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# **SOCIAL SECURITY FOR UNORGANISED SECTOR WORKERS**

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## **Abstract**

The unorganized sector, comprising a substantial portion of the workforce in many countries, faces significant challenges in accessing social security benefits. This paper examines the issues surrounding social security for unorganized sector workers, focusing on the importance of social security, the challenges in providing coverage, and potential policy solutions.

Social security plays a crucial role in providing income security, access to healthcare, and retirement benefits. However, workers in the unorganized sector often lack access to these benefits due to their informal employment status. This leads to financial insecurity and vulnerability to economic shocks.

One of the key challenges in providing social security to unorganized sector workers is the lack of formal documentation. Many workers in this sector do not have formal employment contracts or identification documents, making it difficult to enrol them in social security schemes. Additionally, the informal nature of their work often means that their income is irregular and unpredictable, further complicating the provision of social security benefits.

Another challenge is the financial sustainability of social security schemes. Providing benefits to a large number of unorganized sector workers can strain government resources, particularly in countries with limited fiscal capacity. Finding sustainable financing mechanisms is crucial to ensuring the long-term viability of social security schemes for unorganized sector workers.

Despite these challenges, there are several potential policy solutions to improve social security coverage for unorganized sector workers. One approach is to expand the coverage of existing

social security schemes to include more unorganized sector workers. This could be done by simplifying enrollment procedures and providing incentives for informal employers to register their workers.

Another approach is to create new social security schemes specifically designed for unorganized sector workers. These schemes could be tailored to the needs of this population, providing flexible benefits that address their unique circumstances.

Additionally, improving financial literacy and awareness among unorganized sector workers could help them better understand the importance of social security and how to access benefits. This could be done through education campaigns and outreach programs.

In conclusion, providing social security coverage for unorganized sector workers is a complex challenge that requires a multi-faceted approach. By addressing the issues of formal documentation, financial sustainability, and awareness, policymakers can work towards ensuring that all workers have access to the social security benefits they need to lead secure and dignified lives.

## **1. Introduction**

The issue of social security for workers in the unorganized sector remains a significant challenge in India. This sector comprises over 90% of the workforce and is characterized by its diverse and amorphous nature. Unorganized sector workers are found in various industries and geographical locations, and they hold different employment statuses. They include daily wage laborers in both agricultural and non-agricultural fields, self-employed individuals in agriculture and non-agricultural sectors who provide employment for themselves and others, as well as regular salaried workers in small enterprises.

Typically, unorganized workers are migrants who find employment in rural and urban areas, often moving from one place to another in search of work. Many of them work as casual laborers. Self-employed workers and wage earners in small establishments usually work within their own villages or localities. However, the working and living conditions of unorganized workers tend to be poor, and their standard of living is generally below the poverty line. Illiteracy or semi-literacy is common among them, and they lack awareness of their labor rights and the benefits and privileges available to them under the law. Due to their vulnerable socio-

economic and legal status, they are at risk of exploitation and have limited bargaining power.<sup>1</sup> It should not be misconstrued that social security is unnecessary for unorganized sector workers. On the contrary, the unpredictable income fluctuations caused by seasonal and casual employment, as well as the lack of skills and education, make social security provision all the more crucial for this sector. However, given India's current state of development and the globalized world economy, it is important to recognize that any form of social security for unorganized sector workers should be implemented at the industry or national level. Ideally, it should not be linked to labor costs to prevent potential job losses due to cost increases. In this context, the recent government initiatives to extend public social security schemes like Janshree Bima Yojana or Aam Admi Bima Yojana to the unorganized sector are significant. Although these schemes may not be perfectly suited for unorganized sector workers, as the premiums are subsidized by the government and additional subsidies are provided in the form of death and disability benefits, they do represent a form of social security transfer to the targeted population. However, these schemes have had limited success, and it is widely acknowledged that more innovative and potentially industry-specific social security measures need to be explored for the unorganized sector.

The unorganized sector encompasses economic units engaged in the sale or production of goods or services, operating on a proprietary or partnership basis, and employing fewer than ten workers in total. These workers largely fall outside the purview of the Indian government in terms of regulations and thus lack the social and economic protection. The unorganized sector is marked by low-income levels, and thus low savings levels. It is for this reason that any form of contributory social security scheme is ruled out for this category of workers. Further, given that the unorganized sector is extremely diverse in terms of occupations and income levels, a "one size fits all" approach to social security is neither desirable, nor feasible.

#### ○ **Overview of the unorganized sector**

The unorganized sector, also known as the informal sector, refers to economic activities and enterprises that are not registered or regulated by the government. It typically includes small-scale businesses, street vendors, domestic workers, agricultural labourers, and other self-employed individuals who operate outside the formal legal framework.

According to the **International Labour Organisation (ILO)**, Social Security is a comprehensive approach designed to prevent deprivation, give assurance to the individual

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<sup>1</sup> ISST, Anweshaa Ghosh, Risha Ramachandran, Mubashira Zaidi - 2022 - osf.io. "Women Workers in the Gig Economy in India": An Exploratory Study. osf.io

of a basic minimum income and to protect the individual from any uncertainties.

Key characteristics of the unorganized sector include:

1. **Absence of Formal Contracts:** Workers in the unorganized sector often lack formal employment contracts, job security, and social security benefits.
2. **Low Wages:** Wages in the unorganized sector are generally lower than those in the formal sector, and workers often face irregular income and payment delays.
3. **Lack of Social Security:** Workers in the unorganized sector often do not have access to social security benefits such as health insurance, pension schemes, or unemployment benefits.
4. **Informal Nature:** Economic activities in the unorganized sector are often conducted in an informal manner, with limited record-keeping and adherence to labor laws and regulations.
5. **Vulnerability:** Workers in the unorganized sector are often more vulnerable to exploitation, unsafe working conditions, and economic shocks due to the lack of legal protections and social safety nets.<sup>2</sup>

Despite these challenges, the unorganized sector plays a significant role in many economies, particularly in developing countries. It provides employment opportunities for a large number of people, contributes to economic growth, and meets the needs of consumers in areas such as food, clothing, and services.

Efforts to address the challenges faced by the unorganized sector include the implementation of social security schemes, labour reforms, and initiatives to formalize informal enterprises. These efforts aim to improve the working conditions, livelihoods, and well-being of workers in the unorganized sector while also promoting inclusive and sustainable economic growth.

#### ○ **Importance of social security for unorganized sector workers**

Social security is of paramount importance for unorganized sector workers, who constitute a significant portion of the workforce in many countries, particularly in the developing world. The unorganized sector is characterized by informal employment arrangements, low wages, and limited access to formal social security benefits. For these workers, social security serves as a crucial safety net, providing income security, access to healthcare, and retirement benefits.

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<sup>2</sup> Hussmanns, Ralf, "The 'Informal Sector'," *International Labour Review*, Vol. 129, No. 6 (1990), pp. 609-629.

- **Income security:** - It is a key benefit of social security for unorganized sector workers. Many of these workers face irregular employment and income, making them vulnerable to financial shocks such as illness, injury, or unemployment. Social security benefits, such as unemployment insurance and disability benefits, provide a vital source of income during these challenging times, helping workers meet their basic needs and maintain a decent standard of living.
- **Healthcare:** - Access to healthcare is another essential aspect of social security for unorganized sector workers. Many of these workers do not have access to employer-provided health insurance and may not be able to afford private health insurance. Social security schemes that include health coverage ensure that these workers can access healthcare services when needed, improving their health outcomes and reducing the financial burden of medical expenses.
- **Retirement Benefits:** - Retirement benefits are also critical for unorganized sector workers, many of whom do not have access to formal pension schemes. Social security schemes that provide old-age pensions ensure that these workers have a source of income in retirement, reducing their dependence on family members and helping them maintain financial independence.
- **Economic and Social Benefits:** - In addition to these direct benefits, social security can also have broader economic and social benefits. By reducing poverty and inequality, social security can help stimulate economic growth and promote social cohesion. It can also improve the overall well-being and productivity of unorganized sector workers, contributing to a more inclusive and sustainable society.

All in all, social security is essential for unorganized sector workers, providing them with income security, access to healthcare, and retirement benefits. It is crucial for policymakers to design and implement social security schemes that cater to the specific needs of unorganized sector workers, ensuring that they are not left behind in the quest for inclusive and sustainable development.

#### ○ **Challenges faced by unorganized sector workers**

The unorganized sector plays a significant role in India's economy, but the issues and challenges faced by its workers cannot be ignored. This study sheds light on the hardships endured by these workers and emphasizes the need for policy interventions to safeguard their rights and improve their living conditions. By addressing these challenges, India can move towards more inclusive and sustainable growth, benefiting both the workforce and the nation as a whole. Workers in the unorganized sector are a very important factor of the Indian

economy. That's why the Central Government, State Government and Local Administration need to pay special attention to this and there is a need to make various policies and plans related to this area.

- **Low Wages and Exploitation:** Many unorganized sector workers receive meagre wages and often face exploitation by employers who take advantage of their vulnerable status. Workers in the unorganized sector typically receive lower wages compared to their counterparts in the organized sector. This is due to a variety of factors, including lack of bargaining power, limited access to education and skills training, and the prevalence of labour-intensive, low-paying jobs. Many employers in the unorganized sector are subjected to exploitation by denying workers their rightful benefits such as paying them minimum wages. Even after subjecting them to long working hours of work, they aren't properly compensated. This leads to a cycle of poverty and economic vulnerability for workers and their families.
- **Lack of Social Security Benefits:** Workers in the unorganized sector often lack access to social security benefits. The absence of formal contracts leads to a lack of access to social security benefits, such as pensions, health insurance, and maternity leave. This leaves them and their families at risk of financial hardship in the event of illness, injury, or job loss.
- **Occupational Health and Safety Hazards:** The unorganized sector is also known for its unsafe working conditions. Workers in the unorganized sector often endure hazardous working conditions without proper safety measures, leading to health risks. With workers often exposed to hazards such as poor ventilation, inadequate lighting, and lack of safety equipment it can eventually lead to serious health issues and injuries, further exacerbating the challenges faced by these workers.
- **Informal Nature of Employment:** The informal nature of employment results in job insecurity and a lack of employment benefits, hindering economic stability. This informal nature of employment in the unorganized sector can also often lead to precariousness, with workers facing uncertainty about their job security and income. This can have negative impacts on their mental health and overall well-being. Many workers in the unorganized sector do not have formal employment contracts. This means that their employment is often based on verbal agreements or informal arrangements, leaving them vulnerable to exploitation and arbitrary dismissal.
- **Child Labor and Forced Labor:** child labor and forced labor are serious issues in the unorganized sector. The unorganized sector sees a prevalence of child labor and forced

labor due to a lack of enforcement and regulation. In the unorganized sector, children are often engaged in hazardous and exploitative work, depriving them of their childhood and education and Individuals are coerced or deceived into work and are unable to leave due to threats, violence, or other forms of coercion. Poverty, lack of access to education, and cultural factors are some of the main causes of these in the unorganized sector. It has long-term negative impacts on the worker's physical, mental, and emotional development. It perpetuates the cycle of poverty and deprives them of their right to education and a better future.

- **Gender Inequality:** Female workers, particularly, face gender-based discrimination and unequal pay in the unorganised sector.

Gender inequality in the unorganized sector is a significant issue that affects millions of women worldwide. In many countries, women in the unorganized sector face multiple challenges, including low wages, lack of job security, limited access to social protection, and poor working conditions. These challenges are often exacerbated by factors such as discrimination, limited education and skills training opportunities, and cultural norms that prioritize men's employment and advancement

- **Lack of Education and Skill Development:** Limited access to education and skill development opportunities. Many workers in the unorganized sector have limited access to education and skills development opportunities, which limits their ability to find better-paying, more stable employment. This perpetuates the cycle of low wages and economic vulnerability.
- **Lack of Representation<sup>3</sup>:** Workers in the unorganized sector often lack representation through trade unions or other worker organizations. This makes it difficult for them to collectively bargain for better wages and working conditions.

Informal workers in rural and urban areas have been hit the most due to the Covid-19 Pandemic, because of the *seasonality of their employment and lack of formal employee-employer relationship*. As per the Periodic Labour Force Survey (PLFS), 90% of workers are in the informal sector, which is 419 million of the 465 million workers.

Moreover, the Covid-19 crisis in India has come in the backdrop of pre-existing high and rising unemployment. The consequential effects on loss of jobs, rising unemployment, indebtedness, nutrition, health and education of unorganised workers and their family members have the potential to cast a long shadow and irreparable damage. India has been witnessing a steady

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<sup>3</sup> www.iblogpleaders.com

informalisation of the formal workforce in manufacturing and services, underlined by the growth of the gig economy. While this informalisation has offered additional income-generating opportunities, the informality in the arrangement has led to employment increasingly characterised by uncertainty. Less than half of the informal sector workers have access to any form of risk protection such as life insurance, health insurance and pensions.

## 2. Existing Social Security Measures

The unorganized sector is characterized by its lack of formal structures, making it challenging for workers to access social security measures. However, many governments have implemented various schemes and programs to address this issue. Here are some examples of existing social security measures in the unorganized sector:

1. **National Social Security Fund:** Some countries have established national social security funds that provide benefits such as health insurance, maternity benefits, and pensions to workers in the unorganized sector. These funds are often financed through contributions from both workers and employers.
2. **Health Insurance Schemes:** Many governments have implemented health insurance schemes specifically for workers in the unorganized sector. These schemes provide coverage for medical expenses and hospitalization, ensuring that workers have access to quality healthcare services.
3. **Pension Schemes:** Governments have also introduced pension schemes for workers in the unorganized sector to help them save for retirement. These schemes provide a monthly pension to workers after they reach a certain age, ensuring financial security in old age.
4. **Maternity Benefits:** Maternity benefits are essential for women in the unorganized sector. Some governments provide cash benefits to pregnant women and new mothers to cover expenses related to childbirth and childcare.
5. **Accident Insurance:** Accidents are common in many unorganized sector jobs. Some governments have implemented accident insurance schemes that provide compensation to workers or their families in case of disability or death due to an accident at work.
6. **Housing Schemes:** Some countries have housing schemes for workers in the unorganized sector, providing them with access to affordable housing. This can help improve living conditions and reduce poverty among workers.

7. **Skill Development and Training:** Some social security measures include skill development and training programs aimed at enhancing the employability and earning potential of workers in the unorganized sector.<sup>4</sup>

These social security measures aim to improve the well-being of workers in the unorganized sector by providing them with financial protection, access to healthcare, and opportunities for skill development. However, challenges remain in ensuring universal coverage and adequate benefits for all workers in the unorganized sector.

#### *Unorganised Workers' Social Security Act, 2008*<sup>5</sup>

- The Act defines unorganized workers as those who work in the informal sector or households, without any regular employment or social security benefits.
- The Act empowers the Central Government and the State Governments to frame schemes for providing various social security benefits to unorganized workers, such as life and disability cover, health and maternity benefits, old age protection, education, housing, etc.
- The Act also provides for the constitution of a National Social Security Board and State Social Security Boards for unorganized workers, which will advise and monitor the implementation of the schemes.
- The Act mandates the registration of unorganized workers by the District Administration and the issuance of identity cards to them.
- The Act also envisages the establishment of workers facilitation centers to provide information and facilitate access to the schemes.

#### *Code on Social Security, 2020*<sup>6</sup>

- The Code on Social Security, 2020 aims to extend social security to all employees and workers either in the organized or unorganized or any other sectors and for matters connected therewith or incidental thereto.
- The Code can be applied to establishments subject to size-threshold through notification by the central government.
- Separate Social Security Funds will be set up by the Central and State Governments for unorganized workers, gig workers, and platform workers.

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<sup>4</sup> [www.google scholar articles.com](http://www.google scholar articles.com)

<sup>5</sup> [www.manupatra.com](http://www.manupatra.com)

<sup>6</sup> [www.manuoatra.com](http://www.manuoatra.com)

- Registration provisions are specified for unorganized workers, gig workers, and platform workers.
- A National Social Security Board will be established to recommend and monitor schemes for these categories of workers.
- Funding for schemes of gig workers and platform workers may come from contributions by central and state governments, as well as aggregators.
- Penalties for certain offenses have been reduced, including obstructing inspectors and unlawfully deducting contributions from wages.
- During an epidemic, the central government may defer or reduce employer and employee contributions (under Employee State Insurance (ESI) and Provident Fund (PF) for up to three months.

○ **Government schemes for unorganized sector workers**

Recently, the Union Minister of State for Labour and Employment shed light on the significant strides made in the realm of Social Security for Unorganized Workers during a written reply in the Lok Sabha.

- Aligned with the Unorganised Workers' Social Security Act, 2008, the government has formulated a range of welfare programs, spanning life and disability coverage, health benefits, maternity support, and old age protection.
- Unorganized Workers constitute about 93% of the total workforce or around 43.7 crore workers in India.
- Social Security Code, 2020 aims to regulate the organized/unorganized (or any other) sectors and extend social security benefits, during sickness, maternity, disability, etc. to all employees and workers across different organizations.

The Various Initiatives of the Government Related to Social Security for Unorganized Workers are:

- **Life and Disability Cover:**
  - Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY): Offers a life cover of Rs. 2.00 Lakh for insured individuals, regardless of the cause of death, at an annual premium of Rs. 436/-.
  - Pradhan Mantri Suraksha Bima Yojana (PMSBY): Available to the people in the age group of 18 to 70 years with a bank/post office account. Provides accidental death or disability cover of Rs. 2.00 Lakh and Rs. 1.00 Lakh respectively, at a nominal premium of Rs. 20/- per annum.

- Over 16.92 crore beneficiaries enrolled under PMJJBY and 36.17 crore beneficiaries under PMSBY nationwide.
- **Health and Maternity Benefits:**
  - Ayushman Bharat- Pradhan Mantri Jan Arogya Yojana (AB-PMJAY): Ensures health insurance coverage of up to Rs. 5.00 lakhs per family for secondary and tertiary care hospitalization.
    - As of July 2023, verified approx. 24.19 crore beneficiaries and created Ayushman Cards across the country.
- **Old Age Protection:**
  - Pradhan Mantri Shram Yogi Maan-Dhan (PM-SYM): Launched in 2019, provides a monthly minimum assured pension of Rs. 3000/- for workers aged 60 or above with a monthly income of Rs. 15000/- or less.
    - Beneficiary contributes 50% monthly, matched by equal contribution from the Central Government.
    - Enrolled around 49.47 lakh beneficiaries nationwide.
- **eShram Portal:**
  - Launched by the Ministry of Labour & Employment in 2021.
  - Aims to create a comprehensive database of unorganized workers.
  - Approx. 28.97 crore workers registered on eShram Portal, including details like name, occupation, address, education, skills, and family information.
- **Additional Schemes for Unorganized Workers:**
  - One Nation One Ration Card: Public Distribution System under the National Food Security Act.
  - Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA): Provides employment opportunities.
  - Deen Dayal Upadhyay Gramin Kausal Yojana: Skill development programs.
  - Pradhan Mantri Awas Yojana: Affordable housing scheme.
  - Pradhan Mantri Gareeb Kalyan Rojgar Yojana: Employment generation during the pandemic.
  - Mahatma Gandhi Bunkar Bima Yojana: Provides enhanced insurance cover to the handloom weavers in the case of natural as well as accidental death and in cases of total or partial disability.

- Deen Dayal Antyodaya Yojana: Promotion of multiple livelihoods and improved access to financial services for rural poor households across the country.
- Pradhan Mantri Kaushal Vikas Yojana<sup>7</sup>: Vocational training and certification of Indian youth for a better livelihood and respect in society.

○ **Role of non-governmental organizations (NGOs)**

**NGOs (Non-Governmental Organizations)** play a crucial role in enhancing social security for workers in the unorganized sector. NGOs are among the many other actors, including the judiciary, media, labour unions and religious bodies, who have shown themselves to be adept at complementing or supplementing the social security efforts of government agencies around the world. The complex set of interrelated factors which cause and perpetuate underdevelopment, and which NGOs address through their activities, are mirrored in the myriad of direct and indirect threats to social security around the globe. Let's delve into their contributions:

**1. Advocacy and Awareness:**

- NGOs raise awareness about the rights and entitlements of unorganized workers.
- They advocate for policy changes, emphasizing the need for social security measures.

**2. Capacity Building:**

- NGOs empower unorganized workers by providing training, education, and skill development.
- This capacity-building enhances their understanding of social security programs.

**3. Direct Services:**

- NGOs facilitate access to existing government schemes.
- They assist workers in enrolling for life and disability coverage, health benefits, and old age protection.

**4. Community Mobilization:**

- NGOs engage with local communities to identify needs and gaps.
- They mobilize unorganized workers to participate in social security programs.

**5. Monitoring and Evaluation:**

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<sup>7</sup> www.drishtiiias.com

- NGOs monitor the implementation of social security initiatives.
- They assess the impact and effectiveness of these programs.

#### 6. **Coalition-Building:**

- NGOs collaborate with other stakeholders, including government agencies, to strengthen social security networks.
- Their collective efforts amplify the impact of social security interventions.<sup>8</sup>

To conclude, NGOs serve as catalysts, bridging the gap between unorganized workers and social security provisions. Their tireless efforts contribute significantly to improving the lives of millions of workers in India

#### ○ **Effectiveness and limitations of current measures**

The current measures taken to provide social security in the unorganized sector have had varying degrees of effectiveness, with several limitations hindering their impact.

One of the key strengths of these measures is their ability to provide financial protection to workers in the unorganized sector. For example, national social security funds and health insurance schemes have helped reduce the financial burden of healthcare expenses for many workers. Similarly, pension schemes have provided a source of income for retired workers, improving their financial security.

These measures have also contributed to improving the overall well-being of workers in the unorganized sector. Maternity benefits, for instance, have helped pregnant women and new mothers' access essential healthcare services and support, reducing the risk of maternal and child mortality.

However, these measures also face several limitations that affect their effectiveness. One of the main challenges is the limited coverage of social security schemes in the unorganized sector. Many workers in this sector are not aware of these schemes or do not have access to them, leaving them vulnerable to financial risks.

Another limitation is the adequacy of benefits provided by these schemes. In many cases, the benefits provided are insufficient to meet the needs of workers, particularly in terms of healthcare expenses and retirement income. This can result in workers still facing financial hardships despite being covered by social security schemes.

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<sup>8</sup> www.labour.gov.in

Additionally, the implementation of these schemes can be challenging due to administrative issues and lack of resources. This can lead to delays in the delivery of benefits and inadequate support for workers in need.

Furthermore, there are concerns about the sustainability of social security schemes in the unorganized sector. Funding for these schemes often relies on contributions from workers and employers, which may not be sufficient to cover the costs of providing benefits.

In conclusion, while current measures taken to provide social security in the unorganized sector have made significant strides in improving the well-being of workers, there are still several limitations that need to be addressed. Efforts to expand coverage, increase benefit adequacy, improve implementation, and ensure sustainability are crucial to enhancing the effectiveness of these measures and providing better social security for workers in the unorganized sector.

### **3. Proposed Solutions for Enhancing Social Security**

Enhancing social security in the unorganized sector is a critical imperative for promoting inclusive and sustainable development. The unorganized sector, comprising a significant portion of the global workforce, is often characterized by informal employment arrangements, low wages, and limited access to social protection. Workers in this sector face multiple challenges, including lack of job security, inadequate healthcare, and meager retirement benefits. Addressing these challenges requires a comprehensive approach that involves expanding social security coverage, improving the accessibility and adequacy of benefits, and enhancing awareness among workers about their rights and entitlements. By implementing these proposed solutions, governments and other stakeholders can help ensure that all workers, including those in the unorganized sector, have access to the social security measures they need to lead dignified and secure lives.

#### **○ Universal social security schemes**

Implementing universal social security schemes in the unorganized sector is a crucial step towards ensuring that all workers have access to essential social protection. Universal schemes would cover all workers, regardless of their employment status, providing them with benefits such as health insurance, maternity benefits, pensions, and unemployment insurance. By extending social security coverage to all workers in the unorganized sector, governments can help alleviate poverty, reduce inequality, and promote social cohesion.

To implement universal social security schemes in the unorganized sector, governments can consider the following steps:

1. **Legislative Reforms:** Enact laws that mandate social security coverage for all workers in the unorganized sector. These laws should specify the types of benefits to be provided and the contributions required from both workers and employers.
2. **Establishment of National Social Security Funds:** Create national social security funds that pool contributions from workers, employers, and the government to finance social security benefits. These funds should be managed transparently and efficiently to ensure that benefits are delivered in a timely manner.
3. **Outreach and Awareness Campaigns:** Conduct outreach and awareness campaigns to inform workers in the unorganized sector about their rights and the benefits available to them under the universal social security scheme. This can help increase uptake of the scheme and ensure that all eligible workers are covered.
4. **Streamlined Application Processes:** Simplify the application processes for social security benefits to make them more accessible and user-friendly. This could involve reducing paperwork, providing online application options, and ensuring that information about the scheme is easily available.
5. **Monitoring and Evaluation:** Establish mechanisms to monitor and evaluate the effectiveness of the universal social security scheme. This could involve collecting data on coverage, benefits, and outcomes to assess the impact of the scheme on workers' well-being.<sup>9</sup>

Implementing universal social security schemes in the unorganized sector will require political will, financial resources, and strong institutional capacity. However, the long-term benefits of such schemes, including reduced poverty, improved health outcomes, and greater social inclusion, make them a worthwhile investment for governments and societies.

#### ○ **Strengthening labor laws and regulations**

Strengthening labor laws and regulations is crucial for providing social security in the unorganized sector, where workers often face precarious employment conditions and limited access to social protection. One key aspect of strengthening labor laws is to extend legal protections to workers in the unorganized sector. This can include guaranteeing minimum wages, regulating working hours, and ensuring access to social security benefits such as health insurance and pensions.

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<sup>9</sup> www.drishtiiias.com

Enforcing existing labor laws more effectively is also essential. Many countries struggle with enforcement due to inadequate resources or capacity. Governments need to invest in monitoring and enforcement mechanisms to ensure that employers comply with labor regulations and provide social security benefits to their workers. This may involve increasing the number of labor inspectors, conducting regular inspections, and imposing penalties on employers who violate labor laws.

Additionally, governments can consider implementing new laws and regulations specifically aimed at providing social security in the unorganized sector. This could involve establishing social security funds or schemes that cater to the needs of workers in this sector. For example, some countries have introduced contributory schemes where both employers and workers contribute to a fund that provides benefits such as health insurance, maternity benefits, and pensions. These schemes help ensure that workers in the unorganized sector have access to essential social protection measures.

Another important aspect of strengthening labor laws is to address the informal nature of employment in the unorganized sector. Many workers in this sector are not formally employed, which means they may not be covered by labor laws or entitled to social security benefits. Governments can consider measures to formalize employment relationships, such as promoting registration of businesses, improving access to formal employment contracts, and providing incentives for employers to formalize their workforce.

Overall, strengthening labor laws and regulations for providing social security in the unorganized sector is essential for ensuring that all workers have access to basic social protection. By extending legal protections, enforcing existing laws, and implementing new regulations, governments can help improve the lives of millions of workers and promote more inclusive and sustainable development.

#### ○ **Promoting financial inclusion for unorganized sector workers**

Promoting financial inclusion for unorganized sector workers is essential for their economic empowerment and well-being. Here are some strategies to enhance financial inclusion:

##### 1. **Microfinance Institutions (MFIs):**

- MFIs provide small loans, savings, and insurance services to unorganized workers.

- These institutions cater to the specific needs of low-income individuals, enabling them to access credit and build financial stability.
- 2. Mobile Banking and Digital Payments:**
    - Leveraging mobile phones and digital platforms allows unorganized workers to conduct financial transactions conveniently.
    - Mobile banking, digital wallets, and payment apps facilitate cashless transactions, reducing reliance on physical currency.
  - 3. Financial Literacy Programs:**
    - Educating unorganized workers about financial concepts, budgeting, and savings is crucial.
    - Workshops, seminars, and community-based programs can enhance financial literacy.
  - 4. Community-Based Banking:**
    - Establishing community banks or credit cooperatives enables unorganized workers to pool resources.
    - These institutions offer savings accounts, credit facilities, and insurance products.
  - 5. Linking Social Security with Financial Services:**
    - Integrating social security schemes (such as pension or health insurance) with formal financial services ensures better coverage.
    - Unorganized workers can receive benefits directly through bank accounts.
  - 6. Simplified Account Opening Procedures:**
    - Streamlined documentation and simplified account opening processes encourage unorganized workers to open bank accounts.
    - No-frills accounts with minimal requirements can promote financial inclusion.
  - 7. Collaboration with Self-Help Groups (SHGs):**
    - SHGs empower women and marginalized groups by promoting savings and credit activities.
    - Linking SHGs with formal financial institutions enhances financial access.
  - 8. Credit Guarantee Schemes:**
    - Government-backed credit guarantee schemes reduce the risk for lenders.
    - This encourages financial institutions to extend credit to unorganized workers.

### 9. Tailored Financial Products:

- Designing products specifically for unorganized workers, such as flexible repayment options and micro-insurance, ensures relevance and accessibility.

### 10. Awareness Campaigns:

- Regular campaigns highlighting the benefits of formal financial services can dispel myths and encourage participation.<sup>10</sup>

To brief everything up, a multi-pronged approach involving collaboration between government agencies, NGOs, and financial institutions is essential for promoting financial inclusion and empowering unorganized sector workers.

#### ○ **Collaboration between government and private sector**

Collaboration between the government and the private sector is essential for providing effective social security in the unorganized sector, where traditional employer-based social security systems may be insufficient. This collaboration can take various forms and can lead to more comprehensive and sustainable social security solutions for workers in this sector.

The private sector can play a crucial role in expanding the reach of social security schemes. Many unorganized sector workers are not covered by traditional social security systems due to factors such as informal employment and lack of awareness. By collaborating with the private sector, the government can reach a larger number of workers and ensure that they are aware of and enrolled in social security schemes. Let's explore how this partnership can enhance the well-being of unorganized workers:

#### 1. Policy Formulation and Implementation:

- **Government Role:** The government can create robust policies and regulations that mandate social security provisions.
- **Private Sector Role:** Private companies can actively participate in policy discussions, providing insights based on their expertise and experience.

#### 2. Financial Contributions:

- **Government Role:** Allocating funds and subsidies for social security programs.
- **Private Sector Role:** Contributing financially through corporate social responsibility (CSR) initiatives or employer-employee contributions.

#### 3. Infrastructure and Delivery Mechanisms:

- **Government Role:** Establishing infrastructure for service delivery (e.g., health centers, pension offices).

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<sup>10</sup> www.manupatra.com

- **Private Sector Role:** Leveraging existing networks (e.g., hospitals, banks) to efficiently deliver social security services.
4. **Technology and Innovation:**
- **Government Role:** Creating an enabling environment for technological advancements.
  - **Private Sector Role:** Developing user-friendly digital platforms for enrollment, claims processing, and benefit disbursement.
5. **Skill Development and Training:**
- **Government Role:** Implementing skill development programs for unorganized workers.
  - **Private Sector Role:** Offering vocational training, apprenticeships, and job placement services.
6. **Insurance and Pension Schemes:**
- **Government Role:** Designing and regulating insurance and pension schemes.
  - **Private Sector Role:** Providing insurance products, managing pension funds, and ensuring efficient claim settlement.
7. **Awareness Campaigns:**
- **Government Role:** Conducting awareness drives about available social security programs.
  - **Private Sector Role:** Supporting these campaigns through communication channels and employee engagement.
8. **Collaborative Research and Data Sharing:**
- **Government Role:** Collecting data on unorganized workers' needs and vulnerabilities.
  - **Private Sector Role:** Sharing insights from market research and customer behavior to inform policy decisions.
9. **Public-Private Partnerships (PPPs):**
- **Government Role:** Facilitating PPPs to jointly address social security challenges.
  - **Private Sector Role:** Engaging in PPPs to co-create solutions and leverage each other's strengths.
10. **Monitoring and Evaluation:**
- **Government Role:** Regularly assessing the effectiveness of social security programs.

- **Private Sector Role:** Participating in evaluations, providing feedback, and suggesting improvements.<sup>11</sup>

However, collaboration between the government and the private sector also presents challenges. One challenge is ensuring that the interests of workers are protected and that social security schemes are not used as a means to exploit or discriminate against workers. It is crucial for governments to establish clear regulations and oversight mechanisms to ensure that social security schemes are implemented fairly and transparently.

Another challenge is ensuring that collaboration between the government and the private sector is sustainable in the long term. This may require governments to provide incentives for the private sector to participate in social security schemes, such as tax breaks or subsidies.

In conclusion, collaboration between the government and the private sector is essential for providing effective social security in the unorganized sector. By working together, they can develop innovative, efficient, and sustainable social security solutions that benefit workers and contribute to inclusive and sustainable development.

#### **4. Case Studies and Success Stories**

Case studies and success stories are important for understanding social security in the unorganized sector because they provide real-world examples of effective strategies and approaches. These case studies offer insights into the challenges faced by workers in the unorganized sector and how these challenges can be addressed through innovative social security measures. By examining successful examples, policymakers, researchers, and practitioners can gain valuable lessons and best practices that can inform the design and implementation of social security schemes in similar contexts. Additionally, case studies and success stories can help build momentum and political will for social security reform by showcasing tangible benefits and positive impacts on the lives of workers in the unorganized sector. Overall, case studies and success stories play a crucial role in advancing our understanding of social security in the unorganized sector and in shaping effective policies and programs to improve social protection for vulnerable workers.

- **Examples of countries implementing effective social security measures**

Several countries have implemented effective social security measures in the unorganized

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<sup>11</sup> www.iblogpleaders.com

sector, providing valuable examples of successful approaches to improving social protection for vulnerable workers. Here are a few examples:

1. **India:** India has implemented several social security schemes targeting unorganized sector workers, including the National Rural Employment Guarantee Act (NREGA) and the National Health Insurance Scheme (NHIS). These schemes provide employment guarantee and health insurance to millions of workers in the unorganized sector, helping improve their livelihoods and access to healthcare. India has also implemented schemes like the Pradhan Mantri Shram Yogi Maan-dhan Yojana (PM-SYM) to provide old age protection by offering a monthly pension after the age of 60. The Unorganised Workers' Social Security Act, 2008 empowers the government to frame schemes for life and disability cover, health benefits, and old age protection. India is also negotiating Social Security Agreements (SSAs) with several countries to avoid duplication of benefits and ensure equality of treatment for cross-border workers.
2. **Brazil:** Brazil has a comprehensive social security system that includes coverage for workers in the unorganized sector. The Bolsa Família program, for example, provides cash transfers to low-income families, including those working in the informal sector. The program has been successful in reducing poverty and improving social inclusion among vulnerable populations.
3. **South Africa:** South Africa has implemented the Unemployment Insurance Fund (UIF) and the National Health Insurance (NHI) scheme to provide social security coverage to workers in the unorganized sector. These schemes aim to improve access to healthcare and financial protection for workers in the informal economy.
4. **Thailand:** Thailand has implemented the Social Security Scheme (SSS), which provides social security coverage to workers in the informal sector, including healthcare, maternity benefits, and pensions. The scheme has been successful in increasing access to social protection for vulnerable workers and reducing poverty.
5. **Uruguay:** Uruguay has implemented a universal social security system that covers all workers, including those in the unorganized sector. The system provides a range of benefits, including healthcare, pensions, and unemployment insurance, ensuring that all workers have access to essential social protection measures.
6. **Mexico:** Mexico has implemented the Seguro Popular program, which provides health insurance to individuals who are not covered by formal social security schemes. The program has significantly expanded access to healthcare for millions of workers in the informal sector.

7. **Argentina:** Argentina has implemented the Asignación Universal por Hijo (Universal Child Allowance) program, which provides cash transfers to families with children. The program has been successful in reducing child poverty and improving access to education and healthcare for children in the informal sector.
8. **Colombia:** Colombia has implemented the Régimen Subsidiado en Salud (Subsidized Health Regime), which provides health insurance to low-income individuals who are not covered by formal social security schemes. The program has been effective in improving access to healthcare for vulnerable populations.
9. **Philippines:** The Philippines has implemented the Social Security System (SSS), which provides social security coverage to workers in the informal sector. The program includes benefits such as pensions, disability insurance, and maternity benefits, improving the financial security of workers in the unorganized sector.
10. **Kenya:** <sup>12</sup>Kenya has implemented the National Hospital Insurance Fund (NHIF), which provides health insurance to individuals who are not covered by formal social security schemes. The program has helped increase access to healthcare for workers in the informal sector.

These examples demonstrate that countries around the world are implementing innovative social security measures to improve the well-being of workers in the unorganized sector. By learning from these examples and adopting best practices, countries can work towards building more inclusive and sustainable social security systems for all workers.

○ **Impact of social security on the lives of unorganized sector workers**

Social security measures have a significant impact on the lives of unorganized sector workers, providing them with financial protection, access to healthcare, and a sense of security. Here are some key ways in which social security can improve the lives of workers in the unorganized sector:

1. **Financial Protection:** Social security measures such as pensions, disability benefits, and unemployment insurance provide workers with a safety net during times of financial hardship. These benefits help ensure that workers can meet their basic needs and maintain a decent standard of living, even if they are unable to work.
2. **Access to Healthcare:** Many social security schemes include health insurance benefits, which can improve access to healthcare services for workers in the unorganized sector.

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<sup>12</sup> www.drishtias.com

This can help prevent illness and improve overall health outcomes, leading to a better quality of life.

3. **Reduced Poverty:** Social security measures can help reduce poverty among unorganized sector workers by providing them with a reliable source of income. This can help lift workers out of poverty and improve their economic well-being.
4. **Improved Social Inclusion:** Social security measures can also help improve social inclusion by providing workers with a sense of belonging and security. This can lead to increased confidence and participation in social and economic activities.
5. **Empowerment:** Access to social security can empower workers in the unorganized sector by giving them greater control over their lives and futures. This can lead to increased productivity and economic growth.
6. **Gender Equality:** Social security measures can also help promote gender equality by providing women in the unorganized sector with access to benefits such as maternity benefits and childcare support. This can help reduce the gender wage gap and improve economic opportunities for women.<sup>13</sup>

Overall, social security measures play a crucial role in improving the lives of unorganized sector workers by providing them with financial protection, access to healthcare, and a sense of security and empowerment. By ensuring that all workers have access to social security, governments can help create a more inclusive and equitable society for a

#### ○ **Lessons learned and best practices**

Lessons learned from various countries can provide valuable insights and best practices for providing social security in the unorganized sector. Some key lessons and best practices include:

1. **Universal Coverage:** Universal coverage in the context of social security means that all individuals, regardless of their employment status or income level, are eligible to receive social security benefits. This ensures that everyone has access to essential social protection measures, such as health insurance, pensions, and unemployment benefits, to help them cope with various risks and uncertainties throughout their lives. Universal coverage is based on the principle of social solidarity, where everyone contributes to the system according to their ability, and everyone is entitled to benefits according to their needs.

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<sup>13</sup> [pib.gov.in/PressReleaseIframePage.aspx?PRID=1986238](http://pib.gov.in/PressReleaseIframePage.aspx?PRID=1986238)

2. **Simplified Procedures:** Simplified procedures refer to the processes involved in enrolling in and accessing social security benefits. In the context of the unorganized sector, where workers may have limited education and resources, simplifying procedures can help increase uptake of social security schemes. This can include reducing the amount of paperwork required, providing online or mobile-based application options, and ensuring that information about the schemes is easily understandable and accessible. Simplified procedures make it easier for workers to access the benefits they are entitled to, leading to improved coverage and effectiveness of social security schemes.
3. **Innovative Financing:** Innovative financing refers to the use of creative approaches to fund social security schemes. In the context of the unorganized sector, where traditional financing mechanisms may not be feasible, innovative financing can help ensure the sustainability of social security schemes. This can include using contributions from formal sector workers to fund benefits for unorganized sector workers, using general tax revenues to subsidize social security schemes, or exploring alternative financing sources such as public-private partnerships or social impact bonds. Innovative financing helps ensure that social security schemes are adequately funded and can provide meaningful benefits to workers in the unorganized sector.
4. **Flexibility:** Flexibility in social security schemes refers to the ability to adapt to the diverse needs and circumstances of workers. In the unorganized sector, where employment patterns are often irregular and unpredictable, flexible social security schemes can help ensure that workers can access benefits when they need them. This can include allowing for voluntary contributions, adjusting benefit levels based on changing economic conditions, or providing options for workers to choose the types of benefits they need. Flexibility helps make social security schemes more responsive to the needs of workers and can lead to increased uptake and effectiveness.
5. **Partnerships:** Collaborations between governments, private sector, and civil society organizations can enhance the effectiveness of social security schemes in the unorganized sector. These partnerships can help improve outreach, raise awareness, and ensure that benefits reach those who need them the most.
6. **Education and Awareness:** Educating workers about their rights and the benefits of social security is crucial for increasing uptake. This could involve conducting awareness campaigns, providing information sessions, and working with community leaders to promote the benefits of social security.

7. **Monitoring and Evaluation**<sup>14</sup>: Regular monitoring and evaluation of social security schemes are essential for assessing their impact and identifying areas for improvement. This can help ensure that schemes are meeting the needs of unorganized sector workers and are achieving their intended outcomes.

By incorporating these lessons and best practices, governments can improve the effectiveness and sustainability of social security schemes in the unorganized sector, ultimately improving the lives of millions of workers.

## 5. Conclusion

In conclusion, social security in the unorganized sector is essential for promoting the well-being and livelihoods of millions of workers worldwide. While significant progress has been made in expanding coverage and improving benefits, challenges remain in ensuring universal access and adequate protection.

One key lesson learned is the importance of universal coverage, which ensures that all workers have access to social security benefits regardless of their employment status. Simplified procedures for enrollment and access can help increase uptake among unorganized sector workers, while innovative financing mechanisms can ensure the sustainability of social security schemes.

Partnerships between governments, the private sector, and civil society are also crucial for enhancing the effectiveness of social security measures. These partnerships can help improve outreach, raise awareness, and ensure that benefits reach those who need them the most.

Flexibility in social security schemes is essential for adapting to the diverse needs and circumstances of unorganized sector workers. This can include allowing for voluntary contributions, adjusting benefit levels based on changing economic conditions, and providing options for workers to choose the types of benefits they need.

Overall, improving social security in the unorganized sector requires a multi-faceted approach that addresses the specific challenges faced by workers in this sector. By learning from both the challenges and successes of existing schemes, policymakers can develop more effective and inclusive social security measures that provide meaningful protection to workers in the

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<sup>14</sup> [www.google scholar articles.com](http://www.google scholar articles.com)

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