Analyzing Social Security Measures for the Labor Force

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Abstract

Social Security schemes play a pivotal role in safeguarding the well-being of individuals and families from distresses like unemployment, disability, old age, etc. As the nature of work evolves, the understanding of schemes designed to provide social security becomes increasingly significant, especially in labor-intensive countries like India. This study analyzes social security measures for the labor force in India with a special focus on its effectiveness in ensuring the well-being of the labor force. The study covers schemes and systems of social security present in India in both the organized and unorganized sectors focusing on coverage, participation, and barriers to beneficiary response. The problems of lack of coverage, lack of fund allocation, and lack of beneficiary response are widely cited problems in social security schemes and so the study aims to investigate their presence in Indian social security systems and recommend solutions to the observed problems that can help in the formulation of future public policy. The study also takes up a comparative analysis of social security programs in India and the USA and makes recommendations for a better employer contribution program and public awareness through a larger association with local governance while keeping in mind the monumental role of digitalization and technology for these purposes.

By addressing these challenges, the study aims to contribute to the ongoing discourse on social security measures and their effectiveness.

Introduction

India, as per 2022 data, is the country with the second largest workforce in the world only after China with approximately 523.84 million people comprising the workforce[1]. This fact alone makes it very important for the country to have viable and effective social security schemes and systems in place for when these workers leave the workforce or encounter social and economic distress. But what is social security? Social security refers to schemes and systems that ensure workers' stability, both medical and financial when they are unable to continue to work with the aim of not only alleviating poverty but also empowering individuals, enhancing their quality of life, and fostering inclusive growth. These schemes generally include pension schemes, provident funds, unemployment and disability compensation, maternity benefits, and other health insurance.

India's social security landscape is characterized by several complex programs designed to cater to various sections of the workforce. It is because of the diverse nature of the country with regard to regional variations, income disparities, gender dynamics, and diverse demographic structures that these schemes have to overcome a large number of challenges.

1 The Global Economy.com

Therefore, by studying various characteristics of these existing programs and the Indian social security landscape, this paper aims to contribute valuable policy insights and recommendations and analyze the effectiveness of social security schemes in ensuring the well-being of the labor force in India.

Methodology

The study aims to understand the effectiveness of social security schemes by focusing on the coverage and beneficiaries of the social security scheme and then on specific aspects of the workforce. The study uses secondary data collected through official datasets and provides conclusions as to whether the social security measures in the country affect the labor force or not. The study also analyzes data relating to the allocation of funds to these schemes and the structure of these schemes to understand their working, identify problems, and suggest and recommend solutions to identified problems.

Literature Review

Literature on Social Security measures in India is varied with regard to the metrics and scope, however, most of the literature has been concluded on similar lines.

Rajasekhar, D. (2022). Social Security for Unorganised Workers in India: Issues and Challenges. Centre for Social Studies, Surat.

One part of the study is focused on reviewing the history and evolution of social security in India and the other part analyzes health insurance and employment benefit schemes for the unorganized sector in India. The research lists certain substantial challenges to the improvement of social security. First, the scale of these measures needs to be much larger, and there is the risk of a unidimensional focus on cash transfers. Second, the study suggests that poverty and deprivation are group phenomena. Therefore they should be understood and tackled in this regard citing multidimensional factors of education, caste, and gender being closely related to the effectiveness of certain schemes. The study recommends integrating social protection policies with anti-poverty policies and complementing workplace-based policies with household and community-based programs. The major criticism that the research reiterates is that of ad-hocism, political inefficiencies, and lack of adequate preparation due to attempts at political consolidation.

Asri, M.V. (2021). Social Pensions for Greying India. University of Zurich.

The paper takes a statistical approach to understand whether the benefits of social pension schemes are being accrued to the aging Indian population. The study expands on specific factors that targeted social benefits depend on, with association with local governance emerging as the most important besides the possession of BPL cards that became the criteria for the provision of benefits. The problems that this study identifies are to a large extent related to the provision of pensions through the possession of BPL cards. It elaborates on the likelihood of non-beneficiaries holding these cards and

the need to effectively manage their distribution before making them the criteria for the provision of benefits. It also suggests alternative targeting approaches for social pensions
such as the use of clear exclusion criteria that at least prevent non-poor elderly from accessing social benefits targeted at the poor and facilitate access to social pensions for the elderly poor. Moreover, the effectiveness of social pensions in the Indian context, the research states, is constrained by the inadequate and low amounts of benefits in several States.

Anand, M.K., Chakraborty, R.(2019). Public Expenditure on Old-Age Income Support in India: Largesse for a Few, Illusory for Most. National Institute of Public Finance and Policy.

The study finds that the extant system in the country presents a larger burden on sub-national governments. It elaborates through data that most of the old-age population is not availing the benefit, especially in the rural areas with their annual withdrawals lower than the annual poverty line. The research suggests certain methods of reform. These include restricting defined-benefit for the exceptionally privileged, eradication of exclusive (section, sector, or region-based) approaches and adopting inclusive principles to widen coverage, unconditional sustained contribution by the government for low-income earners and underprivileged, and use of information technology enablers for effective and efficient targeting of social pension.

Goli, S., Reddy, B., James, K.S., and Srinivasan, V. (2019). Economic Independence and Social Security among India's Elderly. ResearchGate.

The authors have analyzed the conditions and social security benefits, specifically pension benefits, for older demographics in India. The paper concludes that although India has fairly comprehensive social security schemes for the elderly, the country lags behind other developing nations in ensuring adequate funds, facilities, human resources, and infrastructure to facilitate a decent quality of life among the older population. The study also establishes that although health status needs more expenditure, the majority of the older population does not avail of the provided medical benefits and assistance. The diverging State policies have also been stated as an obstacle with the State contributions ranging from 0% to 88% without proper reasoning for these discrepancies. The study suggests that a more focused approach is required with policies focusing on the states with the highest population of old people. It suggests policies aimed at healthy aging through better and specialized healthcare policies, inter-ministry coordination, inter-sectoral convergence in old-age social security benefits, and expanding the scope of policies from just below the poverty line to all old people.

The present literature regarding social security in India has indicated the problems of coverage, decreased response from the beneficiaries, the need for increased benefits as well as consolidation of poverty and social security programs. This paper will try to understand the effectiveness of social security measures and conclude whether the concerns of the present scholars are well-founded or not.

Policy Context

While discussing social security measures in India, an important distinction that must be made is the difference between the Organized or formal and Unorganized or informal sector. The organized sector comprises certain companies or workplaces in which the employment term is regular and employees are also guaranteed employment. In many legal frameworks, it is defined as establishments with 10 or more employees. In contrast, the unorganized sector is the residual of the organized sector, that is, where employment is unregulated or unprotected and those establishments which have a low scale of organization. As evident from the characteristics of both sectors, rural, poor, and vulnerable portions of the population tend to be employed in the unorganized sector which forms close to 93% of the employment in India[2]. Because of this, the study of benefits to the unorganized sector is of significance. Currently, The Code on Social Security, 2020 provides benefits to all workers in the country. The following are the major acts that are included with the code and now govern the social security system for the organized sector in India:

- **The Employees' State Insurance Act,1948;**
- **The Employees' Provident Funds & Miscellaneous Provisions Act, 1952;**
- **The Employee's Compensation Act, 1923;**
- **The Maternity Benefit Act, 1961;**
- **The Payment of Gratuity Act, 1972**

Out of these, the Employees' State Insurance Act, of 1948 provides for health insurance, the Employees' Provident Fund and Miscellaneous Provisions Act, of 1952 includes the Employees' Provident Fund Scheme, 1952 (EPF); the Employees' Pension Scheme, 1995 (EPS) and Employees' Deposit Linked Insurance, 1976 (EDLI), the Employee's Compensation Act, 1923 provides for compensation in case of death or injury during employment, the Maternity Benefit Act, 1961 provides for maternity and other benefits and the Payment of Gratuity Act, 1972 provides for payment of gratuity.

For the unorganized sector, the government has provided various voluntary schemes for pensions and benefits like The Unorganised Workers' Social Security Act 2008 which has been subsumed in the Code on Social Security, 2020. Besides these policies, the eShram portal by the government has been formulated to provide social security benefits and information about policies to workers in the unorganized sector while at the same time recording details of these workers thus forming a comprehensive National Database of Unorganized Workers. As of 2022, the eShram portal has 28.5 enrollments[3] and the portal provides registration in all the above schemes and more.

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[2] Ministry of Labour and Employment

[3] Ministry of Labour and Employment, Annual Report 22-23

A. Pensions

A pension is a fixed retirement fund for an employee paid as a regular income at regular intervals during his post-retirement years. A pension is a fund where a sum of money is added by the employer, employee, or both.[4]

In India, pensions are provided to both organized and unorganized sectors. Pensions where no employee contributions are required are provided under The Employees' Pension Scheme, 1995 (EPS) for the organized sector and through various schemes such as Pradhan Mantri Shram Yogi Maan-Dhaan (PM-SYM), National Pension Scheme for Traders, Shopkeeper and Self-Employed Persons and Atal Pension Yojana (APY). However, for the unorganized sector, employee contributions are necessary.

1. The Employees' Pension Scheme, 1995 (EPS)[5]: EPS applies to industries/classes of establishments specified in Schedule I of the Act or any activity notified by the Central Government in the Official Gazette and employing twenty or more persons, that is, to specific factories and establishments employing 20 or more employees. According to the Ministry of Labour, the total number of member pensions given were 49,39,581 or 0.49 crore.
2. Pensions for Unorganized Sector:
    a. Pradhan Mantri Shram Yogi Maan-Dhaan[6]: Provides minimum pension of ₹ 3000 per month to a beneficiary after attaining the age of 60 for contributions ranging from ₹ 55 to ₹ 200 per month, also provides for 50% of the pension to family in case of death. The scheme is applicable for workers of the unorganized sector who are not a part of the New Pension Scheme (NPS), Employees' State Insurance Corporation (ESIC) scheme, or Employees' Provident Fund Organisation (EPFO) and is not an income tax payee. As of January 2024, 49,79,669 or 0.49 crore[7] employees have been enrolled under the scheme.
    b. National Pension Scheme for Traders, Shopkeepers, and Self-Employed Persons: The scheme provides the same benefits as PM-SYM, that is, ₹ 3000 per month, and provides for the same family pension however, no person can avail of both the schemes simultaneously. Enrollment in NPS-Traders as of 2023-24 has been 52,674[8].
    c. Atal Pension Yojana[9]: Under the scheme, all citizens not paying income tax can get pension amounts of ₹1000, ₹2000, ₹3000, ₹4000, and ₹5000 depending on the contribution rate selected by the subscriber and regular payment made during the accumulation period. As of 2023, enrollment in APY has touched 6 crore workers.

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[4] Canara HSBC Knowledge Centre
[5] Ministry of Labour and Employment, Annual Report 22-23
[6] Ministry of Labour and Employment, Annual Report 22-23
[7] MoLE Dashboard
[8] Press Information Bureau
[9] NPS-CRA

3. National Pension System, 2004 (NPS):
   NPS is referred to as a Defined Contribution Pension System (DCPS) in which the employer and employee both contribute to building a pension wealth payable at the time of retirement/premature exit/death by way of annuity and lump-sum withdrawal as per norms.[10] NPS is applicable for all central government employees joining service after 1st January 2004, State government employees where NPS has been implemented, and all citizens of the country whether resident or non-resident. NPS provides various models for subscribers with different portfolios where their pension fund is invested to earn interest. It is because of its large coverage that it has to be stated separately as both organized and unorganized workers can subscribe. As per NPS Trust data, in 2023-24 NPS had a subscriber base of 1.7 crore[11].

B. Health and Compensation

Health Insurance and compensation in cases of injury or death have emerged as an important part of social security measures and so are provided to both organized, and unorganized workers. For organized workers, health insurance and other compensations are provided under the Employment State Insurance Act, 1948 (ESI) and the Employees' CompensationAct, 1923, and for the unorganized workers, schemes like Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY). It must be noted that the purview of ESI has been increased by various states to include some establishments that might be a part of the unorganized sector like restaurants, hotels, shops, etc.

1. Organized Workers:
   a. Employment State Insurance Act, 1948 (ESI)[12]: Applies to factories employing 10 or more persons. Employees of factories and establishments covered under the Act drawing monthly wages up to ₹21000 per month and ₹25,000/- per month for persons with disabilities are covered under the scheme. The scheme requires contributions from both employees (0.75%) and employers (3.25%). An Insured person and his dependents are entitled to medical benefits from the day of entry into insurable employment. According to MoLE, as of 31.03.2022, a total of 3.10 crore insured persons and 12.04 crore beneficiaries are covered under the Scheme.
   b. Employees' Compensation Act, 1923[13]: Enables the dependents of an employee to secure compensation at the cost of his employer after the death of the employee due to employment

[10] PFRDA
[11] NPS Trust
[12] Ministry of Labour and Employment, Annual Report 22-23
[13] Ministry of Labour and Employment, Annual Report 22-23

injury. It also provides for compensation in case of employment injury during employment. Since this is legislation, in case of disputes, all workers can cite it.

2. Unorganized Workers:
    a. Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB -PMJAY)[14]: This covers all those living in scheduled caste and scheduled tribe households, families with no male members aged 16 to 59 years and beggars and those surviving on alms. The scheme provides health coverage of ₹5 lakhs per family per year for secondary and tertiary care hospitalization free of cost. Over 12 crore[15] poor and vulnerable are eligible for these benefits.
    b. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY): Risk coverage under the scheme is for ₹ 2.00 Lakh in case of death of the insured, due to any reason, at an annual premium of ₹ 436/-. All individual (single or joint) account holders of participating banks / Post offices, in the age group of 18 to 70 years are entitled to join. According to the Finance Ministry, 16.2 people were subscribers of PMJJBY as of 2023[16].
    c. Pradhan Mantri Suraksha Bima Yojana (PMSBY)[17]: The risk coverage under this scheme is ₹ 2.00 Lakh in case of accidental death or total permanent disability and ₹ 1.00 lakh for partial permanent disability due to accident at a premium of ₹ 20/- per annum. As in PMJJBY, all individual (single or joint) account holders of participating banks / Post offices, in the age group of 18 to 70 years are entitled to join. The Finance Ministry stated that 34.2 crore people have subscribed to PMSBY as of 2023[18].

C. Maternity Benefit

Maternity Benefit for workers is provided by the Code on Social Security, 2020 within which the major provision for said benefit is the Employment State Insurance Act, 1948 (ESI) for a certain period before and after birth per the Maternity Benefit Act, 1961 (Amended 2017). The act extends to the whole of India. The Act provides for 26 weeks of maternity leave out of which 8 weeks before the expected date of delivery would be provided. For mothers with more than two surviving children and for adopting/commissioning mothers, 12 weeks of paid maternity leave is provided. The act also provides for a ₹3500 bonus by the employer if no prenatal confinement and post-natal care is provided. Other significant features are the option of work-from-home and no deduction in wages of women entitled to maternity benefits. [19]

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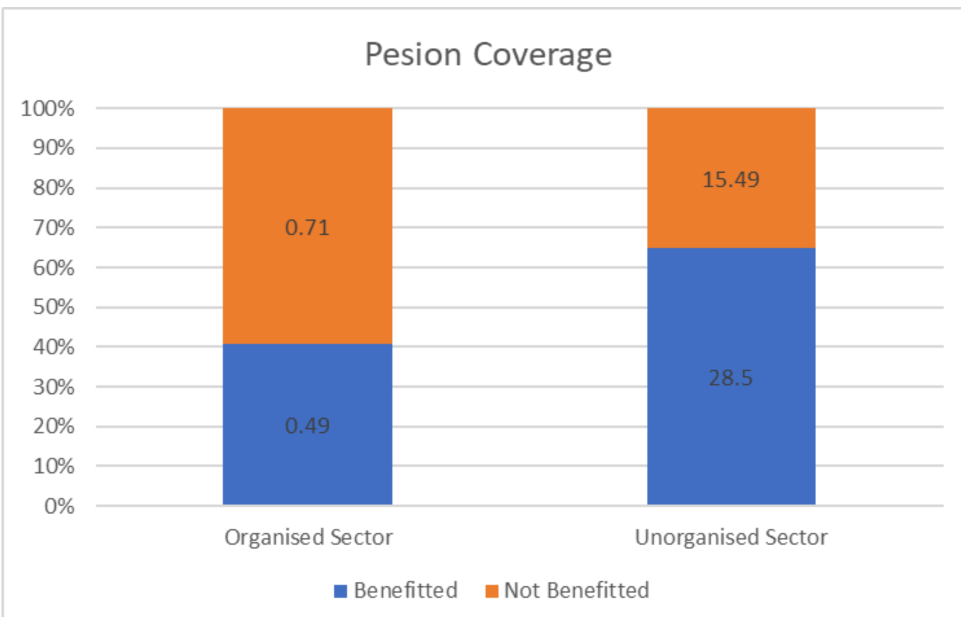
[14] eShram
[15] National Health Authority
[16] CNBCTV18
[17] Dept of Financial Services
[18] CNBCTV18
[19] Ministry of Labour and Employment, Annual Report 22-23

Findings

For pension benefits, according to the Ministry of Labour, the total number of member pensions given under the EPS were 49,39,581 or 0.49 crore. Finding the approximate number of people who should be given pensions, 7.8% of the total labor force was employed in the organized sector in 1990[20] and the current elderly population age 60+ is 15.3[21] crore leading to an approximate 1.20 crore population above 60 that were part of the organized sector and are now retired. Therefore, out of 1.20 crore, the EPS has provided pensions to less than 50% of retired members of the organized sector. Moreover, the NPS has a subscriber base of 1.7 crore out of which approximately 1.07 crore are in the organized sector[22].

In the unorganized sector, under PM-SYM as of January 2024, 49,79,669 or 0.49 crore[23] employees have been enrolled under the scheme. Under APY, as of 2023, enrollment in APY has touched 6 crore workers, and enrollment in NPS-Traders as of 2023-24 has been 52,674[24]. Taking a very optimistic estimation that all enrollments in eShram are part of one or the other schemes and that the unorganized population in India was 43.99 crores [25] in 2022, the pensions for the unorganized sector cover about 60% of unorganized labor.



In health benefits, out of the 8.5 crore workers in the organized sector as of 2022 (from 52.4 crore[26] of the labor force minus 43.9 crore unorganized workers), ESI provides benefits to all organized workers

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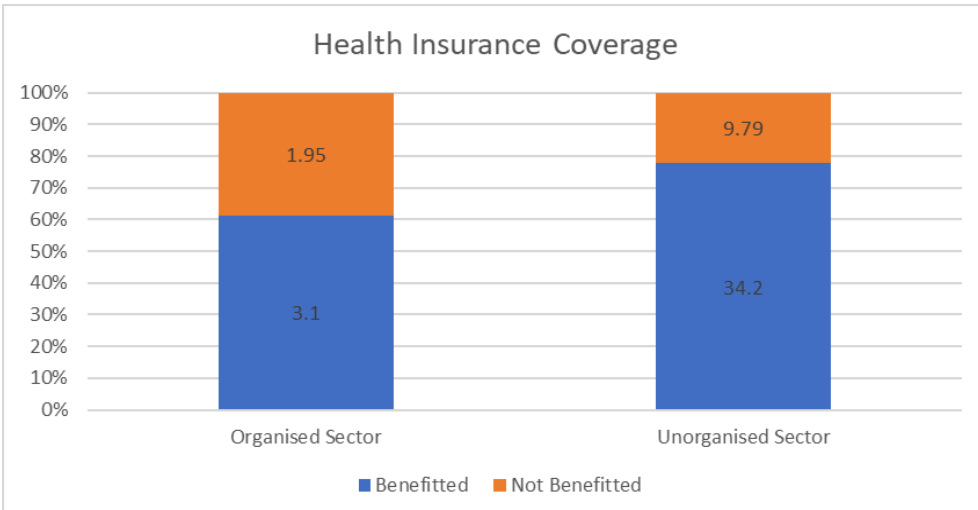
20 ResearchGate
21 Hindustan Times
22 NPS Trust
23 MoLE Dashboard
24 Press Information Bureau
25 PIB
26 Trading economics

except government employees who have direct insurance from the government. Therefore, out of 5.05 crore (8.5 crore minus 3,45 crore government employees[27]) 3.10 crore are insured within ESI, which is about 61% of the non-government organized workers. Another important point to note is that, as of 2021, the Employees State Insurance Corporation has a sum of 4459.69 crore due as arrears on account of default of employers' contribution[28]. The largest health insurance scheme for unorganized workers, the PMSBY, provides insurance to the 34.2 crore people who have subscribed to PMSBY as of 2023[29] and provides insurance to about 77% of the 43.9 crore unorganized workforce.



In the context of Maternity and other benefits to women, since 17.2 crore female workers are part of the labor force in India in 2021-22 (32.8% of 52.4 crore[30]) and since 53.04% of enrollments in the eShram portal are women[31] implying that about 15 crore women (53.04% of 28.5 crore) have enrolled in eShram portal. Assuming optimistically that all the women enrolled in the eShram are getting active maternity benefits, about 87% of women in the workforce are covered.

Therefore, it is observed that primarily due to the eShram portal or the National Database of Unorganized Workers, the best-case scenario coverage for the unorganized workforce is sufficient. However, it must be taken into account that enrollment into the portal does not simply imply availing the benefits of these schemes and so there exists challenges in the attainment of this best-case scenario.

Another set of data that must be considered is that in the 2024 Interim Budget, the allocation to social security schemes was Rs 11,520.29 crores as compared to Rs 12,152.82 crores in 2023.[32] This decrease

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[27] Business Standard
[28] Ministry of Labour and Employment, Annual Report 22-23
[29] CNBCTV18
[30] Directorate General of Employment
[31] eShram
[32] The Hindu

in allocation raises the question of the importance of labor welfare within the country. This amount, when compared to a requirement of over ₹22,841 crore — as estimated by the Centre for Budget and Governance Accountability, is only 53% of the requisite. India's social security system is also ranked poorly; Mercer CFS ranked it at 40 out of 43 countries in 2021[33].

Comparative Study: Social Security in India and the USA

The United States of America has one of the largest and most efficient social security systems in the world. Social Security in the USA has been organized under the Social Security Act of 1935 and is administered by the Social Security Authority (SSA)[34]. The provision of these programs has been linked to a unique number called the Social Security number through which the earnings and benefits of people are recorded. The system also provides for a Cost-of-Living Adjustment (COLA) to offset the effects of inflation on fixed income.

Defined monetary benefit is provided through the Old Age, Survivors and Disability Insurance (OASDI) and the Supplemental Security Income (SSI) schemes while health benefits are provided through Medicare. However, the USA has a wide variety of defined contribution plans that are offered specifically by employers which are based on contributions.

These programs are as follows[35]:

- Old Age, Survivors and Disability Insurance (OASDI):
  Participation in the OASDI system is mandatory and virtually universal. Individuals are entitled to Old-Age and Survivor's Insurance (OAS), once they have worked 40 quarters in covered employment between the ages of 21 and 62.
  Recipients of Disability Insurance (DI) must have 20 quarters of contributions in the 10 years before disability begins. Disabled workers who reach the full retirement age (FRA) of 67 years are automatically transferred to full retirement benefits. Benefits are financed by a payroll tax of 12.4% on income, half paid by employers and half by employees, up to an annual (indexed) earnings limit. These benefits may be drawn as early as age 62, however, this would lead to a reduction of the benefit. Those delaying retirement beyond the FRA receive a delayed retirement credit and consequently a larger sum.
- Supplemental Security Income:
  The SSI program is a safety net program under which the federal government provides benefits conditional on the beneficiary's income falling below a specified level, or means-tested benefit. These means-tested cash payments are provided to persons who are 65 or older or disabled. People

[33] The Hindu
[34] Social Security Authority
[35] Economic Commission for Latin America and the Caribbean

who receive Social Security benefits and those who have assets below the specified level can also receive SSI benefits.

- Medicare:
  The Medicare program provides health insurance coverage for the aged and disabled. It provides hospital insurance through equal contributions from both the employer and the employee. Hospital insurance is provided to people who are 65 or above who are eligible for social security benefits. The program also provides supplemental medical insurance that covers the cost of physicians and other services, options for participation in private-sector health care plans, and prescription drug benefits.
- Employer's Pension Plans:
  These are defined contribution programs offered by employers in the USA meaning that the employees decide how much they want to contribute without any promise of a specific amount of benefit. Benefits are determined solely by the contributions. The most popular type of scheme is the 401(k) plan. Participation is voluntary and both employees and employers can make contributions.

There are certain major differences between Indian and American systems:

1. Most of the benefits and pensions provided in India are not adjusted for the cost of living, this has important implications considering that in developing economies such as India, inflation tends to be very unstable at times which might lead to economic hardship. In the USA, on the other hand, the COLA provision provides a new dimension to benefits provided.
2. In India, there is no existence of provisions that lead to a difference in benefits based on the choice to retire. The presence of such a scheme in the USA incentivizes more work and delays the burden of payments of benefits.
3. In the USA, most of the social security schemes have the provision of equal contributions by both employees and employers, moreover, the excess funds are kept in a Trust Fund that is invested in government-approved securities. In India, contributions, wherever required, place a higher percentage on the employer which provides disincentives to the employers to provide social security benefits to the employees.
4. Another difference between the two frameworks is that the employers in the USA engage with the programs and sponsor as well as provide alternatives whereas in India, employers do not engage with the programs.

The US government spent $1.21 trillion, about 4.8% of its GDP on Social Security in 2022[36] covering about 96 percent of all U.S. workers[37]. The only people who are not covered are the ones who either do

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[36] Statista
[37] Government Accountability Office, USA.

not payroll taxes for social security or are not covered under private employer-sponsored pension plans. However, it is important to note that there is a stark difference in conditions such as income distribution, diversity, poverty, and political structure in both countries. Therefore blind implementation of the same policies is not feasible. The higher degree of poverty and income inequality makes certain provisions like equal contributions from employers and employees and higher portions of employer-sponsored programs unfit for India.

While comparison with the USA serves a good purpose, other global players must also be considered, keeping in mind the different conditions prevailing in each of these countries. The Netherlands is placed as one of the top three countries in most of the global indices of social security and governance. According to the European Commission, in the Netherlands[38], the important distinctions in their Social Security System include a gradual annual increase in retirement age based on life expectancy and an annual build-up of pension, that is, for each year that you live or work in the Netherlands, you build up 2% of a full pension. After having been insured for 50 years you are entitled to receive the full pension. If you have lived abroad and were not insured during that time, you do not build up a pension for that period. On the other hand, in Iceland[39], the old age pension is calculated based on how long you have lived in Iceland, the maximum pension given being a fixed amount. The less one stays, the lesser pension one receives. Moreover, like the USA, this is also a means-tested benefit meaning the pension amount is income-related against income from other sources and it is reduced when income exceeds a certain level and withdrawn when income is above a given threshold. Similarly, in Denmark[40], there is an increasing retirement age and a compulsory defined contribution pension scheme. The public old age pension is a life-long benefit and consists of a basic amount and a pension supplement.
Therefore, European countries have a different convention for social security which also provides a significant viewpoint and alternative systems.

Recommendations

The following problems are evident from the findings:

1. Lack of coverage;
2. Lack of fund allocation and default of employers' contribution;
3. Question of response from the beneficiaries.

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[38] European Commission, Netherlands
[39] European Commission, Iceland.
[40] European Commission, Denmark

The problem of lack of coverage of beneficiaries, meaning that the people in need are not being provided benefits, is primarily due to a lack of incentive or ability of employers to pay their part of the contribution or the restriction in the eligibility of these schemes. As such, the solution also lies in these aspects. The government can propose a monetary concession of some portion of employers' contribution subject to the annual revenue limit meaning that the government can pay a portion of the employer's contribution. For example, a monetary concession can be provided to an establishment with 10 or more employees and brings in annual revenue of less than ₹50,00,000 in the form of 25% of the employer's contribution. Attempts to tackle the problem of restriction in eligibility through the inception of the eShram portal and the mandhan.in the portal have been made efficiently with about 60% of the unorganized labor force having registered. However, as most of the unorganized workers comprise women, approximately 52.3%, the coverage criteria can favor these groups with women who serve as primary bread earners in their households getting special benefits.

The second problem of lack of fund allocation is the problem of delay of benefits and indirect hardship to the beneficiaries. The solution to this problem is to increase allocation to social security schemes. According to the Centre for Budget and Governance Accountability, ₹22,841 crore is the requisite allocation amount for Social Security measures in India, that is, 0.08% of the current GDP but the government has currently allocated ₹11520.29 crore in the Interim Budget 2024-25[41]. This is only 53% of the suggested amount, 0.04% of current GDP[42]. Therefore, there is a need for ₹11,320.71 crore more allocation for social security; the allocation must almost double the current amount. The value of Pension Fund assets as a percentage of GDP for India in 2020 has been recorded to be 9.3% opposed to the world average of 29%. This means that the funds with the Pension Authorities have been placed in assets where the yield is less, probably due to safer investments. However, this is partly the reason why there are lack of funds. Due to the defined benefit nature of pension schemes in India, the pension funds are allocated to safer assets with lower yields. A more diversified portfolio is required to lessen the direct burden of lack of funds on the public exchequer so that a substantial amount can be obtained as returns to these assets. An attempt at this has been made with the National Pension Scheme (NPS). It will also lessen the government's burden to systematically increase the retirement age with an increase in life expectancy as has been implemented in European countries.

A recommendation regarding the problem of employer contribution default is the provision of different rates of the contribution of employees and employers depending upon the income level of the employee. Similar to tax slabs, an employee with lower income will contribute less to social security while their employer's contribution will be relatively higher as compared to the employer's contribution for employees with higher income who have a higher capacity to save, or more funds to

[41] The Hindu

[42] PIB: Current GDP 2023-24 = 294.90 Lakh crore

save. A progressive system of contribution percent can provide better funds for social security benefits and decrease default by employers.

The third problem of response from the beneficiaries is the problem of confidence in the scheme and awareness of the scheme. This is largely a problem in the unorganized sector. While the eShram portal has seen a large number of registrations, there must be some measures that ensure that even after the registration, the workers are availing of the benefits from various schemes. This problem can be solved through better association of local governance and the beneficiaries. A strong connection between the portal and the local government desks can facilitate such an association through physical registrations and more hands-on assistance. Other requisites such as simpler registration and expansion of digital platforms through which workers can be made aware are already being worked upon as evident from the formulation of the eShram portal. Once a comprehensive database of unorganized workers is ready through about 40 crore enrollments in the eShram portal, awareness campaigns, and community outreach programs can be carried out easily with minimum use of resources.

Conclusion

The study has provided a comprehensive examination of social security schemes and provided the basic structure of social security schemes and systems in place. It has also provided an analysis based on the distinction of labor into organized and unorganized. Through this examination it is clear that the Indian social security landscape is far from conducive, however, the findings reveal both strengths and areas of improvement. The study addresses the barriers to coverage, lack of allocation, and, most significantly, lack of response from the beneficiaries. Nonetheless, newer initiatives are a step in the right direction. The eShram portal has provided increased coverage to many of the schemes. Moreover, the State Governments in India have started to form combinations of the NPS and OPS that offer the government employees the same benefits as before. The Maharashtra government, for instance, has revised the NPS to provide state government employees an option between 50% of their last drawn salary and 60% of their pension as a family pension, and the NPS wherein they receive a lump sum of 60% of their last drawn salary and 40% of their invested annuities[43]. Therefore, the potential for innovation and the role of technology and digitalization are important factors in shaping future policy. In light of the findings, the study makes recommendations comprising a framework for preventing lack of access to these schemes by the workers through their employers by providing relief to the employers who are finding it difficult to meet the contribution requirements, incentivizing further provision of social security to their workers. It also suggests a system for greater public-private partnership that

[43] The Indian Express

could help increase funds for the disbursement of benefits while identifying the primary target group in the unorganized sector where the coverage question is significant.

As we navigate the complexities of the social security environment in India, the recommendations and suggestions provided aim to serve as important considerations in future policy discussions, reforms, and initiatives.

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