

## **Design of Social Security Benefits for the Unorganised Workers**

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In the context of the vast and growing unorganized sector in the country, and the absence of sufficient and reliable social security for workers in this sector, a study was undertaken to assess the social security needs of the workers, their current risk management mechanisms and their willingness to participate in contributory social security mechanisms. Based on the study findings, the following have been the policy suggestions provided to the Department of Labour, Government of Karnataka:

- Unorganised workers have diverse needs - a product combining contingencies (old age health and death benefits) is thus desirable. The schemes should be savings-cum-insurance-oriented, since workers tend to view any financial contributions as savings, available when they are in need.
- Based on the capacity to contribute, the scheme be classified as: social assistance dependent, subsidy dependent, and limited dependent.
- Sector-specific needs have to be factored in the policy since different occupational groups have different needs.
- The government cannot be the sole actor in the provision of social security to the unorganised workers. Given the diversity and informality, a public-private partnership is ideal.
- Given that construction workers are the most willing to contribute towards social security, the policy may be initiated for this sector first before gradually extending it to others.
- More than unemployment benefits, there is a need for doles for continuous employment and decent wages, which would ensure a steady income-flow. Public interventions such as the Employment Guarantee Act are thus crucial and urgent.
- Registration mechanisms are to be introduced and strengthened. The formation of and/or utilisation of the existing SHGs are important.
- Unorganised workers switch jobs and employers often, and many migrate frequently. Social security numbers are thus to be assigned to the workers at the national level, but for a start, a state-level initiative in this direction must be taken up.
- Since contributions from employers are difficult, if not impossible, the government should explore the possibility of imposing a cess as a part of house tax, building permit, etc., in lieu of their contributions. This would also take care of those workers who are self-employed.