

2. Draft Code on Social Security, 2019

Prelims: Governance- Policies

Mains:

GS-II- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

GS-II- Issues relating to development and management of Social Sector/Services relating to Health, Education, Human Resources.

Why in News?

- ▶▶ The Centre has proposed a new draft Code on Social Security that amalgamates eight laws that makes way for establishing funds for PF and pension as well as covering workers of the gig economy in social security schemes.
- ▶▶ The draft code, which was **published by the Labour and Employment Ministry** this week, will be up for public comments till October 25.

Background:

- ▶▶ The draft proposal comes in the wake of California approving a law for wage benefit and protection for gig workers, including those working in taxi aggregating companies such as Uber and Lyft, which is a popular tax aggregator in the US.
- ▶▶ The development comes as the size of the number of workers in the gig economy is ballooning in the country where nearly one out of four gig workers in the world are in India.

Highlights of the Code:

- ▶▶ The code has recognised 'gig workers' and 'platform workers', it is for the first time that the two terms are being used in the country's labour laws.
- ▶▶ As per the draft Bill, these workers will be entitled to life and disability cover, health and maternity benefits and old-age protection.
- ▶▶ However, the workers will not be entitled to EPF and ESIS benefits; they will also not be entitled to gratuity benefits.
- ▶▶ The code also says no employer can knowingly employ a woman six weeks after a delivery, miscarriage or medical termination of pregnancy.
- ▶▶ The Maternity Benefit Act, 1961, which is among the laws being subsumed by the code, had placed the six-week restriction for women after delivery or miscarriage, not mentioning medical termination.

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- ▶▶ **Defines a gig worker:** as a "person who performs work or participates in a work arrangement and earns from such activities outside of a traditional employer-employee relationship".
 - ▶▶ **Defines a platform worker:** as someone who is part of an organisation which "uses an online platform to access other organisations or individuals to solve specific problems or to provide specific services in exchange for payment".

Concerns:

- ▶▶ It might bring challenges for policy implementation and growth of gig players such as taxi aggregators, food apps, and workforce supplier platforms.
- ▶▶ The cost incurred on company will go up which in turn pass on the cost to gig workers, reducing their take home income.

Conclusion:

- ▶▶ The government has in the Code on Social Security Bill 2019 proposed to extend certain social security benefits to so-called gig workers—those who work for various aggregators mostly on contract.
- ▶▶ This is an important step towards ensuring that such workers, who typically don't get the benefits of regular employees, are also provided with some minimum social security benefits.
- ▶▶ For businesses, though, this would mean higher costs, which could discourage them from hiring freely. Perhaps a middle path is needed so that workers aren't denied some essential benefits while the impositions don't impede future hiring.