

# Standing Committee Report Summary

## Code on Social Security, 2019

- The Standing Committee on Labour (Chair: Mr. Bhartruhari Mahtab) submitted its report on the Code on Social Security, 2019, on July 31, 2020. The Code replaces nine laws related to provision of social security. Key recommendations include:
  - **Coverage:** The Code mandates social security for certain establishments, based on thresholds, such as the size of the establishment and income ceilings. Further, the government may notify schemes for unorganised sector workers (such as home-based and self-employed workers), gig workers and platform workers. Gig workers refer to workers outside the traditional employer-employee relationship. Platform workers are those who access organisations or individuals through an online platform and provide services or solve specific problems. The Code also provides for the collection of a cess for the welfare of construction workers.
  - The Committee stated that the Code should provide a framework to achieve universal social security for all workers (including unorganised, gig and platform workers) with a secure financial commitment and within a definite time frame. It also recommended that the government: (i) re-consider establishment-size based thresholds, (ii) create a separate fund for unorganised workers, and provide a framework of a model scheme which will set out “mandatory minimum entitlements” for such workers across all states, (iii) introduce unemployment insurance for all unorganised workers, including building and plantation workers, (iv) re-introduce labour welfare funds for specific industries such as for workers in iron ore mines and beedi establishments, (v) ensure maternity benefits to all women workers including in the unorganised sector, and (vi) strengthen provisions for cess collection and portability of benefits for construction workers.
  - **Definitions:** The Committee recommended: (i) expanding the definition of social security to cover nine components recommended by the International Labour Organisation (including unemployment, maternity, old-age, and medical care benefits), (ii) expanding the definition of employees to include other categories of workers such as anganwadi and asha workers, (iii) expanding “unorganised workers” to include gig, freelance, agricultural and platform workers, (iv) making the definition of “gig worker” more specific to avoid misinterpretation, and (v) expanding the definition of “platform worker” to enable the inclusion of future models of work.
  - **Administration:** The Committee noted that the Code has a fragmented delivery structure with multiple organisations administering different benefits, such as the Employees’ Provident Fund Organisation (to administer provident fund benefits), and national and state-level boards for unorganised workers. It recommended that the government consider putting in place a more compact system of governance of social security.
- **Registration:** All eligible establishments are required to register with their respective social security organisations under the Code. The Committee recommended: (i) expanding the definition of establishments to include all categories of enterprises such as agricultural and own account enterprises, (ii) providing for a unified registration and compliance platform, (iii) providing for such registration with a single authority, which will administer social security for all workers in India.
- **Inter-state migrant workers (ISMW):** The Committee recommended: (i) expanding the definition of ISMW to include self-employed workers from another state, (ii) creating a separate welfare fund for ISMW, (iii) maintaining a national migrant worker database through which a migrant who might not have registered as an ISMW at his native State has a facility to register as one, and (iv) linking the database of migrant workers with the unorganised workers database to ensure portability.
- **Gratuity:** Under the Code, gratuity is payable on the termination of employment, if the employee has been in the organisation for at least five years. The Committee recommended reducing this to one year and extending gratuity to all kinds of employees including contract, seasonal, and piece-rate workers.
- **Delegation:** The Committee noted that the Code delegates various aspects for rule-making by the government, especially in relation to defining the entitlements, benefits and contributions under the Code. The Committee suggested that the Ministry review all such instances of delegation in the Code.
- **Aadhaar:** Under the Code, unorganised worker may register by providing their Aadhaar number. The Committee noted that linking of Aadhaar may only be made mandatory if any expenditure is incurred from the Consolidated Fund of India. It noted the Ministry’s assurance that this provision would be re-examined. It also suggested that estimated financial commitments be reflected in the Financial Memorandum of the Code.
- **Employment Exchanges:** One of the laws replaced by the Code governs employment exchanges, where employers are required to report vacancies. The Committee noted that this law is not connected with social security and recommended its removal.

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