits, housing, educational schemes for children, skill upgradation, old age homes, etc. by state governments.
- Setting up of National Social Security Board and Workers Facilitation Centres



## USSSA Contd

- Schemes included in the Act
  - Indira Gandhi NOAPS
  - National Family Benefit Scheme
  - Janam Suraksha Yojana (Mother's Protection Scheme)
  - Handloom weavers' comprehensive scheme
  - Pension to Master Craft men
  - National Scheme for welfare of fishermen
  - Janashree Bima Yojana (Life Insurance for common people)
  - Rashtriya Swasthya Bima Yojana (RSBY) (National Health Insurance Scheme)
- Steps taken to include more schemes
- NOAPS and RSBY most important

# Rastriya Swasthya Bima Yojana (RSBY)

- All poor workers and their families to be covered.
- Scheme funded by central and state governments: 75:25 ratio
- Provides cashless insurance cover upto Rs. 30,000 per month (hospitalisation benefit)
- Migrant workers to be covered through smart card.
- All pre-existing diseases are covered
- Response very good – about 100 million covered so far

## Distribution of Formal and Informal sector

### Definition of Informal sector:

All the enterprises in the public sector and enterprises in private sector with 10 or more number of workers are in “Formal Sector” and rest all in “Informal Sector”

### Distribution of Workers by Informal and Formal sector

		Informal sector	Formal sector
Delhi	Male	68.9	31.1
	Female	65.2	34.8
	Total	68.5	31.5
Ranchi	Male	67.3	32.7
	Female	68.3	31.7
	Total	67.5	32.5
Total	Male	68.8	31.2
	Female	65.6	34.4
	Total	68.4	31.6

- More than two-thirds of total workers are in formal sector.
- The % of female workers in informal sector smaller than that of male workers. (except Ranchi)

## The composition of informal sector

Distribution of workers in formal and informal sector by their employment status

Work status	Informal sector	Formal sector	Total
Own account worker	38.8	NA	26.6
Employer	0.4	1.9	0.9
Unpaid family worker	1.9	0.7	1.5
Regular salaried/wage worker	37.8	76.0	49.8
Casual wage labourer	21.0	21.4	21.2

- 60% of the informal sector comprises of mainly: own account workers and casual wage workers

## Coverage of social protection in formal and informal sector

Social protection comprises of any of the following benefits:  
Gratuity, Provident Fund and Pension

Coverage of Social protection provided by the employer

<b>Social Protection</b>	<b>Informal sector</b>	<b>Formal sector</b>	<b>Total</b>
Yes	4.3	42.4	20.8
No	95.7	57.6	79.2

- Of the total workers, only 21% receive some form of Social Protection.
- 96% of workers in Informal sector and 59% of workers in the formal sector do not have any form of SP.

## Some facts about informal workers

**Informal workers include:**

•All workers in the informal sector and workers in the formal sector without any of the following social security benefit:

- 1.Gratuity
- 2.Provident fund
- 3.Pension

**The incidence of informal employment:**

		<b>Informal Workers</b>	<b>Formal Workers</b>
	<b>Male</b>	87.1	12.9
<b>Delhi</b>	<b>Female</b>	76.5	23.5
	<b>Total</b>	85.9	14.1
	<b>Male</b>	86.2	13.8
<b>Ranchi</b>	<b>Female</b>	91.4	8.6
	<b>Total</b>	87.2	12.8
	<b>Male</b>	87.1	12.9
<b>Total</b>	<b>Female</b>	78.2	21.8
	<b>Total</b>	86.0	14.0

- An overwhelming 86% of the total workers are informal workers.
- Lesser female workers in informal employment in Delhi, but in case of Ranchi, much larger (about 91% of the female workers are informal workers)

## Percentage Distribution of informal and formal workers within the private and public sector

	Delhi		Ranchi	
Type of Enterprise	Informal Workers	Formal Workers	Informal Workers	Formal Workers
Private Sector	91.9	8.1	96.9	3.1
Public Sector	24.5	75.5	27.1	72.9
Total	86.0	14.0	87.9	12.1

- More than 90% of workers in private sector (about 92% in Delhi and 97% in Ranchi) are informal
- About 1/4th of the workers in the public sector are informal in both cities

## Educational Attainment of Informal and Formal Workers

	Delhi		Ranchi	
	Informal Workers	Formal Workers	Informal Workers	Formal Workers
Mean years of schooling	7.1	11.1	6.5	11.0
Percentage of workers with higher education	9.6	53.4	8.9	43.5
Percentage of workers with technical or vocational education	2.3	14.7	5.3	23.9

- A sharp contrast between proportion of formal and informal workers with respect to mean years of schooling, higher education and technical education



## % Distribution of formal and informal workers by their employment status

Sex wise Distribution of formal and informal workers by the their employment status							
Work status	Informal Workers			Formal Workers			
	Male	Female	Total	Male	Female	Total	
Own account worker	32.6	17.1	30.9				
Employer	0.3	0.1	0.3	4.9	1.6	4.3	
Unpaid family worker	1.1	5.0	1.5	1.9		1.5	
Regular salaried/wage work	40.2	62.8	42.7	93.1	97.7	94.0	
Casual wage labourer	25.7	15.1	24.5	0.1	0.7	0.2	

- About 60% of male informal workers are own account workers and casual wage workers
- Among the female informal workers, more than 60% are regular salaried workers and rest are own account and casual wage workers

## Income insecurity

Average Monthly Income of Informal and formal Workers						
	Informal Workers			Formal Workers		
Sex	Average Monthly Income			Average Monthly Income		
	Delhi	Ranchi	Total	Delhi	Ranchi	Total
Male	6247	4206	6122	18366	14067	18069
Female	3996	2497	3795	17401	14370	17266

- The average monthly income of informal workers are just 1/3<sup>rd</sup> of the average monthly income of formal workers
- A wide disparity in incomes of male and female informal workers whereas this disparity hardly exists for formal workers.

About 41% of the informal workers were not getting wages less than Rs 100 per day.

## Income insecurity (contd.)

### Monthly Earnings of the informal workers

Monthly Earnings of the workers (Rs.)	Percentage of Informal workers		
	Delhi	Ranchi	Total
Less than Rs 2500	15.4	31.4	16.5
Rs 2500 to 3500	27.8	32.0	28.1
Rs 3500 to 5000	28.5	23.3	28.1
Rs 5000 to 10000	18.5	10.2	18.0
Rs 10000 to 15000	3.6	1.5	3.4
More than Rs 15000	6.2	1.6	5.9

- A huge concentration of informal workers in the lower income brackets
- On comparing the monthly earnings of male and female informal workers, the gender wage gap is quite evident.
- Within the informal workers and formal workers, there is a higher proportion of workers in lower income brackets in Ranchi

## Income insecurity (contd.)

### Annual per capita household income of the informal workers

Annual per capita income of the household (Rs.)	Percentage of Informal workers		
	Delhi	Ranchi	Total
Less than Rs 10000	22.5	30.9	23.1
Rs 10000 to 15000	23.3	35.3	24.2
Rs 15000 to 25000	23.7	21.6	23.6
Rs 25000 to 40000	14.6	8.4	14.2
Rs 40000 to 60000	8.3	2.2	7.8
More than Rs 60000	7.6	1.5	7.1

- A similar pattern can be seen in the annual per capita household income of the informal workers

## Income insecurity contd.

### Asset Ownership of Informal workers

Ownership of Asset (value)	Percentage of Informal workers		
	Delhi	Ranchi	Total
Rs 0 – 3800	18.9	29.4	19.6
Rs 3800 – 7500	22.2	24.3	22.4
Rs 7500 – 13500	22.8	19.8	22.6
Rs 13500 – 43000	19.6	16.8	19.4
Rs 43000 and above	16.5	9.8	16.0

- There is considerable difference in asset ownership between Delhi and Ranchi
- The informal workers are more insecure, a very high % of them with a very low value of assets

## Labour market insecurity

### Informal workers by type of employment contract

#### Distribution of informal workers by types of contract

Type of contract	Percentage of Informal workers		
	Delhi	Ranchi	Total
Open ended regular contract	11.8	2.0	11.1
Long term contract	3.6	1.2	3.5
Short term or work specific contract	11.7	2.5	11.1
No written contract	72.8	94.3	74.3

More than 70% of informal workers in Delhi and about 94% informal workers in Ranchi do not have a written contract

## Labour market insecurity

### Informal workers by working conditions

#### Average number of days worked by Informal workers

No. of days worked in a week	Percentage of Informal workers		
	Delhi	Ranchi	Total
one to five days	7.9	20.4	8.8
six days	60.9	45.8	59.8
seven days	31.2	33.8	31.4

**Overall, the informal workers are spending more number of hours and days working**

#### Average number of hours worked by Informal workers

Average no. of hours worked in a day	Percentage of Informal workers		
	Delhi	Ranchi	Total
0 to 8 hours	42.6	72.9	44.7
9 to 10 hours	43.4	15.5	41.4
10 to 14 hours	14.0	11.6	13.8

# Vulnerable Occupations

Occupations with more than 40% of the workers in the lowest 3 income quintiles

**Distribution of Informal workers in the vulnerable occupation by their income quintiles**

Infomal workers	Income quintiles		
Occupations	Q1+Q2+Q3	Q4	Q5
Service workers and sales workers	43.1	42.3	14.6
Artisans, Craft and related trade workers	60.9	28.1	11.0
Sales man or shop assistant	49.2	29.0	21.9
Construction labour, skilled and unskilled mason	81.4	16.5	2.1
Mechanic	70.8	24.3	4.9
Sweeper	74.3	15.4	10.3
Peon, attendants, guard and caretakers	63.4	32.2	4.4
Street vendors	76.8	19.0	4.2
Domestic helper	76.5	21.5	2.0
caretakers, porters and related activities	93.5	6.5	
Transport workers like drivers	47.8	43.7	8.5
Rikshaw Puller and cart puller	92.6	7.4	

- About 70% of the total workers are in the vulnerable occupations, majority of them have very low incomes
- About 84% of the informal workers are in the vulnerable occupations
- The service and sales worker category becomes vulnerable occupation for informal workers



## Social Exclusion

**Percentage of informal worker households by their social groups**

	% of informal workers			
	Caste			
	ST	SC	OBC	General
City				
Delhi	89.1	91.7	90.7	72.1
Ranchi	81.0	79.7	86.9	77.1
All	83.6	91.5	90.3	72.3

Discrimination in labour markets: the proportion of informal workers is higher for ST, SC And OBC social groups as compared to general category.

The percentage of informal workers in socially discriminated groups is relatively lesser In Ranchi as compared to Delhi.

## Health Insecurity

**Distribution of health expenditure as a percentage of total HH income and total HH expenditure by Informal and worker HH**

	Delhi	Ranchi
	Informal Workers HH	Informal Workers HH
<b>Health Expenditure as a % of total HH income</b>		
upto 5%	80.5	79.7
5% to 10%	12.6	11.3
10% to 20%	4.4	5.5
More than 20%	2.4	3.5
	Delhi	Ranchi
	Informal Workers HH	Informal Workers HH
<b>Health Expenditure as a % of total HH expenditure</b>		
upto 5%	77.1	72.5
5% to 10%	15.3	17.6
10% to 20%	5.3	6.3
More than 20%	2.4	3.5

Health constitutes a very important component of household income and total expenditure especially for the informal workers

Health expenditure as a % of total income or % of total expenditure is higher in Ranchi

## Housing and Basic Amenities Insecurity

### Distribution by informal worker HH by their type of housing

Type of house	Delhi		Ranchi	
	Informal Workers HH	Formal Workers HH	Informal Workers HH	Formal Workers HH
Katcha House	4.4	1.5	29.4	7.8
Semi pucca	38.9	10.0	49.6	32.1
Pucca	56.6	88.5	21.0	60.0

Within the informal worker HH, those living in Katcha house is higher.

Overall, the proportion of HH living in Katcha house is greater in Ranchi

### Distribution by informal worker HH by no. of rooms in their house

No. of rooms in the house	Delhi		Ranchi	
	Informal Workers HH	Formal Workers HH	Informal Workers HH	Formal Workers HH
1 room	53.4	15.5	27.8	7.2
2 rooms	31.1	36.0	39.5	28.3
3 rooms	9.2	26.2	15.7	33.3
4 rooms and more	6.3	22.3	17.0	31.2

In Delhi, about 50% of the informal worker HHs live in a house with only one room

The situation is little better in Delhi. However, in both cities informal worker HHs are worse off

## Housing Insecurity and Basic Amenities (contd.)

### Distribution by informal worker HH by kind of toilet facility

Toilet facility	Delhi		Ranchi	
	Informal Workers HH	Formal Workers HH	Informal Workers HH	Formal Workers HH
Exclusively used by household	34.7	82.2	27.7	68.4
Shared by HH with other HHs in the house	18.1	8.1	37.8	23.8
No toilet within the house	47.2	9.7	34.5	7.8

	Delhi		Ranchi	
	Informal Workers HH	Formal Workers HH	Informal Workers HH	Formal Workers HH
% of HH with Drainage facility	67.8	90.7	63.9	75.5
% of HH with Electricity	90.8	97.4	84.1	96.4

## Own provision for Social Protection

**In absence of employer or state provision for social protection, HHs opt for own provisioning mechanisms**

**Percentage of people in Informal worker HH with their own provisions for social protection**

	Delhi	Ranchi	All
% of people in informal worker HH with Deposit link insurance	5.2	2.4	5.0
% of people in informal worker HH with Life insurance	26.8	15.7	26.0
% of people in informal worker HH with Health insurance	9.5	0.8	8.8

**Distribution of people in Informal worker HH by their per capita income and their own mechanisms for social protection**

	Less than Rs 10000	Rs 10000 to 15000	Rs 15000 to 25000	Rs 25000 to 40000	Rs 40000 to 60000	More than Rs 60000
% of people in informal worker HH with Deposit link insurance	1.8	1.8	2.9	6.6	12.4	30.3
% of people in informal worker HH with Life insurance	14.3	16.1	24.2	38.7	46.2	73.1
% of people in informal worker HH with Health insurance	2.6	3.9	6.1	12.9	17.7	50.8

- **Own provision is not sufficient**
- **Very few Informal worker HHs have sufficient social protection schemes**
- **Income plays an important role and increases the probability of having social security schemes**
- **Education too plays a role in increasing the chances of owning social security schemes.**

## Promotional measure of Social protection form the State

### Distribution of informal worker HH by the type Of ration card

Type of ration card	Delhi	Ranchi
Antodaya card	3.5	8.2
BPL card	34.3	16.4
APL card	23.2	13.0
No card	39.0	62.4

### Distribution by informal worker HH by the quantity of food grains purchased form PDS

Qty of foodgrains bought from PDS		
	Delhi	Ranchi
None	51.5	75.4
1 to 10 KG	0.7	0.4
11 to 15 KG	3.9	0.4
16 to 25 KG	12.2	1.2
26 KG and more	31.8	22.6

## Needs and Gaps in Social Protection Provision

The perceptions from HH data are helpful in determining the needs and gaps in Social protection provisioning

<b>Percentage of informal workers satisfied by:</b>		
<b>Income</b>	<b>Work environment</b>	<b>Weekly hours worked</b>
43.0	76.1	79.1
<b>Percentage of informal regular salaried/wage workers satisfied by:</b>		
<b>Non-wage benefits</b>	<b>Opportunity for promotion</b>	
21.4	28.6	

## Perceptions about governance related Issues

A whopping 95% of the households believe that the government has been a failure in reducing poverty

Overall about 18% of informal worker households believe that government has been successful in providing health care facilities. In Ranchi, this % is about 36%, indicating a higher level of satisfaction from government related health care services. As we go up the income level, the % of HHs believing in the success of government increases.

About 75% of the informal worker HHs believe that the government has failed in providing Food grains at subsidized rates and % of this % is little lower for Ranchi as compared to Delhi

A very high 73% of informal worker HHs in Delhi as compared to 57% HHs in Ranchi Believe that government has been a success in providing electricity. This point is validated by poor electrification of houses in type of housing



## Conclusion and Policy Implications

1. Informal workers are heterogeneous and face several types of vulnerabilities and uncertainties in livelihoods.

- Labour market insecurity including insufficient income
- Insecurity relating to shelter and basic amenities
- Insecurity relating to minimum basic needs like food and health

2. State largely failed in contingencies related social protection needs, although some measures have been recently devised

-Due to low levels of income vast majority of informal workers are not able to resort to private provisioning needed for contingencies related social protection measures

-State sponsored promotional measures of social protection (PDS, education, employment and productivity enhancement) does not reach overwhelming majority of workers

## Conclusion and Policy Implications

3. There is huge need for SP for informal workers
  - Need for some universal social minimum- income (including old age pension, health, food etc.)
  - Need for different kind of strategy for variou categories of workers
  
4. Issue is centre of public policy debate
  - PDS with wide coverage as well as extending RSBY
  - Urban employment guarantee program
  - Flow of credit to own account workers and small enterprises
  - Universal registration and unique identification

**THANK YOU**