Initial Draft– not to quote

Social Security in India – Lessons From Transfer Mechanisms[1]

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Introduction

Social security programs and poverty reduction schemes assume importance India, not only from the point of view of enhancing social and economic security and wellbeing, but also in improving human capabilities. Levels of poverty, vulnerability and deprivation are enormous and are structural as well as historical.

The story of India's poverty reduction and social security measures, when contextualised in the recent past, marks a departure from 'welfarist' mode to a 'capabilities' mode. While the decades ending 1980s witnessed targeted programs that addressed basic needs, the later period is marked with initiation of programs that addressed human capabilities while the welfare schemes too remained relevant. The need for welfare schemes is all too important to ignore given the magnitude of poverty and vulnerabilities, however increasing reliance on market based mechanism to enhance capabilities and entitlements marks a shift in development thinking. It also coincides with the era of liberalisation, globalisation and privatisation. The political economy of welfare and well-being in India is marked with epochs of embracing socialist rhetoric and programs which are 'targeted', 'selective' and 'conditional'. And most such programs are 'in-kind' nature, often restricting the choice for the beneficiaries. Propositions of 'Universalistic' and 'rights/entitlement' social security measures are yet to be rooted firmly in the electoral politics and public policy domain. It is the judicial interventions in fact have often provided space for extending such provisions.

At the field level, social security schemes and programs are often intertwined with various types of insidious deprivations and discriminations resulting in sub-optimal impacts. Bureaucratic apathy, its rent seeking behaviour, adverse selection and moral hazards limit efficacy of such programs. However, these considerations do not diminish the importance. Improvements in design and functioning of social security measures have received new fillip during the past few years with remarkable civic actions and judicial interventions enhancing accountability and transparency.

Political and bureaucratic acceptance of 'cash transfers' or for that matter any kind of cash subsidies *per se* as a social security measure is yet to be understood and crystallised in terms of a viable and acceptable program. A section of the elite and policy makers view such measures as anathema for the growth and development! However, there is equally strong political and public opinion on strengthening and establishing comprehensive and universal *social security system* in the country in place of piece-meal

[1] Paper presented at the International Seminar on "Evolution and Challenges Facing Conditioned Transfers Programmes" November 20 and 21, 2007, Brasília

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and vertical programs and schemes that address social security in its narrow terms. It is in this context, we attempt to provide an overview of social security measures and their impact.

In this paper, we attempt to provide an overview of social security and poverty reduction measures in India and identify major lessons in terms of providing some variations of direct transfers to the needy and deserving poor. We contextualise the benefits and drawbacks in such schemes in overall goals of achieving wellbeing and addressing livelihoods of the poor.

The paper is divided into 5 sections. In section 1, we provide a brief overview of development context in India, especially in terms of various indicators of deprivation. Section 2 outlines an understanding on social security and poverty reduction measures at the conceptual level, as interpreted in Indian policy circles. Section 3 describes various social security measures and their evolution and limitations. This section also identifies some of the measures that merit the classification of income transfers. Section 4 describes some of the recent initiatives to address poverty reduction and social security in India. And the final section draws lessons and policy options.

I. Development and Deprivation in India

India has experienced significant economic and social development in the last two decades. In fact, it has been one of the fastest growing economies in the world with per capita GDP growth accelerating during the past one decade as compared to the earlier periods.

The indicators of social development also show some improvement, though not as appreciable or commensurate to the economic growth. While absolute income poverty has reduced, it still remains high at 29 per cent. Evidence of increasing poverty levels in some provinces of the country is disturbing, so also is rising inequality. Failures in affecting substantial reductions in social indicators betray the much expected gains of growth in globalisation and liberalisation era.

India fares poorly in several human development indicators and faces enormous challenges to improve the quality of life for substantial numbers of its over one billion citizens. Large proportions of such population live in rural areas and are illiterate and eke out living through informal and unorganised sector employment.

The infant mortality ranges 60-70 for every thousand, which is almost ten times that seen in developed countries. So also high maternal deaths and child malnutrition levels, which h are unacceptably high. Low literacy levels and lack of skilled training prevent access to more productive employment opportunities by the poor. Despite the provision of public health and education facilities, their reach and efficacy leaves much to be desired and calls for considerable expansion and strengthening. While primary school enrolment and adult literacy rates have increased, in India illiteracy rates is still considerably high especially among the rural and poor population. The low status afforded women and denial of equal access by women to education and employment is another critical factor, which is driving vicious cycle of poverty. Environmental degradation, inadequate infrastructure, and social exclusion are among other numerous obstacles to growth and poverty reduction.

One disturbing feature observable during the era of high growth is, reduction in per capita availability as well as absorption of food grains. Coupled with this, crisis in agriculture in terms of dwindling or stagnant support prices to meet rising input costs created a situation of distress in rural areas of the country both in terms of livelihoods and employment.

Another important concern is the sharp growth of the unorganised sector vis-à-vis the formal sector. The formal sector in India is very small. Hence, a large percentage (92 per cent) of the working population is employed in the low productive informal sector in which conditions of work are very poor. This strong congruence between informal or unorganised economy and its workforce and poverty necessitates convergence of social security measures with mainstream poverty reduction mechanisms. Often these are used quite inter-changeably. Targeting, selective and conditional programs and schemes though are aimed at this segment of population, owing to the large numbers, they have not been able to become effective.

It is estimated based on the data from national sample survey that poor and vulnerable people with per capita consumption expenditure of Rs.20 per day (approx $0.5 USD) in the country constitute over 836 million (2004/5) or 80 per cent of population. These huge numbers constitute those whose per capita consumption expenditure is below official poverty line and those who come into twice that amount. What is interesting is to note when compared temporally is that "… while the percentage of population below poverty line has come down, albeit at a slower rate during the nineties and until recently compared to in the eighties, the movement is within the group of broadly poor (41 per cent) or the poor and vulnerable (80 per cent) of population." (NCEUS, 2006)

High concentration of poor and vulnerable within marginal social groups like scheduled castes, scheduled tribes and religious minorities (Muslims) and among illiterates demonstrate further challenge of addressing multiple marginalisation. Among all SC/ST population 88 per cent belong to poor and vulnerable categories, and among Muslim population 84 per cent among illiterates 86 per cent constitute poor and vulnerable. It can be seen that 79 per cent of informal sector workers are poor (ibid).

Thus, the score card of India vis-à-vis human development depicts a scenario of whole which is more than sum of its parts and it necessitates a closer scrutiny especially when the performance of India in basic indicators such as education, health, water and sanitation impinge on the global development goals like the MDGs (Millenium Development Goals). Further, growing income disparities, concentration of economic and political power with the elite and crisis in governance appear to be hallmarks, which needs urgent measures to address growing discontent and despair of millions of the poor. Measures towards social protection and social security of all assume importance in this context. Addressing issues of social security for women become essential as their involvement in the market economy as full-time or part-time workers in the informal sector is on the increase while their gender roles in reproduction and care economy remains the same.

Some indicators - India	
Population living with less than $1 a day (2004)	34.3%
Population living with less than $2 a day (2004)	80.4 %
Population below national Poverty line (2004)	28.6 %
Gini Index (2004)	36.4
Informal/unorganised sector employment (2004/5)	93%
Population over 65 years age (2001)	72 million
Under 5 Malnourishment (weight for age) 2005	47%
Infant mortality (per 1000 live births) 2005	56
Under 5 mortality (per 1000 live births) 2005	74
Primary School enrolment rate (2004)	87%
Children completing grade 5 (2003)	78%
Expenditure on health as % of GDP (2004)	0.7%
Expenditure on education as % of GDP (2003)	3.4 %
Coverage of sanitation (2005)	30%
GDP Growth rate (2005)	8.5%
Human Development Index (2005) Rank	127
Social Security spending in 2005 (% of GDP)	3.5%

Sources: World Bank India overview 2006 and
Social Watch Country Report India 2005
NCEUS (2006)

II. Conceptualising of Social Security in India

The concept of social security originated from the notions of welfare state and has connotations of arranging for contingencies for populations in the event of their inability to work or being subjected to sudden dispossession of productive capacities. Evolution of programs on social security over the past few decades reflect the growing understanding of the theoretical as well as empirical realities vis a vis poverty and economic security. An exhaustive exposition on the latest formulation of the concept of social security is available in a recent paper Kannan (2005). Expanding the concept to the Indian context, a distinction has been made between Basic Social Security (BSS) and Contingent Social Security (CSS), referring to promotional as well as protection measures, which will respectively take care of deficiency and adversity (ibid).

Further elaborating on this, Kannan (2005) points out that 'BSS is directly linked to the problem of deficiency of those who are not in a position to access minimum of resources to meet their economic and social requirements for a dignified life in a society. The notion of CSS refers to social arrangements to take care of adversity i.e., contingencies of wide ranging nature. These could be hazardous situations arising out of human life and work, such as ill-health, injuries and accidents, unemployment, maternity, old age, death of an earning member and so on.'

In this context, it would be important to understand what constitutes basic social security. Core constituents of BSS can be identified in the realms of security related to food, health, housing and education (Kannan, 2005). While the above four would refer to instrumentalities of human development, increasing recognition of the role of financial security for individuals and families need to be appreciated in the context of need for income and economic security, mediated through financial systems (and markets). The poor are dependent on financial services of various kinds and the vicious cycle of poverty and vulnerability can be broken through financial intermediation. Inclusion of poor into financial markets/system thus becomes imperative to secure not only their participation but also vulnerability. Thus we propose the addition of *financial security* to the four basic constituents enunciated above.

Administering basic social security measures would necessarily encompass *all populations* and would be intertwined with the poverty reduction as well as development strategies. This would mean an obligatory and universal provision of BSS for all population. Similarly, the World Bank's social risk management framework also flows from the same perspective that countries need to adopt mechanisms, which would enable broader social security for all. Some of the strategic positions of the World Bank, though subject to contest, *would reflect the understanding from the perspective of universality of social security to cover all populations* (World Bank, 2002). Thus the major policy challenge would be to integrate social security measures with growth and development strategies.

When it comes to CSS, as most of the literature related to workplace security measures indicate they constitute provisioning for several contingencies that arise to the individual in relation to the inability to engage productively and earn a living. While historically 'contingencies' are often identified in relation to formal sector workers, increasing recognition of growing number of informal sector and un-organised sector workers has expanded the scope of CSS as well. These measures are also seen as response to the adversities faced by individuals (*workers to begin with*) in the context of globalisaton. Social assistance programs for the aged (who completed productive working age), infirm, disbled, widows and other such groups who face adversities would come under special groups for the want of social security of this nature.

Social security and transfer mechanisms and poverty reduction

Juxtaposing the notions of social security on poverty reduction and welfare schemes provide interesting typologies. *In India there are no 'explicit' cash transfer programs that are not linked to any criteria or any conditionality*. However, several welfare schemes and poverty reduction schemes merit that classification but are means-tested for targeting. In education sector, host of scholarship schemes for school going children are designed which are linked to social groups as determining criteria. Budgetary support for such programs is institutionalised and in most cases such schemes envisage provision of hostels, food and stay for children, allowances for purchase of books, transport facilities etc. Another major group of welfare and poverty reduction measures are those relate to income enhancing and towards economic security. Various poverty reduction schemes come under this category, where in the determining criteria is the family being 'below poverty line' (consumption expenditure cut-off point determined based on calorie norms). In terms of administration they are vertical programs with no linkage with other development or social security measures. Such a mode of administration often lead to adverse selection, moral hazards, corruption and other forms of inefficiencies.

III. Social Security measures in India – Taking Stock

Social security programmes in India consist of two autonomous parts: i) protective social security measures such as medical care and benefits related to sickness, maternity, old age meant largely for the workers (organised and very few in unorganised sector) and ii) promotional security for the unorganised sector in terms of self-employment, wage employment and provision of basic needs (food, health and education). The demand for universalising protective measures to cover all sections of population is being increasingly advocated as over 92 per cent of population depend on unorganised sector.

Promotional / Basic Social Security Measures

It is to be underscored that traditionally India has several measures of basic social security of all through budgetary provisioning for education, health, water, and sanitation and housing. *Targeted* poverty reduction programmes, public distribution system (*targeted*), welfare schemes, employment generation programmes and other programs for various vulnerable sections of the population have been part of the central and state government's budgetary provisions.

Such direct interventions include elements for poverty alleviation and improving social security. Some of the programmes which have been implemented for many years include land redistribution / distribution, wage employment programmes, self-employment programmes like the Integrated Rural Development Programme (IRDP), provision of basic needs to the poor on subsidised basis like free education, primary health services, family planning etc, public distribution system and nutrition programmes like Integrated Child Development Services (ICDS). It can be emphasised here that finances for many such long-term interventions primarily emanate from government budgets though there are several special projects and programmes funded by external agencies or are devised to address the needs of vulnerable groups (Dev et al., 2000). In terms of their operationalisation, many of them have certain entry norms, which determine eligibility as well as exclusion. It is such mechanism of transfers which are common in Indian context, and poverty is normally considered as one of the critera apart from social groups like belonging to scheduled caste, backward castes and scheduled tribes.

Several modifications and revisions for promotional schemes over the years reflect the efforts of governments to tackle issues of *targeting equity and growth concerns and enhancing efficiency*. Amalgamation of schemes and devising umbrella programmes, new and innovative programmes in response to growing concerns of liberalisation and privatisation remained as hallmarks of social security since 2000. Midday meal programme for children studying in primary schools, supplementary nutrition programme for children are some of the recent additions to the promotional social security measures, being implemented across the country on a large scale. Similarly formulation of National Rural Employment Gaurantee Programme (NREGP) is another response to the growing concerns of rural distress in many parts of the country. With official poverty levels hovering around 30 per cent and income disparities constantly, India recognizes the need to address the social security of millions of the population. This is especially so with the current political dispensation, which has promised the best for the "common man". It is estimated that any comprehensive social security measure in India needs to cover at least over 350 million working population (and their families).

The following gives a glimpse into certain basic social security programmes in India:

Employment Generation and Poverty Alleviation Schemes:

India has been implementing a number of rural wage employment programmes of the Central and State Governments such as National Rural Employment Programme (NREP) 1980-89; Rural Landless Employment Guarantee Programme (RLEGP) 1983-89; Jawahar Rozgar Yojana (JRY) 1989-99; Employment Assurance Scheme (EAS) 1993-99; Jawahar Gram Samridhi Yojana (JGSY) 1999-2002; Sampoorna Grameen Rozgar Yojana (SGRY) since September 2001; National Food for Work Programme (NFFWP) since November 14, 2004. SGRY and NFFWP have now merged with NREGS 2005. These programmes were supported by the Central Government and State Governments shared part of the burden. Maharashtra Employment Guarantee Scheme (MEGS), which commenced in 1965, continued to be an important state-level wage-employment programme. Most of these schemes were formulated and implemented by the executive agency of the government. Participation of NGOs is also an integral part of strategies for implementation.

Varying degrees of success and failures have been attributed to these programmes. Limitations include little involvement of local community in selection and implementation, centralized character, absence of social monitoring, pilferage of resources, leakages and corruption, supply-driven wage-employment schemes, inadequate employment generation because of limited outreach of the programme, inability to provide minimum livelihood security, cheating and delay in wage payment, lack of amenities for workers, low participation of women and employment opportunities inflexible to workers' demand.

Drawing from the previous experiences and learnings, the enactment of National Rural Employment Guarantee Act (NREGA) that has become operational since February 2006 addresses employment security in a comprehensive way. It is a milestone towards ensuring livelihood security by providing a minimum of 100 days of ensured employment to every household initially in selected 200 districts, and is being extended to all the districts in Apr 2008. NREGA is also an attempt towards partial fulfilment of a constitutional obligation under Article 41 of the Indian Constitution that provides a non-justiciable 'Right to Work' to the citizens of the country. *This can be seen as a transfer mechanism, where in wages are paid for the physical work, though it does not provide* *choice for the worker in terms of type of work and quantum of work. The conditionality of self selection is invoked as screening mechanism.*

Food and Nutrition security

Public Distribution System (PDS): The Public Distribution System (PDS) is the most important intervention by the Government of India (GOI) towards food security. The FCI (Food Corporation of India) buys food grains from the farmers at an administered price (Minimum Support Price) and then arranges to sell the foodgrains to consumers at a subsidised price, through allocating these to different states who in turn run their respective PDS. In the beginning the coverage of PDS was universal with no discrimination between poor and non-poor. The objectives of the PDS are: a) maintaining price stability, b) raising the welfare of the poor, c) averting food security situations of scarcity, and d) keeping a check on the private trade (GOI, 2002). Of all the objectives, the first two are of overarching importance.

Over the years the policy related to PDS has been revised to make it more efficient and targeted. In 1992 Revamped Public Distribution System (RPDS) was introduced in 1700 blocks. The target was to reach the benefit of PDS to remote and backward areas. From June 1997, in a renewed attempt at better targeting of the poor in all regions, Targeted Public Distribution System (TPDS) was introduced to adopt the principle of targeting the 'poor in all areas'. It is for the first time that a differential price policy was adopted for poor and non-poor. Further in 2000 two special schemes were launched that is, the Antyodaya Anna Yojana (AAY) and the Annapurna Scheme (APS) with special target groups of 'poorest of the poor' and 'indigent senior citizens' respectively. The functioning of these two schemes was linked with the already existing network of the PDS.

The PDS as a whole has succeeded in preventing large scale food shortages during periods of natural disasters. However, the system has certain limitations. Owing to increasing Minimum Support Prices (MSP) and a more targeted approach to reach the poor, the food subsidy of the government has increased leaps and bound over the years. The food subsidy bill, which was Rs. 2,450 crore in 1990-91, increased to Rs.30,000 crores by 2003-2004.

A major concern however, has been of marked leakages in the channel of subsidy reaching to the target group. Dreze (2004) notes that in 1999-2000, the average Indian citizen received a subsidy of about Rs. 2 per month from the PDS. This suggests that the real subsidy reaching to the household for one year may be in the range of 2,500 crore to 3,000 crore. Even some of the best estimates show that only 20 per cent of total food subsidy reaches to household level (Mahendra Dev et. al, 2004). These estimates succinctly exhibit the poor effectiveness of the PDS in targeting the poor.

One of the basic social security measures that has inter generational effect relates to nutritional security. With over 40 per cent of children below 5 years, malnourished India stands at the threshold of malnutrition. Except for the state of Tamil Nadu and likes of Kerala, there has been no concerted effort to accomplish nutrition security among children in any other state. The following two schemes which are discussed are the crux of nutritional security for children and women.

Integrated Child Development Scheme (ICDS)

The ICDS is an ambitious scheme aimed at delivering a package of services that cater to the comprehensive development of children below the age of six years. It seeks to integrate efforts at improving child health and nutrition, non-formal education, as well as maternal health and nutrition into a single service delivery window. At present the scheme reaches out to 4.8 million expectant and nursing mothers and 22.9 million children under six years of age, through a network of 4200 projects, covering nearly 75 per cent of the development blocks and 273 urban slum pockets in the country. The ICDS is a centrally sponsored scheme implemented through State Governments.

All the ICDS services are provided through an Anganwadi (childcare centre) where the beneficiaries including infants, mothers and pre-schoolers gather on a daily basis to receive the services provided to them. These include nutrition supplements, health and nutrition education to mothers, pre-primary teaching for the 3-6 years age group and immunisation services for all. Under the Supplementary Nutrition component, food supplements are provided to the daily diet of the beneficiaries and are meant for consumption at the Anganwadi centre itself. Severely malnourished children are given double the daily supplement provided to the other children. In addition to calories and proteins, specific micro-nutrients are also provided in accordance with the requirements of various age groups.

As regards the actual performance of the scheme, it is generally observed that the programme has not been doing well mainly due to administrative short-comings.

A concurrent evaluation of the ICDS reveals that about 67 per cent of the centres across the country report irregular supply of food. The worst affected are the central and north eastern states where more than 75 per cent of the centres report irregularity in supplies. Himachal Pradesh, Maharashtra, Tamil Nadu and Goa are comparatively better-off in this respect. A large portion of the food supplement often does not reach the intended beneficiaries. It terms of beneficiary satisfaction, more than 80 per cent of the surveyed households were satisfied with the functioning of the nutrition component. However, State-wise variations do exist ranging from about 90 per cent households in some states to only 30 per cent of the households in others.

The Eleventh Five Year Plan envisages the strengthening of the nutrition component of the ICDS with a focus on both micro and macro-nutrient under-nutrition. This will be achieved through strengthening the nutrition and health education component to ensure appropriate inter-familial distribution of food, targeting of children in the 6-36 months age group and pregnant and lactating women, ensuring universal screening of all children, at least quarterly, to identify faltering growth, focusing on training and supervision of ICDS personnel to improve the quality of services provided, shifting the focus to take-home food supplements as against feeding at Anganwadis and emphasising inter-sectoral linkages, especially between the Health and ICDS programmes.

As an important social security measure universalisation of child care program has been advocated. Public action, including that of judiciary led to far serious consideration of this proposition by the government of India as well as state government. The Supreme Court in its order dated November 2001 directed governments to ensure that there is an anganwadi centre in every hamlet, where SNP is given to every child under six, every pregnant and lactating mother and every adolescent girl.

This was further stated in the order dated 13 December 2006 when the Court directed that at least 1.4 million anganwadi centres (child care centres) must be sanctioned and operationalised by December 2008. The number of anganwadi centres that have been sanctioned by the Government of India until now is 1.05 million and of these 0.84 million centres have been operationalised as on 31 March 2007.

Education

After 5 decades of independence, more than half of India's population remains illiterate. Given this dismal backdrop, it is encouraging to note that significant progress has been made for all children upto 14 years. However, the goal of universalisation of education still remains unattained. Gender and social gaps in enrolment, retention and learning at the primary stage, inadequate teacher education and low teacher pupil ratio are disturbing issues that need to be addressed.

The universalisation of education scheme (Sarva Shiksha Abhiyan SSA) and the Midday Meal Scheme (MMS) form the crux of public primary education interventions. The SSA is envisaged towards elementary education of satisfactory quality with emphasis on education for life. Some significant interventions under this scheme include renewal of curriculum, recruitment of approximately 600,000 additional teachers, free distribution of textbooks to 5.34 crore children, regular learners' evaluation and school monitoring etc.s Some amount of transfers in-kind are administered through SSA for the needy children.

An important in-kind transfer program in education sector is the National Programme of Nutritional Support to Primary Education (NPNSPE), popularly known as Midday Meal Scheme (MMS), was introduced to cover through out the country in August 1995 with the following objectives: (a) the educational objective of universalisation of primary education with the specific goals of increasing enrolment in primary schools and encouraging regular attendance and retention, and (b) the objective of improving the nutritional status of children in the primary school age group. This program, which has history of being implemented for the past two decades in some states, has demonstrated positive impacts of in-kind transfers. An evaluation of the programme in ten States, conducted by Operations Research Group (ORG) indicates an average coverage across the country of 59 per cent of eligible students. Thus in terms of outreach to the target group, the programme appears to have been successful, as it is very broadly *targeted*. Restricting the programme to Government and Government aided schools ensures that it reaches only children from poor families, as the more affluent send their children to private schools. Caste-wise, the programme reveals a higher coverage of Scheduled Castes and Scheduled Tribes to the extent of 71 per cent of the beneficiaries being from these categories. Also, 94 percent of the ST and 88 per cent of the SC children belonged to BPL families with a monthly income of below Rs. 2000. In terms of gender, there were no variations. The potential for such in-kind transfers need to be further exploited.

Other Promotional Aspects

While special projects/ externally funded programmes do reflect the attempts of government to address poverty, vulnerability and social security, however, the disparity in allocations and the need for improving social sector indicators reflect a situation of despair. Typically the political commitment through sustained budgetary allocations reflects the sincerity of the governments. The situation has accentuated during the past one decade, during the period the country has embarked on series of fiscal and financial reforms where in public investments have been moved away from social sectors (Dev et al, 2000). Universalisation of education programme (Sarva Siksha Abhiyan (SSA)), national rural health mission for health are some of the important national programmes which have been supported by international donors and the World Bank apart from committed government funds. Within these umbrella programs several schemes are devised which provide income transfers like grants for pregnant mothers for their health and nutrition needs, scholarships for school going girls (all levels of education), grants for disabled and such provisions.

Though the expenditures set aside for social security measures is important, it does not reflect an enhanced well-being and social security as efficiency and effectiveness of such expenditures become critical in measuring the impact. In a democratic country like India, this assumes importance as the potential beneficiaries of such basic social security measures often belong to less articulate and less powerful social and economic groups (Dev et al, 2000). Most often the elite, local bureaucracy and the vested interest interfere, leading to mis-targeting and misuse.

While the Central and State governments are major players for addressing the basic social security of millions of poor, there are several NGOs and donor funded projects available in India that addresses basic social security. Though the coverage has been uneven in terms of geography and population, they do represent substantial presence in addressing basic social security. Presence of NGOs in social security and social protection assumes importance as they are able to demonstrate some of the innovative and sustainable models that have potential for replication on scale.

Protective/Contingency Social Security (CSS) Measures

Given that 90 per cent of the workforce is in the unorganised sector, universal coverage of CSS measures are being increasingly advocated as important step towards poverty reduction. This is being recognized and NCEUS (National Commission on Enterprises in the Unorgnised Sector) has been set up by GoI to recommend measures to address social security of unorganised sector.

When it comes to Central Government sponsored social security measures, there are the following categories which can be highlighted:

- National social assistance programmes which include, national old age pension scheme, national family benefit scheme, national maternity benefit scheme;
- Social security through Central welfare funds, which include welfare measures to workers belonging to mining, beedi and other sectors;
- Varishta Pension Bheema (senior citizens pension fund) for unorganised workers aged 55 and above,
- Social insurance Scheme – janashree Bheema Yojana for persons in the age group of 18-60 years and living below or marginally above the poverty line,
- Scheme for handloom weavers and artisans – thrift fund schemes, new insurance schemes, group insurance scheme, workshed-housing, health package and insurance, pension plan, insurance for powerloom weavers,
- Krishi Samajik Suraksha Yojana for all agricultural workers within the age group of 18-50 years, and
- Welfare legislation for building and other construction workers.

Source: NCEUS, 2006.

Apart from the above, there are several state governments, which have enacted measures of social security for different segment of workers in the unorganised sector.

Over 60 schemes for unorganised sector have been implemented by various state governments of which over 25 are being implemented in the state of Kerala alone. This reflects the fact that the state has had an evolved social security system for a long time, whereby workers belonging to various occupations and trades are provided with social security measures which include pension, insurance. (NCEUS Report 2006).

The presence of NGOs in social security in India is worth mentioning. Over 55 schemes that range from various micro credit, micro insurance schemes to food for work and employment generation schemes that are administered at the local level through community participation by the NGOs (ibid).

In India, especially in the southern states, large-scale mobilization of women through micro-finance has seen substantial social as well as economic externalities. Innovation that is occurring in India with respect to provision of basic social security is through mobilization and organization of women into self help groups there by creating opportunities of self-employment and generating income and economic security. While the coverage of such approach is uneven, it is growing into a major social protection strategy. Currently over 1 million self-help groups representing over 150 million poor women reflect the massive mobilization of the poor anywhere in the world. Further innovations in terms of micro insurance, community-based health insurance, community funds for other social interventions like education and health are being practised by NGOs (Kabeer, 2002). Replicability of such models on scale need to be addressed in a comprehensive way and the need for public policy on designing such schemes need to be explored. This is one of the comprehensive income transfer scheme, in which productive livelihoods are being enhanced, apart from addressing contingencies like health emergency, education or hunger. Interest-subsidy is one important factor which can be seen as transfer mechanism though the surplus goes into self help group account for further economic support to the members. Similarly enterprise promotion schemes serviced through self help groups also constitute substantial transfer funds as there are components of subsidy built in which is contingent upon partial investment from the beneficiary.

Taking inputs from diverse models of social security available in India from governments and NGOs, the NCEUS 2006, submitted to the government a comprehensive approach and programme of social security for the unorganised workers the, National Social Security Scheme. The major recommendations of the Commission among others, is a bill that relates to unorganised workers which provides legislative backup to the NSS. The bill has been visualised as all encompassing addressing universality and equity of social security measures. They take into account the heterogeneity of the unorganised sector and makes provisions for both protective as well as promotional aspects of social security. The bill on social security is designed to provide the following benefits to all workers in the unorganised sector.

- Old age pension to all workers above the age of 60 years;
- Health insurance for self, spouse and children below age of 18 years;
- Maternity benefits for women workers or spouses of men workers and
- Insurance to cover death and disability arising out of accidents.

This can be seen as an important step towards universalisation of social security measures across the population. It can be pointed out that the research studies identify several benefits of universalisation which would outweigh the costs of 'targeting' programs (Standing, 2007). Their coverage is also extremely low due to low allocations; for example the old age pension scheme covers not more than15-20 per cent of the aged population, who are below poverty line.

With regard to contingency social security, there are no country wide programs or policies except for several welfare funds created for informal workers of different fields. The un-evenness of implementation of social security measures in different states also reflects the need for comprehensive social security legislation, which has been formulated by the NCEUS. Similarly, NREGS is another milestone in India's commitment towards poverty reduction and social security. However the initial teething problems of such a massive effort covering over 90 per cent of population need to be attended to.

Historically India has attempted to address basic social security through various targeted interventions as well as budgetary provisioning for social sectors. Basic social security has been seen as a *sine qua non* for a democratic governance of many of the countries of the region, though some of them had spells of dictatorship. Even under such dispensations, social security and poverty reduction measures remained high on the agenda. Several social assistance measures taken up by the country reflect the commitment of the governments to make provisions for basic needs. However the targets set and goals achieved reflect absence of 'walk the talk'. Principles of universality and equity in social security are increasingly being compromised in the context of globalisation and privatisation. The need to turn the tide becomes imperative especially in the context of growing inequality and vulnerability.

Budgetary support for basic entitlements like education, health, housing and food security assumes importance and they need sustained mechanism to reach to the needy and targeted. Infrastructure for enhancing the outreach of social sector interventions need to be enhanced, which becomes an imperative to achieve global development goals like MDGs. This requires political commitment and also reflection of such commitment in allocations of budget and human resources. For example, in India right to education for all children still remains an unfulfilled promise even after the constitutional amendment for free and compulsory education has been enacted. A practical and workable programme to translate the constitutionally guaranteed right is yet to be formulated. Thus education for over 100 million children of the country still remains a distant dream. Same is the case with basic health, water supply, sanitation, housing and other basic services for sustenance.

Given the intrinsic link between social security and poverty reduction, promotional measures to address poverty reduction assumes importance in all the countries. Creation of productive employment and livelihoods, cash transfers through food subsidies (public distribution system), social assistance programmes, child nutrition schemes, girl's education, women's development programmes assume importance and coverage of such measures is quite inadequate in most of the South Asian countries. The positive benefits of such promotional social assistance schemes are increasingly been recognised. Some of the successful programmes have a replicability potential, as is the case with India's National Employment Guarantee Scheme and Nutrition Programme and Bangladesh's Grameen Bank led micro-credit programmes.

With over 46 per cent of children below five years being underweight (moderate and severe), child malnutrition is one of the chronic human development issues in the South Asia region. Contrasting this with the poverty situation of the region indicates the need for addressing malnutrition as most urgent, as it will have inter-generational effect.

Nutrition programmes being implemented in several countries suffer from low coverage, insufficient funds, lack of focus on many other non-food related needs like safe water, sanitation, hygiene, political commitment, community buy-in (UNDP, 2006). The contrast is that of Tamil Nadu Nutrition Improvement Programme, which demonstrates a case of political commitment from the state.

The state of Tamil Nadu in the southern part of India has the distinction of addressing child malnutrition in a concerted effort for many decades. It has a long history of implementing various types of multinational programmes for children under different schemes such schemes under Tamil Nadu Nutrition Programme provides for daily noon meal to pre-school and school age children and supplementary feeding for children below 24 months. Certain category of adults like pregnant and nursing mothers, destitute and old has also been included in the target population. Expanded into scale since 1980s, the programme has been continuously implemented in the state with funding from the state budget, central funds as well as the support from the World Bank. The program has metamorphed over the years through various nomenclatures, like noon meal program, Tamil Nadu Integrated Nutrition Program as part of ICDS. Studies reveal significant enhancement of nutritional status of children of the state as well as educational attainment in terms of higher enrolment, retention and completion of primary grades. (Source: UNDP case studies)

Another dimension of basic social security is education. While the governments' are making efforts to universalize primary schooling, education of girls at the middle and secondary level has been proved to have immense intergenerational benefits.

IV. Towards a Comprehensive Social Security – Some recent initiatives

National Rural Employment Guarantee Act

India's recently introduced National Rural Employment Guarantee Act (NREGA) provides a 'rights based' framework for social security. The salient features revolve around recognition of right to work and dignity to work. Entitlement approach enhances the accountability of the state. While it is currently being implemented in about 200 districts of the country, the initial assessment is a guarded optimism as several field level inadequacies have been identified (IHD 2006).

Nevertheless, specific features of NREGS in India are worth emulating as they attempt to provide comprehensive and near universal program actualising the basic right i.,e 'right to work'.

NREGS has been envisaged from the perspective of 'right to employment' and guarantees 100 days employment for poor at a minimum fixed rate of wage, but more importantly it bestows an entitlement. The act has also identified roles and responsibilities for the central and state government, district & block administration and the panchayats. The onus of guaranteeing 100 days of employment rests with the government and the applicant can demand for unemployment allowance in case he/she does not get work. Apart from creation of work opportunities, the act also provides basic facilities at the worksite namely viz. crèche, safe drinking water, medical aid.

Being implemented in rural areas, the scheme not only focuses on providing employment but also on building village assets through the employment. These assets would further help in development of the village.

Various concurrent evaluations carried out so far show the varying levels of implementation and success of the scheme. Though the level of success is not uniform across the states and districts, yet most of the states and districts have started in right earnest. The reason for the success of the NREGA is the inbuilt mechanism.

But the reasons for the varying performance of the states and districts are generally specific to the state or district. A few may be illustrated here. Firstly, the state of Jharkhand faced problem in implementation because of the non-constitution of Panchayat Raj Institutions (PRIs) in the state. The state of Bihar has problem related to shortage of staff, poor infrastructure, low administrative capacity of the state, etc. Again the success stories too have specific reason. For example, Dungarpur district in Rajasthan, made it more successful because of the presence of effective grassroots NGOs and their ability to mobilize the poor. Andhra Pradesh has equally done well and has successfully used computerization and e-governance mechanism. For, example, the fund in the state is being transferred electronically; every jobs seeker has got a bank account and wages are paid through bank account; the whole process from job application to registration is computerized.

Even in Bihar, despite low level of administrative capacity, there was high level of social awareness; benefits reached mostly to the target groups; the process was found non-discriminatory (IHD, 2006). The nature of the Act and its provisions if properly implemented, have the potentiality to make it a very successful programme of social security. Moreover, the response of the society has been very encouraging. Members of Parliament, political parties, intelligentsia, NGOs are actively involved in planning and implementation of the scheme. All these are expected to make it a successful social security programme.

As discussed, the implementation level issues emerging from field studies reflect concerns about setting up of facilities, identification of jobs suitable for the poor, lack of monitoring systems and inability of the local level officials to appreciate provisions of the scheme etc. (IHD, 2006).

Notwithstanding the initial set backs, the scope for introducing such a comprehensive employment generation programme in rest of the country has been recognised and the scheme is going to be expanded to all the rural districts of the country from April 2008.

This scheme, while not a 'direct transfer' mechanism has inbuilt elements of social security, poverty reduction and livelihood promotion / restoration.

Social security and informal sector

If we scan the literature on social security measures across the countries for the workers and work age populations, universalisation has still remained an unfulfilled promise. With over 90 per cent of the workforce in the unorganised sector in all the countries of the region, addressing social security for *all* (and workers) remains and should become an urgent agenda. Here too, the equity and growth oriented models of social security are needed in place of those which distort the labour markets.

The other important step is towards formulating comprehensive social security legislation for low income workers in the informal sector. The National Commission on Enterprises in the Unorganised Sector (NCEUS), has prepared a *Report and Draft Bill* for ensuring protective social security for all means-tested workers according to which all workers below a ceiling level of income, whether paid or self-employed, will be eligible for the social security package upon payment of a small premium by themselves or (if they are poor) by the government. The objective is to institute, with legislative backing, a national minimum social security that will act as a floor level to the estimated 300 million unorganized workers with independent earnings. The minimum social security include: health insurance for the worker and family and maternity benefit for the worker /spouse; life insurance for the worker; and old age security for the worker after reaching the age of 60, in the form of Provident Fund, or pension (for below poverty line workers). Except the old-age security, all the other social security benefits are based on the insurance modal. It will be the responsibility of the national board as well as state boards to ensure the best possible deal by selecting the appropriate service provider. Registration of workers will be encouraged and facilitated through ‘facilitation centres’. The registration and ID cards issued to the workers will be ‘portable’ and it will be possible to change addresses upon request. The scheme could be co-financed by employers (where they are identifiable) or through specific taxes or cesses. The total cost of the exchequer of financing this social security package, when all informal sector workers are covered, is estimated at Rs. 254000 millions of which around three-fourth contribution would be by the Central government and the rest by the state governments. As a percentage of GDP this works to be 0.5. However, the whole scheme is envisaged to be implemented within a period of five years covering one-fifth of the eligible informal workers every year (NCEUS, 2005).

The proposed ideas of basic minimum universal social security catches the imagination of ordinary people or concerned citizens but unfortunately policy makers and rural elite engage in rhetoric and such ideas there by translate into truncated programs. For example, the some of the protective social security provisions are now being ‘targeted’ to unorganised sector workers who are *below poverty line!* Similarly pensions for old age population, widows and destitute too remained confined to small numbers

Both the NREGS and the proposed draft bill for a minimum comprehensive social security for unorganized sector workers are fundamentally different from the earlier schemes. They are rights-based in the form of legally enforceable entitlement unlike the very many schemes floated by the central and state governments at different points of time. Secondly, they are universal in nature—all workers in the rural areas in the NREGS and all unorganized earning workers in the proposed NCEUS are eligible. Further, while the former guarantees a minimum income to the rural workers, the latter proposes to provide a national floor level social security to all the informal workers throughout the country to which state governments may add on their contributions or additional benefits, if they so choose.

Women Self help groups and microfinance as Social Security in India

In recent years, the Indian micro-finance sector has undergone dynamic growth. Two predominant models of micro-finance delivery in India are the SHG-Bank Linkage model and the micro finance institution (MFI) Model. The total loan outstanding for the latter is approximately Rs. 1600 crores, and the total loan disbursed under the former in 2006 is Rs 4499 crores (Ghate 2006). The SHG Model is an indigenous ‘home bred’ model, which is promoted by NABARD, the national apex agricultural bank of the country. The fact that 400 women join the SHG movement every hour is an indicator of the phenomenal success of the programme[3]. In this model, it is believed, issues of participation and empowerment are addressed better in comparison to an MFI model.

Poverty reduction and women’s empowerment are identified as two important outcomes of self help group based micro credit programs. Several modes of financial transactions are undertaken by these groups that constitute cash transfer and income transfer category of social security. Provision of cash savings services, credit for enterprise promotion (with interest subsidy or front-end capital subsidy or back-end subsidy), technical

3 http://www.nabard.org/roles/microfinance/index.htm

services and advice, micro insurance for life and non-life, micro health insurance, low cost or cheap remittances, low cost loans for education and health, low cost hire-purchase and etc are several schemes that are being delivered through self help groups. It can be noted that all these involve cash transfers, though they are not 'explicitly' recognised. Some of these schemes get support from government budgets, quasi-government agencies, international donors and banks.

One important feature in this mode of cash transfer in contrast to direct cash transfer to the beneficiary is that the organising principles of self help groups ensure targeting less costly affair. It also ensures transparency and group norms result in members adhering to the conditionalities. Self selection would also ensure addressing issue of adverse selection.

The Indian experience of microfinance vis-à-vis poverty alleviation has been diverse. In a study done by CGAP, it was found that half of SHARE's(a non profit MFI) Clients were able to lift themselves out of poverty[4]. There is literature that confirms that the economic status of microfinance clients gets enhanced by participating in microcredit programmes (Todd, 2001), (Murthy et al.), (Dash and Kabeer, 2004). The major contention against microcredit is its inability to reach the poorest of the poor. However given the self-selection mechanism in built into the system one assumes that such schemes do cover poor and vulnerable in large numbers. An important element in these schemes is transfer of cash to the poor through mechanism of group operations. *This mode of income transfer, which is contingent upon being member of self help group is an important transfer mechanism as it would enhance the fund at the disposal of the group for internal lending. Increasingly government schemes for poverty reduction are being routed through such community groups as they enhance transparency as well as efficiency in income transfer mechanisms by minimising leakages. Convergence of all welfare transfers through self help groups is another institutional innovation in India, which though is in embryonic stage, would assume greater importance. This would also be politically least-resistance approach in contrast to direct subsidies to the individuals.*

With the influx of commercial banks in the microfinance sector in a major way, the focus is on increased outreach and financial sustainability. In this context, micro-finance programmes by design might exclude the poorest of the poor, and this remains a concern. Government interventions in terms of income transfer mechanisms for addressing the needs of poorest of the poor through self help groups would be one trajectory that is espoused in the XI Five year plan of the country.

Thus, SHG movement demonstrates an innovative variant of social security and cash transfer mechanisms in India. This has not been adequately studied from the point of income transfers by researchers so far. It can be seen that income transfers to the group, as against individual beneficiary is one of the innovations that reduces adverse selection. Similarly enhanced transparency and accountability is possible through SHG delivery mode of any other basic services like scholarships for children, income subsidies for enterprise promotion and health subsidies through micro insurance. It can be seen that in several states of India such mechanisms provide efficient targeting.

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4 www.cgap.org/do cs/DonorBrief_09.pdf

5. Lessons learned

It can be seen that basic social security measures in India have led to substantial progress in terms of improving health, food security, education and basic needs of millions of poor but still the task is unfinished, as millions still remain in deprivation and vulnerability. Convergence of programs and schemes at the field level remains a lacuna leading to sub-optimal impacts.

Several protective measures are in place for addressing social security of identified groups and sections of population. In the federal set up many such programs are administered by the state governments. These programs, while having noble objectives are plagued with adverse selection, corruption, rent seeking and mis-use. The performance varies across different states and it is contingent upon the institutional mechanisms that are in place. Greater transparency, accountability and community participation appear to be the guiding principles for success. Similarly political and administrative support becomes crucial for success of protective measures.

Wage and self-employment measures are seen as major income enhancing security measures for millions of poor in India. Umbrella schemes on these fronts visualise near universal coverage with self-selection. However the nature and design of such programs reflect that they are 'supplementary' in nature and basic entitlements in terms of land, productive assets and skills are necessary for sustained income growth and for the families to move out of poverty trap. Such income transfer mechanisms are possible through self-help group mode of institutional delivery of financial services.

Experiences of using SHG models for creating income and economic security demonstrate positive lessons. However, such measures are to be intertwined with enhancing skills which would lead to successful enterprise promotion among the poor. Income transfers in such modes of delivery appear to be more transparent, efficient as well as effective.

Convergence of programs at the field level appear to be one more lesson that need to be emulated to enhance effectiveness of social security measures and income transfer measures. It reduces bureaucratic decisions, political interference, corruption and other inefficient situations. The chances of universalisation would also be high at the local level.

An important feature to address in federal context is regional imbalances which need to be addressed through fiscal transfers from the central government. Budgetary support for social security measures need to be seen as part of overall development strategy and mechanism need to be worked out in such a way that the states that are lagging behind would receive more attention. The overall expenditure needs to be enhanced substantially.

In summary, India presents a case in point to attempt an over arching social security regime for all informal workers and all poor and vulnerable populations. There are several basic social security measures through investments in health, education, nutrition, housing etc and *through targeted poverty reduction programmes* and schemes. Income transfers / cash transfers as they are conventionally understood and practised elsewhere, say in Latin America may not be visible in India, but there are large number of schemes that do transfer funds into the hands of the poor. But most or all of them are conditional in the sense the recipients need to fulfil some criteria (being from below poverty line, from marginal social groups etc) there by they are *targeted, selective and conditional*. Most of them are in the nature of interest subsidies, one time capital grant, grant for health and maternity support, old age and widow pensions, disability pensions, special scholarships and grants for children etc. Subsidies through public distribution, integrated child development scheme, also account for a major form of social security which is in-kind nature. Employment generation programs (NREGA) is another major wage for work program that has inbuilt components of transfers in kind (health insurance, child care facility, transport facility etc).

Given the predominantly target oriented approach, efficacy of service delivery mechanisms needs to be constantly examined and the track record of India on this front is dismal. Host of studies point out unrealistic allowances (not even sufficient for subsistence for schemes like old age pension), mis-targeting, leakages, bureaucratic apathy, corruption and mis-use. The institutional mechanism for targeted schemes often tends to be controlled by the bureaucracy and political elite thereby reducing their effectiveness. Another important feature is that most such schemes are that they are 'paternalistic' and not grounded in reality in terms of needs of the poor. It is in these circumstances that arguments to switch over to cash transfers without any conditionalities assume importance.

However, establishing institutional mechanism for effective implementation of welfare schemes is recognised and self help group based convergence of welfare schemes is seen as one of the innovations in public service delivery. It is being experimented in several states in India, though in a limited scale. NGOs have pioneered in this aspect with active support of state government. For example in states like Andhra Pradesh, mid day meals scheme for children are being implemented through women self help groups. SHG take active part in implementation of benefits under ICDS (cash benefits for pregnant mothers, adolescent girls, nutritional supplement for infants etc). Similarly SHGs also screen the beneficiaries of old age pension and widow pension schemes. Apart from these, SHG members actively engage in community based asset creation activities like wage employment schemes, regeneration of water harvesting structures, community forestry, etc which would yield employment as well as income.

Thus in summary, one can conclude that the Indian experience of social security and poverty reduction programs demonstrate the scope for institutional reform. A shift in approach from 'welfare' to 'capabilities' is necessary in order to make such programs comprehensive and universal. The benefits of universalisation of several basic social security schemes outweigh costs of targeting. Similarly a marked shift in engaging with contingency social security measures from a 'rights perspective' also demonstrates the need for universalism. What is important as examples demonstrate is that institutional mechanisms with community at the centre of social security would yield dividends in comparison to schemes and programs that are designed and driven from the top. Promotion of women self help groups (SHGs) would be one such measure towards effecting universal and efficient social security that encompasses livelihood and human development goals.

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