

These Slides Accompany the YouTube Video Tutorial:
https://www.youtube.com/watch?v=OsgCFIM-_TQ

Social Security in India

Recent Developments

Article 22- Universal Declaration of Human Right

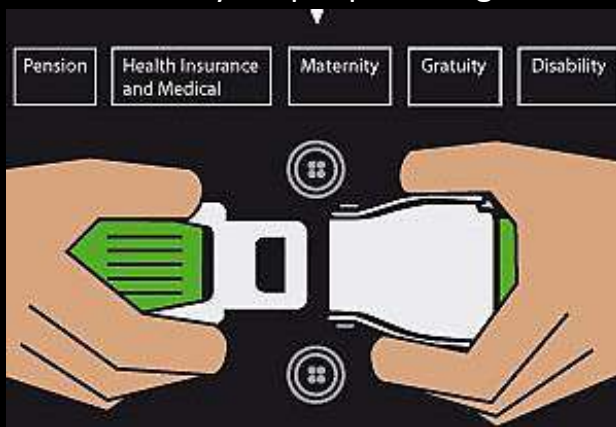
Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

- Welfare
- Food & Shelter
- Vulnerable Sections of Society
- Elderly, Unemployed & Sick

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US versus World

- USA – Social Insurance for retired & disabled
- World – Economic security for people facing risks



ILO – Social Security

- Old Age pension (Social Insurance)
- Survivor's benefit (Social Insurance)
- Family benefit
- Medical care (Basic Security)
- Maternity benefit
- Unemployment benefit (Social Insurance)
- Sick Leave Benefit (Services)
- Disability Benefit (Social Insurance)
- Employment Injuries (Services)

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Income Maintenance

- Social insurance: PMSBY, PMJJBY
- Means-tested benefits: Financial assistance to those who are unable to cover basic needs, like food, clothing and housing, due to poverty or lack of income
- Non-contributory benefits: Special schemes, administered with no requirement for contributions for people in certain categories of need, veterans of armed forces, people with disabilities and very old people.
- Discretionary benefits: Based on the discretion of an official, such as a social worker.
- Universal or categorical benefits or demogrants: Non-contributory benefits given for whole population like family allowances or public pension in New Zealand

The Need

- 2014, 94% workforce in informal sector – 370 million
- 1/8th of world's elderly population in India
- Lack of employment opportunity
- Top 1% grew its share - from 37% in 2000 to 53% in 2016 – Rising Income Inequality
- 3 Mega Schemes – Accident Coverage, Life Insurance and Pension

- Agricultural sector = 160 million
- Contract, services, construction = 90 million
- Trade, Commerce, transport, storage & Communications = 115 million
- Others = 47 million
- Total = 412 million people

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Social Security in India

- Concurrent List – Social Security & Labour Welfare
- Article 41 & 42 of DPSP
- Item No. 23
 - Social Security and insurance
 - Employment and unemployment
- Item No. 24: Welfare of Labor
 - Conditions of work
 - Provident funds
 - Employers' liability
 - Workmen's compensation
 - Invalidity and old age pension
 - Maternity benefits

- B. P. Adarkar developed first Social Security scheme in India in 1944
- Started in 1952 for 2.5 million factory workers
- Compensation -> Restoration -> Prevention

- Employees' Provident Fund Organization (EPFO) : Pension Scheme & Insurance Scheme – Members & Family benefits for old age, disability, and support in case the primary breadwinner dies
- Citizens of Belgium, Czech Republic, Denmark, France, Germany, Hungary, Luxembourg, the Netherlands, Norway, the Republic of Korea, and Switzerland Can contribute to EPF in home country for 5 years
- Employees' State Insurance Corporation (ESIC): Low-earning employees - basic healthcare and social security schemes, mainly factory workers & also employees in hospitals or educational institutions.

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EPFO

- Ministry of Labour and Employment.
- 3 party board called the Central Board of Trustees.
- 3 different schemes:
 - The Employees' Provident Funds Scheme, 1952 (EPF).
 - The Employees' Deposit Linked Insurance Scheme, 1976 (EDLI).
 - The Employees' Pension Scheme, 1995 (EPS)

Comparison	Provident Fund	Pension Fund
Meaning	Employer and employee make a contribution while in employment with the organization	Created by the employer in which he contributes an amount of his salary for providing retirement benefits to the employee
Who makes the contribution	Both employer and employee – obligatory if income < Rs 15,000 & voluntary thereafter. Employer (1.67-3.67%) & employee (10-12%)	Employer and Central Government - Employer (8.33%), Government (1.16%) but not the employee
Statute	Employee's Provident Fund Scheme	Employees' Pension Fund Scheme
Amount received	Lump Sum	Either Lump Sum or in the form of regular income depends on pension opted by the member
Basis of the amount	The contribution made by both the parties, plus interest thereon	The pension amount will be based on an average of last 12 month's salary and years of service
Withdrawal	Entire amount. Partial withdrawal allowed for House Construction, Marriage, Higher Education, Illness etc.	Only 1/3 rd amount can be withdrawn

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Organized Sector

- Employees' State Insurance Act, 1948 (ESI Act): Covers factories and establishments with 10 or more employees – medical care, cash benefits in sickness & maternity, monthly pension after death/disability
- Employees' Provident Funds Act, 1952: Factories and establishments employing 20 or more employees - provident fund, superannuation pension, and family pension in case of death during service.
- Workmen's Compensation Act, 1923 (WC Act): Compensation to the workman or his family in cases of employment related injuries resulting in death or disability.
- Maternity Benefit Act, 1961 (M.B. Act): 12 weeks wages during maternity & paid leave in certain other related contingencies.
- Payment of Gratuity Act, 1972 (P.G. Act): 15 days wages for each year of service to employees who have worked for five years or more in establishments having a minimum of 10 workers.

NPS – National Pension Scheme

- Pension Fund Regulatory and Development Authority (PFRDA) on 10th October, 2003
- Retirement income to all citizens – Since 2009
- Initially for new govt. recruits (except armed forces)
- Swavalamban Scheme: Encourage people from the unorganized sector to voluntarily save for retirement
- Permanent Retirement Account Number (PRAN) – Unique & same
- Tier I Account: Non-withdrawable account (resident/NRI)– Deduction under 80C
- Tier II Account: Voluntary savings facility: Free to withdraw with no tax benefits

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PPF

- By National Savings Institute of the Ministry of Finance in 1968
- Rate from 1 Apr 2016 is 8.1% per annum
- Interest is non-taxable
- Mobilize small savings
- Deduction under 80 C
- Maximum Rs. 1.5 lakh per year

Pradhan Mantri Suraksha Bima Yojna (PMSBY)

- Risk coverage in case of accidental death, full or partial disability
- Insured amount for accidental death and full disability is Rs.2 lakh
- Rs.1 lakh for partial disability
- Annual premium of Rs.12 - auto-debited by the bank
- Age – 18 to 70 years
- Aadhar linked bank account – opt in every year by 1st June
- Ministries can co-contribute premium for beneficiary from Public Welfare Fund (created in 2015-16) out of unclaimed money

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Pradhan Mantri Jeevan Jyoti Bima Yojna(PMJJBY)

- Benefit in case of death
- Age – 18 to 50 years
- If joined before 50 years – can benefit till 55 years
- Annual premium – Rs 330 – Auto-debited from bank
- Sum assured Rs. 2 Lakh

Atal Pension Yojana (APY)

- Uninsured workers in unorganized sector under NPS
- Contribution on a monthly, quarterly, half yearly basis
- Account will not be deactivated unless balance gets zero
- Voluntary exit is now allowed
- Age – 18 to 40 years
- Minimum pension after 60 years of age
- Half yearly contribution of Rs. 248 at 18 years or Rs. 685 at 30 years – pension of Rs. 1000 per month

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Jan Dhan Yojana

- Universal banking coverage across all 6 lakh villages in India
- One basic bank account per household – Rupay debit card, pension and insurance
- Bring excluded section in financial mainstream
- Efficient transfer of subsidies
- Economic equality
- Remove financial untouchability
- Aim – Jan Dhan to Jan Suraksha

Universal Basic Income: A Conversation With & Within the Mahatma

- Chapter in Economic Survey 2016-17
- Amount – Rs. 3,000 to 12,000 per year
- Rs 1,500/month to nearly 200 million poor = Rs 3 lakh crore
- Automation is killing jobs
- 40% to 65% of targeted populations never received benefits of food subsidy and employment guarantee, MGNREGA – Misallocation, Leakage, Corruption
- Selective initially – Roll out for vulnerable groups - pregnant women, widows, senior citizens, physically or mentally challenged
- Only 1 in 5 have Jan Dhan Account & of that only 60% Aadhar linked
- It will disincentivize work
- Temptation expenditure might increase – Alcohol & tobacco
- Club all subsidies & give poor 1 basic income cheque
- Prerequisite - Jan Dhan, Aadhaar, Mobile (JAM) scheme: Provide all Indians with a bank account and the ability to receive funds electronically by mobile phone

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Developments on Way

- Separate Provident fund legislation exists for workers employed in Coal Mines, Seamen and for Tea Plantation workers in Assam
- Rs. 1,000 allowance to unemployed educated youth demanded
- 10 paisa/ticket – Cess to cover 20,000 railway coolies under EPFO
- 10-12 lakh rail travel tickets per day – of which 58% reserved tickets.
- Can mop up Rs 1.2 lakh per day for this purpose
- Economic Survey 16-17: Choice of ESI or Private health insurance. EPFO vs. NPS