

Chapter 4

Social Protection Under the Aegis of Public Policy in India: A Step Toward Sustainability in Post-reform Period



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4.1 Introduction

The role of social protection systems is instrumental in not only reducing poverty but also preventing people from falling (back) into the vortex of poverty across the life cycle (Bastagli et al. 2016; Scott et al. 2014). In India, poverty has significantly reduced (Planning Commission of India 2013) over time, but a large proportion of the population remains chronically poor. However, inequality started to rise (World Bank 2011; Himanshu 2007) during the 1990s. With the acceleration in GDP growth rate¹ in India in recent decades and the trend in poverty and inequality, growth has increased the focus on sustained growth. The social protection system is a significant step toward sustainability. During the initial phase of liberalization, social protection measures were neglected, but this began to change in the mid-1990s.

International Labour Organization (ILO 1952) addressed social security as protective measures against social and economic distress throughout the life cycle. ILO's approach to social security was criticized for being limited to the experience of developed countries (Sarkar 2004). Understanding the concept of social protection is vital. However, the concept of social security varies from country to country (Goswami 2011). In this context, Jean Dreze and Amartya Sen argue that, in developing countries, social security should be seen more as pro-poor measures implemented through public means (Sen and Dreze 1989).

In developing countries like India, social security is best understood as pro-poor measures that can be promotional, preventive, and protective (Sarkar 2004). Unfortunately, India fails to provide for 24.4% of its total population the social welfare

¹ See <https://data.worldbank.org>.

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supports; whereas, 46.9% of the global population, who are the most vulnerable citizens, fails to receive social welfare aid (ILO 2021). Nevertheless, data shows that gaps in social protection coverage are often associated with a fiscal deficit of 1.72% of GDP (Ministry of Finance, Govt. of India 2012).

Social security is not only a human right but also an economic and social necessity.² The social security legislation in India derives its strength and spirit from the Directive Principles of the State Policy as contained in the Constitution of India. India has a plethora of social protection schemes, both at the central and state levels, which cater to different segments of the population. The ambit of these schemes is quite ample, covering basic education and health, employment promotion, workers' social security, and food and nutrition security or almost the entire realm of social policy, including workers' rights at work. However, the coverage has not expanded due to the formalization of the workforce. Recently, the Government of India has initiated major Labour Law Reforms in the country.

4.2 Progress in Building the Social Protection Systems: Global Outlook

Social protection provides contingencies of modern life sickness, unemployment, old age, dependency, industrial accidents, and invalidism against which the individual cannot be expected to protect himself and his family by his own ability or foresight (Bhatnagar 1984). Globally, the development of social protection systems over the last few decades has been progressing significantly. The United Nations adopted the Sustainable Development Goals (SDGs), also known as the Global Goals in 2015, to implement nationally appropriate social protection systems for all, including floors, for reducing and preventing poverty by 2030 (UN 2017; UNRISD 2016). However, a global consensus on the important role of coherent and effective social protection systems is vital. In this context, an emerging global consensus reflected in the strategic frameworks of major international and multilateral organizations (e.g. FAO 2017; UNICEF 2012; World Bank 2012; ILO 2012b; WHO 2010; OECD 2009) aims at building inclusive and sustainable social protection systems that are closely coordinated with other social and economic policies.

Building strong and sustainable social protection systems is vital. Here, various international bodies have been moving forward to reach SDGs. Development partners—bilateral donors and multilateral agencies, including the United Nations, and multilateral financial institutions—engage in social protection in different ways, applying different emphases that reflect their individual mandate (Devereux and Roelen 2016). The World Bank focuses on social protection as a means of reducing poverty and enhancing pro-poor economic growth; the UNICEF sees it as a tool for

²The joint UN web platform on Social Protection and Human Rights provides useful resource on this topic; see <http://www.socialprotection.humanrights.org>.

achieving child well-being and children's right to social security and extending coverage to all (*ibid.*).

Social protection is a core pillar of the ILO mandate on social justice and decent work. The ILO's Social Security (Minimum Standards) Convention, 1952 (102); the Social Protection Floors Recommendation, 2012 (No. 202); and other international social security standards are at the heart of the UN's work of supporting countries to turn the human right to social protection into reality.

The IMF did not interfere directly with social protection until recently. In the wake of the global financial crisis, it has supported spending on social safety nets in select countries (IMF 2019). The UNDP views social protection as a key tool to transform its strategic vision to help countries achieve the simultaneous eradication of poverty and significant reduction of inequalities and exclusion into reality, as stated in its Strategic Plan 2014–2017 (UNDP 2014). Department for International Development's (DFID) work on social protection helps deliver its strategic objectives to "Tackle extreme poverty and help the world's most vulnerable" and "Strengthen resilience and response to crises" (DFID 2019).

Social protection helps in the realization of human rights, which are enshrined in the Universal Declaration of Human Rights, international conventions, and national constitutions. However, sustainable and equitable growth cannot be achieved in the absence of strong social protection policies, which guarantee at least a basic level of social security to all in need through a nationally defined social protection floor and the progressive extension of the scope and level of social security coverage (ILO's Social Protection Floors Recommendation 2012a, No. 202).

Despite substantial progress in the extension of social protection, the fundamental human right to social security remains unfulfilled for the large majority of the world's population. India is one of the largest welfare states in the world. The Government of India has accepted the international commitment that arises from the ratification of the Covenant of Social, Economic, and Cultural Rights of the United Nations. This Covenant, *inter alia*, recognizes the right of everyone to social security, including social insurance. India is also a signatory to several other significant conventions, such as the Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW),³ the Convention on the Rights of the Child (CRC),⁴ and the Convention on the Rights of Persons with Disabilities (CRPD).⁵ India has also ratified some Conventions of the ILO regarding social security, including the Workmen's Compensation (Occupational Diseases)⁶ (No. 18 and revised Convention No. 42 of 1934); Equality of Treatment (Accident

³CEDAW guides the work of UN women for gender equality and empowering all women.

⁴CRC or UNCRC sets out the civil, political, social, health and cultural rights of children.

⁵CRPD or UNCRPD intended to protect the rights and dignity of persons with disability.

⁶Workmen's Compensation (Occupational Diseases) (Revised Convention No. 42 of 1934), a General Conference of the ILO for the partial revision of the workmen's compensation for occupational diseases.

Compensation)⁷ (No. 19 of 1925); and Equality of Treatment (Social Security)⁸ (No. 118 of 1962). However, ILO Convention 102⁹ has not been ratified by India.

4.3 Social Security in India: Moving Toward Inclusive Progress

The ILO's notion of social security includes nine core contingencies—sickness, maternity, employment injury, unemployment, invalidity, old age, death, need for long-term medical care, and supporting families with children—that lead to stoppage or substantial reduction of earnings. The Indian Constitution adopted in 1951 contains all the ingredients obliging the state to move toward the realization of socio-economic rights. Although India is not a signatory to ILO Convention 102, it has well-established social security systems providing varying degrees of coverage in several of the nine branches of the Convention.

In this context, in providing the facilities of these schemes, the Government of India has been facing a fiscal challenge. Appropriate design and effective implementation, which involve improved accountability of all those implementers and proactive measures to reach the most vulnerable segments of the population, are also major barriers.

The trends in poverty, inequality, and growth rate have significant implications for social protection policies and programmes. Several areas that do not have a significant place in India's social protection system are increasingly demanding greater interventions in light of India's changing economic conditions. After liberalization, in the initial phase, social protection measures were neglected, but this began to change in the mid-1990s when there was an expansion in the budget for rural employment generation and social assistance programmes.

The growing importance of social protection is reflected in the Government of India Common Minimum Programme¹⁰ and 11th Five-Year Plan¹¹, which commit to the institutionalization of programmes as legal rights continue upscaling of interventions, and proposals to expand new types of social protection interventions to the large unorganized sector.

⁷Equality of Treatment (Accident Compensation, No. 19 of 1925), a General Conference of the ILO for the equality of treatment for national and foreign workers as regards workmen's compensation for accidents.

⁸Equality of Treatment (Social Security, No. 118 of 1962), a General Conference of the ILO for the equality of treatment of nationals and non-nationals in social security.

⁹ILO Convention 102 is the flagship of all ILO social security conventions that establishes worldwide-agreed minimum standards for all nine branches of social security.

¹⁰Government of India Common Minimum Programme (2004) is a document outlining the minimum objectives to tackle the needs of India's poor through NREGA, Midday meals.

¹¹11th Five-Year Plan (2007–2012) emphasize on increased resources and priority for social protection commitment to a more inclusive growth model.

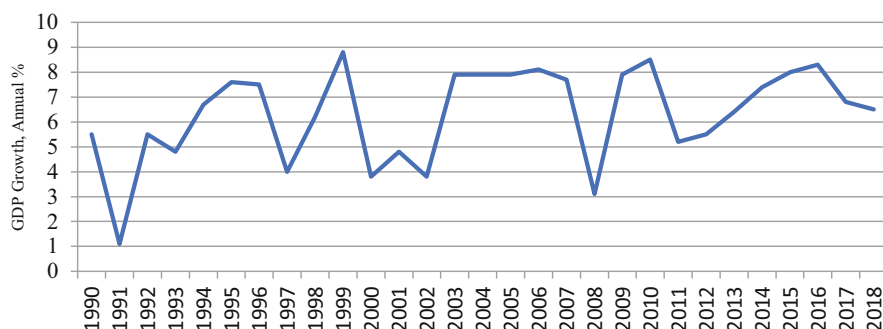


Fig. 4.1 Trend in GDP growth rate in India. (Source: Prepared by the author based on the World Bank Data)

In India, most social security provisions remain limited to formal employment. However, various studies have shown the need for social security for informal sector workers. In this context, Labour Law Reforms in the country in recent years have been a major step by the Government of India toward an inclusive social protection system.

4.4 Social Protection Systems in India: A Reflection from Data

India will undoubtedly continue its strong commitment to a social protection system that seeks to serve vulnerable and disadvantaged people. The trends in poverty, inequality, and growth rate have significant implications for social protection policies and programmes. In this context, there is a need to formulate strategies and deepen the ongoing policy reorientation of the Indian social protection system to meet the changing and increasingly diverse needs of its population.

However, for meaningful social protection policies and programmes, there is a need for the collection, compilation, and analysis of data on social protection measures. But the collection of reasonably accurate data on social protection measures is a challenging task.

Here, the statistical study mainly follows the secondary data, which is largely sourced from the World Bank, the Planning Commission of India, the NSS, and the ILO. In India, the GDP growth rate has been accelerated, especially since the 1990s (Fig. 4.1).¹² With the increasing GDP growth rate, poverty has fallen from 37.2% to 21.9% (Table 4.1). However, inequality started to rise during the 1990s, particularly in urban areas (Table 4.2). Data shows that the share of people protected by at least one social protection in India is significantly low compared to the world population

¹²<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=IN&start=1962>

Table 4.1 Below poverty line trends in India

Year	Percentage of persons		
	Rural	Urban	National
2004–2005	41.8	25.5	37.2
2009–2010	33.8	20.9	29.8
2011–2012	25.7	13.7	21.9

Source: Planning Commission of India (2013)

Table 4.2 Inequality trends in India

Year	Rural	Urban	National
1983	0.32	0.34	0.32
1987–1988	0.30	0.35	–
1993–1994	0.29	0.34	0.30
2004–2005	0.30	0.38	0.33

N.B. Gini coefficients calculated using NSS data

Source: World Bank (2011), Himanshu (2007)

Table 4.3 People protected by social protection systems including floors (in percentage)

Indicator	World	India
Total Beneficiaries of at least one Social Protection (excluding health)	46.9	24.4
Children	26.4	24.1
Maternity	44.9	41.5
Unemployment	18.6	0.0
Work Injury	35.4	3.7
Disability	33.5	5.6
Old-age Pension	77.5	42.5
Contributors to Pension	32.5	15.5
Vulnerability	28.9	16.4
Universal Health Coverage	65.6	55.0

Sources: ILO (2021) World Social Protection Database, based on SSI; ISSA/SSA, social security programmes throughout the world; ILOSTAT, ECLAC, IMF, WHO, WB, UNDP, UNICEF, completed with national data sources. See URL <https://wspr.social-protection.org>

(Table 4.3). Low coverage of social protection is mainly due to a deficit in public expenditure. However, some improvement is seen in the share of public expenditure by the centre—from 1.30% of GDP in 2001–2002 to 1.73% of GDP in 2011–2012 (Table 4.4). Unfortunately, the share of expenditure on public health is unexpectedly low (Table 4.5).

4.5 Moving Forward: Selective Social Protection Schemes in India

India's surge in growth and rapid expansion in public spending in the past decade has created new possibilities for its social protection system. In addition, India's growth has raised expectations from the population of the social protection system.

Table 4.4 Public expenditure by centre on social security schemes (% of GDP)

Indicator	2001–2002	2006–2007	2011–2012
Total Rural Employment	0.22	0.35	0.38
Total Social Assistance programme (National Social Assistance Programme and Social Security Scheme)	0.05	0.09	0.11
Total Housing (Rural and Urban)	0.10	0.07	0.13
Total Food Security (ICDS, MDM, PDS)	0.92	0.76	1.08
Total Employment Promotion (Training, SJSRY, PMEGP)	0.01	0.02	0.02
Total—All Programmes	1.30	1.29	1.72

Source: Expenditure Budget Vol-II of various ministries and departments, Union Budget, Ministry of Finance, Govt. of India (2012)

Table 4.5 Public health and social protection expenditure (in percentage)

Indicator		World	India
Total Expenditure on Social Protection (excluding health)		12.9	1.4
Total Expenditure on Social Protection Systems (including floors), by Broad age group	Children	1.1	0.1
	Working-age population	3.6	0.3
	Old age	7.0	0.3
Health Expenditure (Domestic General Health Expenditure, WHO)		5.8	1.0

Sources: ILO (2021) World Social Protection Database

In India, central and state levels recognize the need for a more effective and relevant social protection system, and there has been considerable innovation in social protection policy and delivery systems in recent years. However, financial constraints and poor delivery systems are still a concern.

The Government of India has initiated a number of social protection programmes for which a major part of the finances is also drawn from the federal budget. These programs span the entire life cycle of poor individuals and cover various dimensions, such as health, education, food security, shelter, employment, and livelihoods. Here, the major social protection programmes launched by the central government and currently being implemented in India are summarized in Table 4.6.

4.6 Conclusion

In developing countries like India, people are inadequately covered under the existing social protection system. The acceleration in the growth rate in India in recent decades has gone hand in hand with a decline in poverty. However, increasing inequality and chronic poverty persist significantly. In India, social protection has been seen more broadly as pro-poor measures implemented through public means. The ILO addressed social security as a protective measure against abrupt reduction

Table 4.6 Major social protection schemes of the central government

Name of scheme	Objective	Target group	Coverage	Nature of scheme
Education, nutrition, and health support for preschool and school-aged children				
Sarva Shiksha Abhiyan (SSA)	To support universal enrolment and retention of children in elementary schooling and to support the provision of quality education	6–14-year-old children in elementary schools	All government-financed elementary schools	Non-statutory, but supports the implementation of the Right to Education Act
Integrated Child Development Scheme (ICDS)	Improvement in the nutritional and health status of children 0–6 years through a package of services providing nutritional and health support to children and pregnant and lactating mothers	All children in the eligible age group and pregnant and lactating mothers in areas served by ICDS centres	Services provided to 7.48 crore children under 6 years and 1.8 crore pregnant and lactating mothers	Non-statutory but major components are part of the proposed National Food Security Act
National Programme of Mid Day Meal in Schools	National programme of mid day meal in schools	School-going children in all recognized schools and educational centres providing primary, upper-primary, or non-formal education	12 crore children in about 12 lakh schools	Non-statutory but major components are part of the proposed NFSA
Social health protection				
National Rural Health Mission (NRHM) (now National Health Mission)	Provision of accessible, affordable, and accountable health services, in coordination with states, through a decentralized and convergent approach	Rural and now urban population		Non-statutory

Rashtriya Swasthya Bima Yojana (RSBY)	To protect poor families from major health shocks that involve hospitalization through insurance for which beneficiaries only pay a nominal registration fee	Below Poverty Line Poor families and other families of informal workers to whom coverage has been extended	3.42 crore smart cards issued by March 2013 covering almost half of BPL families	Semi-statutory
Total Sanitation Campaign (TSC)	To accelerate sanitation coverage in rural areas and to develop community-managed environmental sanitation systems	All rural families with an incentive to Below Poverty Line families		Non-statutory
National Rural Drinking Water Programme (NRDWP)	To provide solutions for safe drinking water to all rural households			Non-statutory
Food security				
Targeted Public Distribution System (TPDS)	Stabilization of food prices and provision of subsidized foodgrains to poor households	Three-tier provision of subsidized cereals and other essential commodities (APL, BPL, and Antyodaya or destitute households)	36.2% households in 2009–2010 (NSS estimates)	Non-statutory at present but will become part of the proposed NFSA
Employment and livelihood security for the rural and urban poor				
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	Provision of up to 100 days of employment in public works to rural households demanding manual employment and creation of public assets	All rural households demanding unskilled manual employment in public works	24% rural households provided employment (2009–2010 survey)	Statutory, with nearly 90% contribution by the central government, remaining by states

(continued)

Table 4.6 (continued)

Name of scheme	Objective	Target group	Coverage	Nature of scheme
National Rural Livelihood Mission (Ajeevika) (from June 2011) [reformed Swarna Jayanti Gram Swarozgar Yojana or SGSY]	To reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment through strong grassroots institutions (self-managed self-help groups (SHGs) and federated institutions)	Below Poverty Line rural poor in self-help groups	Since inception in 1999, 42.69 lakh SHGs formed. During 2010–2011, 21.09 lakh persons received assistance (69.5% women)	Non-statutory
Swarna Jayanti Shahari Rozgar Yojana (SJSRY)/ National Urban Livelihood Mission (NULM)	Creation of employment through specified public work activity and through assistance to women self-help groups and individual female and male micro-entrepreneurs	Urban poor (BPL) individuals and (women) members of SHGs	17.2 lakh urban poor and women SHG members assisted in setting up enterprises; 23.61 lakh poor given skill training; 797.35 lakh man days of employment generated up to December 2011	Non-statutory
Prime Minister's Employment Guarantee Programme (PMEGP)	Generation of employment through assistance in the form of margin money subsidy in setting up of micro-enterprises	Urban and rural micro-entrepreneurs	3.8 crore jobs during 2008–2012	Non-statutory
State-assisted pensions for the poor (National Social Assistance Programme—NSAP)				
National Old Age Pension Scheme (NOAPS)	Provision of pensions	Poor persons (Below Poverty Line) above 60 years (provision of food assistance under Annapurna Scheme to persons eligible under NOAPS but not getting it)	1.65 crores (2012–2013)	Semi-statutory

Indira Gandhi National Widows' Pension Scheme (IGNWPS)	Provision of pensions	Poor widows (Below Poverty Line) between 40 and 64 years	84 lakhs (2012–2013)	Semi-statutory
Indira Gandhi National Disability Pension Scheme (IGNDPS)	Provision of pensions	Poor disabled persons (Below Poverty Line) between 40 and 64 years	12 lakhs	Semi-statutory
Housing for the poor				
Indira Awas Yojana (IAY)	Construction of dwelling units and upgradation of existing unserviceable kutcha houses by providing grant-in-aid	Rural people Below Poverty Line belonging to SCs/STs, freed bonded labourers, and non-SC/ST categories	27.15 and 22.30 lakh houses in 2010–2011 and 2011–2012, respectively	Non-statutory
BSUP/IHSDP Rajiv Awas Yojana (RAY)	Urban housing/basic services/slum upgradation		10 lakh dwelling units built or under construction (2005–2012)	Non-statutory
Life and disability cover for the poor				
Aam Admi Bima Yojana (AABY)	Life, accident, and disability cover to the main breadwinner	Agricultural labour families; age of insured 18–59 years	82 lakhs insured by September 2009	Semi-statutory
National Family Benefit Scheme (NFBS) (component of the NSAP)	One-time benefit on the death of breadwinner	BPL families	4.5 lakhs	Semi-statutory

Source: Compiled by the author from annual reports of the ministries, budget of the GoI, draft 12th plan, and official websites of the schemes

or stoppage in income resulting from sickness, maternity, employment injury, unemployment, disability, old-age death, and provision for medical care. Though India is not a signatory of ILO Convention 102, the Government of India has introduced several policy initiatives to extend social security benefits to the people. Some progress has been made, but not enough, especially for the disadvantaged section.

Research has shown that a comprehensive social security net in developing economies can enhance labour market efficiency and stimulate sociopolitical and economic growth (Justino 2003). The Indian workforce comprises a huge informal/unorganized sector. According to the International Trade Union Confederation, India is amongst the ten worst countries in the world in terms of worker rights in 2020 (ITUC 2020). However, recent Labour Law Reforms in the country are a significant step to moving forward for sustainability.

Various welfare schemes can lead to socially inclusive and sustainable progress. The report of the National Commission for Enterprises in Unorganized Sector (NCEUS) commissioned by the Government of India suggested a way forward and asserted that providing social security should not be seen as a burden on the economy and, instead, is an important bedrock for a developing country to build form (NCEUS 2007). The recent COVID-19 pandemic is posing an unprecedented challenge to the social protection systems of countries across the globe. The pandemic has exposed the vulnerability of those not adequately protected from its socio-economic consequences. Without proper action, global poverty and inequality will deepen significantly—no exception in India. Unfortunately, in India, informal workers are particularly at risk, covered by neither social assistance nor social insurance. However, in responding to the crisis, Indian polity has used social protection policies to protect public health, jobs, and incomes. The Government of India has extended coverage of existing benefits, improved or introduced new ones, adapted administrative and delivery mechanisms, and mobilized additional financial resources. The Government of India has declared the Pradhan Mantri Garib Kalyan Yojana (PMGKY), a relief package to support poor and vulnerable people and ensure that their basic needs are met. The package comprises both the implementation of new social protection interventions and adaptation of pre-existing benefits through the programmes such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Antyodaya Anna Yojana, Indira Gandhi National Old Age Pension Scheme, and Building and Construction Workers' Fund managed by state governments. The announcement of a measure expanding health insurance for healthcare workers is also a significant step.

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