

New labour codes of India
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Lecture 42

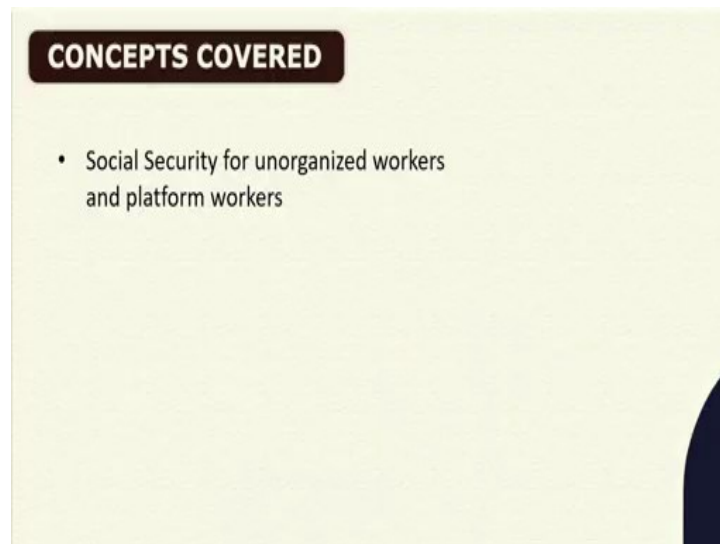
Social security for unorganized sector and platform workers

Dear students, we are going to discuss about the unorganized sector and also the platform workers in this particular class. So, we saw that the unorganized sector is one of the largest number of workers those who are working in the unorganized sector in India.

So, the number is to the extent of more than 80 percent of the total workers in the country. So, the unorganized sector legislation came much later in India. So, now, this particular legislation also merged with the new Social Security Code of 2020.

So, we will see this specific provision with regard to unorganized sectors and also we will see the new additions and specific provisions with regard to platform workers in the new code.

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KEYWORDS

- Unorganized workers
- State government Schemes
- Gig workers
- Platform workers

❑ Social Security for Unorganized Sector



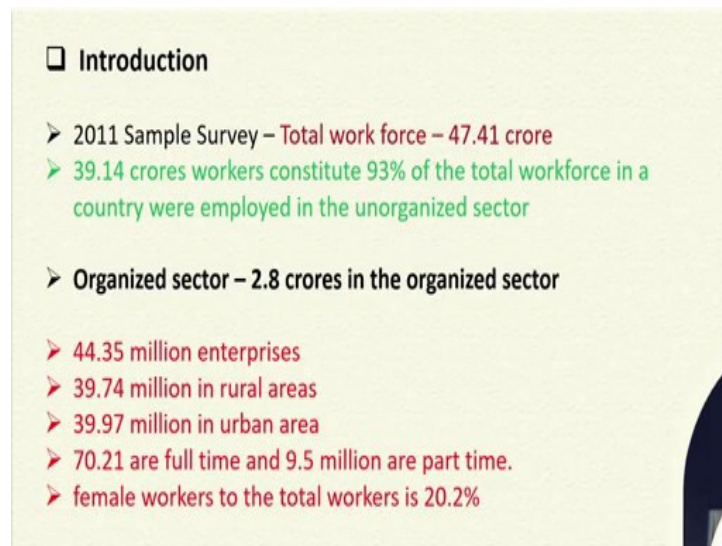
Source- The Economic Times (5th Jan, 2017)



Source – The Telegraph Online (24th April, 2022)

So, what is the social security for this unorganized sector? So, here we can see find unorganized sector workers in each and every sphere of life in our society. So, they are unorganized, because, the reason is that, they are not at all come within the definition of the organized sector or they are working alone or they may be in such sectors, where there is no collective bargaining power.

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Introduction

- 2011 Sample Survey – Total work force – 47.41 crore
- 39.14 crores workers constitute 93% of the total workforce in a country were employed in the unorganized sector
- **Organized sector – 2.8 crores in the organized sector**
 - 44.35 million enterprises
 - 39.74 million in rural areas
 - 39.97 million in urban area
 - 70.21 are full time and 9.5 million are part time.
 - female workers to the total workers is 20.2%

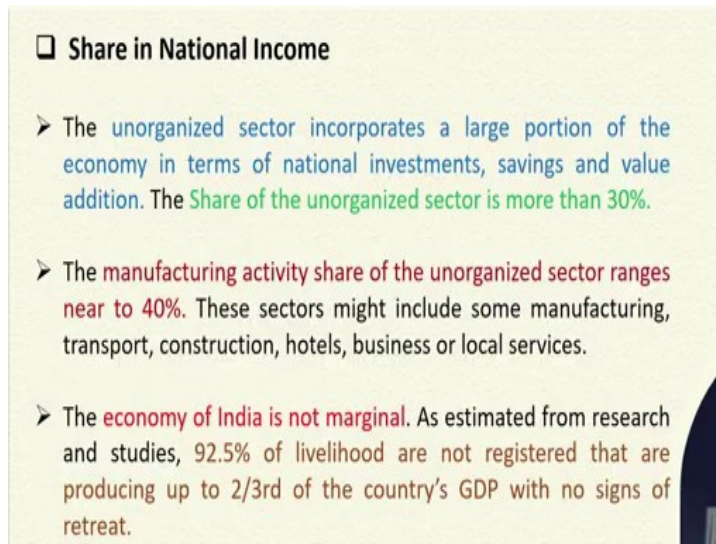
So, if you look into the numbers, so, we will be amazed to see what are the total organized sector and unorganized sector contributions. So, the organized sector hardly contributes to the entire workforce hardly 2.8 crores. So, this is what the government data says contributes to the organized sector and around 47.41 crores are the total workforce out of which 39.14 crores which are around 93 percent of the total workforce in the country is considered to be, is in the unorganized sector.

So, it is very interesting that 7 percent of the workforce in India is organized sector and they enjoy all social security measures which are available to them in the country. And mostly, this is not applicable to the 93 percent of the workforce that we call the unorganized sector.

And if I have given some more data, if the number of enterprises in the rural areas in the urban areas and how many of them are part-time workers and female workers. So, you can see that the female workforce is still in India at only 20 percent,-20.2 percent according to the government.

So, when we look into this particular data, we know that this particular sector requires certain special care, certain special provisions to be for the unorganized sector because the entire fruit of Social Security legislation are enjoyed by hardly 7 percent of the total workforce.

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❑ **Share in National Income**

- The unorganized sector incorporates a large portion of the economy in terms of national investments, savings and value addition. The Share of the unorganized sector is more than 30%.
- The manufacturing activity share of the unorganized sector ranges near to 40%. These sectors might include some manufacturing, transport, construction, hotels, business or local services.
- The economy of India is not marginal. As estimated from research and studies, 92.5% of livelihoods are not registered but are producing up to 2/3rd of the country's GDP with no signs of retreat.

So, a large portion of this unorganized sector or who is contributing to the economy, whether in terms of investment savings or value additions. So, it is you can say that the share in this particular sector contributes around 30 percent. In manufacturing activity the unorganized sector contributes around 40 percent.

So, whether it is manufacturing, transport, construction, hotel, business and other areas. So, we can say that, so 92.5 percent of livelihoods are not registered, which is producing up to 2/3rd of the country's GDP with no signs of retreat. This is set by somebody. So, we know that the people who are contributing to the economy of the country, do not have any social security measures. So, they are lacking many social security measures which are available to the organized sector.

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❑ **Present position of Unorganized Sector – till 2019**

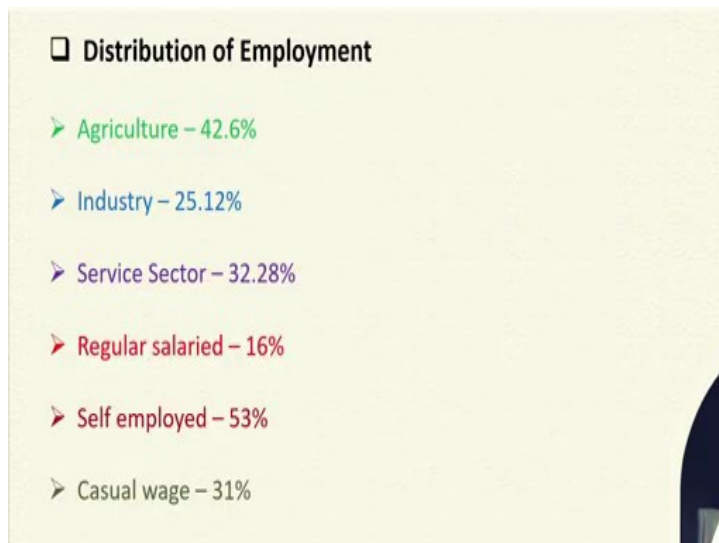
- 46 crores – in the informal sector including agriculture constitutes 90% of workforce
- Formal – 7.5 crores – including government workers excluding defence
- There are 24.6 crore workers employed in agricultural sector
- About 4.4 crore in construction work and remaining in manufacturing and service

50% of the GDP is accounted for by this informal sector.

So, you can see that it is saying that, these around 90 percent of the workforce is in the agriculture sector and 7.5 crores only in the formal sector, government workers excluding the defence and the agriculture sector, only the agriculture sector contributes 24.6 crores. So, construction work and then the informal sector can constitute around 50 percent of the GDP. These are some of the data which are available very recently.

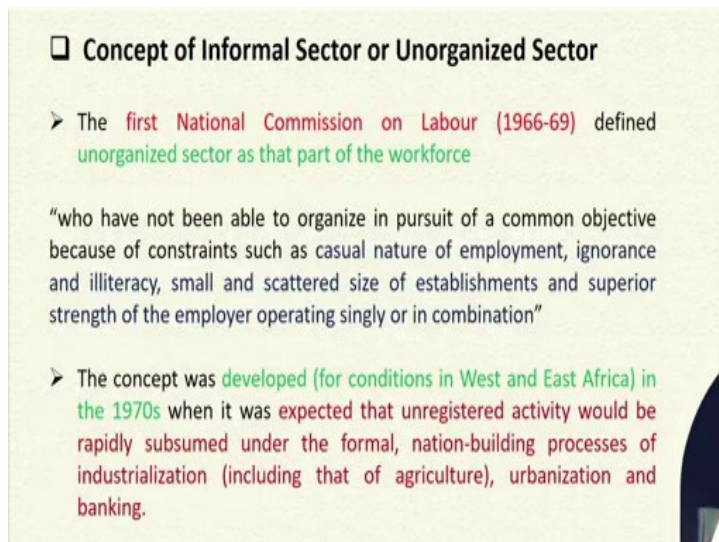
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So, all these data show that, yes, this particular class of people, those who are in the unorganized sector requires special provisions and special care.

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So, the distribution of employment is what we have already seen in this particular data. So, the concept of the informal sector or unorganized sector, which talks about, the National Commission on labour in 1966. So, they define the unorganized sector as part of the workforce.

So, they say who is in the unorganized sector. So, the Labour Commission says that who have not been able to organize in pursuit of a common objective, because of constraints such as the casual nature of employment, ignorance and illiteracy, small and scattered size of establishments and super strength of the employer operating singly or in combination.

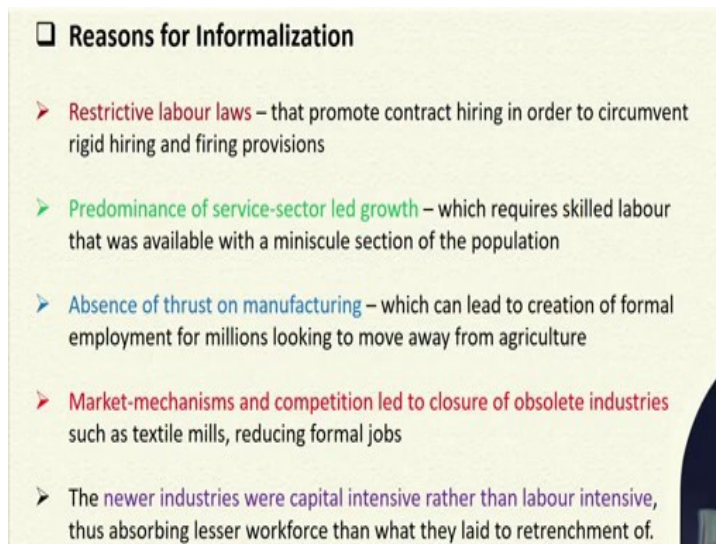
So, this unorganized sector, says that this particular concept developed in countries like East Africa in the 1970s. So, they are not related to the formal sector, but they are contributing to the national building and also they are contributing to industrialization and they are contributing to agriculture sector and also they are contributing to urbanization.

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So, the informal sector slowly come up and they have the National Commission on labour enlisted the categories of unorganized labourers, construction workers, so, labours in small-scale industries, casual labourers, handloom and power loom workers, beedi and cigar workers, employees in shops and establishments, sweepers, scavengers, workers in tanneries and then tribal labours and other unprotected labourers. So, you can see a series of workers are included in the set of unorganized sectors.

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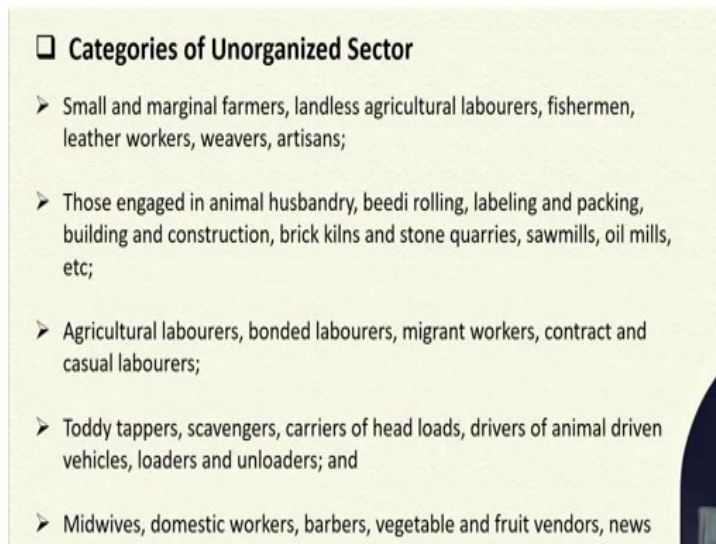
Reasons for Informalization

- **Restrictive labour laws** – that promote contract hiring in order to circumvent rigid hiring and firing provisions
- **Predominance of service-sector led growth** – which requires skilled labour that was available with a miniscule section of the population
- **Absence of thrust on manufacturing** – which can lead to creation of formal employment for millions looking to move away from agriculture
- **Market-mechanisms and competition led to closure of obsolete industries** such as textile mills, reducing formal jobs
- **The newer industries were capital intensive rather than labour intensive**, thus absorbing lesser workforce than what they laid to retrenchment of.

So, informalization we know that most of the laws applicable to the organized sector are not applicable to the informal sector. So, it promotes contracting hiring and also you can say that hire and fire policy is very much prevalent also the informal sector increased with the increase in the service sector. The service sector growth also contributed to the development of informal sector because the service sector also does not want many restrictions of the formal sector.

And also you can see that the industries so, big industries disappeared like textile mills, and formal jobs are reduced in the country and the new capital-intensive or labour-intensive industries are not appearing or these capital-intensive or labour-intensive industries are going with mechanization. So, there is less number of workers required all these contribute to the deformation of the informal sector.

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And also we can see that there is a number of categories of workers like, domestic workers, vegetable vendors, fruit vendors, and paper vendors and migrant workers, casual labourers, building workers, so, brick kilns, brick, sawmills, oil mills etc. So, what we can say number of categories within this particular area.

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So, Social Security the unorganized sector focuses on social insurance, social assistance, social protection and social safety net. So, this is the focus of the areas which is required to be implemented.

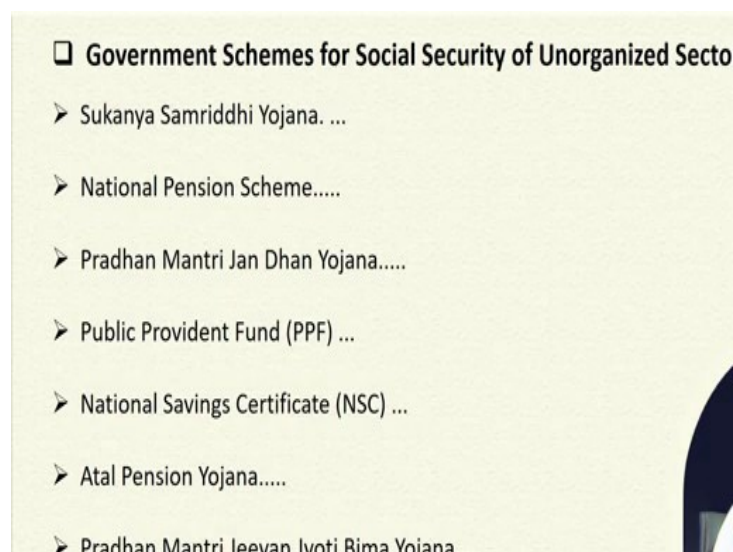
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So, these different enactments were also made applicable to this particular sector for example, in the case of the Workmen's Compensation Act 1923 or Employees Compensation Act, ESI Act 1948. So, the Employees Compensation Act 1923 we already talked about in case of death disablement maternity benefit, maternity benefit application of ESI Act or Maternity Benefit Act.

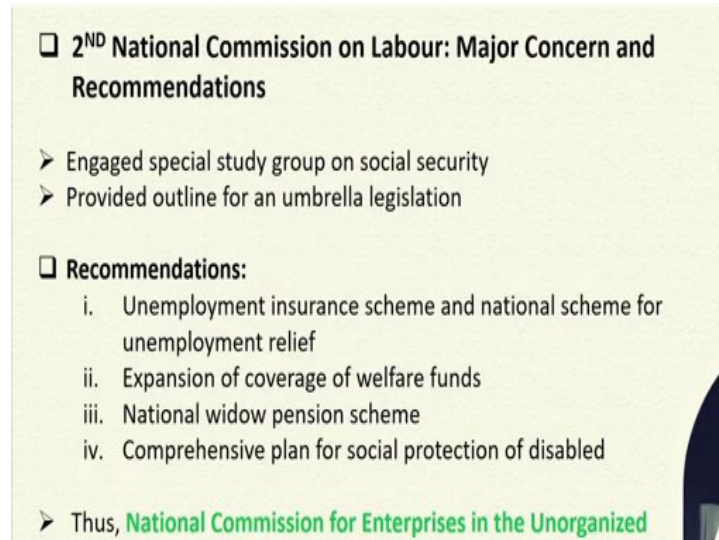
So, in case of disablement, in case of death, in case of maternity, these particular Acts are made applicable to the informal sector as well.

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Then you can see the n number of governmental programs that came out for this particular informal sector, the unorganized sector. For example, the Sukanya Samriddhi Yojana, National Pension Scheme, and Pradhan Mantri Jan Dhan Yojana, Public Provident Fund, National Savings Certificates, Atal Pension Yojana. Pradhan Mantri Jeevan Jyoti Bima Yojana, all these are central government projects, which are made applicable to the informal sector.

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So, the major concerns and recommendations of the Second National Commission on Labour, talks about this special study on social security and Umbrella legislation they recommended umbrella legislation to protect the interest of the unorganized sector and also recommended implementing, unemployment insurance or national scheme for this unemployment.

And its expansion of coverage of welfare funds, National widow pension scheme, and comprehensive plan for social protection of the disabled. So, the establishment of a National Commission for enterprises in the unorganized sector.

So, these are the recommendations of the second Labour Commission. So, we said that the government in accordance with the recommendation of the Labour Commission, the Central government has constituted the National Commission for enterprises in the unorganized sector, plainly to provide Social Security benefits for the unorganized sector.

These incentives or benefits include health insurance and also disability allowances, life insurance, Old Age Security and provident fund for about the poverty line. So, you can see

the constitution of the international social security and welfare fund for the unorganized sector.

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- **The Unorganized Worker's Social Security Act, 2008 - Repealed**

❑ **Objective**

- To provide social security and welfare of the unorganized workers

❑ **Definitions**

- Sec. 2(l): **"Unorganized sector"** – refers to **enterprise owned by individuals or self-employed workers and engaged in the production or sale of goods or providing service of any kind whatsoever, and where the enterprise employs workers, the number of such workers is less than ten.**
- Sec. 2(m): **"Unorganized worker"** – means a **home based worker, self-employed worker or a wage worker in the unorganized sector and includes a worker of organized sector who do not cover under by any other law**

So, quickly we will see what are the provisions of the unorganized workers Social Security Act which was enacted in 2008. So, we have to wait for so many years after independence to enact legislation to protect the interests of the unorganized sector. So, this Act came in 2008 and that very clearly says what you mean by the unorganized sector.

So, section 2 l which talks about the unorganized sector, it defines refers to enterprises owned by individuals or self-employed workers and engaged in the production or sale of goods or providing service of any kind whatsoever or the enterprises employ workers, the number of such workers is less than 10.

And unorganized worker means any home-based worker, self-employed worker, or wage worker in the unorganized sector and includes a worker of the organized sector who does not cover under any other law. Mostly organized workers that come under many other legislations, but otherwise, they will fall under the unorganized sector.

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S. No.	Name of the Scheme
1.	Indira Gandhi National Old Age Pension Scheme.
2.	National Family Benefit Scheme.
3.	Janani Suraksha Yojana.
4.	Handloom Weavers' Comprehensive Welfare Scheme.
5.	Handicraft Artisans' Comprehensive Welfare Scheme.
6.	Pension to Master craft persons.
7.	National Scheme for Welfare of Fishermen and Training and Extension.
8.	Janshree Bima Yojana.
9.	Aam Admi Bima Yojana.
10.	Rashtriya Swasthya Bima Yojana.

Schedule-I: Unorganized Workers Social Security Act, 2008

S. No.	Name of the Act
1.	The Workmen's Compensation Act 1923 (8 of 1923).
2.	The Industrial Disputes Act 1947 (14 of 1947).
3.	The Employees' State Insurance Act 1948 (34 of 1948).
4.	The Employees' Provident Funds and Miscellaneous Provisions Act 1952 (19 of 1952).
5.	The Maternity Benefit Act 1961 (53 of 1961).
6.	The Payment of Gratuity Act 1972 (39 of 1972).

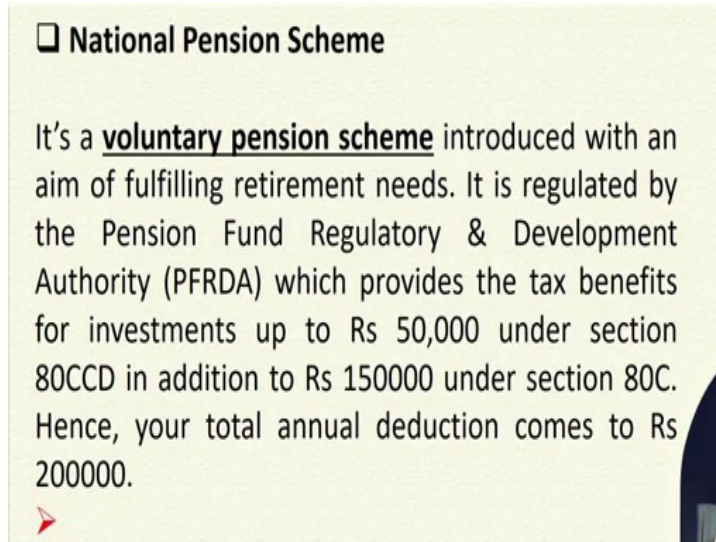
Schedule-II contain social security Acts, on unorganized wo

So, the schedule talks about the schemes which we already talked about some of these national family benefits schemes, and also handloom weaver's comprehensive scheme and handicrafts, artisans comprehensive welfare scheme and pension to master craft persons.

And also Aam Aadmi Bima Yojana. Rashtriya swasthya bima yojana and also a set of central programs also made applicable to Workmen Compensation Act, the Industrial Dispute Act,

the ESI Act, Provident Fund Act, Maternity Benefit Act, Gratuity Act are made applicable to the unorganized workers to the 2008 legislation.

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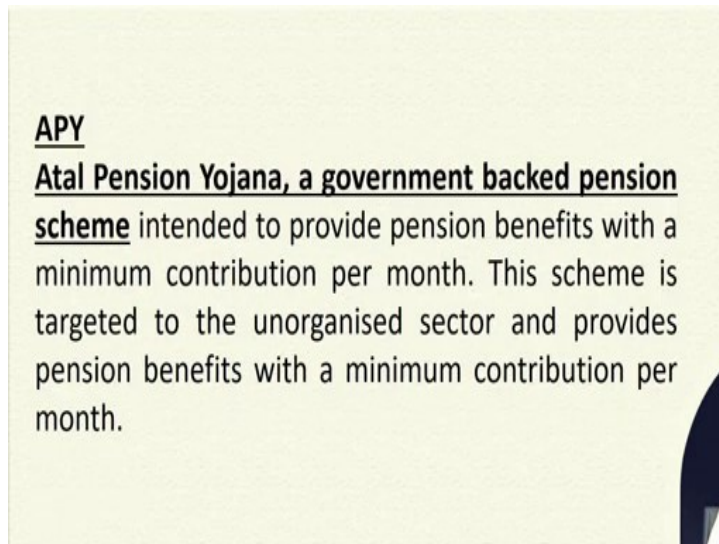


□ National Pension Scheme

It's a **voluntary pension scheme** introduced with an aim of fulfilling retirement needs. It is regulated by the Pension Fund Regulatory & Development Authority (PFRDA) which provides the tax benefits for investments up to Rs 50,000 under section 80CCD in addition to Rs 150000 under section 80C. Hence, your total annual deduction comes to Rs 200000.

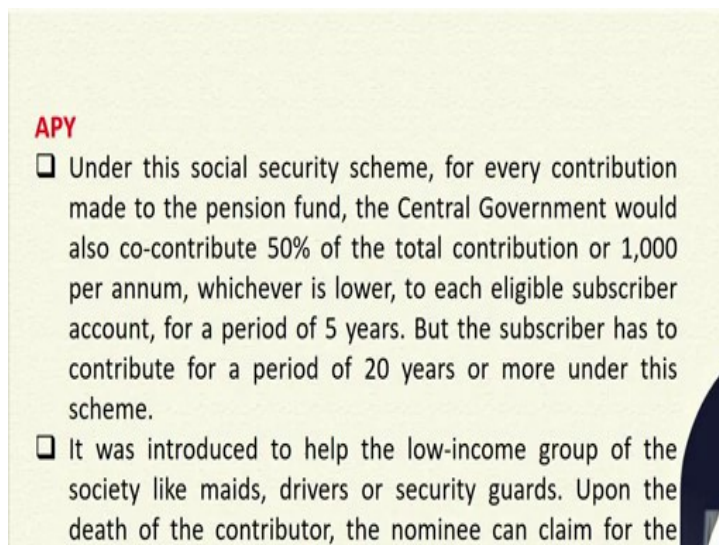
And if we look into this, some of the largest schemes of the central government one is the National Pension Scheme is the voluntary pension scheme. So, you can see that it is regulated by the pension fund regulatory and Development Authority and provide tax benefits under the Income Tax Act. So, you can see that to the tune of total deductions to the tune of 20,000 crores are provided, it means that this is availed by many people, the National Pension Scheme is avail by many people.

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Then we were talking about this Atal pension yojana. So, it is a central government-backed project and also the pension benefits with a minimum contribution per month to the unorganized sector. So, a small contribution is to be paid to this particular program.

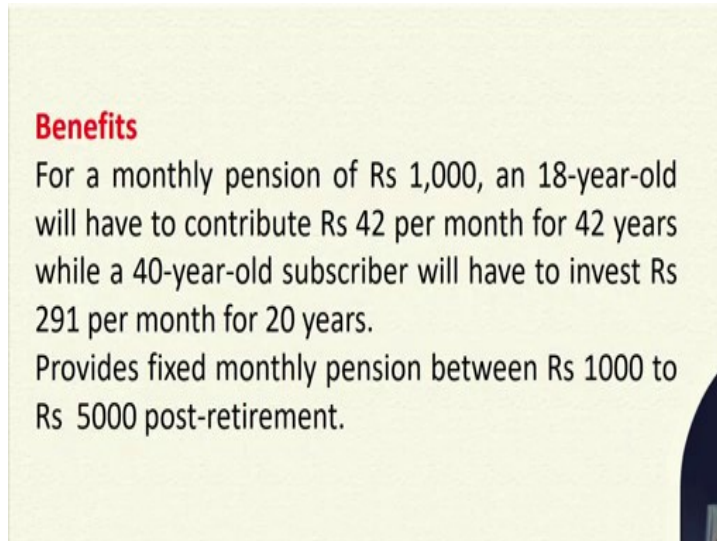
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And also you can see other, the other, schemes, so, conditions, so, the central government here contributes 50 percent of the total contribution or 1000 rupees per annum, whichever is lower and also it is eligible for 5 years. So, the registered persons are to contribute for 20 years under this particular scheme, so, for 5 years the central government pays to some extent.

So, the low-income group people those who are, in the lower level of society like maids, drivers, security guards, and all these people are basically benefited from this particular scheme of the central government.

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So, even benefits you can see that once the 20 years contribution is over, you can see that the monthly pension of 1000 rupees and also you can see that any person from 18 years so, can contribute Rs 42 per month for 42 years. So, a 40-year-old person can subscribe to this. So, he has to pay a higher amount of contribution for example 291 rupees per month for 20 years.

So, he will be also eligible to get this particular benefit when he reaches the age of 60 years and also a monthly minimum pension of up to 1000 rupees to 5000 rupees in the post-retirement time. So, this is what a very good central government scheme is in the unorganized sector.

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Pradhan Mantri Jeevan Jyoti Bima Yojana

It is a life insurance scheme backed by the Government of India.

It was introduced in the 2015 budget by our finance minister, Arun Jaitley.

This scheme aims to increase the number of insurers in India which is currently very low.

Eligibility - It's for an individual who is the sole earning member of the family and has dependents under him/her

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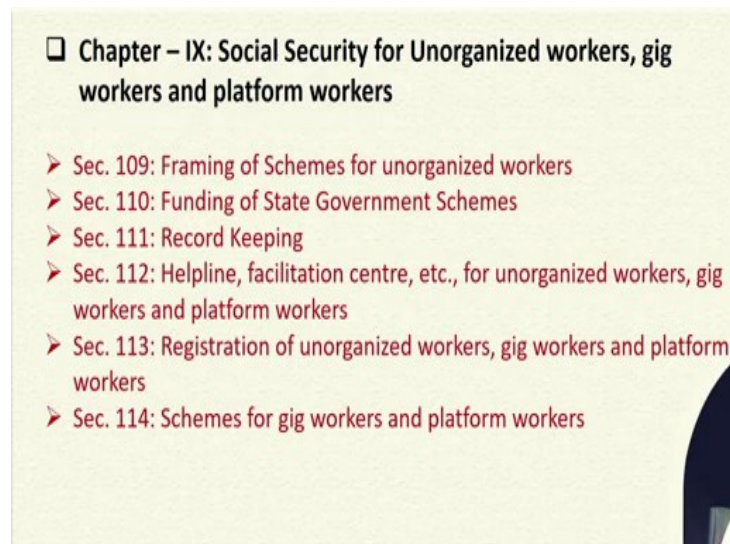
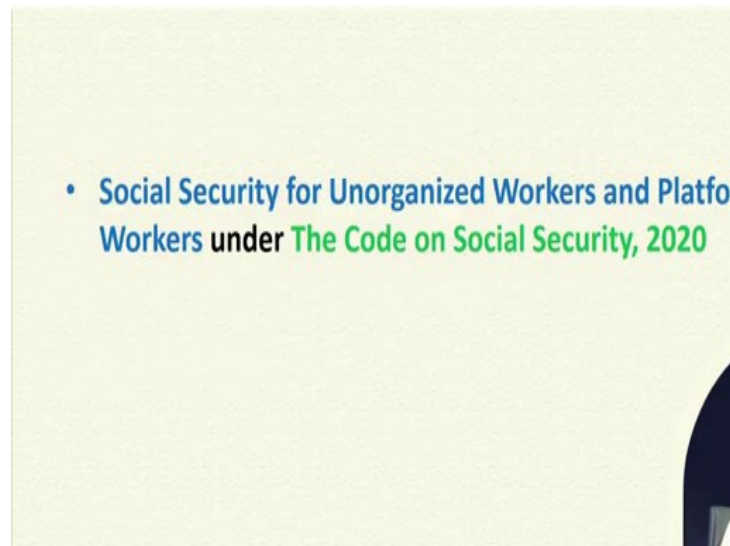
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And also the other scheme, central support schemes insurance scheme is Pradhan Mantri Jeevan Jyoti Bima Yojana, it was introduced in the year 2015 and also this is, and the number of insurers is increasing day by day.

So, if any member any individual who is a sole earning member of the family and dependents can get, the premium paid is only 330 rupees per every year and the benefit is to the tune of 2 lakh rupees to the dependents case of policyholder death. So, 330 rupees is a very small amount per year. So, in case of an eventuality, the death of the insurer the dependents will get a 2 lakh rupees benefit.

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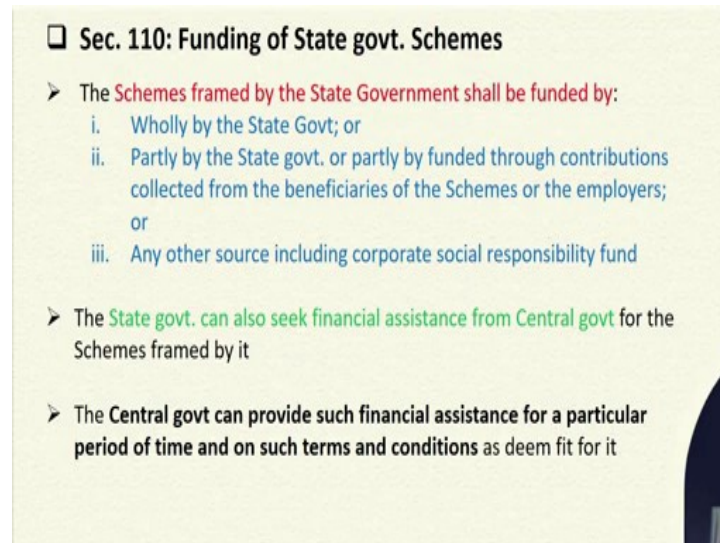


So, quickly we will see what are the provisions under the new code. So, this what is absorbed the so, most of the provisions of this 2008 code are absorbed into the new code and also there are some additions for the gig workers and platform workers are included the schemes the in this particular schemes included these 2 categories of gig workers and platform workers.

And also these schemes are elaborated schemes like life and disability cover, health and maternity benefits, old age protection, education and so the central government can include anything to this particular list. And schemes now, we can see that specifically the schemes applicable to the other schemes under other legislations provident fund.

So, employment injury benefits under the Employees Compensation Act, housing, education scheme for children, skill upgradation of workers, funeral assistance, old age home and other benefits are included by the central government in the new schemes.

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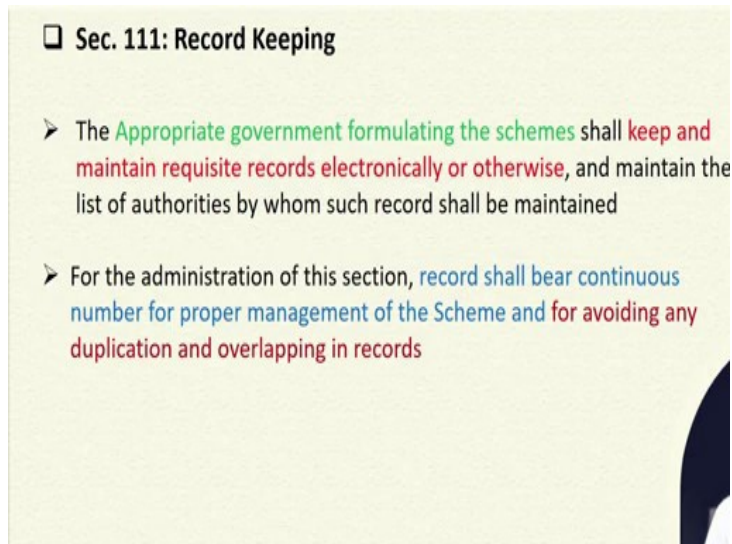
□ Sec. 110: Funding of State govt. Schemes

- The Schemes framed by the State Government shall be funded by:
 - i. Wholly by the State Govt; or
 - ii. Partly by the State govt. or partly by funded through contributions collected from the beneficiaries of the Schemes or the employers; or
 - iii. Any other source including corporate social responsibility fund
- The State govt. can also seek financial assistance from Central govt for the Schemes framed by it
- The Central govt can provide such financial assistance for a particular period of time and on such terms and conditions as deem fit for it

So, these schemes are framed by the State governments and shall be funded either by the state governments or can partly by the state government and funded by the contributions and from other contributions from the employees themselves or employees and any other source and more importantly the central government has included the Corporate Social Responsibility funds.

So, the corporate can contribute to the social responsibility funds can contribute to these particular funds. So, and also the state governments can seek financial assistance from the central government. So, the central government can provide financial assistance for a particular period of time.

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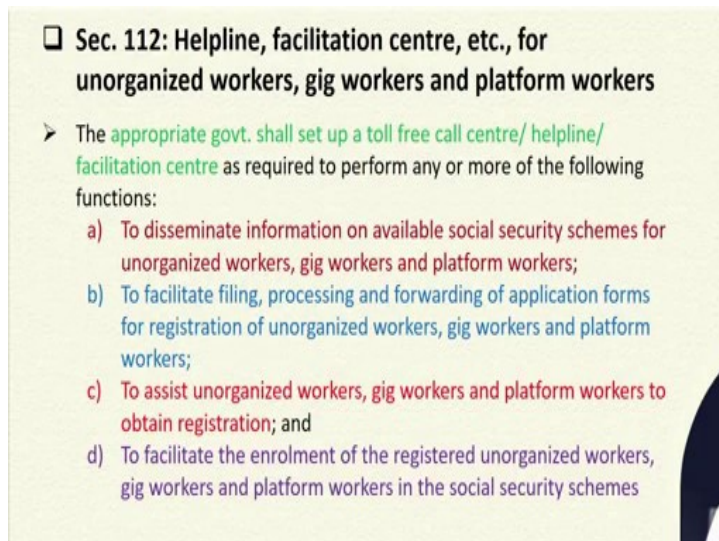


□ **Sec. 111: Record Keeping**

- The **Appropriate government formulating the schemes** shall **keep and maintain requisite records electronically or otherwise**, and maintain the list of authorities by whom such record shall be maintained
- For the administration of this section, **record shall bear continuous number for proper management of the Scheme and for avoiding any duplication and overlapping in records**

So, that means, the funding sources are now increased to various other levels and also the now, and the schemes, electronically keeping all records are made mandatory. So, bookkeeping has become very easy with the electronic bookkeeping model or electronic data-keeping method.

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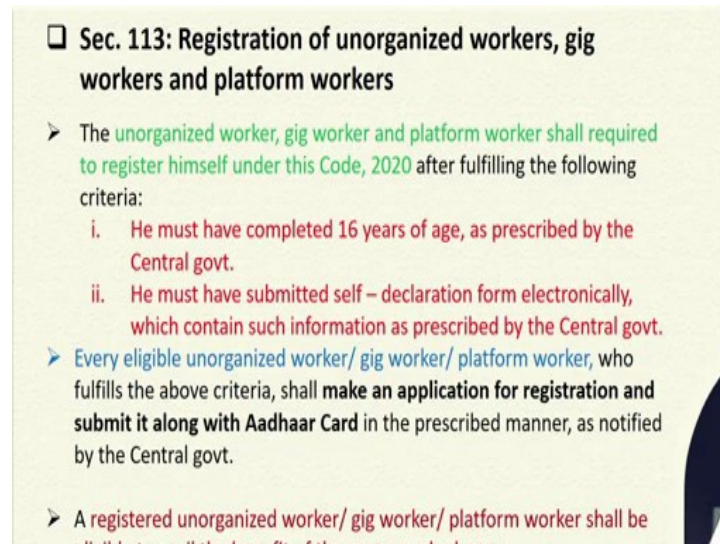


□ **Sec. 112: Helpline, facilitation centre, etc., for unorganized workers, gig workers and platform workers**

- The **appropriate govt. shall set up a toll free call centre/ helpline/ facilitation centre** as required to perform any or more of the following functions:
 - a) **To disseminate information on available social security schemes for unorganized workers, gig workers and platform workers;**
 - b) **To facilitate filing, processing and forwarding of application forms for registration of unorganized workers, gig workers and platform workers;**
 - c) **To assist unorganized workers, gig workers and platform workers to obtain registration; and**
 - d) **To facilitate the enrolment of the registered unorganized workers, gig workers and platform workers in the social security schemes**

And also the central government come out with the free call centres, free call centres for the unorganized sector, gig workers and platform workers and this will facilitate, so, even uneducated persons can call these particular toll-free numbers and find out how they can get these registrations and how this can facilitate. So, these gig workers and platform workers how can avail of the various central schemes.

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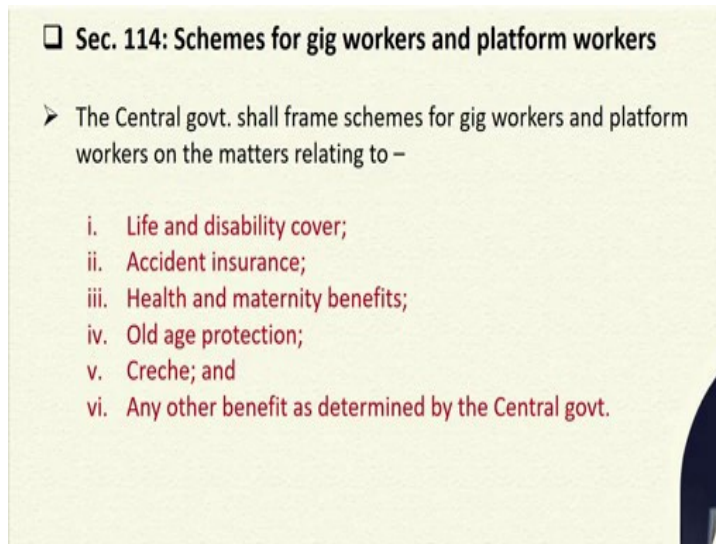
❑ **Sec. 113: Registration of unorganized workers, gig workers and platform workers**

- The unorganized worker, gig worker and platform worker shall required to register himself under this Code, 2020 after fulfilling the following criteria:
 - i. He must have completed 16 years of age, as prescribed by the Central govt.
 - ii. He must have submitted self – declaration form electronically, which contain such information as prescribed by the Central govt.
- Every eligible unorganized worker/ gig worker/ platform worker, who fulfills the above criteria, shall **make an application for registration and submit it along with Aadhaar Card** in the prescribed manner, as notified by the Central govt.
- A registered unorganized worker/ gig worker/ platform worker shall be

And also the person who is eligible for these particular schemes. Now, we can see that the age has been reduced from 18 years to 16 years. So, now, anybody completed the age of 16 can subscribe to this particular. So, he can be registered as an unorganized sector employee or unorganized worker. So, anybody who has completed the age of 16 can electronically register under any scheme.

So, every eligible unorganized worker, gig worker, and platform worker who fulfils this criterion of the age of 16 can now make an application for registration. So, definitely along with his Aadhaar card, he can get registration as an unorganized worker, gig worker or platform worker. So, there is an online application form which they can avail even get the benefit or get the help of these toll-free numbers for making these particular registrations.

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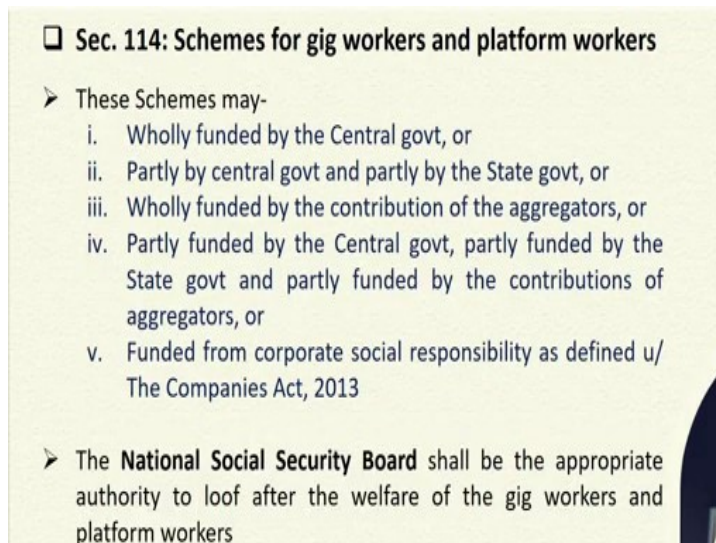


□ **Sec. 114: Schemes for gig workers and platform workers**

- The Central govt. shall frame schemes for gig workers and platform workers on the matters relating to –
 - i. Life and disability cover;
 - ii. Accident insurance;
 - iii. Health and maternity benefits;
 - iv. Old age protection;
 - v. Creche; and
 - vi. Any other benefit as determined by the Central govt.

And the central government shall frame new schemes to cover this platform workers and gig workers, specific provisions, life and disability cover, insurance scheme which is already there, accident insurance, health and maternity benefits, old age protection, creche and any other benefits. So, there are new benefits are added like old age protection, Creche.

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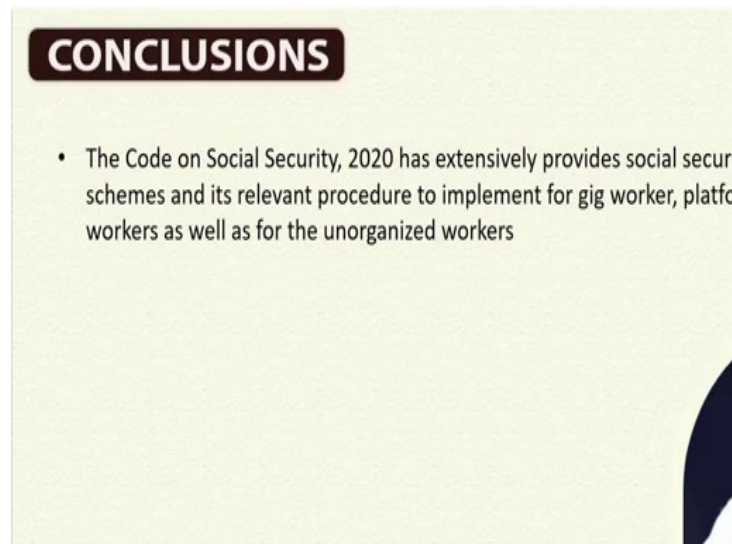
□ **Sec. 114: Schemes for gig workers and platform workers**

- These Schemes may-
 - i. Wholly funded by the Central govt, or
 - ii. Partly by central govt and partly by the State govt, or
 - iii. Wholly funded by the contribution of the aggregators, or
 - iv. Partly funded by the Central govt, partly funded by the State govt and partly funded by the contributions of aggregators, or
 - v. Funded from corporate social responsibility as defined u/ The Companies Act, 2013
- The **National Social Security Board** shall be the appropriate authority to look after the welfare of the gig workers and platform workers

For, and also for covering these, the workers, gig workers and platform workers. So, the funding schemes that increase the variety of the funds especially from these corporate social responsibility funds, under the Companies Act can be also contributed to this particular fund.

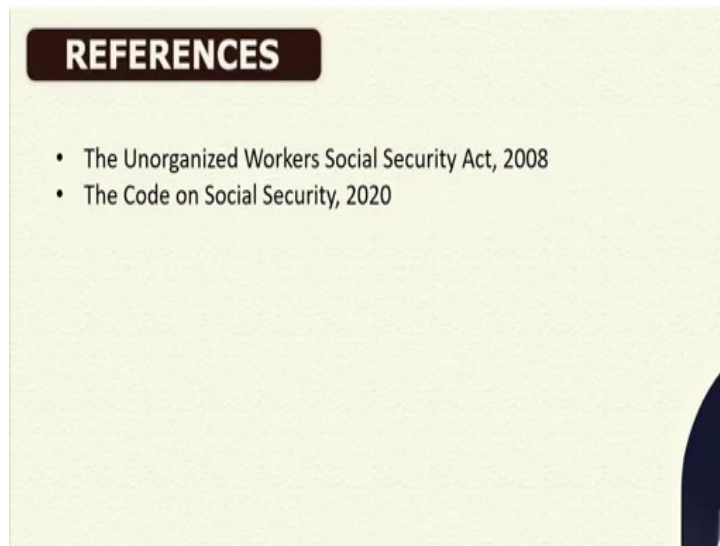
So, every so, there will be a National Social Security Board, which will be constituted by the central government and which also includes the gig workers and the platform workers. So, National Social Security Board will be constituted for the welfare of the unorganized sector, gig workers and platform workers.

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So, we can very well see that the new provisions of the code have elaborate provisions included for the welfare measures of the unorganized sector, gig workers and platform workers and a series of welfare measures are prescribed and the central government has to come out with schemes for the implementation of this particular provisions. And a set of legislations are also made applicable to the unorganized sector, gig workers and platform workers.

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So, we hope that with this particular provisions, inclusion of these provisions in the 20 Social Security Code, the code and Social Security Code, 2020 is going to benefit the largest 93 percent of the workforce in the country. Thank you.