

## A Review of Social Security Paradigm in India

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**Abstract:** The absolute poverty in India declined but the income gap has widened under liberalization of economy in India. The inequality and the insecurity of basic aspects of wellbeing like income, health, and education affect the exercise of political rights by citizens and the health of democracy in India. They together put question marks on the nature of sovereignty and citizenship in India. This paper attempts to understand the reasons and nature of social insecurity in India. It focuses on the phenomenon of increasing informalization of the economy and its results. It finally assesses the nature of welfare paradigm in India.

**Key words:** Social security, informal economy, structure of economy, welfare.

**Introduction:** The most frequently seen scenes in the curfew imposed to prevent the spread of Covid-19 were of the 'labourers' who walked thousands of miles with their children in tattered clothes, traveling at the cost of their lives. Their access to shelter, food, clothing were taken away in one swipe and they were left to the mercy of charity by the rich and 'noble'. 'Equality' and human dignity constitute the foundation of citizenship. Each of us is the source of the sovereign power of the country. Inequality strikes at the provision of political equality. Inequality, helplessness and deprivation are ubiquitous around us. Their accentuation has only mirrored the existing inequality in our system.

We seldom notice the humanity of a large population around us. So the fact that they are 'equal' to us is a far cry. Today the economic insecurity is spreading at an incredible rate. The Periodic Labour Force Survey data suggests that 'the top 10 % in India earn approximately equal to the bottom 64%. The top 10 account for one-third of the incomes earned' (Economic Times 2022). Poverty in one facet of living (like job) has cascading effects on the other aspects of wellbeing (education, health, standard of living etc.) All factors affect each other in multiple ways, which is called 'multidimensional poverty'.

This article is an attempt to review what are the possible theoretical and practical reasons for the economic insecurity in India. It tries to assess how the government takes care of the economically insecure class

**Informalization of Labour:** The huge unorganized sector in India is a manifestation and cause of this insecurity. Ninety per cent of the total economy in India and 85 per cent of non-agricultural employment is unorganized. (International Labour Organization, 2019). (The average figure for the world is 61 percent.) According to the Unorganized Sector Social Security Act of 2008, self-employed person providing goods or services, or an organization that employs less than 10 people and which does not fall within the scope of labour laws falls into the unorganized sector. The unorganized sector looks even bigger if it is defined by the nature of the work and / or the number of people to whom labour safety applies. Economist C. P. Chandrasekhar says that written agreement, guarantee of social security (such as pension) and right to paid leave should define the organized sector. According to 2011-12 figures, 79 per cent of the country's working people had no work contract.

The large size of the unorganized sector is part of the specific nature of the capitalist development process in our country. Many factors determine the nature of this development process - the historical choices in the context of our economy, the imperialist world economy, the specific nature of the country's class system and class struggle, the effect of cultural and political factors, and so on. The large size of the unorganized sector in India is the basis of the country's large economic inequality. In 2011, the daily wage in the organized sector in India was Rs 513. In the same year, the wage for the unorganized sector was Rs 166. The unorganized sector is run on low skills and medium quality technology. So people who can't develop high quality skills get work this field. Manufacturing, construction and trade are main sectors in the unorganised sector. But the worker cannot avail basic things like limited working hours, leave, fair pay, financial security if you stop working according to age (e.g. pension), accident and illness assistance, health insurance, proper workplace conditions and fair treatment.

### **Rough Causes of Economic Insecurity:**

**Historical Disadvantages:** Since the 1980s, contractualization and its informalization have become an integral part of capitalism around the world. Of course this primarily happens in the poorest and developing world. From the 1990s onwards, India started liberalization more openly. For a decade before that, the model of the Nehru-led mixed economy was slowly becoming obsolete. After liberalization, the country's overall poverty rate decreased, but inequality increased (Atul Kohli 2010).

After independence, we adopted capitalist development as our way of growth. Unlike China, the land reform laws were not successful in India, due to and the alliance between the political elite and the established landlords and the rich peasantry (Atul Kohli 2010). Landless agricultural laborers were expected to benefit from land redistribution. That was not achieved. Basic equality in the ownership of agricultural land is necessary not only for the principle of equality but also as the foundation of industrial development; it was necessary to create an internal market. The beginning of capitalization in agriculture in the form of green revolution further increased the economic inequality in agriculture. The deprivation of poor farmers and agricultural laborers and their neglect in the discussion of 'agricultural question' increased. The size of the public sector was large. Public sector jobs became the highway to good employment. With the partial success of reservation politics, the impact of social deprivation was somewhat reduced and the disadvantaged sections were able to rise to the top of the economic sphere. With the liberalization and privatization, this possibility further weakened (Kaviraj 2010).

**Structural Reasons:** India, like other third world countries is a late capitalist country. Scholars say that these late capitalist countries have some inherent disadvantages. These apply to India (Anthony DiCosta, 2018). Few companies those are competitive in capital-centric and technology-centric manufacturing and services sectors benefit from the manufacturing process. Like small pockets, this subset rejoices in the capitalism of the country. those who are deprived of their livelihood in the process of primitive accumulation enter capital production as workers - but this is not the case for many here. Companies producing small and large supplements for the conglomerates do not get the space they need to grow. They settle into complementary role. Legal and direct violation of labour rights is

upheld in the name of competitive advantage. Capital is becoming centralized in the world centres of power. India has to face this structural limitation in its fight against poverty.

**Education:** The relative lack of equal-quality and meaningful education for all remains a major strategic failure of India. In 2018-19, only 3% of our national income was given for education. (The new national education policy promises to increase spending by 6 per cent, but the nature of the implementation will be known in the near future.) There is also a significant difference in the way India and East Asian countries spend on education. In the insistence on employment and skills-centered education, the concept of 'skills' has been narrowed down.

**The nature of economic growth and urbanization:** Many imbalances in India's economic growth and urbanization process shape the country's poverty and deprivation in different ways. Some of these imbalances are due to structural reasons, some due to strategic mismanagement and some due to political instability. For example, urban population growth was the highest among Tier 1 cities. The distribution of wealth generated through various economic transactions and thus restricting inequality is no longer a priority in our urban planning. After 1990, overall poverty in urban areas has decreased and inequality, especially among the socially disadvantaged, has increased. The pace of urbanization in India has slowed down compared to other middle income countries (Aromar Revi, Jyoti Kodogamti, Shriya Anand, 2014). The growth of services that require education and skills became more important. The service sector accounts for more than 60 per cent of the national income and 25 per cent of the total employment come from this sector (2019). As many practitioners have pointed out, we ignore the middle step of production and have jumped largely directly from agriculture to services. In the service sector, informal, and unregulated work is more prevalent. There is no correlation between economic growth and job creation in the country. With economic growth, more jobs are not created automatically. This requires separate strategic interventions of 'inclusive development' in our policies (Aromar Revi, Jyoti Kodogamati, Shriya Anand, 2014). And it becomes a loophole for policymakers.

#### **Social Security Available for Economically Insecure Areas**

The large unorganized sector in the development process of underdeveloped countries is not only a sign of capitalist transition - it becomes a stable permanent system. Therefore, after the 1970s, global financial institutions and governments, instead of pursuing a policy of reducing the size of the unorganized sector that feeds economic exploitation and insecurity, shifted to social security schemes for the unorganized sector. Through regulation of the unorganized sector and through these security schemes, the government actually helps in the process of capital accumulation (Kalyan Sanyal 2007). The persistence of the unorganized sector, in exchange for the assurance of some reasonable benefits, is confirmed by government policies. This is now happening in India.

The Central Government has introduced Partnership Retirement Scheme (from 2019) for unorganized sector workers and traders and self-employed persons. Kisan Yojana, some insurance schemes, Atal Pension Yojana, Jan Dhan Yojana for financial inclusion, Kisan Yojana have also got a lot of publicity. The Social Security Code of 2020 provides for the collection of information on unorganized workers (creation of a database), as well as the provision of social security funds for the Central and State Governments to plan for the

unification of unorganized workers. But at the same time, a company with less than 300 employees can now stop work without any notice!

The welfare schemes provided by the state take the form of charity. The emphasis is on 'schemes' and packages rather than law-based targeting. Observers say that the welfare schemes, their announcement remained an important issue in the 2019 Lok Sabha election campaign and election results. But in fact, labour rights or social security do not come up in the discussion of 'economy', economic policy. Over the years, the word 'beneficiary' has become popular. (At present, aid from welfare schemes is widely referred to as 'Modi's money'. The perception of the welfare schemes is seldom more accurately expressed.) The unorganized working class, which bears the brunt of the large size of the economy, is not a 'beneficiary', but an empowered productive 'citizen'.

The instantaneous changes made in economic policies, taking advantage of the epidemic curriculum, have mirrored the government's weakened democratic response - a reflection of the nature of the privatization process in our country, the role of state power in it, and the state of democratic support for these changes. By combining twenty-nine different labour laws and making some changes in them, four labour codes were passed in the parliament in 2020. We are ending the discourse of workers' rights and banishing them from the law. According to trade unions, these reforms have made labour law enforcement more cumbersome and made the entire contractualization of work easier.

In a 2019 report by the expert committee set up by the Ministry of Labour and Employment has set a minimum of Rs 375 wage a day for workers to meet their minimum living standards. The National Minimum Wage suggested by the Center was raised from Rs. 176 to Rs. 178 in 2020. From 1996, the central government started announcing a national floor wage. This minimum income varies greatly from state to state.

The Social Security Code, 2020 does not say what the schemes for unorganized sector workers will be, what the local level mechanism will be, and what percentage of the budget will be spent on these schemes. The law (Code) says nothing about rights of workers in the unorganized sector, such as minimum wage, working hours, etc. A very pertinent question has been asked with regard to the law as to whether labour rights and social security can be distinguished (The Hindustan Times, 28 May 2020). Experts say that 5 to 6 per cent of the total number of workers coming under the purview of the law has been recorded (Hindustan Times, 4 April 2020). India's success in implementing the announced plans for the unorganized sector and the disadvantaged has been very limited (The Indian Express, 30 May 2020). Lack of knowledge of the unorganised sector workers and organizations, lack of information about these rights are major problems. The number of interstate migrant workers in the country is about 60 million. The Interstate Migrant Labour Act was enacted in 1979 (now included in the Code of Industrial Relations, 2020), guaranteeing the rights of migrant workers to a minimum wage, fair service conditions. But under this law, negligible action has been taken for the violation of the rights of migrant workers. The nature of the new employer-labour relationship that arises with changing production relations must be taken into account in legislation; E-commerce, small and medium enterprises have not been codified in terms of socio-economic security of workers at all levels. Against this backdrop, the question arises as to whether the profit-oriented thinking that emerges from instrumental

rationalism in neoliberalism can play any role in giving justice to the workers. Welfare planning becomes an important political issue, but in this politicization, the relationship between the actual benefits or effect of welfare schemes and its political results may be broken.

### **Concluding Remarks:**

In 1986, *Olga Telis v. In the Mumbai Municipal Corporation case*, the Supreme Court clarified that the right to livelihood is a fundamental right of Indian citizens; The Supreme Court held that 'subsistence' is a natural part of 'the right to life' enshrined in Article 21. But the citizens do not have the right to take the government to court if they do not get a livelihood. The liberal content of the Constitution takes precedence over the guarantee of socio-economic rights the Constitution offers. It was our constitutional belief that there is no contradiction between the liberal intent of the Constitution and the fulfillment of socio-economic rights. After economic liberalization, the guarantee of socio-economic rights, without amendments to the Constitution, seems to have further eroded. The public seeks informal ways to adapt to the informalization of the economy. That is why the size of the informal economy increases during times of economic crisis. We need to examine the relationship between the exclusion of economic rights on the role of individuals in democracy and on the effectiveness of democracy itself.

Many questions in our development process remain unanswered and new ones are emerging. But most importantly, we as a political group seem to have largely lost the ability to study these questions in a scholarly manner and use political tools to try to find answers to those questions. That is why today we are facing a major crisis of economic injustice in the form of financial insecurity.

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