

Growth-Mediated and Support-Led Social Security in Unorganized Sector in India

S. Mahendra Dev

1. Introduction

It is by now well known that the term social security in the developing countries is used in a much broader sense than that used in the developed countries¹. Depending on country's economic development, different packages of social security measures were advocated. Dreze and Sen (1989) distinguish two contrasting approaches for raising the living standards. One approach is to promote economic growth in order to improve private and public incomes. This is termed as 'growth mediated security'. Another alternative is 'support-led security'. In this approach, wide ranging public support is given in areas such as 'employment provision, income redistribution, health care, education and social assistance in order to improve distribution without waiting for a transformation in the level of general affluence (p.183, Dreze and Sen, 1989). It is also recognised that Government alone can not provide social and economic security to the poor. There is a need for public and private partnership in order to effectively implement growth-mediated and support-led security measures. Private actors here include private business firms, NGOs, community based organisations (CBOs) etc.

More than 90 per cent of Indian workers belong to unorganised sector. India relied on both growth promoting and support-led policies to help the unorganised workers. Regarding support-led policies, the country relied more on promotional measures (self-employment and wage employment programmes, general health and education etc.). The neglect of conventional social security benefits for the poor workers is based on the assumption that in a country like India, the poor workers are so numerous and the problem of absolute poverty is so massive that comprehensive social security would be fiscally impossible. Given endemic unemployment and underemployment, a programme of unemployment benefits would attract a large fraction of the unorganized labour force and hence would be extremely costly. The focus and the bulk of spending in India, therefore, have been on "promotional" forms of direct anti-poverty programmes as opposed to "protective" interventions².

In recent years, the importance of protective type programmes (old age pensions, maternity leave etc.) for unorganized sector is being emphasized (see Guhan, 1994). It looks like that most of the new employment in future may take place in the unorganised sectors characterized by poor conditions of work, low earnings and lack of any social security. It would be an important concern of the public policy to see that a certain minimum measure of social security in the unorganized sector is ensured. Some of the targeted anti-poverty programmes have not been able to help the poor because of the problems of centralized approach and delivery systems. The protective type programmes such as old age pensions, widow pensions, survivor benefits etc., provide a certain degree of financial support to poor or destitute persons facing specified adverse contingencies. Another potential advantage of protective schemes is simplicity and relatively low administrative costs if appropriately designed.

The most recent justification is the initiation of economic reforms in 1991. This led people to argue that there is a need for increase in social security programmes in order to face the negative consequences of reforms. It may be noted, however, that the problem of social insecurity had been severe even before the economic reforms were introduced. Many of the social security programmes are important whether we have economic reforms or not. It is true that reforms may create some new problems relating to social security and may necessitate some modifications in the

1 See Ahmed et al (1991), Guhan (1994), Prabhu (1996, 2001), Sankaran (1996), Mahendra Dev (1994, 1995, 1996), Ginneken (1998)

2 Dreze and Sen (1989) distinguish between two different aspects of social security, viz., protection and promotion. "The former is concerned with the task of preventing a decline in living standards as might occur, in say, an economic recession, or most drastically in a famine. The latter refers to the enhancement of general living standards and to the expansion of basic capabilities of the population and will primarily have to be seen as a long term challenge" (Dreze and Sen, 1989, p.16).

existing programmes and introduction of new programmes.

The main objective of the present paper is to provide an overview of the growth-mediated and support-led social security arrangements for the unorganised sector in India. In an earlier paper, we have divided social security into five components viz., food, employment, health, education and women (Mahendra Dev, 1996). In this paper, On support-led programmes, we concentrate on preventive and protective schemes for the unorganised sector. More specifically, it tries to examine the following questions. What are the issues on social security for unorganised sector? (Section 2); how growth-promoting policies help the unorganised workers? (section 3); what are the support-led social security programmes for the unorganised sector at the level of states and all India? (Section 4); what lessons one can learn from Kerala and Tamil Nadu schemes? (Section 5); How to strengthen the effectiveness of the programmes? (Section 6).

2. SOME ISSUES UNDER UNORGANISED SECTOR

Who are the Unorganized workers? The vast majority of the workforce including agricultural labour, construction labour and labour in traditional leather tanning, handloom, fishing, forestry, salt making, household industry etc., as also village artisans, coming under the generic categories of unorganised sector are wholly out of any reckoning in the various statutory laws in the country. These workers are unprotected by legislation and most of them tend to be poor. The questionnaire circulated by the National Commission on Rural Labour spells out the following as the generally recognised categories of unorganized rural labour³:

(a) agricultural labour; (b) persons engaged in animal husbandry including sheep and goat rearing; (c) persons engaged in cottage and village industries including sericulture; (d) weavers and workers engaged in carpet manufacture; (e) rural artisans such as blacksmiths, carpenters, potters and basket makers; (f) fishermen; (g) workers engaged in collection of raw hides and skin, tanning and leather work; (h) persons engaged in the production and collection of minor forest produce such as tendu leaves, gums, resins, essentials, oils and sal seeds; (i) beedi workers; (j) workers engaged in brick making; (k) workers engaged in stone quarries, fire clay and lime; (l) building and construction workers; (m) contract and migrant labour; (n) workers engaged in the preparation of forest coops. marketing and felling of timber, preparation of charcoal and loading and unloading of timber in forests; (o) workers engaged in khandasari units, saw mills, oil mills etc; and (p) salt workers.

In addition, we have workers in urban informal sector. Some of their problems are different from that of rural labour. However, many components of the urban informal sector in the Indian context are a phenomenon more of a rural than of a urban origin.

Table 1 gives data on number of workers and the shares of unorganized workers by sectors in all India. Around 93 per cent of the workers were in unorganized sector in the year 1999-2000. It is clear that even in manufacturing sector, more than 80 per cent of the total workers were in the unorganised sector. Similarly, services also had high share of unorganised workers.

TABLE 1 : Organised and Unorganised workers and percentage share of Unorganised workers in the total : 1999-2000

Sector	Organised Workers (millions)	Unorganised workers (millions)	Total workers (millions)	Share of Unorganised sector (per cent)
Ag.allied activities	1.39	236.11	237.61	99.42
Mining quarrying	1.01	1.25	2.26	55.31
Manufacturing incl. Repair services	6.79	37.27	44.02	84.67
Electricity, gas and water	1.00	0.05	1.05	4.76
Construction	1.18	16.41	17.59	93.29

³ This was quoted in Sankaran (1996)

Trade, hotel & restaurants	0.49	40.77	41.26	98.81
Transport, Storage & Communication	3.15	11.59	14.74	78.63
Financial Services	1.65	3.37	5.02	67.13
Community, social & personal services	11.49	21.95	33.44	65.64
All Sectors (Total)	28.11	368.89	397.00	92.92

Source: Computed from GOI (2001)

Table 2 shows that there has been some shift to non-farm sector over time in rural areas. However, agriculture still accounts for 71% for males and 85 per cent for females. Even if take into account urban areas, agriculture still accounts for 60 per cent of the workers in 1999-2000. Thus, importance of agriculture can not be denied in unorganized sector. Of course, the shares of manufacturing and services have increased substantially in the last two decades.

2.1. Some Issues under Employment

The workers in the organized sector who have regular employment and assured source of income need only measures to protect their income when contingencies arise which tend to deprive them of the income or to reduce it. In the case of the workers in the unorganized sector who have no regular

Table 2 Sectoral Distribution of workers at one digit level: Rural India, 1977-78 to 1999-00

Sectors	1977-78	1983	1987-88	1993-94	1999-00
Rural Persons					
Agriculture & Allied	83.4	81.5	78.3	78.4	76.3
Mining & Quarrying	0.4	0.5	0.6	0.6	0.5
Manufacturing	6.2	6.8	7.2	7.0	7.4
Electricity, gas & water	0.1	0.1	0.2	0.2	0.2
Construction	1.3	1.6	3.3	2.4	3.3
Trade, hotels and restaurants	3.3	3.4	4.0	4.3	5.1
Transport, storage, communi.	0.8	1.1	1.3	1.4	2.1
Services	4.5	4.9	5.1	5.7	5.2
All	100.0	100.0	100.0	100.0	100.0
Rural Males					
Agriculture & Allied	80.7	77.8	74.6	74.0	71.4
Mining & Quarrying	0.5	0.6	0.7	0.7	0.6
Manufacturing	6.4	7.0	7.4	7.0	7.3
Electricity, gas & water	0.2	0.2	0.3	0.3	0.2
Construction	1.7	2.2	3.7	3.2	4.5
Trade, hotels and restaurants	4.0	4.4	5.1	5.5	6.8
Transport, storage, communi.	1.2	1.7	2.0	2.2	3.2
Services	5.3	6.1	6.2	7.1	6.1
All	100.0	100.0	100.0	100.0	100.0
Rural Females					
Agriculture & Allied	88.2	87.5	84.7	86.2	85.4
Mining & Quarrying	0.2	0.3	0.4	0.4	0.7
Manufacturing	5.9	6.4	6.9	7.1	7.6
Electricity, gas & water	-	-	-	-	-
Construction	0.6	0.7	2.7	0.8	1.1
Trade, hotels and restaurants	2.0	1.9	2.1	2.1	2.0
Transport, storage, communi.	0.1	0.1	0.1	0.1	0.1
Services	3.0	2.8	3.0	3.4	3.7
All	100.0	100.0	100.0	100.0	100.0

Source: Visaria, 1999 and NSSO, 2000

jobs or assured income their primary need is employment security and improvements in quality of employment. **Low Employment growth inspite of high growth in GDP:** There has been a concern that the acceleration of GDP growth in the post-reform period has not been accompanied by commensurate expansion in employment (GOI, 2001). The growth of employment has dropped from around 2 per cent per annum during 1983 to 1993-94 to less than one per cent per annum during 1993-94 to 199-2000.

Casualisation of Workers: The proportion of casual labourers for males and females in rural areas has increased from 22.0 to 33.8 per cent and 31.4 to 38.7 per cent respectively during 1972-73 to 1993-94. The share of self employed workers declined for both males and females.

Self Employment is still high: In spite of decline in the share of self employed, the proportion is still high around 53 per cent in all India in 1999-2000. It was 58 per cent, 40 per cent, 48 per cent respectively in agriculture, secondary sector and tertiary sector.

The Problem of Working Poor and the quality of employment: In India, unemployment per se is not the main problem. Many people are working in unorganized sector, which is characterized by low earnings, poor working conditions and lack of social security protection. Our estimates given in Table 3 reveal that incidence of poverty is the highest for casual labour in both rural and urban areas. In 1993-94, around 50 per cent of the casual workers were below the poverty line with 49.4 per cent in rural areas and 57 per cent in urban areas. The incidence of poverty declined for all the categories of workers over the last decade (Table 3). However, the rate of decline in poverty ratios was the lowest for casual workers while it was highest for regular workers. From these results, it can be interpreted that casualization may be associated with immiserisation in the sense of low incomes. Also notice that the incidence of poverty for casual labourers and self employed was higher than that for the unemployed.

Table 3 : Incidence of Poverty by for Workers and Unemployed: 1983 To 1993-94 (%)

Worker Types	Rural			Urban		
	1983	1987-88	1993-94	1983	1987-88	1993-94
Self Employed	38.5	32.4	28.3	44.3	41.2	34.0
Regular Employed	32.7	26.5	17.5	26.9	24.5	18.3
Casual Labourers	59.3	52.0	49.4	62.9	63.9	57.0
Total Workers	44.8	38.4	35.2	40.8	38.4	32.0
Unemployed	33.0	38.5	21.1	40.1	36.0	27.1

Source: Estimated by the author based on NSS data.

3. Growth-Mediated Security

As mentioned above, increasing employment opportunities and quality of employment will improve social and economic security for the unorganised workers. "To this extent, employment generation strategy cannot be distinguished from the broader policy thrust for growth and structural changes in the economy as a whole" (GOI, 2001). The Task Force on Employment Opportunities (GOI, 2001) identified the five broad areas of policy which together constitute a strategy for employment generation. These are as follows:

- (a) "Accelerating the rate of growth of GDP, with a particular emphasis on sectors likely to ensure the spread of income to the low income segments of the labour force.
- (b) Pursuing appropriate sectoral policies in individual sectors, which are particularly important for employment generation. These sectoral level policies must be broadly consistent with the overall objective of accelerating GDP growth.
- (c) Implementing focused special programmes for creating additional employment of enhancing income generation from existing activities aimed at helping vulnerable groups that may not be sufficiently benefited by the general growth promoting policies
- (d) Pursuing suitable policies for education and skill development, which would upgrade the quality of the labour force and make it capable of supporting a growth process which generates high quality jobs.
- (e) ensuring that the policy and legal environment governing the labour market encourage labour absorption, especially in the organised sector" (GOI, 2001).

In the above list, a, b and d relate to growth promoting and skill improvement policies while c relates to support-led policies. On the other hand, area e relates mainly to organised sector.

In the growth-mediated security, the Government is supposed to act as facilitator for private investment and for skill improvements.

3.1. Anti-poor laws, Macro Strategies and Market Failures

Anti-poor laws: The experience of grassroots workers shows that often certain government policies harm the poor much more than benefit that accrues to them through money oriented schemes like IRDP. These anti-poor laws are more applicable to forests and common property resources. In tribal areas where land for agriculture is scarce, some of the well intended clauses of the Indian Forest Act and Forest Conservation Acts might actually be more harmful to the tribals, who need to make a transition to sylviculturists if not agriculturalists. Deregulation has made no impact at the state level. The systems of buying and selling land, getting a ration card or your security back, and rent control acts all need a thorough revision. One can set up an industry worth billions of rupees in India without any license today, but a farmer can neither set up a brick kiln unit, nor a rice selling plant, nor a cold storage without bribing the officials. In urban informal sector also there are many legal hurdles.

Thus, there are many anti-poor laws and policies, which hurt the poor, and there is a need to liberalize or change these laws and policies. There is also need to collect this information on these anti-poor policies in the state for public action.

Macro Strategies

- There is no need to increase the workers in agriculture except in some areas. But, Agricultural growth is important particularly in rainfed areas to release the labour force from agriculture to rural non-farm and urban areas. Sustained high levels of agricultural growth essential for rural poverty reduction.
- In allied sectors, there is lot of scope for growth and increase in employment. Sectors like poultry, dairy, fisheries and forestry have lot of employment potential.
- Regulatory institutions are important for development of some of the sectors. For example, aquaculture created environment problems. Lot of investment was wasted because there was no regulatory institution.
- Regarding forestry, implementation of Joint Forest Management (JFM) should be pursued more rigorously as part of the employment increase and rural poverty reduction strategy in the districts in which poverty is prevalent.
- In the services sector, productivity enhancing technology is needed. This should be done keeping in mind the local context.
- In the informal sector, first thing that is required is to create an environment in which informal economic activity does not appear to be illegal, undesirable, or a nuisance activity, but is looked upon as a useful, productive and respectable activity. For this, the legal and regulatory hurdles should first be removed. There is a great need for access to credit, technology, information and training for the informal sector
- Women and youth should be the targets in providing productive employment. Skills of women should be improved to shift them from low productive to high productive activities. Focusing on youth unemployment is important because unemployment among them can lead to frustration and social tensions and divisions in the society.

Micro Strategies

- There is a need to concentrate on few selected growth engines. Ruling constraints can be identified in these sectors.
- Cluster approach: In order to ensure that manufacturing and service sector units in the focal sub-sectors come up speedily and with minimum problems of start-up, the government has to encourage the formation of clusters of a number of units engaged in the same activity. This will ensure that all infrastructure and support services can be provided on a viable basis, preferable by private sector service entrepreneurs. The government should identify select rural growth centres for the focal sub-sectors.
- Missing links: Some of the missing links have to be identified at micro level. For example, markets and value

chains are missing in some sub-sectors. In some other sectors, training facilities are missing.

Market Failure and Other Constraints

Market failure and other constraints prevent active private sector participation in promising subsectors. This in turn has a negative impact on employment. The direct control of and access to natural resources such as land, water and forests, as well on infrastructure such as power and roads, by the Government has restricted action by private sector and civil society institutions. Some examples of market failure and other constraints are given below.

Labour Market Failure: A large amount of seasonal unemployment in dry areas co-exists with shortage of agricultural labour in coastal region and in urban manual activities. The “shortage” of labour has led many construction contractors to go in for mechanical equipment for digging, earthwork, road laying, and so on. The problem is even more severe when one moves up slightly the skill ladder, such as for carpenters, masons, plumbers and electricians. Unemployment for the powerloom and handloom weavers, co-exists with a shortage of garment workers at Apparel Export Parks. Promoters there complain that not enough persons are available even to undertake skill training.

There is an absence of mechanisms for moving workers out of subsectors where demand is declining, such as handloom and powerloom, into those subsectors where demand is increasing, such as apparel and construction. This failure in the labour market can partly be explained by the lack of information, inadequate rural-urban transportation linkages and inadequate difference in wage rates to compensate for the risk of migration.

Credit Market Failure: There is a huge unmet demand for credit. At the same time, there is a surplus of funds with the people, as is obvious from the credit deposit ratios. There is a huge network of banks, even in rural areas. There are even targets and priority sector lending obligations. Yet, the availability of credit, both for fixed asset purchases and for working capital, has been a problem area both in terms of access and transaction costs. Due to the inadequacy of loan amount, time delay and excessive paper work in getting a loan from formal institutions, a majority of the producers rely on informal channels, such as traders for working capital.. The reasons for the failure of the credit market include government ownership of banks, interest rate controls on smaller loans and schemes to subsidise credit for the poor..

Apart from credit market failure, the newer rural subsectors fail to private attract investment as the private sector seeks opportunities with an assured return considerably higher than the bank interest rates. If the return is higher but perceived risk is also higher, then private sector hesitates from investing. Thus an attempt needs to be made to reduce risk perception through information sharing and appropriate regulatory frameworks. For example, investments in the forestry sector will not come as long as restrictions on felling and transport of timber are not rationalised.

Commodity/Product Market Failure: Lack of information about new market opportunities has restricted the participation of the private sector or constrained micro-entrepreneurs to continue catering to declining market segments. For example, in groundnut, while there is a competitive squeeze in the edible oil market due to cheap palm oil imports, the market for whole nuts for confectionery and other purposes is growing. Yet very few units have responded to this, while oil mills are closing down. This is due to lack of information on new market segments.

Generally the role of middlemen in marketing is criticized as they siphon off a major share of the value added. However, the positive role of “middlemen” has to be recognised in marketing products, which are produced by the unorganised sector. It includes their role in identifying the market demand pattern, transportation and taking risk of the product damage and price changes in between transporting it from the producer to market. In several cases, members of Self Help Groups (SHGs) find it difficult to market their products. They could actually benefit by dealing with competitive middlemen. Indeed, where they can, many SHGs in Andhra Pradesh have themselves become “middlewomen”, marketing products on behalf of Hindustan Levers and Philips.

Infrastructure Constraints: Lack of power in rural areas seems to be an important constraint for agriculture as well as some of the rural non-farm subsectors, such as powerloom. Even handloom weavers want power so that they can weave late in the night using electric light. Power is in general available for 8 to 9 hours in rural areas. The farmers are willing to pay more provided they get assured supply and voltage. There has been some improvement in rural roads. There has been significant improvement in telecommunications but in some areas network is poor.

4. Support-Led Social Security Programmes For Unorganised Sector

The approach of India regarding support-led social security has the following elements⁴

- (1) Land reforms to help the poor
- (2) Promotional social security measures:
 - i. Wage employment programmes such as EGS, JRY
 - ii. Self Employment programmes such as IRDP and SGSY
 - iii. Provision of basic needs: primary education, basic health services and so on
 - iv. Public Distribution System (PDS) and nutrition programmes such as Integrated Child Development Services (ICDS) and mid-day meal schemes
 - v. Reducing Social Exclusion: Reservations for certain classes is part of an attempt to reduce social exclusionIt may be noted that some of the promotional measures listed above can also be protective

(3) Protective social security measures: are national level and state level schemes to provide a financial cushion against contingent poverty that seriously affects the poor, such as sickness, accidents, old age and maturity.

In this paper, we concentrate more on protective schemes. Although the coverage is not high, several state governments have attempted to provide various protective social security measures for the unorganized poor and vulnerable sections of the society. Prasad (1995) provides a review of social security schemes and programmes carried out by various states in India.

The review reveals the following. "(i) Almost all states and union territories have old-age pension schemes. A few states such as Andhra Pradesh, Gujarat, Kerala and Tamil Nadu also have special pension schemes for agricultural labour; (ii) Tamil Nadu, Kerala, Gujarat and Orissa have pension schemes for destitute widows and the physically handicapped; (iii) While Maharashtra has introduced an employment guarantee scheme, other states like Tamil Nadu, Kerala and Gujarat has unemployment relief schemes; (iv) Maternity benefits for landless agricultural labour have been introduced in Gujarat, Karnataka and Kerala to compensate loss of wage due to absence at work allowance however, are payable for the first and second issues only; (v) Health care as a part of social security does not seem to exist in any state; (vi) Gujarat, Tamil Nadu and Maharashtra have certain welfare schemes exclusively for women and children while a number of other states offer welfare benefits for various categories of population below the poverty line" (p.794).

Initiatives in the Budget 1995-96: In the 1995-96 budget, the Finance Minister announced the following schemes to help the unorganized and vulnerable sections. (1) National Bank for Agriculture and Rural Development (NABARD) will open an exclusive line of credit cooperatives and Regional Rural Banks for meeting the credit needs of scheduled tribes; ((2) Loans to Khadi and village industries through banking sector; (3) NABARD will extend refinancing to commercial banks also for extending credit to co-operative handloom institutions; (4) Programmes mainly for rural areas: (a) One million houses to be built in 1995-96, (b) National social assistance scheme is announced. There are three components under this scheme, (i) Minimum old-age pension of Rs.75 per month to people above 65 years of age who are below the poverty line, (ii) Lumpsum survivor benefits to poor households on the death of primary bread earner or Rs.5,000, (iii) Pre-natal and post-natal maternity care to poor women, (c) Group Life Insurance Scheme.

Thus, first time an attempt has been made to introduce protective measures at the all India level.

4.1 Experiences of Kerala in Providing Social Security

The successive governments in Kerala have introduced a large number of social security and welfare schemes in view of attaining the goal of reducing income insecurity among the weaker segments in society. It has the most wide ranging set of schemes for the benefit of the unorganized sector. These schemes are implemented through institutional care measures and non-institutional measures. There are as many as 30 social security and welfare schemes in Kerala.

⁴ More on this see Mahendra Dev (1999)

The schemes are given in Table 4.

TABLE 4: SOCIAL SECURITY AND WELFARE PROGRAMMES IN KERALA

(a) Schemes which are fully financed by the State

Kerala Agricultural Workers Pension Scheme
Kerala Destitute and Widow Pension Scheme
Special Pension Scheme for the Physically Handicapped
Old age Pension to Craftsmen
Assistance to leprosy and cancer patients in indigent circumstances
Journalist Welfare Fund Scheme
Cine Artists Welfare Fund Scheme
Financial assistance for men of arts and letters
Central State Scheme of financial Assistance to artists in indigent circumstances
Financial assistance to widows for remarriage of daughters
Group personal accident scheme for school children
Unemployment assistance
Pension to sportsmen in indigent circumstances

(b) Major Schemes which are financed partly with state support

Kerala cashew workers relief and welfare fund
Kerala handloom workers welfare fund
Kerala coir workers welfare fund
Kerala khadi workers welfare fund
Kerala construction workers welfare fund
Kerala advocate clerks welfare fund scheme
Kerala fishermen welfare fund scheme

(c) Schemes which are financed outside the budget and operated by respective boards

Kerala headloadworkers welfare fund
Kerala abkari workers welfare fund scheme
Kerala Toddy workers welfare fund
Kerala Motor workers welfare fund
Kerala Artisan Benefit Fund scheme
Kerala State welfare fund board scheme
Kerala Sports Council Sportsmen Welfare and Group Insurance Scheme
Kerala Autorikshaw workers welfare fund
Kerala Agricultural workers welfare fund
Kerala lottery agents welfare fund
Kerala document writers, scribes and stampvender welfare fund

Source: Rajan et al (1999)

Fourteen out of 31 major schemes are entirely financed by the state government. The government spent about Rs.370 crores from the budget for social security and welfare programmes between 1986 and 1991 (Rajan et al, 1999). In 1992-93, the state has spent about Rs.80 crores which is 2.77 per cent of the revenue budget. The corresponding figure all India was 1.02 per cent of the budget.

Kannan (1999) examines the social security programmes in Kerala. The most important protective type schemes in terms of coverage are old age pensions for destitutes and rural labourers. The system of giving old age pension has come to occupy an important place in the social security provisioning in Kerala because its coverage, progressively being extended to most rural labourers, covered around 60 per cent of the old age poor in Kerala in 1991 under the two major pension programmes viz., destitutes and agricultural labourers.

Another innovative programme in Kerala is the creation of welfare funds. In order to meet the demands of the informal sector workers, some kind of social insurance and other non-wage benefits, a new institutional innovation was brought in the form of welfare funds. With the active support from trade unions, the Government took the initiative to set up

a fund through contributions from workers, employers and the government (Kannan, 1999).

4.2 Experience of Tamil Nadu

Tamil Nadu has been a pioneer in implementing protective social security. In this sub-section, we rely mainly on Guhan (1992 and 1993) which are probably the best studies in this field. The development strategies of the state reveal that there has been emphasis on welfare-oriented programmes. Commenting on this Kurien (1989) says that, "in financial terms there has been substantial substitution between infrastructure and welfare measures over the three decades (p.403).

The protective measures in the state can be divided into two categories viz., measures before and after the year 1989. The year 1989 is significant because DMK was re-elected in 1989 and the government introduced new measures and strengthened the old ones.

Guhan (1993) says that apart from old-age pension scheme of 1962 the other measures, mostly introduced since the mid-70s were limited in scale. Of course, these schemes indicate the commitment of the state government to extend protective social security benefits to the unorganized poor.

In 1989/90, The DMK government has revamped and expanded its social security programmes. The main new initiatives of 1989 are: liberalized pensions, the liberalized accident relief scheme, the new survivor benefit scheme, the new maternity assistance scheme and the new marriage grant scheme (see Guhan, 1993). Regarding pensions, the reforms of 1989 increased the amount of the pension from Rs.35 per month to Rs.50 for all categories. These are five main types of pensions viz., Old-age pensions - Normal (OAP Normal);

Destitute Agricultural-Labourers' Pension (DAE); Destitute Widows' Pension (DWP); Destitute Deserted Wives' Pension; and Physically Handicapped Pension. In one year, there was around 27 per cent increase in the total pensions, the largest increase being in DDWP. The OAP (Normal) and DWP together constitute about 75 per cent of the total pensions. Guhan' s estimate is that 0.732 million out of the total 4.4 million households (about 16 per cent) have been protected from contingencies which could have made them poorer.

4.3 Maharashtra's Employment Guarantee Scheme (EGS) and JRY

Given the magnitude of the problem of unemployment in the unorganized sector primarily in rural areas, the problem of unemployment cannot be tackled via the provision of unemployment compensation (Nayyar, 1996). However, alternative means like labour intensive public works can play a helpful role in addressing the problem of employment security. They are easy to administer as they are based on self-targeting mechanism. There are many direct and indirect benefits due to public works programmes. An evaluation of Employment Guarantee Scheme in Maharashtra shows that the programme has reduced unemployment in Maharashtra; increased the incomes of many participating households; acts as an insurance mechanism; has impact on agricultural growth and agricultural wages; made rural poor as a political force; and has considerable impact on women (Mahendra Dev, 1996a). These large scale employment programmes have also played an important role in prevention of famine in India. This experience illustrates the feasibility of certain kinds of social security arrangements, even in a poor country, when the Government has adequate incentives to take action.

We feel that an unstated and probably equally important objective of EGS is to provide unemployment insurance. Hence even though the actual employment generated by EGS might be a small percentage of aggregate rural employment, to the extent that it meets the seasonal slack, it' s welfare impact is much understated. As is well known, for a risk averse individual, the benefit of going from no employment to some employment in the slack season can be tremendous. One way to measure this is to quantify through an appropriately specified model, the utility of unemployment insurance⁵.

5 More on this see Ranade (1999)

4.4. Micro Level Arrangements

Some micro level studies provide arrangements of social security at grassroot level. A study done at the Centre for Economic and Social Studies, Hyderabad (Galab, 1999) provide the following arrangements in Ravirala village of Rangareddy District in Andhra Pradesh.

The study documents arrangements in terms of both promotional and protective social security schemes for scheduled castes and toddy tappers. The coverage for PDS (public distribution system) is 98 per cent and 57 per cent for DWCRA (development of women and children in Rural Areas). In the case of TRYSEM (Training for Rural Youth for Self Employment) and Jawahar Rojgar Yojana (JRY) the coverage is only 2 per cent. Regarding protective schemes, the coverage of eligible members under pension schemes is better than that under other schemes. The overall coverage is around 26 per cent. There seems to be an imbalance between the promotional and protective social security measures. Also, in many cases, the coverage of eligible households for the social security is inadequate in case of government implemented schemes. However, traditional institutional like family is providing social security for the old aged in the study village. There are also indigenous community responses to provide social security among toddy-tapping and fishermen communities. This is more in the nature of protective type security against sickness and loss of earning members of a family.

It is also worth noting about the UNDP initiatives for women. These are basically two components viz., promoting institutions and initiating programmes of social security for each phase of life cycle of women: and interlinking with other agencies viz., banks, NGOs and state institutions for accessing to their programmes relating to social security. Among other things, the village organisation at the village level has been promoted to address the social security problems of widows and destitutes, and old age, divorced and deserted women. Galab's study also indicates that integration of traditional and modern institutions and their integration with the State has led to near universal coverage in social security with minimum transaction costs. This seems to have been reported by the members of self help groups of UNDP.

5. Effectiveness of The Social Security Programmes

India has many promotional and protective social security programmes. But, the main problem is inefficient utilization of funds under Government programmes as well as by some of the NGOs. It is true that in a poor country like India, we need more social expenditure as compared to the relatively rich developing countries in Asia. More expenditure is particularly needed for poorer states where per capita expenditure priority sectors is very low.

It may be noted, however, that importance should be given for effectiveness. In other words, we have to examine how efficiently funds are utilized and how much of it is reaching the poor.

Experience of Kerala: Economic, Institutional and Political Factors

In terms of economic growth, Kerala can be considered a poor state; but her achievements in terms of basic needs and standard of living have been spectacular. For example, the infant mortality rate in Kerala was 13 per thousand whereas it was 110 in Orissa and 74 per thousand at the all India level in 1993. Direct public action on health and education are responsible for Kerala's success in levels of living. The differences in the success of health and education between Kerala and other states seem to lie more in the efficiency with which the facilities are effectively used rather than in the allocation of resources. Some people attribute Kerala's success partly to historical reasons. It may be, however, noted the Malabar region was very much behind Travancore and Cochin regions in social development when the Kerala state was formed (see Ramachandran, forthcoming). But, the Malabar region caught up with the other regions in social development by the 1980s. The state action was responsible for these improvements. Apart from this, the role of public participation and local leadership is also important for Kerala's success (Ramachandran, 1997).

Public action in health and education go far back into history, to the policies of the princely state of Travancore. After independence the successive governments have made notable efforts to extend health and education to everyone in the state. There is also historical evidence to spread the health facilities to low caste backward communities in the

states of Travancore and Cochin. There is, however, some controversy on the levels of morbidity. In spite of good health record, Kerala has the highest morbidity in India. One of the explanations for the high morbidity level in the state is the 'perception' factor. However, it is also noted that Kerala is a case of health transition from high mortality to high morbidity. In education, Kerala has achieved a unique position almost at par with developed nations.

The social movements like caste-based reform movements (e.g. the Izhava movement), missionary activities, left movements have helped in raising human development and social security for the poor. The role of women is particularly important for higher levels of social development in the state. Similarly, historical factors have also played a significant role in spreading education and improving health facilities.

Regarding protective schemes, because of the vigilance of various political parties and their unions and the checking measures at the village offices, one can assume that all those who receive pensions are more or less genuine (Kannan, 1992). It shows that the protective social security schemes must have partly removed the contingent poverty of some sections of the population in the unorganized sector of Kerala.

There are, however, some problems with the welfare funds of Kerala. It has been found that in some non-statutory welfare funds, workers have not been enthusiastic enough to enroll themselves because of what they consider to be too small benefits (Kannan, 1999).

Experience of Tamil Nadu: Turning to Tamil Nadu, the economic performance in the state has been lower but the quality of indicators are higher than those of all India. For example, total fertility rate in Tamil Nadu in 1986 was 2.7 whereas in all India it was 4.2. Tamil Nadu is, however, a pioneer in the implementation of the nutrition schemes and protective social security measures. There are two important state sponsored special nutrition programmes in Tamil Nadu namely, Chief Minister's Nutrition Meal Programme (CMNMP) and Tamil Nadu Integration Nutrition Project (TNIP). The first programme which is considered as the largest feeding programmes in the world, has increased the nutrition of many school growing children. The TNIP showed that a limited package of health-linked nutrition interventions is operationally feasible in rural India in a cost-effective manner. We already discussed about protective social security measures in Tamil Nadu. It is true that some shortcomings were found in one scheme in a district. But, an overall evaluation of all the schemes in the state are yet to be done. Other states in India and other developing countries can learn many lessons from the experiences of Kerala and Tamil Nadu on what can be done in the area of protective social security measures at reasonable cost to help the chronically poor, who cannot afford loss of earnings. Lessons also can be learnt from any drawbacks in the schemes of these two states.

Apart from Kerala and Tamil Nadu, some other states have also taken important initiatives in recent years. Employment Guarantee Scheme in Maharashtra, primary education in Himachal Pradesh and Madhya Pradesh, public distribution in Andhra Pradesh, and land reform in West Bengal are some examples. In contrast, in less developed states like Bihar, Uttar Pradesh, Rajasthan, there seems to be apathy towards the need to develop social security programmes.

The contrasting experiences of Kerala and Uttar Pradesh are shown in Dreze and Sen (1997). We have already mentioned above the reasons for the success of Kerala. On the other hand, in Uttar Pradesh, as Dreze and Gazdar (1997), "the high concentration of power and privileges deriving from the combined effects of inequalities based on class, caste, and gender has made for an environment that is extremely hostile to change and broad based political participation" (p.106). Dreze and Gazdar there has been inertia in specific areas (land reforms, gender relations, basic education, local democracy) in Uttar Pradesh.

For reaching the government promotional and protective programmes effectively to the poor, decentralization access to information and social mobilization are important.

Apart from this, as mentioned above, there are anti-poor biases built into a host of existing policies, regulations and laws which cut across all sectors and vitiate any benefit that accrues to deprived communities.

5.1 Some Aspects of Social Insecurity for Vulnerable Groups

Here we discuss about social security for selected vulnerable groups such as elderly, widows and child labour.

Old Age Population

Since a further breakthrough in fertility and mortality is expected, the proportion of the elderly in India is likely to rise in the coming years. The number of old age population (age 60+) has increased from about 19.8 million in 1951 to 56.7 million in 1991 and their share in the total population has risen from 5.5 per cent to 6.8 per cent during the same period. According to the population projections prepared for the Ninth Plan, the number of aged 60 and above will rise from 54.5 million in 1991 to 70.6 million in 2001 to 113 million in 2016. The share of aged in the total population is likely to increase to 8.9 per cent by 2016⁶.

Some characteristics of the old age population are given below (see Visaria, 1998 for more details).

- The percentage of the old age population in rural areas (7.1 percent) was higher than that for urban areas (5.7 per cent) in 1991.
- The proportion of elderly was almost same for both males and females (6.7 per cent) in 1991 and is likely to increase faster for females in future.
- The proportion of illiteracy among the old age population is much higher than in the population aged 15 and over.
- The proportion of workers among the aged is higher than total population. A majority of the workers among the elderly are self employed (75 per cent for rural and 71 per cent for urban areas). Casual work is the second most important work for the aged.
- The special survey of NSS for 1995-96 on aged show that about 30 to 31 per cent of the elderly males in rural and urban areas were fully dependent on others. The corresponding figures for females in rural and urban areas were 71 and 76 per cent.

"The various small sample surveys conducted in rural India in general reflects a greater degree of financial insecurity among the aged, and this insecurity is more pronounced in the case of females compared to males. Moreover, financial problems are more common among widows and among elderly in nuclear families. The worries of the elderly are on two fronts, one in relation to social strain and the other on economic independence. The worries on social relation aspect are much more complex compared to economic worries for those who live in nuclear families or living alone" (p.2336, James, 1994). The majority of the elderly also seem to be suffering from ill-health and poverty.

There is a need for a comprehensive policy for taking care of the problems of the elderly. Informal methods for obtaining income security, such as India's joint family, are increasingly unable to cope with the enhanced life span and enhanced medical costs in old age. Hence there is an acute need for formal arrangements which can supplement informal systems. The programmes for the old age can be in two forms: pension funds and health insurance.

Widows: There are about 33 million widows in India in 1991 and the condition of widows is one of the most neglected social issues in the country. The quality of life is reduced for many Indian women because of widowhood. Only 3% of all Indian men are widowed compared with 8% of women. This large gap primarily reflects high incidence of remarriage among widowers. In many places the widows cannot participate in some of the social functions. According to some estimates, the mortality rates are, on average, 86% higher among elderly widows than among married women of the same age⁷. The basic factors for the disadvantage and insecurity experienced by many Indian widows are brought out in a study of North Indian villages (see Chen and Dreze, 1992; Dreze and Sen 1995)). These are given below.

- The legal rights of widows are violated and large majority of widows have very limited and insecure property rights. Widows lose not only a potential source of independent income but also bargaining power with in-laws, sons and other supporters.

⁶ According to some alternative projections, number of persons aged 60 and above will rise even more rapidly to 124 million forming 10.2 per cent of the total population by 2016. Visaria (1998) cautions about the data on the aged because of errors of age reporting which led to an overestimate of the number and proportion of the aged.

⁷ For some other details on widows in India, see Dreze (1990).

- The widows are expected to stay in husband' s village and face the social isolation.
- They have limited freedom to remarry.
- The segmentation of labour market by gender severely restricts employment opportunities for widows. Also, they tend to be concentrated in the older age groups and their labour force participation rate is lower than that for married women.
- Most widows get little economic support from their family or at community level. There is no evidence of joint family providing support to widows. Majority of them live on their own with unmarried children or stay with adult son as dependants.

How do we provide income and social security for widows? Some of these factors can be seen as an integral part of the gender inequalities in India. One way is to provide property rights particularly land rights for women. So far, the strategy of land reforms has not given importance to the existing gender inequalities in land inheritance laws and ceiling laws. Women are more dependent on agriculture for a livelihood than men, as men shift to non-farm employment. It is estimated that 20 per cent of the rural households are defacto female-headed. Yet, very few women have titles of land and even fewer control it. Therefore, ensuring women' s effective command over land in the form of land rights will be one of the measures needed for providing income security for widows⁸.

Widow Pensions: Many states have widow pension schemes on paper but, except in states like Kerala they have negligible coverage and impact. A study on the destitute widows in Dindigul district of Tamil Nadu provides some evidence on the accessibility of the scheme to widows. Based on a survey of widows in Dindigul district, this study focuses on (i) how accessible is the scheme to needy destitute widows; and (ii) the distortions that arise as the scheme is to put to everyday practice. The study shows that the administrations remains largely inaccessible to widows given its access or withholding information, rigid procedural orientation, insensitivity to the urgent needs of people, etc.

Therefore, government interventions is needed for providing land rights and in providing widow pensions effectively. it does not mean that government intervention should replace income and social support at the community level. They should be complementary to each other. In spite of its significance, the problems of widows are rarely discussed in public debates. Thus, the solution requires a combination of government intervention, public pressure and community support.

5.2 Financing of Social Sector

Some people have claimed that one of the aims of the economic reform process is to withdraw the state from some of its economic activities, in order to step up expenditures for, and increase state involvement in, the social sector. On the other hand, since the introduction of economic reforms there have also been apprehensions that expenditures on social services and poverty alleviation programmes would be adversely affected. Mahendra Dev and Mooij (2001) examined trends in social sector expenditures in the 1990s. They define social sector expenditure as the total of expenditure on 'Social Services' and 'Rural Development' as given in Central and State budgets.

Conclusions of their study are the following:

(1) Has social sector expenditure declined/increased in the 1990s?
 (a) *Centre+States taken together*: As a proportion of GDP, the share of social sector expenditure has not increased during the reform period except in 1999-00 . The shares in the 1990s were lower than those of 1980s. As a proportion of total public expenditure, the share for the social sector has definitely increased since the mid-1990s if both revenue and capital expenditures are taken together. The proportion was higher in the second half of the 1990s than it was in the late 1980s. The per capita real expenditure on the social sector has also increased since the mid-1990s. From the middle of the 1990s onwards, the per capital real expenditure was higher than it was in the 1980S.

(b) *Central Government Expenditure*: Since 1993-94, the share of GDP devoted to the social sector was higher than that in the base year 1990-91, although not very much different from the shares in the late 1980s. As a proportion of public expenditure and as real per capita expenditure, there has been A significant increase in social sector spending

⁸ On the general issue of women's land rights in India see Agarwal, Bina (1994).

since the mid-1990s. These figures were also higher than those of the late 1980s.

(c) State Government Expenditure: Taken as a proportion of GSDP or as a proportion of aggregate expenditure, social sector spending has come down in the States. In terms of per capita real expenditure, there has been some increase, but not in the first half of the 1990s, and not much for rural development.

One could be tempted to conclude, therefore, that the Centre has done better than the States in the post-reform period. This is, however, slightly misleading, since the two are not unrelated. One can also argue that the Centre has been able to perform better by withholding money from the States. Over the years the number of centrally sponsored schemes has continued to increase, at the expense of the allocation from the overall Plan outlay to the States. However, the major responsibility of the states in increasing the social sector expenditures can not be denied.

(2) What are the changes in the composition of social sector expenditures?

The most significant change, visible both at the Centre and the States, is a shift away from rural development, starting from 1996-97. Within the rural development outlay at the Centre, there is a shift away from rural employment schemes to rural housing, water, rural roads etc. We also have schemes on basic minimum services since 1996-97. In other words, there is a shift from the traditional ways of addressing rural poverty to, what we can call, human development or basic needs interventions.

(3) Are there any improvements in education and health expenditures?

With regard to health, not much has happened. Neither the States nor the Centre increased its/their health expenditures considerably. The first half of the 1990s were especially bleak. In the second half of the 1990s, the per capita real expenditure on health by the States increased (but there was no increase in terms of proportion of GDP or GSDP). Intra-sectoral allocations shows that there has been a shift towards public health and maternal & child health.

With regard to education, the share of education expenditure from all the departments declined from around 4.1 per cent in 1990-91 to 3.8 per cent in 1998-99. The picture on share of education for the States is the same, but there has been an increase in central government expenditure after 1995-96. The education expenditure of the centre increased from 0.25% of GDP in 1994-95 to 0.31% in 1995-96 to 0.36% in 1998-99. The increase is almost completely due to increases in spending on elementary education, and to a large extent (but not completely!) related to the introduction and expansion of the midday meal programme. The intra-sectoral allocations also show that there has been shift towards elementary education in the 1990s.

The shifts within education and health towards priority areas are in the right direction.

(4) What are the inter-State disparities in social sector expenditures?

In most States social sector expenditure has not increased very much in the first half of the 1990s, but in the second half there has been an increase, in terms of per capita real expenditure. The rich and middle income States have done better than the poor States, but there are also huge variations within income groups. Within the group of rich States, social sector spending is highest in Goa. Within the group of middle income States, West Bengal is an outlier, in the sense that its social spending has increased much less than that of the other middle-income countries, while the absolute level is also not very high. Within the group of poor States, the performance (in terms of spending) of Madhya Pradesh, Orissa and Rajasthan has increased considerably, especially after the mid 1990s, while Bihar and Uttar Pradesh did much less well. In general, the situation of three states (Bihar, Uttar Pradesh and West Bengal) is worrying because both levels and growth of expenditure on social services are lower in these states. In the case of Madhya Pradesh, Orissa and Rajasthan, levels are lower inspite of reasonable growth in social service expenditures.

(5) Has external aid in social sector increased over time?

Our data are limited in this respect. The only sector on which we have data is related to children. In this area there is a definite increase of international aid.

(6) Has there been under utilization of expenditures under social sector?

Yes, there has been underutilization of approximately 10 per cent of Plan expenditure during the last years of the 1990s. Figures vary considerably from year to year. In Dev and Mooij (2001) we analyse the various reasons behind this underutilization (related to new and/or complicated scheme procedures, absence of matching funds, lack of local

infrastructure or skills, lack of interest, deliberate delays in release of the funds, etc.)

(7) Are the social sector expenditures in India low/high compared to other countries and international norms? Social sector expenditure in India in the 1990s is low. It is low as compared to what India spent in the 1980s; it is low as compared to other developing countries, and certainly as compared to east Asian countries, and it is low as compared to the UNDP recommended ratios.

To conclude, in a sense the advocates of the economic reform process who have claimed that the reform process would mean a withdrawal of the state from some economic activities in order to free money for social development, are right. Indeed, since the mid-1990s, a higher proportion of government expenditure has been allocated to the social sector. Yet, at the same time, we have to add that, as a proportion of GDP, social sector spending has not increased. As far as there has been any improvement, it is marginal.

We make two observations here. First, there is an urgent need for stepping up social sector expenditure. With the passing of the 93rd Constitution Amendment by the Lok Sabha, the desire to have the right to education (for 6-14 years) as a fundamental right guaranteed by the Constitution is somewhat closer to becoming reality. The financial commitment to make it reality is less than one per cent of GDP per annum in the next ten years. At the same time, however, it is very unlikely that this is going to happen in the near future unless pressure comes from the civil society. A substantial increase of the allocation for the social sector is only likely to happen when something changes in the budget-making process. In that respect, movements towards decentralised planning and increasing awareness among the public about budgets are to be welcomed.

Second, there is an obvious need for a better utilization of the allocated money. It is a well known fact that the effectiveness of many of the Central and State social sector schemes is poor. Sections within the government itself are also very much aware of this. The Mid-Term Appraisal of the 9th Plan, for instance, is very critical about the implementation of many schemes. The sixth chapter (on poverty alleviation programmes) of this document reads as a long list of various kinds of failures of the government to implement the schemes properly (Gol, 2000). Several people within the Planning Commission seem to think that the quality of governance has deteriorated seriously and that there is no point hiding this any longer. Whether something is going to change for the better will, however, depend mainly on activities and pressures from the grassroot level, vigilance of civil society and the ways in which these local groups can and will be involved in the policy process.

Source of Financing Social Security and the Available Options

It may be noted that public action for social security does not mean that it is the responsibility of the state only. Local communities and non-governmental organizations also have an important role to play in providing social security for the poor. It is true that there has been a decline in the extended family and community participation even in rural areas. But, there is still scope for voluntary organizations and private sector to help the poor.

State, however, will continue to have a major role in providing social security for the poor. There are various options available for mobilizing the resources for financing social security. The Human Development Report (1990) provides the following options for financing human development: (a) Taxes: Raising of extra resources by reducing tax avoidance and tax evasion; (b) Discriminating user fees: Improvement in social services so that better-off pay for services, poorer sections pay nothing more than nominal fees, particularly for primary education and primary health care; (c) Voluntary organizations contributions; (d) Reallocating budgetary resources within sectors: Shifting expenditure from low priority to high priority uses - say, from curative to preventive health or from tertiary to primary education; (e) Reordering budgetary priorities across sectors: Shifting expenditure on military to social sectors.

A mix of the options including shifting defense expenditure can be used for financing social sectors in India. For example, Guhan (1993) advocates a case for mobilizing additional resources in the form of direct taxes for social assistance in India. According to his calculations, a moderate surcharge on the incomes of the top 12% of households (about 20 million households) can be expected to yield about Rs.14,000 millions per annum which would meet the likely cost of the package.

According to one estimate, if the government imposes 2% tax on gross assets of the top 500 companies, the

corporation tax collection will rise by Rs.1,1300 million. If such a tax on the entire corporate tax is imposed, the revenue will be much high. Such a tax revenue can be used for different purposes including expenditure on social sectors.

Also note the bulk of the expenditure on education and health is incurred by the states. For example, in 1994, states accounted for around 90 per cent of the total expenditure on medical and public health. Therefore, the role of states is more important than Centre in building capabilities.

Lastly, options like the SEWA insurance schemes (see Table 13) and other innovative programmes which can increase financial viability of the programmes on social security have to be explored.

Case for Public-private Partnerships

It is argued that state and markets failed in delivering social security benefits to the poor in developing countries because of the Western approach. A case for public-private partnership is advocated for better delivery of social security arrangements (Jutting, 1999). Lot of scope for public-private partnership exists particularly in insurance schemes. NGOs and CBOs can play important roles in strengthening this partnership.

6. Concluding Observations

The main objective of the present paper is to provide an overview of the growth-mediated and support-led social security arrangements for the unorganised sector in India. The recent literature tried to widen the definition of social security in order to suit the requirements of the developing countries. It is known that around 90 per cent of the workers are in unorganized sector of India and they do not have proper social security programmes. The future employment is likely to be created mostly in the unorganized sector.

Growth mediated strategy is likely to increase employment opportunities and quality of employment which in turn improve social and economic security for the unorganised workers. Thus, employment generation strategy cannot be distinguished from the broader policy thrust for growth and structural changes in the economy as a whole. Accelerating the rate of growth of GDP, with a particular emphasis on some sectors may ensure the spread of income to the lower end segments of the workers. In this approach, Government is supposed to act as facilitator for higher private investment. Removing anti-poor laws, identifying growth engines, taking care of market failures (labour, credit, commodity/product) and infrastructure constraints, training and skill improvements etc. are parts of the growth-mediated strategy

Our review of protective social security programmes show that many state governments have introduced some programmes. The impact on the poor and vulnerable sections seems to be substantial mainly in Kerala. Effectiveness in other states is not as significant as that for Kerala. Political, economic and institutional factors helped for the successful implementation of the social security schemes in Kerala. In other states, particularly in northern states, political support for social security programmes has been missing.

Wage and self employment programmes are important promotional measures for social security. Public works programmes serve useful purpose for unskilled labourers particularly in drought years. However, they add only supplementary income to the families. In this paper, we have not discussed about the women's self help groups which are expected to empower the women socially and economically. In Andhra Pradesh alone there are 400,000 women's groups. Some are doing well while others exist without much benefits to members. Also, the type of activities undertaken by the members are sufficient only for having subsistence income. Higher income generating activities have to be undertaken by these groups in order to improve their living standards.

It may be noted that economic growth and human development should go together in order to create opportunities for the unorganized sector workers. Economic growth is not correlated with some of the human development indicators. For example, the infant mortality in Uttar Pradesh was five times higher than that of Kerala with both having the similar levels of poverty in the 1980s. Kerala has higher human development but the economy (both agriculture and industry) has been stagnant and unemployment rates are high. Punjab and Haryana are having very high per capita incomes but gender inequalities are much higher than Southern states. The association between poverty and child mortality

is also weak. The basic point is that there is no 'the problem region' in India. Each state has its own problems. In general, the Northern (except Punjab and Haryana where gender bias is evident) and Eastern states like Bihar and Orissa show lower social development as compared to Southern states.

Regarding finances for social sector expenditures, the states' performance in the 1990s is not satisfactory as compared to that of the Central Government. Social sector expenditure in India in the 1990s is low. It is low as compared to what India spent in the 1980s; it is low as compared to other developing countries, and certainly as compared to east Asian countries, and it is low as compared to the UNDP recommended ratios. In most States social sector expenditure has not increased very much in the first half of the 1990s, but in the second half there has been an increase, in terms of per capita real expenditure. The rich and middle income States have done better than the poor States, but there are also huge variations within income groups. Within the group of rich States, social sector spending is highest in Goa. Within the group of middle income States, West Bengal is an outlier, in the sense that its social spending has increased much less than that of the other middle-income countries, while the absolute level is also not very high. Within the group of poor States, the performance (in terms of spending) of Madhya Pradesh, Orissa and Rajasthan has increased considerably, especially after the mid 1990s, while Bihar and Uttar Pradesh did much less well. In general, the situation of three states (Bihar, Uttar Pradesh and West Bengal) is worrying because both levels and growth of expenditure on social services are lower in these states. In the case of Madhya Pradesh, Orissa and Rajasthan, levels are lower in spite of reasonable growth in social service expenditures.

It is possible at least in the medium run to allocate more funds if measures are taken to improve both economic growth and human development. As mentioned above, public action does not mean that we should depend on only government programmes. The micro level arrangements presented in the paper have shown that community programmes (traditional as well as modern) are also important in providing social security for the unorganized sector. There is a need to increase SEWA-type insurance programmes.

The economic reforms introduced in the country in 1991 would lead to greater economic opportunities for the population. However, in the context of marketisation, there is a substantial section of society which does not have the resource power to enter into market operations. The government and those who are already in the market have responsibility in providing social security for the large sections of unorganized workers and other vulnerable groups who are out of the market. It may be noted that Government alone can not provide security to workers as there are limits to the capacity of the administration and finance. There is a need for public-private partnership in providing social and economic security for unorganised workers.

Reference

Agarwal, Bina, (1994), *A field of one's own: Gender and Land Rights in South Asia*, Cambridge University Press, Cambridge.

Ahmad, Ehtisham, Jean Dreze, John Hills and A. Sen (1991), **Social Security in Developing Countries**, Oxford, Clarendon Press.

Chen, M. and Dreze, J (1992), "Widows and Well Being in North India", DEP, No.40, STICARD, London School of Economics.

Dreze, Jean (1990s), "Widows in Rural India", Development Economics Research Programme, Discussion Paper Series No.26.

Dreze, Jean and A. Sen (1989), **Hunger and Public Action**, Oxford, Clarendon Press.

Dreze, Jean and A. Sen (1995), "India: Economic Development and Social Opportunity", Oxford University Press, Delhi and Oxford

Dreze, Jean and Sen (eds., 1997), *Indian Development: Selected Regional Perspectives*, Oxford University Press, Delhi

- Dreze, Jean and Harris Gazdar (1997), "Uttar Pradesh: The Burden of Inertia", in Dreze and Sen (eds.), op.cit.
- Galab, S. (1999), "Some Micro-Level Arrangements of Social Security in Andhra Pradesh", *Indian Journal of Labour Economics*, July-October, 1999.
- GOI (2001), "Report of Task Force on Employment Opportunities", Planning Commission, Government of India
- Guhan, S. (1992), Social Security Initiatives in Tamil Nadu 1989, in S. Subramanian (ed.) *Themes in Development Economics, Essays in Honour of Malcolm Adiseshaiah*, Oxford University Press, Delhi.
- Guhan, S. (1993), *Social Security for the Poor in the Unorganized Sector: A Feasible Blueprint for India*, Parikh, K.S. and R.Sudarshan (eds. 1993), op.cit.
- Guhan, S. (1994) , " Social Security Options for Developing Countries", **International Labour Review**, Vol.133, No.1
- Ginneken, W.V (1998), "Social Security for all Indians", Oxford University Press, New Delhi
- James, K.S.(1994), "Indian Elders: Asset or Liability?" **Economic and Political Weekly**, Vol.29, No.36.
- Juetting, Johannes (1999), "Social Security Systems in Low Income Countries: An Overview from an Institutional Perspective", **The Indian Journal of Labour Economics**, Vol.42, No.3
- Kannan, K.P. (1999), `Stateassisted Social Security for poverty alleviation and human development: Kerala' s record and its lessons' , paper presented at the seminar on ` Social Security in India' , organised by Institute for Human Development, April 15-17, 1999.
- Kurien, C.T. (1989), "Economic Development in Tamil Nadu" in M.S. Adiseshaiah ed., *The Economies of the States of the Indian Union*, 1989, New Delhi, Lancer nternational
- Mahendra Dev. S. (1994), "Social Security for the Unorganized Sector: Lessons from the Experiences of Kerala and Tamil Nadu", **Indian Journal of Labour Economics**
- Mahendra Dev, S. (1995), "Government Interventions and Social Security for Rural Labour", **Indian Journal of Labour Economics**, Vol.38, No.3.
- Mahendra Dev, S. (1996), "Social Security for Indian Workers: Performance and Issues", *The Indian Journal of Labour Economics*, Vil.39, No.4,
- Mahendra Dev, S. (1996a) "Experience of India' s (Maharashtra) Employment Guarantee Scheme: Lessons for Development Policy", *Development Policy Review*, Vol.14, No.3, Blackwell Publishers, Review
- Mahendra Dev, S. (1999), "Social Security for the Unorganised Sector in India", paper presented at the International Conference on Social Security Policy: Challenges before India and South Asia, New Delhi, November, 1999
- Mahendra Dev, S. and Jos Mooij (2002), "Social Sector Expenditures in the 1990s: Analysis of Central and State Budgets", *Economic and Political Weekly*, Vol.37, No.9, March 2-8
- Nayyar, Rohini (1996), "Unemployment Compensation and Employment Services in India", **The Indian Journal of Labour Economics**, Vol.39, No.2.
- NSSO (2000), "Employment and Unemployment in India, 1999-2000, Key Results", NSS 55th Round, Report no.455, December 2000
- Parikh, K.S. and R. Sudarshan (eds.1993), *Human Development and Structural Adjustment*", Macmillan India Ltd., Madras
- Prabhu, Seetha (1996), Promotional and Protective Social Security During Economic Reform, **Working Paper 96/8**,

Department of Economics, University of Bombay, March 1996.

Prabhu, S. (2001), **Economic Reforms and Social Development**, Sage Publications, New Delhi

Prasad, Eswaran, K.V. (1995), "Social Security for Destitute Widows in Tamil Nadu", *Economic and Political Weekly*, Vol.30, No.15

Rajan, I. U S Mishra and P.S. Sarma (1999), *India' s Elderly: Burden or Challenge*, Sage Publications, New Delhi.

Ramachandran, V.K. (1997), "On Kerala' s Development Achievements", in Dreze and Sen (eds 1997), *Indian Development: Selected Regional Perspectives*, Oxford University Press, Delhi.

Ranade, A. (1998), ` Health Insurance for the Elderly' , mimeo, Mumbai: IGIDR.

Sankaran, T.S. (1996), "Social Security in India in the Unorganized Sector", Discussion paper, Project of UNDP on "Studies on Human Development", Centre for Development Studies, Thiruvananthapuram.

Visaria, P. (1998), "Demographics of Ageing India", mimeo.. Institute of Economic Growth, New Delhi.

Visaria, P. (1999), "Level and Pattern of female employment, 1911-1994", in Sharma, A.N and TS Papola "Gender and Employment in India", Vikas publications, New Delhi