

International Comparative Analysis of Case Studies on Pension Reforms to the Informal Workers

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ABSTRACT

Until recently, legislations specifically were enacted depending upon the number and type of employment in which informal workers are engaged, offering only a piece-meal solution to these small segments of workers in each employment. The Pension reforms of the UK in 2008 has brought a tremendous change in the overall thinking about pensions to the casual workers for the first time. The provisions of which introduced a “work-place-pension” policy to the informal work-force. The reform required every employer to contribute to the retirement account of every worker he employs to work in his establishment however, small and limited it may be. This means that every informal worker is assured of a certain contribution from his employer equal to his contribution as per the norms of the scheme. The scheme thus came into effect in the name of the ‘National Employment Savings Trust’ or simply the NEST. Almost, five million informal workers were enrolled in the scheme and many more are being brought into its ambit since its inception. The Indian experience tells us about a similar scheme that was introduced for a span lasting for four years called, ‘Swavalambhan’ - first launched in the State of Karnataka and then brought into effect nation-wide in India. There were some four million subscribers to the scheme and the informal workers participated to a large extent. The scheme offered contributions of equal amounts to that of the informal workers up to a limit of Rupees Twelve Thousand per annum. With the change of political leadership in the nation, the scheme came to a close. A comparative advantage lies with the UK as the NEST scheme is still operational and functioning giving no scope to any interrupting influence, whatsoever. This paper presents the case studies of informal workers and draws analysis comparing recent pension reforms in the United Kingdom of England, India and for that matter other nations too depending upon the data collected. The nations in question evolved new initiatives to include informal workers into the pension equations. The only difference is that the UK has progressed and India on the other hand, has to re-think the pension policy to the informal workers that consists of over seven hundred millions as a whole. The task of enrolling them for job-cards may on the face of it seem quite impossible. However, it will be much easier to achieve if, those who already are in possession of job-cards in a government scheme are considered on a priority basis. The MGNREG Scheme is one such avenue, where there are over five hundred million rural wage-seekers enrolled and seek work under the scheme on demand-basis. There are roughly sixty million active informal workers registered under the scheme who should be considered for a work-place pension of contributory nature apart from considering the workforce in other establishments including government and non-government. The Case Studies in this paper reflect the willingness of these informal workers in India and the Case Study of the UK tells us about the apprehensions for not getting enrolled in the ensuing NEST scheme besides other.

Acronyms

ADB	Asia Development Bank
CCT	Compulsory Cash Transfer
CITU	Center of Indian Trade Unions
CPS	Contributory Pension scheme
DWP	Department of Work and pensions
GDP	Gross Domestic Product
GoUK	Government of the UK
ILO.	International labor Organization
LIC	Life Insurance Policy
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
NEST	National Employment Savings Trust Scheme
NOAPS.	National Old-Age Pension Scheme
OASIS	Old-Age Sustainable System of Income Security
TANF	Temporary Assistance to Native American Families

Introduction

The 15th International Conference of Labor Statisticians (ICLS) in 1993, after reviewing the ILO background report, clarified the concept by specifying what is considered to be the principal and distinctive features of Informal Sector Enterprises. According to them, an Enterprise is classified as informal (or unorganized) if it meets any or all of the three criteria: employs less than 10 persons; not registered; and not maintaining complete accounts and includes, micro-business, petty producers, and small capitalist producers having unprotected wage work and unprotected economic development in Informal sector.¹

Some authors tried to classify the terms informal sector, informal workers and informal labor more or less the same way; they tried to legally conceptualize it for lacking regular or written contracts.² However, all the three terms fall under one category of Informal Sector or Unorganized Labor as is understood in Indian terminology whether working as informal or casual workers or working as self-employed workers or informal part-time employees in an organized and/or unorganized sector.

This concept was first introduced in the United Kingdom in the form of a Pension Reform Bill in 2014 defining collective benefits in order to enable shared risks schemes. Earlier, the GoUK had published a Consultation Paper, that enabled risk-sharing among the members of the private pension arrangements.³

The overall benefit of bringing such a scheme would be that the risk is shared among the members, employers and the pension-providers. This type of pension model would increase certainty, stability and longevity in the invested amounts. This concept is different from both the Defined Benefit and Defined Contribution pension schemes as, in the former the risk lies with the sponsoring employer and in the latter it falls on the individual member. The Defined Collective Ambition Scheme provides an alternative in which the risk is shared by a third party who invests the amount into the capital market for higher returns.⁴

The nature of analysis of the case studies is qualitative that offers rare insights, observations and inferences which cannot be obtained through other research methods.

¹ Kishore Chandra Samal, *Informal Sector: Concept, Dynamics, Linkages & Migration*, Concept Publishing Co.: New-Delhi, 2008, p.176.

² PI See Rohini Hensman, *Workers, Union and Global Capitalism Lessons from India*, Columbia University Press, New York, 2011: Ch.6

³ PI see 'Reshaping Work-Place Pensions for Future Generations, the Consultation Paper, GoUK, November, 2013. The proposals contained therein formed the basis of Part 1 and the collective benefits were set out in Part 3 with the proposals to bring in changes to the pension schemes laid in Part 2 of the proposed UK pension bill of 2014.

⁴ Ibid., p.5

Pension reforms in the United Kingdom

Case Study 1 The Problem of Research Ethics

The Author of this paper was given a position in 2015, as a ‘Recognized Student’ at the Oxford University, UK where the prior approval from the Research Ethics Approval was essential to carry out interviews in the relevant field of study. An eminent Professor was assigned as an Academic Supervisor at the University of Oxford. He was approached for insights on matters relating to NEST in UK through e-mails, since initial interaction was important before seriously taking up the study. He opined that the chance of getting the approval of the Research and Ethics Committee for conducting interviews from the University was very slim. The reasons he cited were that the interviewing questionnaire will invariably involve the socially-disadvantaged persons including old people and therefore, there would be a possibility of raising some issues in the society which is not acceptable under any ethical norms.

It should be recollected that the ADB Research Team of the UK recommended in its 1994 report a Contributory Pension Scheme to the formal workers in India.⁵

This could not have happened without interacting with the old people right here, in India. So, one cannot achieve anything without taking a positive step ahead. Simply fearing that such a research would rake up ethical issues in the society will not help much. If the intention is legal and for the benefit of the people for which it is to be done then, proper steps must be taken to achieve it. The eminent Professor at Oxford, UK taught me exactly, how to carry out research in a responsible manner on human subjects, particularly vulnerable.

He therefore, arranged for sending me the ethics formats to be filled for the committee’s approval. The norms clearly requires, as he opined that the researcher should be qualified to conduct such interviews. Qualified in the sense that she should have acquired the certification of conducting a responsible research on human subjects. Meanwhile, following his advice, I cleared the prescribed qualification from Miami University, Florida, USA and I was offered a research position at the University of Oxford, UK.

The most notable observation of the Professor was that since the inception of the NEST in the UK; every worker who is employed on a casual basis needs to compulsorily get enrolled into the scheme. And

⁵ And, they did visualize the possibility of introducing such a scheme for the informal workers too, in a near future. This was when, the Government of England at that time was also preparing to introduce a similar Contributory Pension Scheme to the informal workers back at home. By 2008, the work-place pension reform was brought into place and a new era of pensions to the informal workers also commenced.

there are millions of informal workers of all ethnic origins some probably from my ethnic region too, who are working in the informal sector yet requiring enrolment under the scheme. This implies that,

“it is treated as illegal for citizens to work informally without an enrollment into the NEST of the UK. And the law of the land requires informal workers from other nations to obtain a work-permit before joining any of the casual or regular employments; these are the ‘persons’ he said, who are hard to contact and the researcher might face some issues in getting information from them”.

He opined indirectly that it is not safe either to contact them for collecting the data for the purposes of research as they might react adversely and the problem of ethics may arise. He was pointing towards those non-residents who are working in the United Kingdom without a work-permit and get paid. This is against the Rule of Law and he tried to advise me in a subtle way though, to drop the idea of conducting the interview part of the research in the UK. He asked me,

“ Whether it was possible for me to carry my research in the UK without conducting any such interviews and the intended half-day workshop with the informal workers?”

I mailed the interview questionnaire which was used by the ADB team in India as a standard format for my research.

He excused himself stating that,

“he was too busy and his field of research is Asian Studies and further, he is giving more attention to my topic than to his other students which is not acceptable”.

He further cautioned me stating that,

“If you want to carry out research by contacting illegal persons (meaning the persons who work without a work-permit in the UK and the ones not yet enrolled in the NEST scheme); you will also become an illegal person, is it not?”

It is a serious issue of research ethics he opined. I said,

“I will be interviewing only the persons who belong to the region of my ethnic origin working with a work-permit, and those enrolled in the NEST of the UK. I will only try to help and my intention will never be to hurt anyone.”

The risk of running into these persons inadvertently was big, he opined and for an international student, it is not advisable to take up a project of the sort that needs more time and resources. There was another

Implication to it, the problem of sorting out such people for interviewing. The Government of the UK is in fact, taking some stringent measures in this direction quite recently.

The process of inclusion and exclusion of the participants what is termed as the recruitment in official parlance, is a big ethical question and he opined that ,

“to interview hundred participants in two months is a very less time for any researcher”.

The selection of the right persons for the interviewing questionnaire requires careful scrutiny and there was every chance of selecting the wrong persons. The time was also not sufficient for taking up such an exercise in England.

So, I remained content interviewing the informal labor in India, as I was free to interview any number of participants with the approval of the Research Ethics Committee from NALSAR, Hyderabad. There are no such restrictions on Indian citizens as there are no work-place pensions available to the informal workers in India. Until such a Law is introduced, the citizens may engage casually in any vocation without making or expecting any contribution in return from anyone. In other words, there is no provision in the existing law that could have taken all the informal workers into its ambit for securing contributory pensions and also no choice to legally opt-out of it in India. The choice of opting out is also available under the NEST scheme ⁶ of the UK. Workers in England say, “We’re in to workplace pensions”⁷. The research by contemporary writers show that by 2018, it is expected that between 6 and 9 million people will be saving more into a pension or join a scheme for the first time.

Minister for Pensions Steve Webb said:

⁶ Research shows that 90% of people who have been placed into a workplace pension by their employer are staying in. Department for Work and Pensions (DWP) research published today (8 August 2013) gives the first official indication of how well the governments landmark automatic enrolment scheme, to get people saving for their retirement, is being received. The qualitative research of the 50 biggest employers shows that on average just 9% of people have opted out. Previously, DWP research with workers across all business sizes found that 30% were likely to opt out. The findings also suggest that young people are leading the way in the savings revolution, with more under 30s staying in a pension scheme than other age groups. The duty of enrolling workers into a pension scheme started with the largest employers in October last year and will extend to the smallest firms by 2018. Automatic enrolment was introduced to address chronic under-saving with millions not putting aside enough for retirement, and only 1 in 3 private sector employees paying into a workplace pension. This news comes on the back of figures published last month by The Pensions Regulator that showed over 1 million workers have been enrolled into a pension.

⁷ Department for Work and Pensions, published 8 August 2013, part of: Helping people save more for their retirement through workplace pensions and Pensions and ageing society. information please see the study Automatic enrolment opt out rates: findings from research with large employers was based on a survey of 50 employers (from both the public and private sector). Of these, 42 provided opt out data representing around 1.9 million workers of which 24% (460,000) were automatically enrolled. Over 61% were already members of a pension scheme before automatic enrolment. 15% included those not eligible for automatic enrolment, were on the payroll but not currently working, and others who could not be categorized. There is more information in earlier research published in 2012 Attitudes to Pensions: The 2012 survey (RR813). Media enquiries for this press release 0203 267 5108 dated 8 August 2013, Department for Work and Pensions: Helping people save more for their retirement through workplace pensions.

“Seeing our largest employers report such low opt-out rates bids well for this ambitious programme, which will see millions more putting money aside for the future. Too few people have been saving for retirement. It is all too often something to be put off, something for tomorrow. These figures show that people really value the chance to save into a workplace pension as they know they will also get money from their employer and the taxman too. The sooner people start a pension the better, and this report shows that young people are keen to take charge and plan for their future. Across all the employers in the study the opt out rate was 9% with most individual employers reporting rates of between 5% and 15%. This backs up anecdotal information released by high-profile employers, including McDonalds, John Lewis and Asda. Overall participation in workplace pensions has increased among the employers surveyed from 61% to 83%. As expected opt out rates were higher, at 16%, where staff had already opted out of a workplace pension. In a typical example the opt out was highest for those nearing retirement in the 50 plus age group at 15% and lowest in the under 30s age group at 8%.

A NEST like the United Kingdom to include all the informal workers in different employments can be introduced in India and the MGNREGS and similar schemes where there is enrolled work force available, can be the primitive basis of a contributory pension scheme. In a case like this, therefore, the need to focus on the pension reforms is major.

Case Studies in India

Case Study 2 Small Self-Employee

The description is about a small experimentation exercise (2008-13) that was carried out quite inadvertently by me, a self-styled social worker in a sub-urban locality of Visakhapatnam District of Andhra Pradesh. This arrangement reminds us about the Chilean Solidario Model. It was a kind of voluntary gesture of charity which turned out to be none other than the Chilean model. The social worker was all the while quite unaware of the existence of such a model in the world, until recently when she took up a serious research in that field.

The saga began when she had met with the immigrant family members of XYZ aged 34 years from the northern part of India, who were prepared to settle with their meager earnings in Andhra Pradesh, India. The social worker was newly appointed as the Development Officer in a remotest area of Andhra Pradesh. Quite attracted to the children she started helping them towards their school education initially and gradually observing their felt-needs started donating sums to meet their daily needs. The funds donated to the family in the span of 5 years turned out to be Three Hundred Thousand Rupees, that covered monthly expenses,

education for the two children, pregnancy and delivery of the third child, the travel expenses to meet their relatives in North India and more importantly for some entertainment. That is to say that the total amount not only guaranteed but far exceeded the living wages for a needy family.

All the while, the social worker was keenly observing their progress by monitoring the education of their two children, the health and growth of the mother and post-natal child, and the progress of the self-employed businessman (his tailoring business). The parents provided for their food and expenses themselves through their tailoring business.

These five years of financial help uplifted the family to a better status of living, however the guarantee of old-age income security to the family could not be provided to them by the social worker. Incidentally, she got transferred to a better place of work in a plain area of Srikakulam District and a close monitoring of the affairs of the family became impossible for her except for some long chats over the phone which made no sense. Once again, they were given an offer of residence by her at Srikakulam, near the place of her work; however, it was declined by them as it would affect their business and they have to start all over again if, they move to a new place of residence.

The financial help was stopped to that family by the social worker after the end of the fifth year (Again, I must say that it all ended that way quite inadvertently) because the head of the family said that it was okay for him and he can pull on the family burden as his wife is now able to help him out with the business of tailoring. The children are studying in the same school of repute as earlier. However, they are not able to get the fees paid by their parents in time and some of the text books need to be bought. These are but common things that can be taken care of, anyway. It is almost 3 years that the voluntary assistance has been withdrawn by the social worker.

The above narration tells us about the importance of CCTs and the Provision of TANF (American Model) to these families. Much of the development can take place if such families are provided with compulsory cash transfers along with providing support to strengthen the livelihoods.

The **Chilean model** selects the families for a period of 5 years as is found in the instant case. The family inspector closely monitors the progress of the family and allocates the funds from the government resources. In the instant case, the social worker is the monitoring and paying person from her own personal savings. The question is whether the assistance should be extended further or is it a viable option to leave that family after extending a continuous assistance of 5 years. The family was not provided with any provision for enhancing their skills or for that matter to save for the retirement years. Neither the government has

provided any contributory pension scheme (old-age income security) to them (self-employed business people) nor could the social worker guarantee them with one.

This is the scenario of millions of people who are self-employed in the informal sector today in India, who do not come under any comprehensive pension scheme. The charitable trusts, the social workers and other religious denominations although provide help to a handful number of people but in my opinion, it should be provided to all the needy families by the government. And this is probably one of the noble aspirations of the TANF scheme of the USA and that of NEST of the United Kingdom of England.

Case Study 3 Casual Worker

This case relates to a casual worker, WXY of 33 years of age of Nadukuru village, Srikakulam District who is known to be serving at one of the landlords of the area for the past 12 years. He stays at a roofed-house with his old mother and the house does not belong to them which is in the name of his uncle. He is a casual worker who works for the landlord as a tractor-driver or sometimes as a driver of his employer's vehicle. He is provided with a salary which has been recently increased to a Rupees four thousand only per month and he is required to maintain the vehicle in good condition. When the vehicle is not in use, he gets only Rupees fifteen hundred per month unlike when it is engaged for the entire month. He has a MGNREGS job card and his wife also works as a casual laborer in a mill or at other place to fend for the living. He is illiterate and the only skill he possesses is the driving skill and his wife is equally illiterate and falls under unskilled labor. But for the assistance of the Landlords the family would have been thrown to peril. The landlords of yester-years have become employed personnel of today and they do not seem to possess the same kind of richness and glory as was seen in the past. As a result, they are not themselves in a position to help many and the so called "elites" in the present set-up are not benevolent enough or unable to understand their new responsibilities to come forward to help the needy ones. Somehow, the informal labor are unable to change their loyalties and do not like to find assistance from the "new elites" and their predecessors are not in a position to save many of them, financially speaking; except for whatever could be extended in the name of charity that too, from their savings only. Thus the informal workers look towards the State for some kind of "safety - net" from the government.

Here again, the teeming millions of the unorganized labor needs exactly some kind of social security measures to look for their future needs. The "Pension to all" should be the motto for a country like India. If, we can change the social set-up by abolishing the landlordism and feudalism; by the same token, we must accept some of the positive aspects of erstwhile social set-up, wherein many informal laborers were given shelter and assistance by some benevolent landlords. With the abolishment of landlordism and fragmentation

of lands; the new elites are unable to extend any kind of assistance to the unorganized labor probably, due to a newly mistaken responsibility thrust upon them.

Under the circumstances, there is no other option left to them than to look for some kind of employment-generating government-assisted schemes in the rural areas. MGNREGS assures minimum wages to the households however, the future of these informal labor remains a question mark without enrolling them into a comprehensive pension scheme. All social security measures to the unorganized labor must culminate into a pension to all scheme.

In the instant case, the casual laborer is being paid wages by his employer, if there were a scheme in India in the lines of the United Kingdom's NEST, then the employer could have enrolled him for a contributory pension scheme securing his old-age years and at the same time, the employer could have obtained income tax redemption for providing employment to a person.

Case study 4 Landless Laborer

This case is about a fisherman's family of five members living in Veeraghattam Gram Panchayat of Veeraghattam Mandal of Srikakulam District, A.P. The father and son are the bread-winners of the family and they are the wage-seekers under MGNREGS too. VWX was 25 years old who was spotted at the Veeraghattam vattigedda (small river tributary) preparing to catch some fish for the day. He is a resident of Palametta village and daily he comes to the river bed to catch some fish for the living. According to him,

“he earns a daily catch of worth Rupees hundred only per day depending upon the season and climatic conditions. During the summer season, usually the water in the river is not very visible therefore; he goes to find for some work elsewhere. As he is a wage-seeker under MGNREGS, therefore either he or his father goes to work under the work scheme.”

He was lamenting that,

“under the scheme they do not get more than Rupees forty per day as the work is normally distributed among the group members and that the members do not work uniformly”.

He says,

“I can work better if left alone than when the muster is prepared group-wise for payments”.

He further adds that

“the group members join the work at their will and therefore the work load usually falls on the hard-working members of the group only”.

However, he said that the scheme was providing employment to the unorganized labor in the time of their need. When asked about his savings and his future plan about pensions in his old-age years; he said,

“ he has not thought about it and that there was no scheme known to him which would provide such benefit to him or to his family. He was ready to pay some contribution amount (Rupee one per day or more) for his future retirement plan provided that the same amount is added to his account by the government”.

He was pleased to know that the government is already running such a scheme to the organized labor and is thinking to introduce shortly such a scheme to them also.

Case Study 5 Part-Time Worker

The interview was conducted with a carpenter who is a part-time worker at that shop. He was found with his relatives and small kids playing with the carpentry tools at the time of our visit. His name was UVW aged 25 years, a resident of Veeraghattam G.P. Even though he is a skilled labor his earning per month is very meager as most of the time there is not much work available. He seems to be quite prudent in the sense that he is saving some amount in LIC, India. He does not know any scheme that could cater for his old-age years in the form of pension; except for the NOAPS. He says,

“That amount of Rs.200 per month is not sufficient for any old person to fend for the living.

He was willing to pay some contributory amount towards a scheme with an equal contribution from the government to his account. He said the government must introduce one such scheme where the unorganized labor could participate for their future benefits. When asked how about a contributory pension scheme to the unorganized labor. He readily welcomed it and said that it should definitely help the poor people. He said,

“Everyone will be willing to open one such account to participate in the scheme.

Case Study 6 Daily Wage Worker

This is a story of a Beedi-worker (local cigar rolling Workers) , TUV aged 55 years old. He earns Rupees one hundred and fifty per day as his daily wage. As per the beedi-workers act they are provided with a 20 days of casual leave. He says that he is not aware of any government scheme other than the NOAPS for the old-age.

He was informed by us that the beedi-workers are provided with the benefits like enrolling into the Housing Scheme; however, he is not aware of it and not inclined to waste his time running from pillar-to -post for

getting the name registered under the scheme. He says he has to work in the beedi-rolling shop from 8:00 A.M to 5:00 P.M.

From his account, it appears as if he is not saving much for his future pension. When asked if he was willing to contribute a certain amount to his future pension, he said that he was more than willing to do so and quite happy that the University is thinking in those lines and some research is going on to think for a good cause. He said,

“If we can get help that way, why we will not participate in it, amma?”

He said he will definitely contribute towards it. He said,

“he is already paying for his LIC account and is more than willing to join in the CPS if introduced by the government or at least his son can start making contributions towards it. He said as of now, there is no such scheme available for them in India.

There was another co-worker, STU aged 65 years working in the same shop and who is availing Rupees two hundred per month under IGNOAPS. He said,

“he was working in the same shop of beedi-rolling since the past one year and due to family burdens and financial distress he is still working at an age of 65 years.”

Case Study 7 Self- Business

RST aged 27 years old is a Kalasi (Coolie) in his prime youth working in the busy market place with a daily earning of Rs.300 per day. He has been working like this for the past 10 years. He says during the lean period he may not even get much money. His brothers family is an agricultural family involved in the farming and agricultural business, they are also not wealthy, he says,

“I do not know anything about the agricultural business, therefore I do not work with them. I try to earn myself independently to fend for my family.

He was asked about his savings for his future years. He says,

“He does not get any pension and is not paying for any LIC policy either. He has not thought about it.

When appraised about his young age and the possibility to save some amount in some government scheme for his old-age pension amount, he was found to be receptive to our information and said,

“He is ready to pay Rupees five per day with a guaranteed return of Rupees ten per day with the government paying as much into his account.

We said the University is currently doing research in this area and is trying to find out the willingness and readiness of the unorganized labor to participate in a CPS. He said,

“it would be helpful to the poor people like him”.

His brother was a coconut vendor at the Bus-Stand named QRS aged 24 years old; his daily earning is around Rupees two hundred per day. They do not know anything about pensions but for IGNOAPS.

Case Study 8 Small Farmer

A small farmer, QRS of one Acre of landholding was found to be working as an agricultural laborer at Nadukuru Village of Veeraghattam Mandal, Srikakulam District. His entire family is involved in agriculture and the annual income was found to be Rupees seventy thousand only. He says,

“ There is not much left for savings as in the field of agriculture and farming, there is a lot of investment to make and the returns are often quite uncertain”.

The agriculture is carried out with some bore wells. Much of his crop is rain-fed; therefore, uncertainty prevails as is true anywhere in the world regarding rain-fed agriculture. He has not saved anything for his future as of now; however, he said he would welcome any such scheme by the government which would help the farmers during their old-age in addition to the NOAPS. Further, he said he is willing to contribute towards his pension the way the Abhayastam scheme is being run for the woman-folk by the Government. We said the University is conceptualizing a CPS to the Unorganized Labor, his colleague said,

“Who will think about such a scheme for we poor people, amma, such schemes are meant for the rich people and the ones who move around the politicians for some gains. The scheme if introduced will bring a good benefit to the workers and why we will not participate in such a scheme? We can save for our future if properly assisted by the government.”

He added,

“Even in the MGNREGS we are not properly given work by the field assistant; we work only for a period of one month and what about the rest of the year. Somebody has to think seriously in these lines.

Case Study 9 Landless Agricultural Laborer

PQR aged 45 years is a landless agricultural laborer who works mostly as a part-time worker in others field. He says,

“there is dearth of jobs here and most of the year the poor people look for some work. He said he will accept the CPS for unorganized labor and will contribute when they get work and that the CPS will definitely help the poor people in their old-age”.

He said jovially that,

“ he can pay Rupees thirty per month to his retirement account if he can expect the same amount from the government side. He said he has a family of 6 members with the eldest son being a disabled one and two of his daughters had been married off and he is living with his 2 sons and wife. MGNREGS job card is there with him that guarantees 100 days of casual work to his household”.

Case Study 10 Temporary worker

At the hub of Veeraghattam mandal, one finds a Visakha Dairy Sub-Center located at Nadukuru village. The Sub-Center Dairy collects milk from the surrounding villagers and farmers and the truck carries the collected milk to Vizag for Packaging. The owner of the Sub-Center has engaged a female person, in the instant case, OPQ aged 41 years, a resident of Narsipuram Gram Panchayat. She collects the milk of around 25 liters daily in the morning and 16 liters in the evening and the milk is then transported to the sub-center. For doing so, she is paid Rupees seven hundred monthly remuneration. She says,

“ the government must introduce a CPS to the casual worker like her and that she can make contributions according to the availability of funds every month. At times, when the inflow of money is more, the scheme should allow making more contribution and when there is a lean season, she should be allowed to make at least, Rupee one payment to continue the membership”.

Incidentally, she is a member of the Abhayastam scheme of the A.P government and that she is making a premium payment of Rupees four hundred and seventy per year (that comes to around Rupees forty per Month and roughly above Re.1 per day and says that most of the time, the SHG leaders do not let them know about the possible returns through the Scheme. It is very confusing for rural women and therefore, they do not ask any questions, except for the amount they need to pay. She is quite uncertain about Abhayastam scheme also, and showed some dissatisfaction as to the manner in which it is executed by the Department.”

Case Study 11 Landless Contract Labor (construction worker)

NOP is a contract labor who works at the instinct of his contractor who engages him in the construction works. These laborers are covered by the State CITU and the Union enjoys certain rights under the Construction Workers Act which not only safeguards them with minimum wages but also with other services for which a CITU registration is required. The contractor opined that the construction workers get many assurances by the CITU however, so far they are not provided with any pension scheme unlike in other states; all they have is some insurance policy. According to the contractor, who is also a political worker,

“The CITU, it seems is quite apprehensive about the government’s decision to invest the labor funds into the share market. And nobody is therefore willing to invest their savings for old-age pension as they believe that the amount will be transferred to some share markets, therefore they will lose all of it. The CITU leadership is therefore, not requesting its members to participate in the pension scheme either, and also due to lack of mobilization at the government level the pension contributions are not made fully operational. Not many of the CITU members are coming forward to save for their future pensions. He said, the government has introduced a pension scheme in A.P for the construction workers at an age of 50 and above; it would be a better option if, it is introduced at an early age”.

Neither the contractor nor his workers know anything about the contributory pension scheme enacted for the organized labor in 1996 namely, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service), 1996; and the Building and other Construction Workers Cess Act, 1996. These Acts are applicable to every establishment that employs more than ten workers in any building or construction work, wherein the project is worth nearly Rupees one million. Moreover, even the Nationalized Banks invest the monies of their customers. It is so common in business; however, the union leaders who are not educated in these matters are not inclined to support for such causes due to lack of general awareness.

At this juncture, they were advised to save money in a Bank or rather buy some gold which should be a good investment for their future. He accepted the suggestion and said,

“He will try to save some money for their future”.

He opined that many construction workers are actually looking for a pension scheme which would take care of their retirement years. If properly implemented that could bring enough development in the field. When the logistics were explained to them in the lines of United Kingdoms NEST model. The interviewee said in that case,

“ he was willing to make a contribution of about Rupees five thousand per year if CPS is made available to him”.

What is evident here is the uncertainty in making future investments, at one stage they say they might lose all the money if invested with the CITU scheme and therefore, are not willing to contribute towards it at all. On the other hand, they are giving their full consent to participate in a proposed CPS.

Case Study 12 of the Legal Brethren at Muffasil Court of Rajam

I had an opportunity to interact with the legal brethren at the Mufassil Court of Rajam, Srikakulam District of Andhra Pradesh, India. The insights relating to young budding advocates, the most senior advocates and those working on casual basis with them in the courts of law was obtained. One gentleman in his mid-70s even promised me to give me an account in his words relating to the problems faced by them relating to the issue of old-age income security. He said,

“They had in fact, made a representation in this regard to the Andhra Pradesh Bar Association earlier and are actually waiting for some kind of action upon it”.

He said,

“Some people (Advocates) are dying in penury for lack of financial assistance in the old-age. I cannot tell you all that as you are too young to understand these things. But since you are working on the topic, so let me tell you the fact, there are some advocates who are not eligible to join the Death Benefit Welfare Fund Scheme at an age of 37 years and above. Who will look after them at that age as the earnings you know in legal profession is not sufficient to meet those contingencies? The young budding advocates are in a more pitiful state as they are too naïve to earn enough through the profession and the law requires every advocate to devote their full time to the profession unlike in the medical profession where they can work with the Government hospitals and at the same time run their private clinics. The Government of Maharashtra in fact, allows part-time jobs apart from earning through legal profession. A young apprentice hardly earns Rupees Three thousand per month (roughly Sterling Pounds Thirty) which is not sufficient enough when we look at the rise in the prices in the markets”.

He did mention about the Death Benefit Fund scheme (DBF) for the persons of legal profession however was very critical as to the manner in which the claims are paid. He said,

“a person who becomes a member of the DBF scheme pays Rupees twenty two hundred per annum premium and on his death an amount of Rupees Three Lakhs may be claimed by his legal heirs. It is

an insurance policy and he keeps paying with no rights to claim any amount from it even in the times of need. The curious point to note is that in order to claim that amount the member has to sever his profession and can claim an amount which comes to around half of the investment made. In other words, after filing a claim for that fund, he is not permitted to file a Wakalatnama thereafter. If he claims the amount then, there ends his legal profession.”

He observes,

The scheme is there but of no avail to the person who is actually making payments throughout his life. As the name of the scheme suggests, it is only a death-benefit fund scheme (DBF)- a kind of limited value insurance policy.

He wondered, if there is any such scheme as contributory pension scheme to the informal legal workers, viz., the part-time, casual and hourly-paid employees working in the legal profession. He was the senior advocate in his profession, so I requested for his expert opinion on the matter of providing old-age income security to the advocates and legal professionals in general.

He said there is an urgency to evolve a contributory pension scheme to the legal brethren who work in the casual employment of the Courts of Law and related Offices.

He said,

“the DBF should be modified into a contributory pension scheme to provide pensions to the investor after the completion of 30 years from the date of his membership into the scheme. If any untoward incident happens to him then only it should automatically pass on to the nominees. The existing scheme appears to me as if the investor is slogging his entire life to make an investment for the betterment of others rather than firstly to himself. He said although the claimants may be his kith and kin but why the privilege of availing the fruits of the scheme is denied to him”.

Therefore, he said,

“ at least half of investment should be allowed to be withdrawn by him in his life-time. Only in such a case, all the workers whether part-time or the full-time will come forward to invest in a such a good scheme rather than giving away his fruits to others to be enjoyed by others after his death. I have seen, in most of the cases, those monies are being enjoyed in most of the cases by the people who vie for it”.

The elderly gentleman was not wrong in his assessment about the legal lacuna that needs to be addressed to bring a comprehensive old-age income security system to all the informal workers in legal profession. A

system that should turn this bane into a boon for all of us. In addition, the senior advocate suggested some measures to clean-up the legal system as a whole:

- He said the intervening politicians and touts are making much trouble and something has to be done in this regard and as a result of which honest and hard-working advocates are unable to earn as much as others.
- Social Security Allowance should be there to all the unorganized as well as organized labor working in the legal profession;
- In Muffasil Courts especially, the police intervention to close FIRs is to be prevented as many cases get lodged but they cannot proceed further as they are closed before even the summons is sent to them. As a result, the advocates find it a nuisance rather than a justice done to his clients.

Comparative Analysis of Pension Reforms

All the case studies re-iterate only one requirement and that is, the introduction of a contributory pension scheme to the informal workers in India. The informal workers in this sense, include all the persons working in employments of organized or unorganized sector, whether part-time or full-time, casual or hourly based, contract based or intermittently and the self-employed.

- India has yet, to re-orient its pension policy to include informal workers into the pension equations. The United Kingdom of England has introduced a work-place pension to the informal workers in a phased manner since its inception in 2013. The scheme is called the NEST akin to TANF of the USA.
- Compared to the vast number of informal workers in India (in hundreds of millions), the UK has relatively fairer advantage over India on the measurement scale of development due to its small size of population that account for work-place pensions .
- Although a late-comer in the existing development policies, India has a proven record of implementing a similar pension scheme in the past, which covered almost four million informal workers in four years as subscribers of Swavalambhan scheme in the past. The UK on the other hand blissfully, is forging ahead with its work-place pension policy to all and the figure is reaching out to be five million in its third phase of implementation.
- The job-cards have been issued recently to guarantee casual work to the rural informal workers and previous studies in India, tell us that the overall enrolment in the MGNREGS alone is five hundred

million (approx.). However, no guarantee of pensions is given to them so far, apart from some old-age pension of frugal amounts to only ten percent of that population.

In this regard, India has much to learn from the pension reforms of the NEST of the UK to benefit the informal workers in all sectors of employment, viz., government organizations including Courts of Law, Health and the like, Industrial, businesses, and private enterprises etc.

- The work and pensions are treated as two separate schemes instead of pensions working into the employment provided to the informal workers through the government schemes.

In the United Kingdom of England, the work and pensions are but one scheme, implemented under the aegis of the NEST, by the Department of Work and pensions.

- As mentioned earlier, the job-card holders of various development schemes sponsored by the government should form the criteria for selecting the beneficiaries under the pension scheme. It is clearly evident from the case studies that all the informal workers in India, whether working as self-employed, on part-time contracts, engaged in the construction works or working as advocates, para-legals etc., to name a few, stated that the Contributory Pension Scheme is the most needed scheme, they are ready to make their part of contributions to it and they are willing to participate in an old-age income system of sustainable income security which may be named as ‘OASIS’.

The UK is presently in the third phase of the compulsory automatic enrolment of informal workforce engaged in the small companies.

- The case studies in India, present the insights and an urgency to evolve a contributory pension scheme, an OASIS for the informal workers. Till then, they must remain content with the earnings of their productive years.

The case study of the United Kingdom tells us about the dire legal implications of working as an informal worker without registering into the NEST. The problem of ethnicity and roping in the informal workers and their employers into the NEST seems to be the prioritized focus of the Department of Works and Pensions recently, in the UK. Secondly, those who are getting paid without a proper work-permit are not only being brought to terms, but at the same time, the new pension reform brings with it some far reaching international implications.

Conclusion

There is an urgency to evolve a viable model of pensions (OASIS) to the informal workers in all sectors of employment in India. The comparative case studies presented in this paper, point to this fact that hundreds of millions of informal workers in India will not be in a position to vouchsafe their future unless, they are included in a workplace pension scheme similar to the NEST model of the UK. Having regard to the sixty percent of the national GDP coming from the informal sector alone in India, what is offered in the form of development schemes is relatively less.

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