

Social Security for Unorganised Workers

Recommendations of the National Advisory Council

Close to 430 million workers, 93% of India's workforce are engaged in the informal or unorganized sector. These economically active workers of the unorganised sector contribute close to 60% of GDP and yet remain amongst the poorest and most vulnerable sections of society. Typically, they are engaged in multiple economic activities for survival and most have no fixed employer-employee relations. They work long hours for very low wages or income. They lack sufficient access to work and income security, food security and even basic social security like health care, child care, insurance and pension. Women, who constitute a large proportion of the informal workforce, are particularly vulnerable, and shoulder both productive and reproductive responsibilities. They are often engaged in the most hazardous of work, earn substantially lower wages than men, and do not also receive equal remuneration. According to the National Commission for Enterprises in the Unorganised Sector (NCEUS), in 2005, over 70% of workers lived on Rs.20 per day.

The collective efforts of unions, cooperatives, NGOs and most of all, the unorganized workers themselves, backed by the work of NCEUS and the recommendations of NAC-1, resulted in Parliament passing the Unorganized Workers' Social Security Act (UWSSA), 2008. However, three years since then, the Central Government has not formulated and notified a minimum social security package for *all* workers in the unorganized sector. With the exception of the Rashtriya Swasthya Bima Yojana (RSBY), which covers close to 90 million people today, little has been done to extend other benefits of social security to the vast numbers of the working poor.

Participants at the several consultations held by the NAC Working Group on Social Security pointed out that that:

- while there is scope for fine-tuning some aspects of the law, the real bottlenecks arise from allocation of limited financial resources and poor implementation.
- existing social protection schemes do not offer a minimum social security package to all workers. None of the schemes have achieved universal coverage. Many do not necessarily extend to all workers in the unorganised sector.
- there is little convergence between the various schemes that are administered. The current benefits are not delivered through a single-window arrangement but rather by multiple agencies – Ministry of Finance (for pensions), Ministry of Labour (for health insurance through the Rashtriya Swasthya Bima Yojana), Ministry of Women and Child Development (for maternity benefits).

It is against this backdrop that the NAC Working Group on Social Security has recommended ways of improving both coverage and implementation of the Act.

These recommendations are in addition to existing Social Assistance Schemes (such as old aged, disabled, and widow pensions) that central and state governments have already put in place.

Part 1 contains recommendations for making the Act inclusive and defines a minimum social security package.

Part 2 contains recommendations relating to the implementation architecture.

Part 3 discusses the financial implications of the proposed recommendations.

Part 1

Recommendation 1

Make the Act as inclusive of workers as possible

We recommend that the definition of workers in the unorganised sector should be made as inclusive as possible.

- All unorganised workers, including those who go in and out of the formal and informal sectors of the economy (like contract labourers) must be brought under the ambit of the law.
- Excluded from the purview of the Act should be two categories of workers:
 - Workers in the formal sector who are already registered with and covered by the existing Provident Fund (PF) and Employees' State Insurance Scheme schemes; and
 - Self-employed workers who pay income tax and are relatively better-off, such as doctors and lawyers

Special efforts must be made to enroll extremely poor, neglected and discriminated against workers in the unorganized sector. Priority must be given to registering workers belonging to women-headed families, specially-abled workers, landless agricultural labourers, tendu leaf pluckers and others who collect minor forest produce, rag pickers, rural artisans and weavers, nomadic groups, shepherds, fishworkers, MGNREGA workers, sex workers, migrant workers, Particularly Vulnerable Tribal Groups (PVTGs), Denotified, Nomadic and Semi-nomadic Tribes (DNTs), homeless workers and similarly disadvantaged people in urban areas.

Special attention should be paid to issues of portability across locations given that an estimated 50-90 million workers are currently seasonal or circulatory migrants. Three aspects of portability need to be addressed: registration, payment of contributions and receipt of benefits.

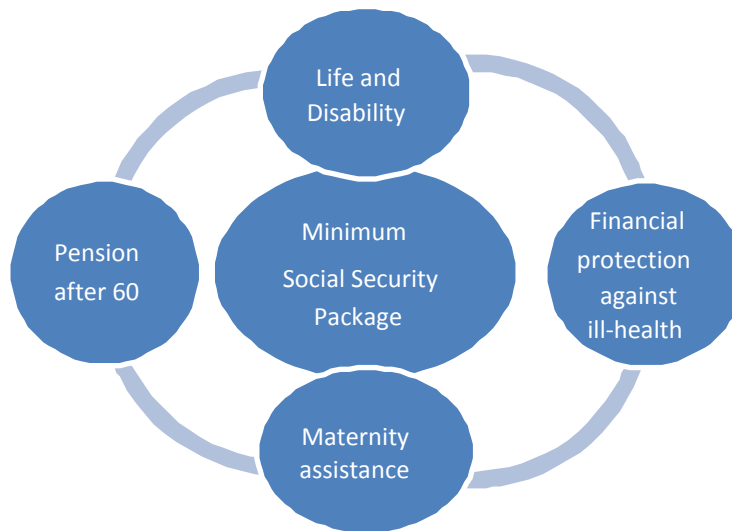
Recommendation 2

Government of India should define and notify a minimum social security package

In line with Section 3 of the UWSSA, we recommend a minimum social security package that includes

- Life and disability cover
- Financial protection against ill-health
- Maternity benefit
- Pension upon retirement

Figure 1:
Minimum Social Security Package for Workers in the Unorganised Sector



We summarize the main features of these benefits:

- 1) **Maternity assistance:** All women workers in the unorganised sector shall be eligible to maternity benefits as provided under the Indira Gandhi Matritva Sahyog Yojana (IGMSY) – now being piloted in 52 districts – with, however, the following modifications (to make the provision consistent with the proposed National Food Security Bill):

Table 1: Maternity Benefits		
	Existing provisions	Recommended provisions
Amount	Rs. 4,000 paid in three instalments between the second trimester till the child attains the age of 6 months	Rs. 6,000 paid in six instalments – last trimester until the child attains the age of 3 months

- 2) **Financial protection against ill-health:** All workers in the unorganised sector shall be eligible to financial protection against ill-health. To begin with, the Rashtriya Swasthya Bima Yojana – RSBY – should be extended to all workers in the unorganised sector and

then merged into a National Health Entitlement Plan (guaranteeing free access to both in-patient and out-patient care) as per a Universal Health Coverage proposal being considered by the Planning Commission.¹

- 3) **Life and disability insurance:** Life and disability insurance should be extended to those workers who make an annual contribution. In order to make the Life and disability insurance plus Pension Plan attractive, we recommend that benefits be revised upwards as follows:

Table 2: Compensation on account of death and disability		
	Existing Amounts (Rupees)	Recommended Amounts (Rupees)
Natural death	Rs. 30,000	Rs. 50,000
Accidental death	Rs. 75,000	Rs.100,000
Total permanent disability	Rs. 75,000	Rs.100,000
Partial permanent disability	Rs. 37,500	Rs. 50,000

State governments and Workers Welfare Boards may add on benefits to this minimum package.

- 4) **Pension benefits:** Pension plans should be offered to those workers who make an annual contribution. As recommended by the Standing Committee of Finance (2010-11)², we propose a Pension Plan in which the contribution by the worker is matched by an equal contribution by the Central and state governments over the entire period of the workers' voluntarily contribution.

Schemes offered by the government should be affordable to the workers, reasonable in terms of benefits, and easy to administer. The basic pension amount should not less than that currently available under the Old Age/Widow/Disabled pension schemes of the Central and State governments. At the same time, the schemes should be flexible enough to:

- accommodate different categories of workers with different capacities to make annual contributions;
- allow workers to make larger contributions, over and above the minimum, into their account – though the government's contribution will continue to remain the same; and
- not penalize workers who fail to pay the premium for a couple of years, and allow them flexibility to re-enter the scheme.

¹Today, RSBY covers only BPL families, and some categories of unorganised sector workers like domestic workers, street vendors and MGNREGS workers. It does not cover out-patient care and is limited to only 5 members of a family.

²The Standing Committee of Finance (2010-11) in its fortieth report [1] submitted on August 30, 2011 to the fifteenth Lok Sabha makes the following observation: "55... The Committee would, therefore, like the Government to work out a tripartite kind of a scheme where the State Government, the Central Government and the unorganized sector workers could make contributions. With such a comprehensive coverage, the present pension scheme which is rather narrow in scope now could move forward so as to truly justify its nomenclature as the National Pension System."

Recommendation 3

Offer a set of simple products that provide Life and disability insurance and pension benefits that is appropriate and affordable to workers in the unorganised sector.

The Government may consider the following options:

- a) Introduce a combined Life and disability insurance and pension plan in order to simplify the package to workers who will be required to make only a single contribution every year instead of three or four. Two different plans could be offered:
 - where the worker makes an annual contribution of Rs. 1,000 matched by a similar contribution by the centre and state; and
 - where the worker makes an annual contribution of Rs 500 matched by a similar contribution by the centre and state
- b) For those who do not want to subscribe to the combined Life and disability insurance and Pension Plan, retain the option of separate Life and disability insurance , and Pension Plan schemes as well
- c) Permit Workers' Welfare Boards and workers' cooperatives to pay the workers' contribution entirely or partially, as they see fit.
- d) Continue to be cover workers who may be too poor to contribute to either the pension plan or to the Life and disability insurance plan with existing insurance schemes of the Government of India.

Based on discussions with stakeholders, we recommend the launch of a combined Life and disability insurance plus Pension Plan by Government of India – with the option to state governments to make a matching contribution as well. Under the proposed scheme, the worker will make an annual contribution of Rs.500 or Rs 1,000 which will be matched by an equal contribution by the Central government and by the state government.

Tables 3 and 4 present an illustrative example of likely benefits to workers when only the Central government makes a matching contribution, and when both Central and State governments make a matching contribution. For purposes of calculation, the contribution by a worker is assumed to be Rs 1000 per annum. Both worker's contributions and the matching ones from the government should be indexed for inflation, at the end of every five years.

Table 3: Illustrative Pension Benefits - Option 1:						
Annual worker's contribution of Rs. 1,000						
Age at entry	Annual contributions by:			Accumulated Contribution at age 60 (Rupees)	Monthly Pension (Rupees)	Annual Pension (Rupees)
	Worker	Central Govt.	State Govt.			
20	1,000	1,000	0	4,61,639	3,539	42,468
25	1,000	1,000	0	3,07,069	2,354	28,248
30	1,000	1,000	0	2,01,871	1,548	18,576
35	1,000	1,000	0	1,30,275	999	11,928
40	1,000	1,000	0	81,548	625	7,500
45	1,000	1,000	0	48,385	371	4,452
50	1,000	1,000	0	25,815	198	2,376

Notes:

1. Annual administrative expenses of Rs.50 and an outgo of Rs.300 for insurance cover have been deducted from the total contributions while calculating the pension amounts.
2. Other assumptions made are (i) annual interest rate of 8%; (ii) annuity rate for life pension of 92; and (iii) accumulating upto the age of 60.
3. If the contributions are stepped up by 50% every five years (to adjust for inflation), then the monthly pension will rise to Rs. 11,616 for a person who joins the scheme at the age of 18 years.

Table 4: Illustrative Pension Benefits - Option 2:						
Annual worker's contribution of Rs. 1,000						
Age at entry	Annual contributions by:			Accumulated Contribution at age 60 (Rupees)	Monthly Pension (Rupees)	Annual Pension (Rupees)
	Worker	Central Govt.	State Govt.			
20	1,000	1,000	1,000	23,21,674	17,800	2,13,600
25	1,000	1,000	1,000	13,60,572	10,431	1,25,172
30	1,000	1,000	1,000	7,80,138	5,981	71,772
35	1,000	1,000	1,000	4,34,222	3,329	39,948
40	1,000	1,000	1,000	2,31,543	1,775	21,300
45	1,000	1,000	1,000	1,15,433	885	10,620
50	1,000	1,000	1,000	50,964	391	4,692

Notes:

1. Annual administrative expenses of Rs.50 and an outgo of Rs.300 for insurance cover have been deducted from the total contributions while calculating the pension amounts.
2. Other assumptions made are (i) annual interest rate of 8%; (ii) annuity rate for life pension of 92; and (iii) accumulating upto the age of 60.
3. If the contributions are stepped up by 50% every five years (to adjust for inflation), then the monthly pension will rise to Rs.17,800 for a person who joins the scheme at the age of 18 years.

An additional benefit of the current Life and disability insurance scheme is the awarding of educational scholarships of Rs.1,000 per month for 10 months to children attending Class 9 and above. We recommend a modification in this benefit. We propose replacing this with by Educational Scholarship of Rs.1,500 be granted upon admission of the *girl child* to Class 9, of Rs. 2,000 upon admission to Class 10, Rs.2,500 upon admission to Class 11. and Rs 3000 upon admission to Class 12.

Recommendation 4

Offer, in the first phase, the Life and disability insurance plus Pension Plan, preferentially to at least one woman worker in every household

Full coverage of some 430 million workers, with both the Central and State governments making a matching annual contribution is likely to entail substantially large financial outlays. It is also likely to take time for implementation mechanisms to be put in place by state governments for ensuring full coverage.

We recommend that in the first phase, the combined Life and disability insurance and pension plan should be offered to at least one woman worker in every household engaged in the unorganised sector. And in cases where women workers are not present, then the scheme could be extended to at least one male worker in the household. The goal should be to cover all such households over a five year period.

Rolling out the combined Life and disability insurance plus Pension Plan to at least one woman worker in every household as a priority will reduce the immediate financial burden on the governments. It will also allow for time that will be required for state governments to register workers, establish the capacity as well as the institutional mechanisms needed for implementing the Plan.

Part 3 of this note addresses the financial implications of such a roll-out plan.

Part 2

Implementation Architecture

Recommendation 5

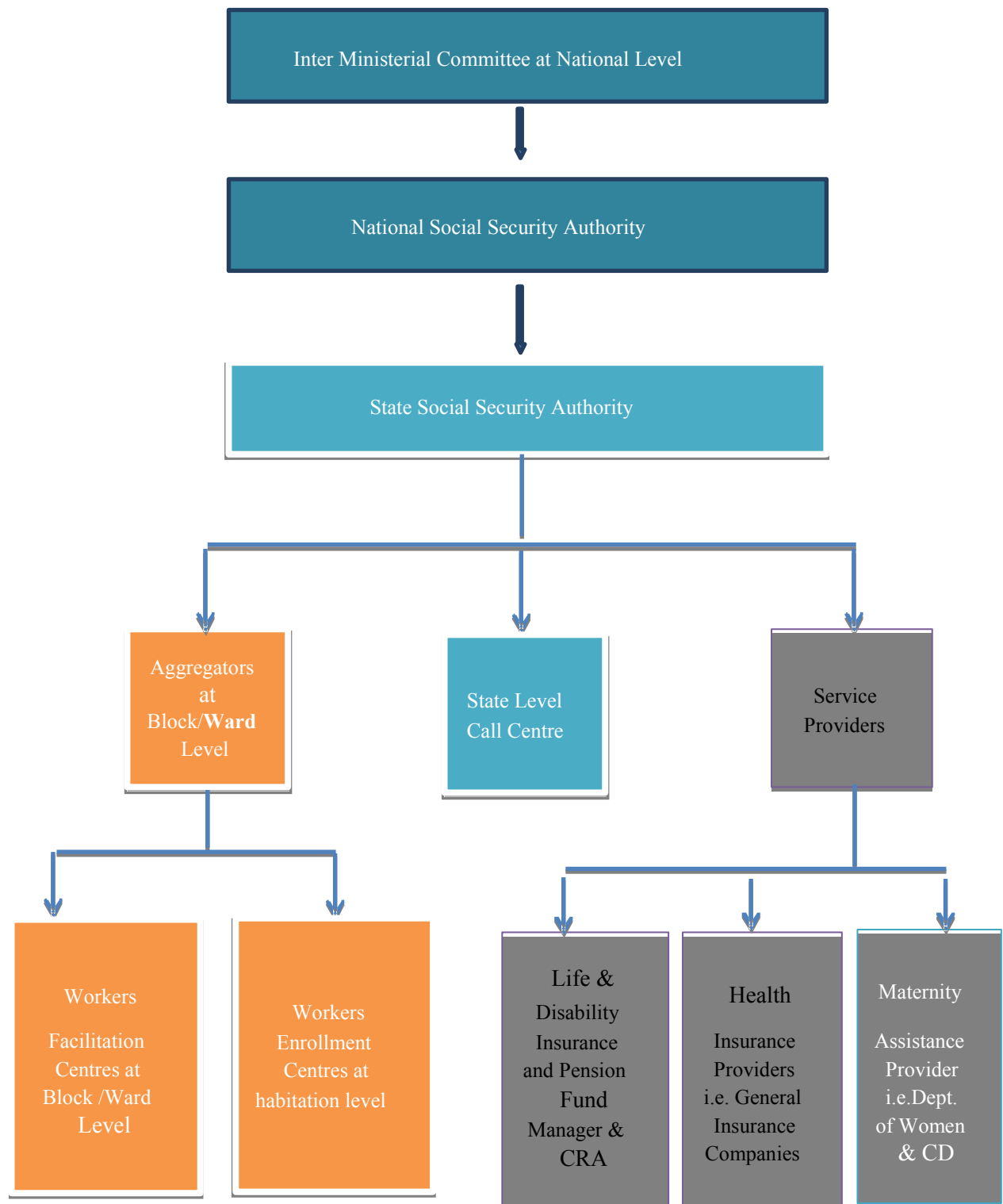
Adopt a single-window architecture for implementing the Minimum Social Security Package

Implementation of the minimum social security package will require close coordination between at least **six** key Ministries:

After examining existing arrangements for ensuring better coordination and convergence at the national and state levels, we propose the following institutional architecture for implementation of the minimum social security package.

A clarification. We are by no means suggesting that the creation of new agencies at the central, state, district and community levels identified in the proposed institutional architecture. Existing agencies of the central and state governments could well assume responsibility for some or all of the functions identified as critical for effective

implementation. Duplication should be avoided. New agencies should be considered only when existing ones are not adequately equipped for performing specific tasks.



Brief descriptions of the roles and responsibilities of the various stakeholders follow.

Inter-Ministerial Committee at the national level: This Committee shall give overall policy directions and oversight and consist of representatives from the Ministry of Finance, Ministry of Women & Child Development (WCD), Ministry of Health and Family Welfare, Ministry of Labour & Employment, Ministry of Housing and Urban Poverty Alleviation (HUPA) and the Ministry of Rural Development (MoRD) to provide coordination support for implementing the scheme. Ministry of Finance should be Convener of the Inter-Ministerial Committee.

National Social Security Authority (NSSA): We recommend that the Ministry of Finance should promote the setting up of such an Authority given that a major function of the Authority will be the effective management of pooled financial resources. Such a national authority is necessary in order to ensure:

- better coordination between the ministries that need to be actively involved in the implementation of the minimum social security package
- convergence of all initiatives that are serving the same pool of workers for ease, efficiency and containment of implementation costs.
- requisite skills, competencies and expertise (not found in ministries) needed to design, manage and implement the social security package
- flexibility and autonomy in order to encourage innovation, deal with the country's diversity and offer services that go beyond the standard functions performed by ministries
- professional and technical competencies and support to states
- effective management and use of new data bases that will be created

The Ministry of Finance should promote the setting up of such a National Social Security Authority given that a major function of the Authority will be the effective management of pooled financial resources.

The main **functions of the NSSA** will be to:

- Design and develop a minimum social security package with the assistance of a wide range of experts, including professionals well-versed with social security, civil society especially unions and cooperatives of the unorganized workers, SHG federations and workers' collectives.
- Develop appropriate, simple and effective implementation mechanisms for registration, enrolment and reaching services to the unorganized workers, including collaborating with local agencies like the PRIs, unions, cooperatives, SHG federations and others closely working with workers.
- Monitor and evaluate the implementation of the package and undertake periodic corrective action as and when required.
- Draw and disburse the finances from the ministries involved and ensure that the funds reach the State Social Security Authorities (SSSAs) in a timely way, enabling benefits to reach the workers at their doorsteps.
- Ensure that workers and government (national and state) contributions, especially for pensions, are administered and accounted for in an appropriate and transparent manner.
- Ensure that an annual financial statement for every worker, showing the member's contribution, contribution made by State and Govt of India and the interest earned reaches every worker so that she/he is fully aware of her/his entitlements.

- Ensure that an over-arching IT architecture is developed such that each worker gets a portable Smart Card giving her/him and her/his family members access to the minimum social security package. This should involve exploring use of the current RSBY platform and developing it to include other aspects of the package.
- Enable capacity-building of the SSSAs, civil society partners and others with regard to the minimum social security package and its implementation.
- Support the SSSAs and implementation partners in any way that will facilitate smooth implementation and lead to strengthening of management and monitoring.
- Enable the SSSAs, civil society partners and others to develop appropriate IEC materials and actually inform and educate the workers on the package and how to access the benefits involved.
- Commission research on needs of workers, impact of the package and related subjects.
- Liaison with government departments, research agencies and civil society partners, especially unions, cooperatives, collectives and SHG federations for better management and implementation of the minimum social security package.

The NSSA will have representatives of workers, civil society organisations and government. Special efforts should be made to ensure adequate representation of women and experts.

The Ministry of Finance should explore options including the setting up a special purpose vehicle, establishing an independent authority at the national level registered under the Societies Registration Act 1860, or entrusting the responsibility for the functions envisaged to an existing institution at the national level.

State Social Security Authority (SSSA): State governments should be encouraged to set up a State Social Security Authority as a statutory and autonomous nodal implementing agency, responsible for planning, implementation and monitoring of the social security package at the state level. This Authority must be linked to a suitable state government department and have representatives of workers, civil society organisations working in the field, and government. Like the NSSA, the SSSA should also have an adequate representation of women and experts. In addition to fulfilling the functions already outlined in the Act, the SSSA will address grievances forwarded to it by the Workers Facilitation Centres (WFCs).

Where states already have a functioning agency or authority for the above purpose, it may be entrusted the responsibilities outlined below, rather than setting up a new SSSA.

The responsibilities of the SSSA shall include:

- Information, education and communication about the package.
- Appointment of Aggregators.
- Involving district, block-level administration and Gram Panchayats and urban local self governments, SHGs and their federations for identification of workers, creating awareness and mobilization for enrolment.
- Registration of the households through Aggregators.
- Issuance of Smart Card to each household for accessing all the four benefits.
- Monitoring delivery of all the four services to the unorganized workers across the state.
- Maintenance of transaction based MIS relating to all the four services in such a manner that data relating to household-wise services accessed is hosted in public domain.
- Establishment of a state-level Call Centre for claims registration and grievance redressal.
- Periodic review with Aggregators.

District-level and urban ward-level Social Security Committee: Every district and urban ward/area should have a Social Security Committee which will monitor and ensure implementation of the minimum social security package. The committee will include representatives of workers, civil society organizations, and government representatives. Special care should be taken to ensure representation of women on this committee. Its duties and responsibilities will be on the lines of the state-level boards, but its jurisdiction will be restricted to the district or urban ward/area. It will also liaise with and facilitate the functioning of Workers Facilitation Centres (WFCs) and address grievances.

Workers Welfare Boards: Many states have functioning Workers Welfare Boards for different occupation groups of the unorganized sector. Some states have set up Boards to cover the unorganized sector workers as a whole. Such initiatives need to be strengthened. The Boards should implement the minimum social security package, and can then utilize the funds they collect for additional benefits. The Workers Welfare Boards may entrust the WFCs to assist in identification and registration of workers, undertake education and other activities, as they see fit. States that have already functioning Boards covering all unorganized sector workers may undertake the functions of the SSSAs outlined above and avoid duplication of structures.

Service Providers: Service providers at the state level will consist of the following:

- 1) Department of Women & Child Development: to ensure reach of maternity assistance
- 2) Department of Health & Family Welfare: to ensure health insurance through General Insurance Companies.
- 3) Selected Insurance Company: to be the service provider for Life and disability insurance plus Pension Plan responsible for:
 - Maintenance of workers pension fund accounts.
 - Fund management – Workers’ contribution, State Government contribution and Central Government contribution.
 - Prudent investment of the fund.
 - Record keeping- Record keeper of all the policy holders.
 - Establishment of online claim settlement system of Life and disability insurance.
 - Transfer Insurance claim amount directly into the account of nominee.
 - Annuitisation of corpus in respect of each worker after crossing 60 years.
 - Transfer of pension directly in to the account of the pensioner.
 - Return of Corpus to nominee after pensioner died (if worker opted RoC annuity model).
 - Issue financial statement to all the households covered under pension scheme.

Aggregators: Aggregators have a key role to play in the implementation of the minimum social security package. Their responsibilities will include:

- a) Mobilizing, enrolling and registering workers and their family members at the habitation level. Special efforts must be made to ensure that the most disadvantaged of workers, including migrants, nomads, Dalits, Adivasis, minorities and others, are reached, enrolled and registered.
- b) Establishing Workers Facilitation Centres (WFCs) which will also provide services at block or ward level.
- c) Worker’s education and promoting the minimum social security package, including generating awareness about the need for social security among the workers.
- d) Issuing of Smart Cards.

- e) Updating data and submission of applications to Central Record-keeping Agency (CRA).
- f) Collecting pension plan contributions.
- g) Meeting the 'Know Your Customer' requirements in respect of potential subscribers.
- h) Collecting registration fee from subscribers and ensuring its passage to SSSS (State Social Security Society) Ensuring availability of services to its underlying subscribers as mandated under the package.
- i) Handling grievances received from subscribers and their resolution.

Aggregators could include:

- SHGs and their Federations including those who are already formed or mandated to be formed under the National Rural Livelihood Mission (NRLM) and the proposed National Urban Livelihood Mission (NULM)
- Registered workers unions
- Commercial Banks
- Department of Posts
- Life Insurance Corporation of India and other public sector insurance companies.
- Non-Government Organizations (NGOs).
- Membership-based organizations like cooperatives
- Civil Society Organizations (CSOs)
- Entities running common service centres under National E-Governance Plan.

Annex 1 presents details of the various functions that should be performed by Aggregators. Annex 2 contains specific suggestions relating to enrolment and registration of workers.

Workers Facilitation Centres (WFCs) run by Aggregators at the Block (in rural areas) or ward level (in urban areas): These are already mentioned in the Act, WFCs will facilitate implementation and be the first point of contact for workers. They will be equipped and funded to undertake registration, information dissemination, education, delivery of the essential social security package as well as for handling grievances. Aggregators need to establish WFCs at the block or ward level for providing continuous facilitation-cum-service support for the members enrolled in the minimum social security package and to ensure the collection and transfer of member's contributions to the Fund Manager Account.

WFCs shall provide the following services to workers.

- Information dissemination among workers about the Scheme.
- Register and deliver Smart Cards to all households; special efforts must be made to reach those workers who are normally not reached, as mentioned above.
- Collect contributions from workers with the help of village-level or urban facilitators.
- Pass on the contribution to the fund manager on line.
- Deliver annual financial statement to each household.
- Collect application forms regarding (i) Life & Disability Insurance claim (ii) Maternity Assistance claim (iii) Sanction of Pension and (iv) Refund of corpus claim Scanning and uploading all the claim documents to the web server for processing of claims.
- Enable those covered under pension scheme to open a bank account /postal account for receiving the pension on crossing 60 years.
- Scan and upload the application forms to the Central Record-keeping Agency (CRA).

- Submission of physical application forms to the CRA.
- Renewal of membership and collection and transfer of members renewal contributions to fund manager.

Annex 3 presents details of the various functions that should be performed by the WFCs.

Recommendation 6

Build a common ICT platform to administer the minimum social security package

A common ICT architecture must be developed for the effective and efficient implementation of the minimum social security package. The already existing RSBY ICT platform could be used and further developed for this purpose. End-to-end computerization, including a portable Smart Card for the workers, must be effected without delay. The ICT architecture developed by existing Workers Welfare Boards will need to be merged into one common ICT architecture. Similarly, ICT platforms created by the MoRD and HUPA would need to be merged or made compatible.

End-to-end state-of-the-art technology solutions are necessary to ensure transparency and accountability as well as for maximizing the reach and efficiency of benefits under the minimum social security package. Technology should be developed to support inter operability across the stake holders and country. Some of the areas where technology can play a useful role are:

- Registration of workers at the habitation level (demographic details, thumb impression scanning, photos of all family members).
- Issuing Smart Cards.
- Contributions Collection Module.
- Annual renewal and collection of annual contributions.
- Service delivery.
- Health Insurance Module including hospital-level transactions and Third Party Administrator (TPA)-level transactions (Existing RSBY technology can be used).

Settling claims (life and disability insurance claims), administering maternity benefits, and disbursement of pensions are also areas where effective technology solutions can greatly improve effectiveness and efficiency of service delivery.

Recommendation 7

Constitute a Task Force to design mechanisms for inclusive and effective implementation as well to draft a set of Model Rules.

It is important to design and develop, in consultation with different stakeholders, appropriate implementation modalities for the social security package. Mechanisms designed should be as close to the workers as possible and should be developed with the involvement of workers,

their organizations and those closely associated with them. Similarly, there is a need to develop appropriate Rules for the Act. The Rules notified so far by the Ministry of Labour and Employment deal almost entirely with the functioning of the NSSA – the term of office of members, resignation, manner of filling vacancies, allowances of members, disposal of business, conduct of meetings, etc. They do not address implementation issues relating to many other sections of the Act such as registration of workers, functioning of WFCs, and grievance redressal.

The Ministry of Finance should set up a Task Force comprising experts as well as representatives of the Ministry of Labour and Employment (MoLE), Ministry of WCD, the Ministry of Health and Family Welfare, Ministry of Housing and Urban Poverty Alleviation (HUPA), the Ministry of Rural Development and the Planning Commission to give shape to the National Social Security Authority (NSSA) and develop its Memorandum of Association. The Task Force should also be charged with examining and recommending the various financial products for workers, detailing the implementation architecture and with drafting the set of model Rules which if issued by the Government of India could serve as a model for state governments to adapt and modify according to the local context. Special attention should be paid to issues of portability with respect to registration, payment of contributions, and receipt of benefits.

The Task Force should consider outlining rules and procedures for dealing with implementation issues including the following:

- **Easy collection of workers' contributions:** It is important to design simple and easy-to-access systems for ensuring regular collection of annual contributions by members for the Life and disability insurance cum Pension Plan.³
- **Service Delivery Systems:** Government and other stakeholders should be readied for providing services to enrolled members. A single-window system should be designed and developed for implementation of the package and easy settlement of claims.⁴
- **Efficient fund management:** Proper procedures should be laid down for ensuring effective and efficient fund management as well as for record-keeping in order to make processes simple for workers.⁵
- **Grievance redressal:** WFCs will be the first point of contact for grievance redressal. Complaints and grievances from WFCs will be placed in the state-level boards/authorities. We propose the setting up of State level Call Centres for registration of grievances, claims, coordination and follow-up with service providers on grievance redressal.⁶
- **Creating awareness and capacity building:** Awareness among potential subscribers about the benefits of the minimum social security package and their rights will be developed through education programmes and ensuring that information is made easily available to them. Systematic efforts will also be needed to ensure that adequate capacity is built at different levels for smooth implementation of the programme.⁷

³Annex 5 outlines three options for ensuring smooth collection of premiums from workers.

⁴Annex 6 offers suggestions for improving the effectiveness of service delivery and settlement of claims.

⁵Annex 7 lists a few suggestions for effective fund management and record-keeping.

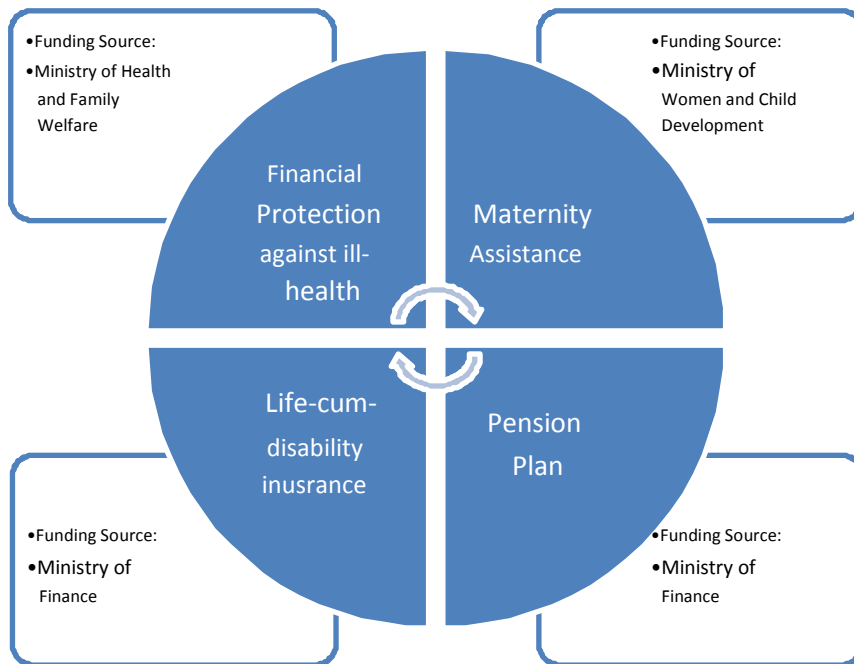
⁶Annex 8 discusses the functioning of the proposed Call Centres.

⁷Annex 9 contains several suggestions for awareness creation and capacity building.

Part 3
Financial Implications

Allocation of public funds for the social security package is made by three Ministries:

Figure 2:
Sources of financing for the Social Security Package



Of the four components of the minimum social security package, financial allocations for two are already under consideration by the Government of India:

- **The Maternity Assistance scheme** – IGMSY, an on-going scheme of the Ministry of Women and Child Development: This scheme, now being piloted in 52 districts. If it is fully rolled out over the 12th Five Year Plan, then the likely allocations (with full coverage) is likely to be around **Rs. 12,000 crores.**⁸ This is already provided as one of the entitlements under the proposed National Food Security Bill 2011 that has been introduced in the Parliament.
- **Financial protection against ill-health** – Government of India is considering an increase in public spending on health from around .1.2% of GDP to 2.1% of GDP by the end of the 12th Five Year Plan. Part of the additional resources allocated to health for strengthening the provision of health care services could go for providing financial protection against ill-health to workers in the unorganised sector.

Additional financial allocations will, however, need to be made for the proposed Life and disability insurance plus Pension Plan.

⁸Assuming a payment of Rs. 6,000 per birth for around 20 million births a year.

- **Life and disability insurance plus Pension Plan:** Present levels of government spending on Life and disability insurance as well as Pension Plans are estimated to be around Rs.200-300 crores annually.

Introducing the Life and disability insurance plus Pension Plan for one woman worker in every household engaged in the unorganised sector, in the first phase, over a five-year period spreads the financial burden. Table 5 shows the financial implications of this roll-out plan that will cover an estimated 200 million households:

Table 5:					
Five Year Roll-out Plan for the Life and disability Insurance and Pension Plan					
– One woman worker per household					
	Year 1	Year 2	Year 3	Year 4	Year 5
Women workers covered					
Additional women workers covered annually (crores)	4	4	4	4	4
Cumulative women workers covered (crores)	4	8	12	14	20
Matching Financial Contribution of Rs. 500 (min) or Rs. 1,000 (max) per worker					
(Rs. 000 Crores per annum)					
Centre (min-max)	2-4	4-8	6-12	8-16	10-20
State (min-max)	2-4	4-8	6-12	8-16	10-20
Note: These are rough figures. We have assumed 20 crore households with workers engaged in the unorganised sector. They have not been adjusted for inflation. Actual amount of contribution by governments will vary depending upon the age profile of those who enter the plan.					

It is estimated that, over a period of 5 years, every year, Central Government has to meet additional costs which may vary from Rs 2,000 Crores to Rs. 4,000 Crores per annum, depending on the contribution from the household, i.e. whether Rs 500 per annum or Rs 1000 per annum. In 5th year, Central Government's burden is projected as varying from Rs 10,000 Crores to Rs 20,000 Crores. Since some households may opt for Rs 500 and others may opt for Rs 1000, the Central Government burden may be between Rs 10,000 Cores and Rs 20,000 crores in the 5th year. This is of course based on the presumption that all 200 million household join the scheme. The scheme is purely voluntary. In all probability all the 200 million households may not join. Therefore, the cost implications are likely to be far lower than the range of Rs 10,000 cores and Rs 20,000 crores in the 5th year.

Rolling out the combined Life and disability insurance plus Pension Plan only to women workers as a priority also allows for time that will be required for state governments to register workers, establish the capacity as well as the institutional mechanisms needed for implementing the Scheme.

Ensuring financial viability of the Aggregators: It is important to ensure that sufficient resources are allocated for ensuring financial viability of Aggregators. Adequate financial incentives should be provided at different levels for the stakeholders to perform their functions effectively and efficiently. Annex 10 offers different options for ensuring a financially viable revenue model for Aggregators.

Annex 1

Aggregators - Definition & Scope of work

1. Aggregators shall be organisations, acting as intermediaries, identified and approved by **State Social Security Authority (SSSA)**, to perform interface functions for the minimum social security package. The Aggregators shall be entities already in existence having continuous functional relationship with a known customer base for delivery of some socio-economic goods/services. There shall be one Aggregator per each administrative block or ward (in urban area). However, one Aggregator can look after more than one block/ward in case of non- availability of competent Aggregators in such particular block or urban ward/area
2. Aggregators shall be:
 - a) SHGs Federations and all SHGs under the NRLM and proposed NULM
 - b) Registered Workers Unions
 - c) All Commercial Banks
 - d) Department of Posts
 - e) Life Insurance Corporation of India and other public sector insurance companies.
 - f) Micro-Finance Institutions (MFIs).
 - g) Non Banking Finance Companies (NBFCs).
 - h) Non Government Organizations (NGOs).
 - i) Civil Society Organizations (CSOs)
 - j) Entities running common service centres under National E-Governance Plan.
 - k) Any other category as identified by NSSA.
3. All the entities mentioned above must meet the criteria prescribed by SSSA for becoming an Aggregator and must have necessary infrastructure for collection of money and for passing these on to the prescribed entities.

Eligibility criteria

4. The entities desirous of taking on the role of Aggregator must be registered under an Act of the central or state governments and / or adequately regulated by any of the financial sector regulators. The registered entities willing to be enlisted as an Aggregator must have been registered under any of the following:
 - a) Societies Registration Act 1860 (or a State amendment of this Act)
 - b) Indian Trusts Act, 1862
 - c) Charitable and Religious Trusts Act, 1920
 - d) Trade Union Act
 - e) Indian Companies Act, 1956 (section 25, for non-profit companies)
 - f) Indian Companies Act, 1956 with necessary certification from RBI (for NBFCs)
 - g) Indian Companies Act 1956, for any other company
 - h) Any other entities registered under any Cooperative Laws prevalent in the states
5. **Empanelment of Aggregators and identification Process:** Applications shall be invited from the potential Aggregators through newspapers and other mass media. Applications may also be invited through correspondence from SHG Federations from urban and rural areas and well-known societies/NGOs already working with the women in such areas. The entities meeting the eligibility criteria as mentioned above shall be empanelled and identified on the basis of their credentials.

- 6. Roles and responsibilities of Aggregators:** The Aggregators shall be responsible for:-
- a) Establishment of Workers Facilitation Centre at block or ward level.
 - b) Worker's Education.
 - c) Positioning of facilitators in each village or urban area, coordination with block/ward-level government agencies and local bodies.
 - d) Procurement of enrolment kits for establishment of enrolment centres.
 - e) Promotion of minimum social security package and awareness about the need for social security.
 - f) Mobilization of workers and their family members to the enrolment centres.
 - g) Enrolment and registration of workers at habitation level.
 - h) Issuing of Smartcards.
 - i) Updating of data and submission of applications to CRA.
 - j) Collection of pension plan contributions (of NSSA decided) and transfer to fund manager.
 - k) Attending periodic reviews.
 - l) Cash collection with Point of Service machines only. Providing printed receipt for contribution amount collected.
 - m) Meeting the 'Know Your Customer' (KYC) requirements in respect of potential minimum social security package subscribers.
 - n) KYC requirements in case of minimum social security package subscribers shall be Households Card, EPIC Card, MGNREGS Card, ID Card issued by registered establishment, Adhaar Card, etc.
 - o) Discharge of responsibilities relating to fund and data upload within prescribed time limits.
 - p) Collection of registration fee from subscribers and ensuring its passage to the State Social Security Authority (SSSA) and ensuring availability of services to its underlying subscribers as mandated under minimum social security package.
 - q) Handling grievances received from subscribers and their resolution.
 - r) Any other responsibility as assigned to them by SSSA/NSSA to ensure protection of subscriber's interest.
- 7. Fund collection by Aggregators:**
- a) The aggregators shall make sure that credible collection infrastructure is available at block and village level and the corresponding units in urban areas. The amount collected by the Aggregator shall be regularly transferred to the main account of the SSSA. Each Aggregator would maintain a designated account with a scheduled bank to which registration fee collections shall be remitted.
 - b) The Aggregators would ensure necessary vigil and due diligence on the entire fund collection process and shall remain responsible for the same.
 - c) All defaults in the cash collection and transfer process causing loss to the subscribers shall be made good from the security deposit of the respective Aggregator and / or remuneration due to them, if any.
- 8. Penal Provisions for Aggregators:** SSSA shall lay down necessary provisions for imposing penalty on Aggregators who fail to meet the responsibilities entrusted and maintain the standard of service expected from them or act in a manner contrary to the interest of the subscribers in the opinion of SSSA.

9. **Code of conduct for Aggregators:** The Aggregators shall be subjected to model code of conduct as prescribed by SSSA and as amended from time to time.

10. **Revenue model for Aggregators:**

- a) The Aggregators shall not be authorized to collect any sum from the subscribers towards their own fee / service charges except registration fee, as decided by NSSA.
- b) The Aggregators shall receive a fixed sum after each completed year of business from SSSA and the same will be decided on a “Subscriber Acquisition cum Retention Model”
- c) The remuneration shall be based on a “per capita sum” paid for each subscriber enrolled during the year and all those accounts (enrolled in previous years) which remained active during the year. Each account enrolled and retained during the year must have a minimum annual contribution of Rs.500/- in each account for making the Aggregator eligible for remuneration.
- d) The “per capita sum” shall be uniform and fixed by the SSSA from time to time. This sum for the FY 2011-12 shall be Rs.100/-- per eligible minimum social security package account.
- e) The Aggregators must meet the criteria prescribed by the SSSA to ensure reasonable level of “persistency” i.e. retention of accounts opened during previous years in an active state, during subsequent years.
- f) Remuneration to Aggregators shall be paid out of “ promotion and development” funds available with the SSSA.
- g) The remuneration shall be paid by the SSSA to each Aggregator based on claim submitted by them and verified by the SSSA on an annual basis. Procedure for preference of claim, its verification and consequent payment shall be prescribed by the SSSA.

11. **Due diligence on role of Aggregators by the SSSA:** The Aggregators shall be subjected to due diligence procedure of the SSSA. Each Aggregator shall make available to the SSSA the following documents duly certified by a Chartered Accountant within 6 months from the end of the financial year, failing which corresponding penalty shall be invoked.

The following will be the minimum requirements to be furnished by an Aggregator:

- a) Audited Annual Accounts.
- b) Net worth certificate.
- c) Share-holding pattern
- d) Dominant promoter group detail.
- e) Any other document prescribed by the SSSA.

The Aggregators shall be subjected to an independent audit as deemed fit by the SSSA periodically and the same shall form the basis for the continuation of the Aggregator.

The SSSA may at its discretion, and in the interest of subscribers, impose additional conditions, relax some of the existing ones or frame new regulations which will automatically supersede the earlier regulations.

12. **Exit Management and business continuity:**

- a) The Aggregators shall be appointed for a fixed term by the SSSA. However, the SSSA may consider termination of the appointment as laid down in terms and conditions of appointment. The SSSA may also terminate such appointments if it is

convinced that continuation of business by the Aggregator is detrimental to the interests of the subscribers.

- b) The Aggregators, after expiry of their initial period of appointment, may opt out of their engagement as Aggregators in terms of their appointment conditions. However, such exit shall be authorized by the SSSA only after ensuring that the underlying subscribers have been suitably mapped to another Aggregator or a suitable arrangement has been put in place to ensure continuity of service to the subscribers.
- c) Aggregator(s) to ensure protection of subscribers' interest.
- d) The SSSA may periodically issue directions, prescribe additional conditions and impose requirements on all intermediaries under minimum social security package including Aggregators, in the interest of subscribers, and the same shall be binding on all.

Annex 2

Registration of Workers

1. Registration of a household will enable access to maternity assistance and health insurance immediately. The Life and disability insurance plus Pension Plan would be provided to the registered workers in a phased manner. The continuity of Life and disability insurance cover will be subject to payment of regular, annual contribution to the insurance company. Close to 25 million households possessing RSBY Smart Cards can access the minimum social security package with the help of their RSBY Smart Card after payment of contribution to the Life and disability insurance and Pension plan.

2. Registration Protocol

It is essential to develop a standard protocol for registration and enrollment of workers. All the SSSAs and the Aggregators will follow the standard protocol which may be divided into before enrollment, during enrollment and after enrollment.

3. Before Enrollment

- a) Government shall announce the schedule for enrollment of workers. It takes 3-4 months for enrollment and renewal of BPL families under the current RSBY scheme. Keeping this in mind, the government will announce the enrollment schedule 4 months before the commencement of the insurance cover. The card should be issued during registration, as opposed to mailing of them later to the households. The latter may lead to loss of cards, and lead to reduced utilization.
- b) High density, geographically difficult zones, along with Naxalite areas, are likely to show low enrollment. More time for enrollment and incentive structures maybe developed, such that the Aggregators focus on enrolling the poorest and most vulnerable groups like Scheduled Castes and Scheduled Tribes, urban poor, homeless, differently abled workers, women workers etc.
- c) Government shall also announce the date of commencement of risk cover under health, life and disability insurance schemes before the enrollment, and this message, along with the annual renewal date should be made very clear.
- d) Registration and enrollment guidelines will be published clearly on a national website for the social security package. Habitation / ward-wise enrollment dates and addresses of Enrollment Centres will be made public well beforehand..
- e) Village-level or urban mohalla-level facilitation teams shall be formed including anganwadi workers, ASHA workers, MGNREGS Field Assistants, SHG/VO Representative, Gram Panchayat representative and the Aggregator's village level facilitators, for identifying the workers, creating awareness and mobilizing the workers to enroll and register at the Registration Centres.
- f) Aggregators and village-level facilitation teams and data entry operators shall be oriented thoroughly before enrollment of workers.

4. Enrollment Phase

- a) For the purpose of registration, existing data bases such as National Population Registry, and those of the UID, PDS, MGNREGS, RSBY, Socio-economic and caste census can be used.
- b) For capturing of demographic details, thumb impressions and photographs of workers and their family members, UID based software can be used with small modifications.
- c) Village-level facilitation teams and the Aggregator will identify the list of households and create awareness on the social security package.
- d) The facilitation team and Aggregators will collect the application forms duly following the KYC norms from the workers for registration.
- e) The facilitation team will prepare the consolidated list of applications and place this in the Gram Sabha or equivalent urban body for approval.
- f) The Aggregator will establish the enrollment centre in the habitation/ward to obtain the photographs and other identification of family members.
- g) The facilitation team will inform the workers in advance about enrolment. They will ensure that all family members are also present.

5. Enrollment process

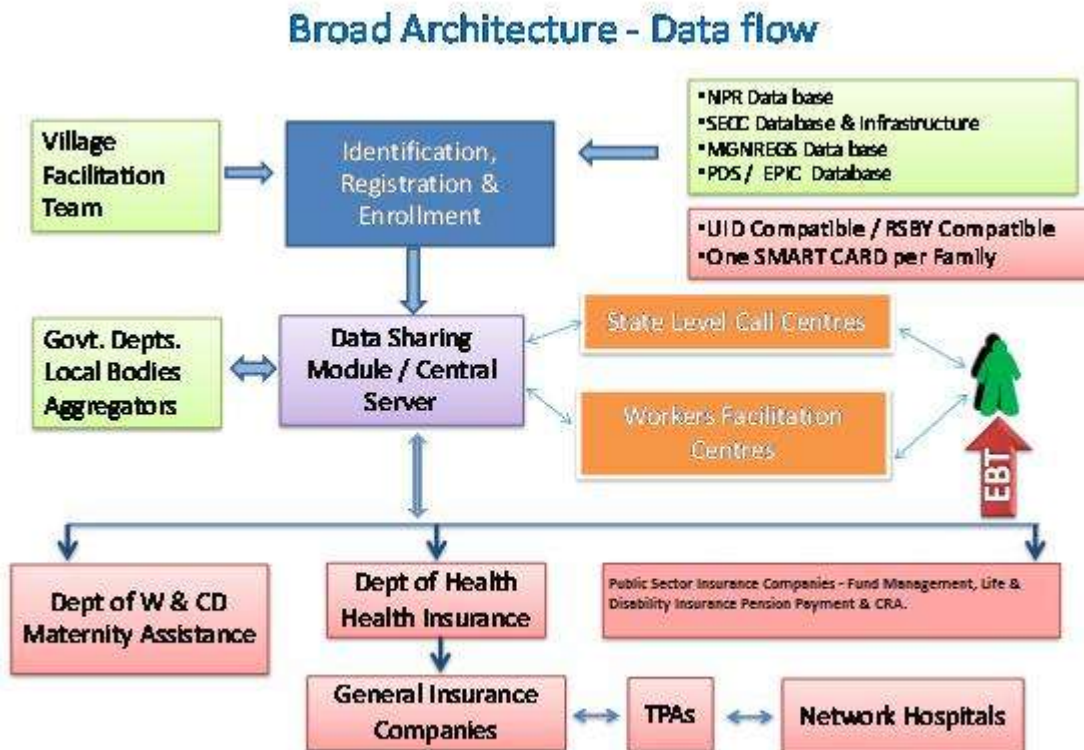
- a) The application details will be entered into the computer by the data entry operator. After completion of data entry, the photographs and biometric details will be taken..
- b) The worker's details shall be printed with photographs and issued to the worker for checking and verification.
- c) If all the details are found correct by the member and Gram Panchayat or municipality/ward representative, Smart cards will be printed on the spot.

6. Post Enrollment Process:

- a) The Aggregator shall back up the data base for each enrollment centre and update the data to the central server every day.
- b) The application forms collected from the members will be scanned by the Aggregator and uploaded to the central server.
- c) The physical forms collected from the members will be furnished to the CRA for preserving documents.
- d) All the enrolled members data will be shared with state-level service providers so that the worker's insurance coverage is initiated and the pension plan is managed properly..

- e) Workers' annual contributions will be collected after their enrollment and transferred to the fund manager to maintain the worker's pension fund and individual account.

7. Registration & Data Flow



8. Biometric Smart Cards

- a) The Bio-Metric Smart Cards issued under RSBY scheme should be considered for extending all four benefits of the social security package. In the RSBY, the male worker is the head of the household and other family members are the members in that card. However, in the social security package, it is proposed to enroll women workers first and additional demographic details of family members shall be collected for using the same card.

Further, in RSBY the Smart card storage capacity is 32kb only. Hence, the possibility of issuing high-end Smartcards which can be used for multiple purposes should be explored. This will enable the storage of a complete data set with regard to a particular worker and her household.

- b) The enrolled member's data can be considered for registration with UID. With respect to using existing UID data, additional demographic and nominee details will be required for Life and disability insurance plus Pension management. The Bio-Credentials and photographs can be used from the UID database.

9. Enrollment of Members – Flow Chart



Annex 3
Workers Facilitation Centre (WFC) at the Block or Urban Ward Level

Aggregators need to establish the Workers Facilitation Centres (WFC) at the block or ward-level for providing continuous facilitation-cum-service and support for the workers enrolled in the minimum social security package and to ensure that the collection and transfer of workers' contributions to the fund manager account. They need to procure the required infrastructure and position the staff to establish and manage the Workers Facilitation Centre at block level.

Workers Facilitation Centres shall provide the following services to workers.

- Information dissemination among workers about the package
- Deliver the card to the households after registration.
- Collect contributions from households through village-level facilitators
- Transfer the contribution to the fund manager on line
- Deliver an annual financial statement to each household
- Collect application forms regarding (i) life and disability insurance claim (ii) maternity assistance claim (iii) Sanction of pension (iv) refund of corpus claim and (v) health insurance claim.
- Scanning and uploading all the claim documents to the web server for processing of claims.
- Enable the women covered under pension scheme, to open bank/ postal accounts for receiving the pension on attaining 60 years of age.
- Scan and upload the application forms to the Central Record-keeping Agency (CRA).
- Submission of physical application forms to the CRA.
- Renewal of membership and collection and transfer of workers' renewal contributions to the fund manager.

We envisage that each WFC will be equipped with the following:

- * Desktop with internet connectivity and high end scanner
- Printer
- Smart Card Printer
- Card reader
- Thumb impression capture devices
- UPS
- One qualified operator for first 2 years. Based on the number of enrolled workers, this may be increased.

Aggregators can use their existing staff for management of Workers Facilitation Centre or the Aggregator can appoint new persons for the purpose.

The remuneration and allowances of the staff at the Workers Facilitation Centre shall be borne by the Aggregator. The government will not pay anything towards remuneration or allowances to the staff working at Workers Facilitation Centre.

Estimated work flow at Workers Facilitation Centre

SL. No	Name of the Service	Number of Beneficiaries per annum
1	Maternity Assistance (No. of households enrolled – 35,000 x 4 Members per family = 140,000 persons; 20.97 births/1,000 population)	2,936
2	Life & Disability Insurance Claims (35,000 households x 2 members per households = 70,000 lives insured; death rate 6 per 1000)	420
3	Scholarships to children (35,000 households; 15% of children are expected to benefit)	5,250
4	Facilitating payment of annual contribution under the pension plan	35,000
5	Updating of family members data, re-issuing of Smartcards in case of loss/damages, splitting of cards	3,500

Annex 4

Collection of Worker contributions and operations of the Life and disability insurance plus Pension Plan

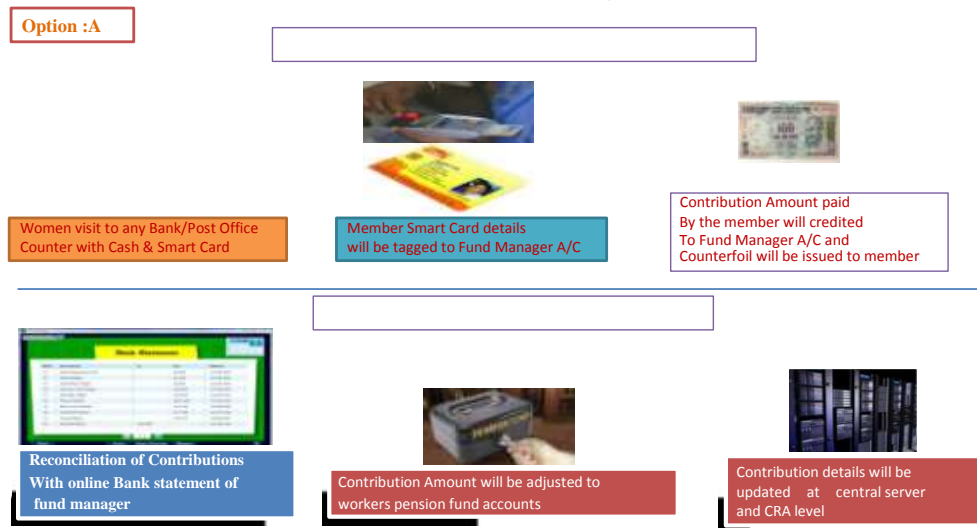
Collection of contribution amount from the enrolled workers, transfer of funds to fund manager, reconciliation of worker-wise contributions and depositing the contributions to workers individual accounts is critical. Utmost care must be taken during the process.

The following multiple options are proposed assuming that technology will be developed and banks and post offices will be involved in collection of contributions from the enrolled members.

Option – A

- 1) Workers who want to enroll in the Life and disability insurance plus Pension Plan (LDIP) will go to the bank / post office and deposit their contribution in a specified account i.e., fund manager account.
- 2) Technology will need to be developed to capture Smart card account details at point of presence (POPs) while depositing and transferring the contribution amount to the fund manager/trustee bank account.
- 3) Fund manager/trustee bank will get the amount along with Smartcard number in their account statement (if technology is adopted by the banks).
- 4) Fund manager/CRA will reconcile the amount, in case it is transferred to the trustee banks and adjust the workers account and update data in the CRA.

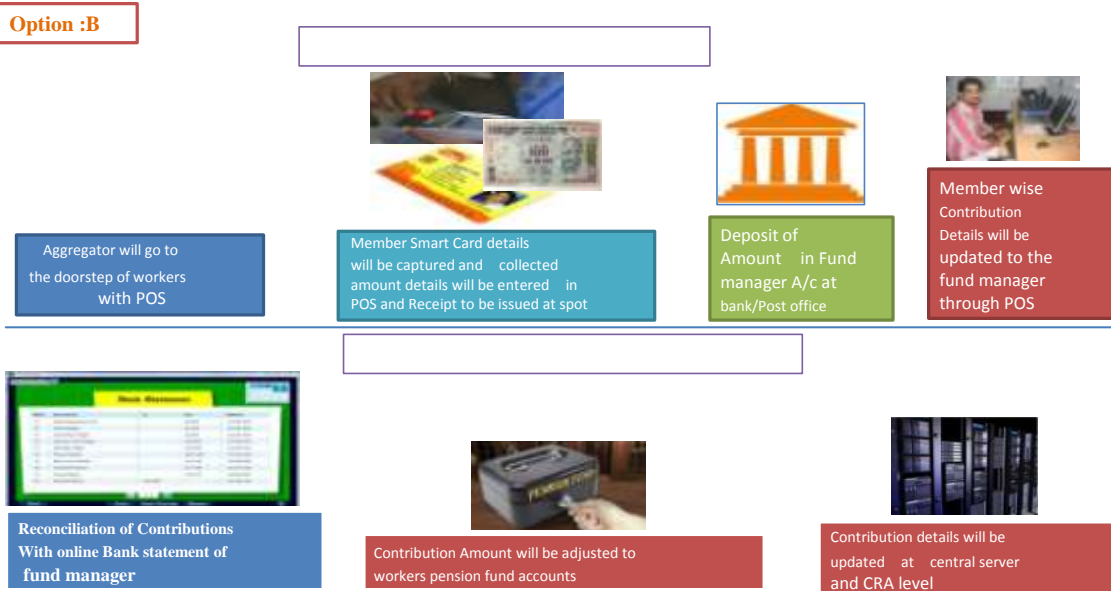
Members Contributions – Direct Transfer/ credit



OPTION – B

- 1) Representative of Aggregator will go to the worker's doorstep with Point Of Service (POS) machine and collect the annual contribution and update details of the amount on the POS machine by capturing the Smart card number.
- 2) A system-generated receipt will be issued on the spot to the worker.
- 3) The representative of the Aggregator will deposit the consolidated amount in fund manager bank account and update workers' details to the fund manager.
- 4) The fund manager will reconcile the amount and credit it to the worker's pension account and data will be provided to the CRA.

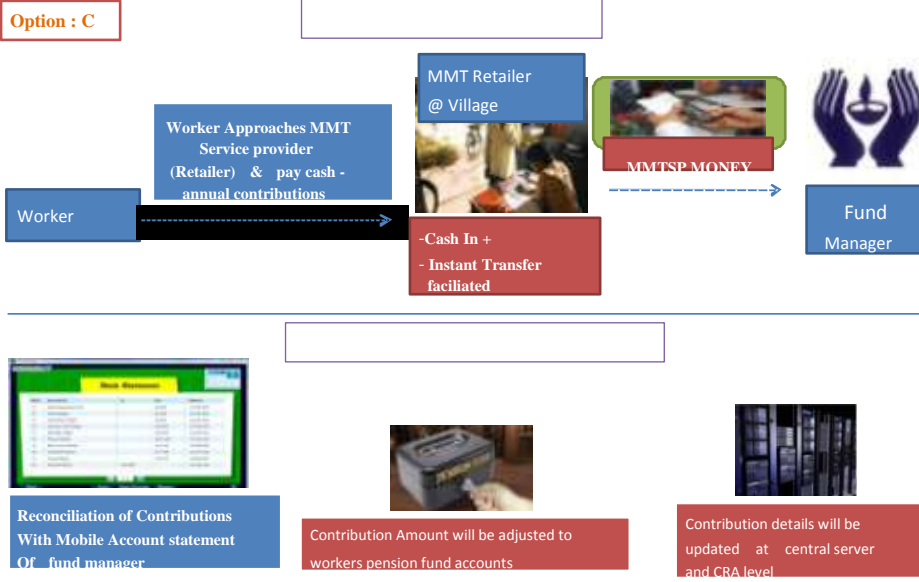
Members Contributions – Through Aggregator



OPTION – C

- 1) The fund manager will have the account with Mobile Money Transfer (MMT) service providers.
- 2) Worker will visit the MMT Retailer/Merchandise at village level and pay the contribution amount to MMT Retailer.
- 3) MMT Retailer/Merchandise will transfer the money to the fund manager account through the mobile network operator. Details of the amount transferred and the worker's account particulars will be sent to the fund manager by the MMT Service provider.
- 4) The fund manager will reconcile the amount and credit it to the worker's pension fund account, and update the contribution details into the central server.

Members Contributions – Through MMT



Annex 5 Improving Service Delivery and Settlement of Claims

All systems should be in place for providing services to the enrolled workers from day one. A single window system will be developed for delivery of services of all four benefits of the package. Standardized and uniform procedures and systems will be placed for providing quick and quality services to the workers and their families.

State governments will establish a call centre at the state level for registration of grievances, monitoring and continuous follow up for grievance redressal.

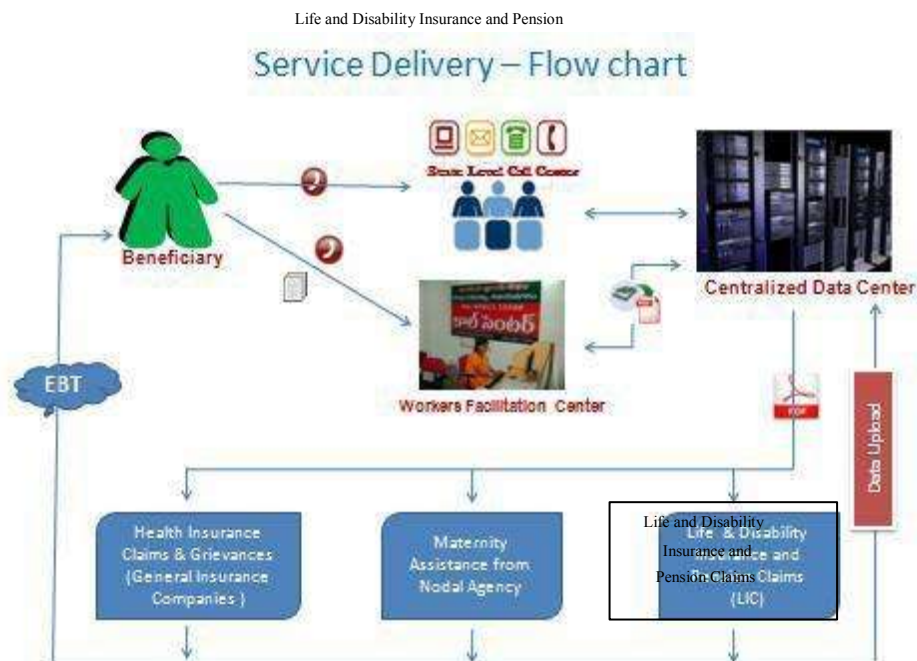
Aggregators shall establish and manage the Workers Facilitation Centres (WFCs) at block and ward level. The workers shall access all the services with least cost to them.

WFCs at block level will register the claims and upload the scanned claim documents to the central server.

Registration of grievances and claims on the website shall be provided to the workers. The workers shall be enabled to upload their claim documents from any internet centre to the server for processing of their claims. They will also be able to find out their claim status through IVRS/SMS.

The central server system will segregate the claims service provider-wise and place the grievances/claims in their respective screens/logins.

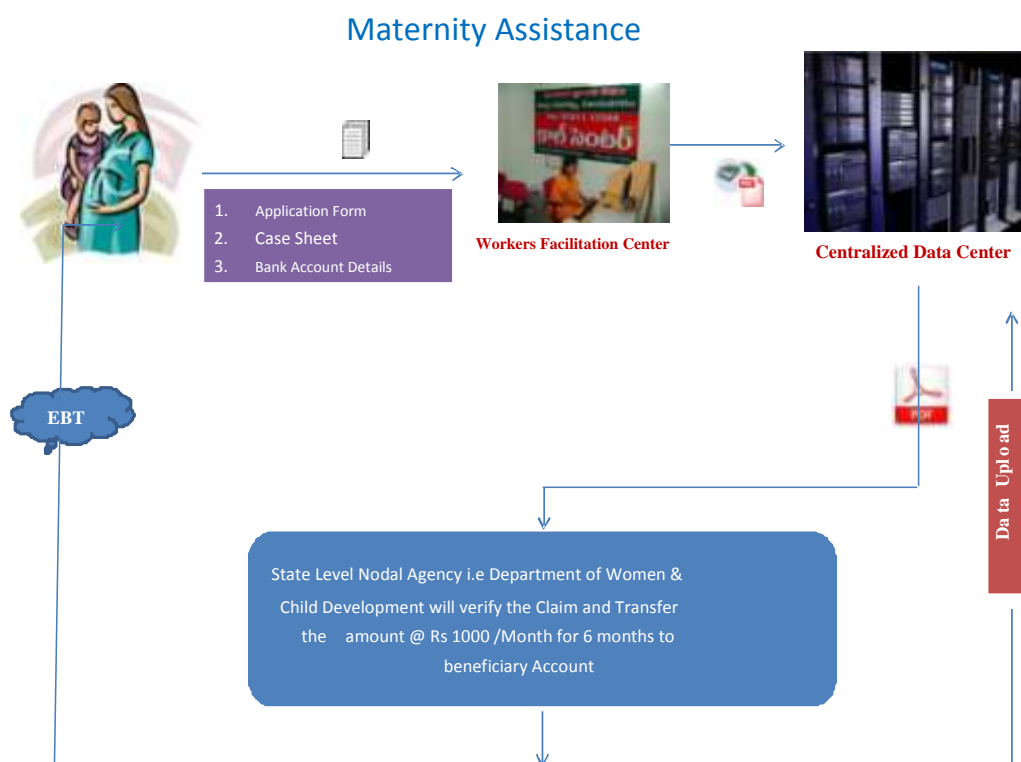
The service providers will process the claims and transfer the claims amounts to the beneficiaries electronically and upload the data to the central server



Settlement of Claims under Maternity Assistance

Maternity assistance payment process

- 1) The enrolled worker has to submit the application form during the second trimester with a copy of case papers and account details to the Workers Facilitation Centre (WFC).
- 2) WFC will scan and upload the document to the web portal.
- 3) Department of Women and Child Development (DWCD) will download the maternity claims from the web and process these for payment.
- 4) Department of Women and Child Development will ensure the transfer of the amount to the beneficiary account on monthly basis for six months, starting with the sixth month of pregnancy from nodal account. SMS updates will be available and whenever any new transaction is done.
- 5) All transaction details will be updated on the website on regular basis.

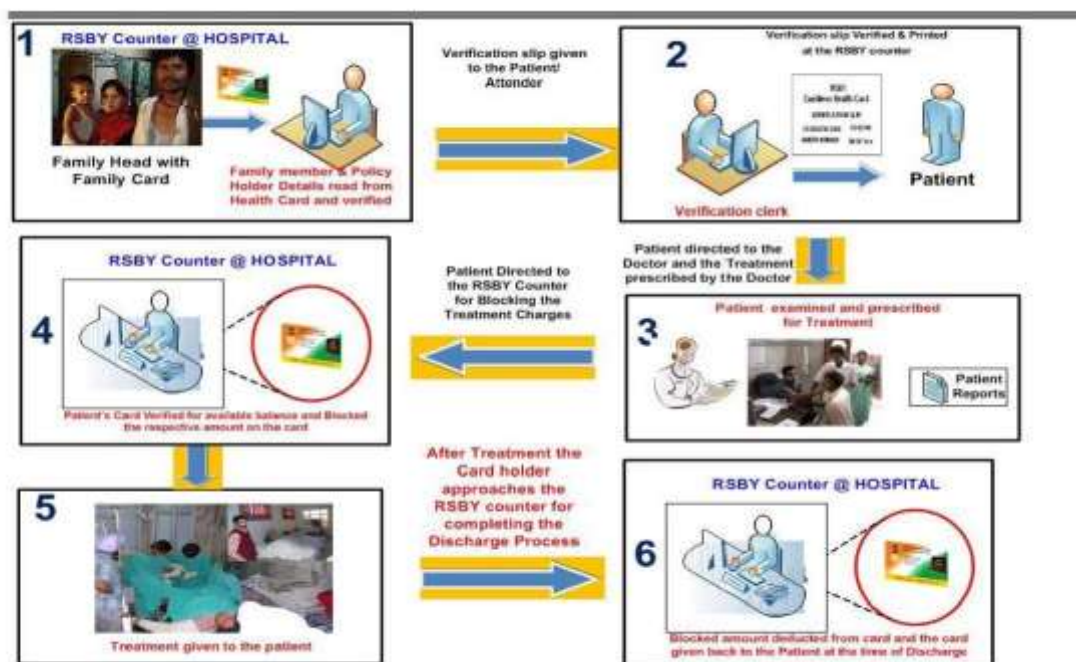


Delivery of Health Services

- 1) The Ministry of Labour has developed standard technology and protocol for providing health insurance to the BPL families under the RSBY Scheme. The same technology and procedures can be continued for delivering health insurance benefit in the minimum

social security package. Interoperability for accessing of health insurance services across the country and data compatibility issues shall be addressed.

- 2) The health department at the state level will appoint the health insurance provider from general insurance companies.
- 3) General insurance companies will have tie-ups with Third Party Administrators (TPAs) for identifying hospitals to provide cashless treatment to the workers and family members as per enrolment.
- 4) All the network hospitals will have a RSBY counter to provide support services to the workers. These counters will be equipped with internet-connected desktops and Smart card readers to identify the members and block the amount as per the eligibility before treatment. Third Party Administrators will authorize the hospital to provide cashless treatment.

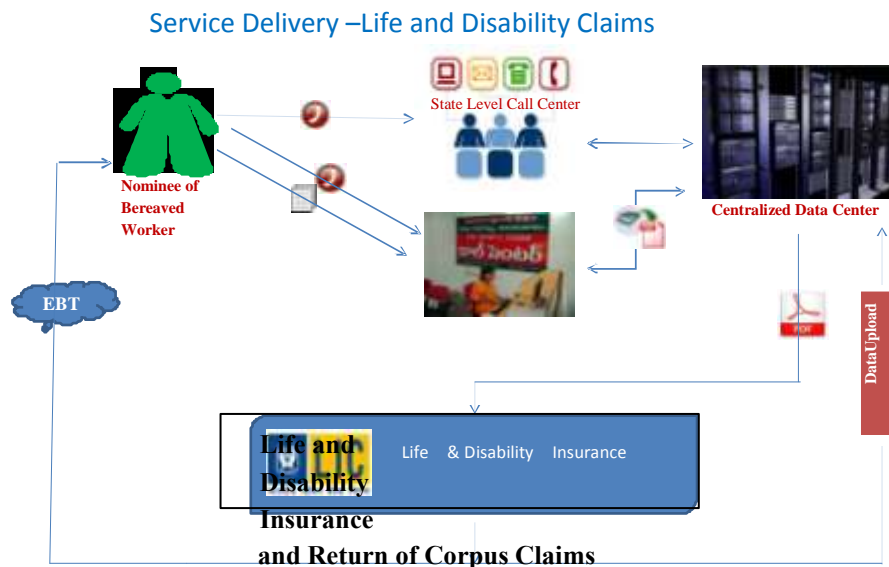


Life & Disability Insurance claims Settlement process

- 1) The insurance company will establish an exclusive office at state level for processing of life and disability insurance claims of workers enrolled under pension scheme.
- 2) The state level call centre has to register the life and disability death claims on the web site immediately after receipt of claim information from the bereaved family. The responsibility of investigation of claim and payment of immediate assistance of Rs.5,000 as advance for the funeral expenditure to the bereaved worker families shall be entrusted to the Aggregators.
- 3) The nominee of the deceased worker will file the claim application through the Workers' Facilitation Centre (WFC) for claim settlement.

- 4) The WFC will scan the claim documents and upload them to the central server.
- 5) The insurer has to download the claims from the server on every day and will process the claims. Immediate assistance amount of Rs. 5,000 paid by the Aggregator will be released to the Aggregator account and the balance claim amount will be transferred to the nominee account from the insurance company. The insurance company has to update the claim settlement details on the call centre website duly informing to the nominee by post.

Life & Disability Claims processing & EBT



Delivery of Pensions

- 1) The corpus accumulated in the worker's pension account will be annuitized, whenever the worker attains the age of 60 years, for payment of a monthly pension amount. Monthly annuity amount will be decided by the annuity service providers i.e. insurance companies based on the annuity rate and the corpus amount to be annuitized.
- 2) Workers shall open accounts in any CBS enabled bank branches/post office savings bank account or Smart card account for disbursement of cash at doorsteps of worker.
- 3) The annuity purchaser i.e. insurance companies will pay the monthly annuity amount to the workers' account through RTGS/NEFT on 1st of every month. The worker has to produce the live certificate every year to receive the monthly annuity continuously from the insurance company.
- 4) The pension amount can be distributed to the pensioner at her doorstep through the postal department, if the pensioner lives in remote areas or through business correspondent model.

Annex 6
Fund Management and Record-Keeping

Fund Management

A fund manager at state level will have to be in place. This could be a public sector insurance/financial institution with significant rural and urban penetration across the country.

The responsibilities of the fund manager:

- a) Maintaining individual workers pension fund accounts.
- b) Maintaining workers' contributions, Government of India co-contribution and state government co-contribution details.
- c) Deducting of insurance premiums for providing life and disability insurance cover.
- d) Investment in government securities for safe returns.
- e) Responsible for settlement and disbursement of the life and disability claims, pension and annuity in specified time.
- f) Preparation of annual financial statements of the individuals and handover to Aggregators for disbursement.
- g) Reconciliation of all the funds received from the Aggregators towards co-contribution from the workers and governments.

Central Record-Keeping Agency (CRA)

- a) Record keeping, administration and customer service functions for all enrolled members.
- b) Maintaining a database of all enrolled members and recording transactions relating to each enrolled member.
- c) To redress the grievances of the enrolled members in case of data error and mismatches.
- d) Other functions desired by the National Social Security Authority/ State Social Security Authority.
- e) The fund manager may be entrusted for development and design of end-to-end technology solutions for all the processes and maintaining the CRA.

Annex 7

Setting up of State-level Call Centres

1. The State Social Security Authority (SSSA) shall establish call centres at the state level for registration of grievances, claims and coordination and follow up with the service providers for redressal of grievances. It can be established and managed by the SSSAs or the work can be outsourced to any BPOs.
2. Toll-free telephone connections shall be obtained for the call centres and these numbers shall be popularized among the stake-holders. IVRS, SMS-based services shall be enabled to provide required information to the beneficiaries and stake-holders.
3. The call centres' numbers shall be printed on the Smart cards issued to enrolled members.
4. The grievances/claims will be registered on the website at the call centre level when any worker calls in.
5. The registered grievances/claims will be forwarded to the respective Workers Facilitation Centres automatically for further processing including claim application, and collection of claim documents.
6. A state-level call centre will closely monitor the performance of Workers Facilitation Centres (WFCs) and provide necessary support to the staff working at WFCs.

Annex 8

Awareness Creation and Capacity-Building of Stakeholders

1. Creation of awareness among the potential subscribers about the package is critical. Communication material needs to be standardized to ensure that the correct messages are conveyed.
2. A diversified means for awareness-building like mass or electronic media, newspapers, wall writings, hoardings etc can be used. Government must give wide publicity in regional languages through electronic and print media. Short films may be developed in regional languages for creating awareness. Computerized tutorial package has to be developed in regional languages on the concepts, guidelines, processes of registration, enrollment, payment of contribution amount and service delivery mechanisms.
3. Posters must be displayed in all anganwadi centres, hospitals, bank branches, insurance companies branches, Post Offices and all commercial establishments, MGNREGS work sites and payment centres. Conducting of Workshops, meetings, rallies with workers' unions, MGNREGS wage seekers at block level and village level will help to create awareness among the stake holders.
4. Village-level and ward-level facilitation teams to be formed by the district level urban authority with the Gram Panchayat/Nagarpalika officers, ASHA workers, urban link workers, Anganwadi Workers, MGNREGA Field Assistant and facilitator from Aggregator is responsible to identify all the unorganized sector workers in that Gram Panchayat or urban area, and to contact each worker at her/his doorstep to create awareness among the family members. Workers in the household and family members shall be properly educated on scheme benefits, registration process and payment of annual contributions for pension and life and disability insurance cover. Members should be oriented on the process of registration of grievances and claims to get the required benefits as per their eligibility. Workers shall be educated on the need for pension. They should also be informed about the total contribution amount to be paid and the pension corpus amount that will be receivable after reaching 60 years. The village and urban facilitation team will collect the application forms from the workers after awareness creation and will prepare the list of applications of all unorganized workers in a village/ward and place the list in the Gram Sabha/urban authority for approval.

Capacity-Building of Stake Holders

5. Implementation of the minimum social security package for unorganized sector workers through a single window requires basic knowledge and skills to be imparted to all the stake-holders on the various processes, from registration of workers to transfer of benefit to the beneficiary accounts.
6. Staff of the SSSA and the state-level concerned departments shall be properly oriented in order to undertake capacity-building of the district administration and Aggregators. A resource team shall be constituted with the experts in health insurance delivery, life and disability insurance delivery, pension fund management and annuity payments and in social mobilization to develop the operational manual, training modules, session plans, community campaign material for conducting the training programmes at state, district, block, village and urban level to the various groups.

Annex 9

Revenue model for the Aggregator

An amount of Rs.20 will be paid to the village/ward facilitators team as incentive per enrolment of family.

Sl.No	Village level	Village level cost without Renewal	Village level cost with Renewal
Infrastructure for each Team			
1	Tablet	15,000	15,000
2	Bio metric device	3,000	3,000
3	Web cam	1,000	1,000
	Enrolment Infrastructure cost	19,000	19,000
	4 Kits Cost	76,000	76,000
4	Cost of operators (4 members @Rs.10,000/-pm for 1 month x 4 months)	1,60,000	1,60,000
	TOTAL COST	2,36,000	2,36,000

Block-level cost for establishment and maintenance of a Workers Facilitation Centre:

Sl. No	Block level	Amount Rs
1	Fixed Cost	
1.1	Computer	30,000
1.2	Printer	10,000
1.3	Scanner	7,000
1.4	Smartcard Printer	90,000
	Fixed cost	137,000
2	Variable Cost	
2.1	Internet	36,000
2.2	Rent	60,000
2.3	Electricity	12,000
2.4	Stationary	36,000
2.5	operator salary @Rs.15,000/-pm	180,000
	Variable cost	324,000
	Total cost Block level	461,000

CASH FLOW at Aggregator level

Scenario – 1

Enrolment fee	Rs. 100	Percentage of enrolment	70
Incentive to Facilitation Team	Rs. 20	Percentage	0.7
Net Enrolment fee	Rs. 80	Actual	4,900
Renewal fee	Rs. 20		
No of workers	7,000		

Year	Expenditure			Revenues			Difference
	Gram panchayat	Block	Total	Enrolment fee	Renewal fee	Total	
1	236,000	461,000	697,000	392,000	0	392,000	-3,05,000
2	200,000	324,000	524,000	392,000	98,000	490,000	-34,000
3	276,000	461,000	737,000	392,000	196,000	588,000	-1,49,000
4	200,000	324,000	524,000	392,000	294,000	686,000	1,62,000
5	200,000	324,000	524,000	392,000	392,000	784,000	2,60,000
6	0	461,000	461,000	0	490,000	490,000	29,000
7	0	324,000	324,000	0	490,000	490,000	166,000
8	0	461,000	461,000	0	490,000	490,000	29,000
9	0	324,000	324,000	0	490,000	490,000	166,000
10	0	324,000	324,000	0	490,000	490,000	166,000
			4,900,000	1,960,000	3,430,000	5,390,000	4,90,000

Scenario- 2

Enrolment fee	Rs. 50	Percentage of enrolment	70
Incentive To Facilitation Team	Rs. 20	Percentage	0.7
Net Enrolment fee	Rs.80	Actual	4,900
Renewal Fee	Rs. 20		
No. of Workers	7,000		

Year	Expenditure			Revenues			Difference
	Gram Panchayat	Block	Total	Enrolment Fee	Renewal Fee	Total	
1	2,36,000	4,61,000	6,97,000	1,47,000	0	1,47,000	-5,50,000
2	2,00,000	3,24,000	5,24,000	1,47,000	98,000	2,45,000	-2,79,000
3	2,76,000	4,61,000	7,37,000	1,47,000	1,96,000	3,43,000	-3,94,000
4	200,000	3,24,000	5,24,000	1,47,000	2,94,000	4,41,000	-83,000
5	0	3,24,000	5,24,000	1,47,000	3,92,000	5,39,000	15,000
6	0	4,61,000	4,61,000	0	4,90,000	4,90,000	29,000
7	0	3,24,000	3,24,000	0	4,90,000	4,90,000	1,66,000
8	0	4,61,000	4,61,000	0	4,90,000	4,90,000	29,000
9	0	3,24,000	3,24,000	0	4,90,000	4,90,000	1,66,000
10	0	3,24,000	3,24,000	0	4,90,000	4,90,000	1,66,000
			4,900,000	7,35,000	3,430,000	4,165,000	-7,35,000

Scenario - 3

Enrolment fee

Incentive to Facilitation team Rs. 100 Percentage of enrolment 100

Net Enrolment fee Rs. 20 Percentage 1

Renewal fee Rs. 80 Actual 7,000

No of workers Rs. 20

7,000

Expenditure

Year				Revenues			Difference
	Gram			Enrolment fee	Renewal fee	Total	
	panchayat	Block	Total				
1	2,36,000	4,61,000	6,97,000	5,60,000	0	5,60,000	-1,37,000
2	2,00,000	3,24,000	5,24,000	5,60,000	1,40,000	7,00,000	1,76,000
3	2,76,000	4,61,000	7,37,000	5,60,000	2,80,000	8,40,000	1,03,000
4	2,00,000	3,24,000	5,24,000	5,60,000	4,20,000	9,80,000	4,56,000
5	2,00,000	3,24,000	5,24,000	5,60,000	5,60,000	11,20,000	5,96,000
6	0	4,61,000	4,61,000	0	7,00,000	7,00,000	2,39,000
7	0	3,24,000	3,24,000	0	7,00,000	7,00,000	3,76,000
8	0	4,61,000	4,61,000	0	7,00,000	7,00,000	2,39,000
9	0	3,24,000	3,24,000	0	7,00,000	7,00,000	3,76,000
10	0	3,24,000	3,24,000	0	7,00,000	7,00,000	3,76,000
			49,00,000	28,00,000	49,00,000	77,00,000	28,00,000

Scenario - 4

Enrolment fee	Rs. 50	Percentage of enrolment	100
Incentive to Facilitation team	Rs. 20	Percentage	1
Net Enrolment fee	Rs. 80	Actual	7,000
Renewal fee	Rs. 20		
No of workers	7,000		

Year	Expenditure			Revenues			Difference
	Gram	Block	Total	Enrolment fee	Renewal fee	Total	
	panchayat	Block	Total				
1	2,36,000	4,61,000	6,97,000	2,10,000	0	2,10,000	-4,87,000
2	2,00,000	3,24,000	5,24,000	2,10,000	1,40,000	3,50,000	-1,74,000
3	2,76,000	4,61,000	7,37,000	2,10,000	2,80,000	4,90,000	-2,47,000
4	2,00,000	3,24,000	5,24,000	2,10,000	4,20,000	6,30,000	1,06,000
5	2,00,000	3,24,000	5,24,000	2,10,000	5,60,000	7,70,000	2,46,000
6	0	4,61,000	4,61,000	0	7,00,000	7,00,000	2,39,000
7	0	3,24,000	3,24,000	0	7,00,000	7,00,000	3,76,000
8	0	4,61,000	4,61,000	0	7,00,000	7,00,000	2,39,000
9	0	3,24,000	3,24,000	0	7,00,000	7,00,000	3,76,000
10	0	3,24,000	3,24,000	0	7,00,000	7,00,000	3,76,000
			49,00,000	10,50,000	49,00,000	59,50,000	10,50,000