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Universal social security cover for over 45 crore workers soon

By [Yogima Sharma](#), ET Bureau | Mar 10, 2017, 06.16 AM IST

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NEW DELHI: An all-inclusive [universal social security](#) cover will be available soon for over 45 crore workers in the country, covering all potential risks, along the lines of systems prevalent in the West.

The universal social security will cover loss of income; death and disability; illness and medical bills; and unemployment benefits for all. The government will meet the cost of the programme for the poor.

Under the proposal firmed up by the [labour ministry](#), the social security contributions will be mandatory but the deduction could be lower than those made currently, all of which adds up to about 30% of income.

This lower limit will ensure that there is no major dent in the take-home salary of those whose income is low, a senior official told ET on the condition of anonymity.



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Universal Umbrella

Govt readies all-inclusive universal social security cover

Govt to meet cost of cover for the poor

Social security contributions to be mandatory

Deductions can be lower than those made currently



Lower limit to ensure take-home salary not lowered

Differential rates could be introduced on income slabs

Cover for people the below poverty line (BPL) would be paid from the taxpayers' kitty, those above the poverty line would have to suffice for themselves.

Govt official

“While the [social security cover](#) for people the below poverty line (BPL) would be paid from the taxpayers' kitty, those above the poverty line would have to suffice for themselves,” said the official, adding that coverage under the four major risks listed above may not be at one go but introduced gradually.

Currently, around 25% of the basic salary, including employee and employer contributions, will go towards the provident fund of the employee and another 6% for [insurance](#), taking the total contribution to more than 30%.

Going forward, the policy could introduce differential rates based on certain income slabs. “The deductions under the universal social security cover could be substantially lowered for people below the fixed income slab while those above the set income bracket may continue to pay at the existing rate,” the official said. India's total workforce currently stands at 450 million, out

of which a little over 10% are in the organised sector. Every year, more than 10 million people are added to the country's workforce. Most won't get the minimum wage and will lack any kind of social security.

The new policy will be part of the social security code, one of four codes that the labour ministry is finalising and will subsume 17 existing items of legislation governing social security coverage in the country.

According to the official, as the ministry is yet to send out the first draft of the policy for wider stakeholder consultation, the idea is to bring the existing fragmented system of whatever limited social security cover is being extended largely to the organised sector under one umbrella.

“Since labour and social security are concurrent subjects we intend to build decentralised state departments to run the scheme under an independent department for social security at the Centre,” the official added.

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