



Socio-economic inclusion of excluded populace through new social security schemes

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Abstract

Poverty in India declined from 36 percent in 1993-1994 to 26 percent in 2012-2013. However, close to 300 million people still live in poverty on less than one dollar a day. Recent assessments of poverty by the Suresh Tendulkar Committee place 37 percent below poverty line. The World Bank estimates the BPL population at 40 percent. Unemployment and out of labour force days of rural agricultural labourers is 104 days (76 days for male and 141 days for female). Extensive erosion of the natural resource base over the last 50 years has resulted in some of the worst natural disaster adversely impacting agricultural productivity and employment opportunities. Growing poverty and unemployment have led to the fragmentation of land and an increase in number of agricultural labourers. Agricultural labour increased significantly from 7.08 million in 1981 to 121 million in 2013. At the sometimes, the percentage of operational land holdings under small and marginal farmers has gone up from 70 percent in 1971 to 82 percent in 2013. The policy response to a situation of poverty and inequality has focused on inclusive growth. Accordingly, there has also been a greater concern for social security measures. The present paper is a modest attempt to have to a look on newly launched social security schemes in India.

Keywords: atal pension yojana, economically weaker population, pradhan mantri jeevan jyoti bima yojana, pradhan mantri suraksha bima yojana, social security schemes

Introduction

Large number of people in rural India are dependent on money lenders to meet their short and long term credit needs, even as institutional sources of credit financing have increased in recent years. The institutional sources of credit include cooperatives, scheduled commercial banks and regional rural banks. Financial inclusion is the need of hour. To meet this urgent need the Prime Minister Shri Narendra Modi launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) which is a big time initiative to link the hitherto excluded poor with the banks with the aim of bringing them into the economic mainstream. Financial inclusion is being achieved under the new scheme with a Mission mode. Launching the scheme the Prime Minister said, not even 68 percent of the population have bank accounts, 68 years after independence. He said if 40 percent of Indians are not part of the economy, how can we be successful in eradicating poverty. Out of 19.9 crore households in India, only 6.82 crore households have access to banking services. In rural India out of 13.83 crore rural households in India only 4.16 crore rural households have access to basic banking services. The Prime Minister's Jan Dhan Yojana is a significant improvement over the previous government's financial inclusion programme. The earlier scheme had no focus on households and no emphasis was given on urban financial inclusion. Besides, there was a cumbersome Know Your Customer (KYC) formality restricting account opening. The government has launched three social security schemes. The schemes -- two insurance products and one pension product -- are targeted especially to the unorganised sector and economically weaker population but others can enrolled themselves as well. The new life insurance plan -- the Pradhan Mantri Jeevan Jyoti Bima Yojana will offer Rs 2 lakh cover at Rs 330 premium every year. Bank account holders in the age 18 to 50 years are eligible

to take this facility. The life risk cover will get terminated after 55 years. Pradhan Mantri Suraksha Bima Yojana will offer a renewable one year accidental death cum disability cover of Rs 2 lakh at Rs 12 premium every year. The insured will get Rs 1 lakh in case of partial permanent disability. Multiple bank account holders are eligible to join the schemes through any one of the savings accounts. Atal Pension Yojana is for the people in the unorganised sector who are outside a formal pension net so far. The pension scheme would allow subscribers of age 18 to 40. Under this scheme, subscriber will get guaranteed minimum pension from the age of 60. The pension could be Rs 1000, Rs 2000, Rs 3000, Rs 4000 or Rs 5000 per month, depending on the size of contribution.

Pradhan Mantri Jeevan Jyoti Bima Yojana

The scheme is a one year cover Term Life Insurance Scheme, renewable from year to year, offering life insurance cover for death due to any reason. An amount of Rs.2 lakhs is payable on a subscriber's death due to any reason. The premium payable is Rs.330/- per annum per subscriber. The premium is deducted from the account holder's bank account through 'auto debit' facility in one instalment, as per the consent to be given on enrolment. Members may also give onetime mandate for auto-debit every year till the scheme is in force, subject to re-calibration that may be deemed necessary on review of experience of the scheme. The scheme is being offered / administered through LIC and other Life Insurance companies willing to offer the product with necessary approvals on similar terms, in collaboration with participating Banks. Participating banks are free to engage any such life insurance company for implementing the scheme for their subscribers.

All individual (single or joint) bank account holders in the age 18 to 50 years in participating banks are entitled to join. In case of multiple bank accounts held by an individual in one or different banks, the person would be eligible to join the scheme through one bank account only. Initially on launch for the cover period from 1st June 2015 to 31st May 2016 subscribers were expected to enrol and give their auto-debit option by 31st May 2015, which had been extended up to 31st August 2015. Enrolment subsequent to this date was possible prospectively on payment of full annual payment and submission of a self-certificate of good health. Subscribers who wish to continue beyond the first year was expected to give their consent for auto-debit before each successive May 31st for successive years. Delayed renewal subsequent to this date will be possible on payment of full annual premium and submission of a self-certificate of good health. The scheme is in operation and resulting satisfactory performance.

Pradhan Mantri Suraksha Bima Yojana

The scheme is a one-year cover Personal Accident Insurance Scheme, renewable from year to year, offering protection against death or disability due to accident. The benefits are as follows:

- Rs. 2 Lakh in case of death
- In the cases of total and irrecoverable loss of both eyes or loss of use of both hands or feet or loss of sight of one eye and loss of use of hand or foot Rs. 2 Lakh
- In the cases of total and irrecoverable loss of sight of one eye or loss of use of one hand or foot Rs. 1 Lakh Premium payable is Rs.12/- per annum per member.

The premium is being deducted from the account holder's savings bank account through 'auto debit' facility in one installment, as per the option to be given on enrolment. Members may also give one-time mandate for auto-debit every year till the scheme is in force, subject to re-calibration that may be deemed necessary on review of experience of the scheme from year to year. The scheme is being offered / administered through the Public Sector General Insurance Companies (PSGICs) and other General Insurance companies willing to offer the product with necessary approvals on similar terms, in collaboration with participating Banks. Participating banks are free to engage any such general insurance company for implementing the scheme for their subscribers.

All savings bank account holders in the age 18 to 70 years in participating banks are entitled to join. In case of multiple saving bank accounts held by an individual in one or different banks, the person would be eligible to join the scheme through one savings bank account only.

Initially on launch for the cover period from 1st June 2015 to 31st May 2016 subscribers were expected to enroll and give their auto-debit option by 31st May 2015, extendable up to 31st August 2015.

Enrolment subsequent to this date was possible prospectively on payment of full annual payment, subject to conditions that may be laid down.

Subscribers who wished to continue beyond the first year was expected to give their consent for auto-debit before each successive May 31st for successive years. Delayed renewal subsequent to this date may be possible on payment of full annual premium, subject to conditions that may be laid down. The scheme is successfully operating these days.

Atal Pension Yojana

A Pension provides people with a monthly income when they are no longer earning. Need for Pension is due to

- Decreased income earning potential with age.
- The rise of nuclear family-Migration of earning members.
- Rise in cost of living.
- Increased longevity.
- Assured monthly income ensures dignified life in old age.

Atal Pension Yojana (APY) is a pension scheme for citizens of India focussed on the unorganised sector workers. Under the APY, guaranteed minimum pension of Rs. 1,000/-, 2,000/-, 3,000/-, 4,000 and 5,000/- per month is given at the age of 60 years depending on the contributions by the subscribers.

Any Citizen of India can join APY scheme. The following are the eligibility criteria:

1. The age of the subscriber should be between 18 - 40 years.
2. He / She should have a savings bank account/ open a savings bank account.
3. The prospective applicant should be in possession of mobile number and its details are to be furnished to the bank during registration.

Government co-contribution is available for 5 years, i.e., from 2015-16 to 2019-20 for the subscribers who joined the scheme during the period from 1st June, 2015 to 31st December, 2015 and who are not covered by any Statutory Social Security Schemes and are not income tax payers.

Beneficiaries who are covered under statutory social security schemes are not eligible to receive Government co-contribution. For example, members of the Social Security Schemes under the following enactments would not be eligible to receive Government co-contribution:

- Employees' Provident Fund & Miscellaneous Provision Act, 1952.
- The Coal Mines Provident Fund and Miscellaneous Provision Act, 1948.
- Assam Tea Plantation Provident Fund and Miscellaneous Provision, 1955.
- Seamen's Provident Fund Act, 1966.
- Jammu Kashmir Employees' Provident Fund & Miscellaneous Provision Act, 1961.
- Any other statutory social security scheme.

Guaranteed minimum pension of Rs 1,000/-, 2,000/-, 3,000/-, 4,000 and 5,000/- per month will be given at the age of 60 years depending on the contributions by the subscribers.

In APY, Government is co-contributing 50 percent of the total contribution or Rs. 1,000/- per annum, whichever is lower, to the eligible APY account holders who joined the scheme during the period 1st June, 2015 to 31st December, 2015. The Government contribution was to be given for 5 years from FY 2015-16 to 2019-20.

Conclusion

The purpose of any social security measure is to give households the confidence that their level of living and quality of life will not be eroded because of economic uncertainties. Development is a comprehensive process and it must include the excluded populace of the unorganised sector as well as economically weaker

population of the society. At present, only 11 percent of the population is covered under pension schemes while only 20 percent of the people are insured and the government wants to improve the situation by bringing maximum people under these benefits. Hence, Social Security schemes- the Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY)- were launched in May 2015 with the objective of providing universal social security.

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