

Bill No. LXVII of 2007

**THE UNORGANISED SECTOR WORKERS' SOCIAL SECURITY  
BILL, 2007**

A

BILL

*to provide for the social security and welfare of unorganised sector workers and for other matters connected therewith or incidental thereto.*

BE it enacted by Parliament in the Fifty-eighth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

5 **1.** (1) This Act may be called the Unorganised Sector Workers' Social Security Act, 2007.

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Short title,  
extent and  
commencement.

## Definitions.

2. In this Act, unless the context otherwise requires, —

(a) “employer” means a person or an association of persons, who has engaged or employed an unorganised sector worker either directly or otherwise for remuneration;

(b) “home-based worker” means a person engaged in the production of goods or services for an employer in his or her home or other premises of his or her choice other than the workplace of the employer, for remuneration, irrespective of whether or not the employer provides the equipment, materials or other inputs; 5

(c) “identity card” means a card, document or certificate issued to an unorganised sector worker by the District Administration under sub-section (3) of section 9; 10

(d) “National Board” means the National Social Security Advisory Board for unorganised sector workers constituted under sub-section (1) of section 5;

(e) “notification” means a notification published in the Official Gazette;

(f) “prescribed” means prescribed by rules made under this Act by the Central Government or the State Government, as the case may be; 15

(g) “registered worker” means an unorganised sector worker registered under sub-section (3) of section 9;

(h) “Schedule” means the Schedule annexed to the Act;

(i) “State Board” means the (name of the State) State Social Security Advisory Board for unorganised sector workers constituted under sub-section (1) of section 6 of this Act; 20

(j) “self-employed worker” means any person who is not employed by an employer, but engages himself or herself in any occupation in the unorganised sector subject to a monthly earning of an amount as may be notified by the Central Government or the State Government from time to time or holds cultivable land subject to such ceiling as may be notified by the State Government; 25

(k) “unorganised sector” means an enterprise owned by individuals or self-employed workers and engaged in the production or sale of goods or providing service of any kind whatsoever, and where the enterprise employs workers, the number of such workers is less than ten; 30

(l) “unorganised sector worker” means a home-based worker, self-employed worker or a wage worker in the unorganised sector; and

(m) “wage worker” means a person employed for remuneration in the unorganised sector, directly by an employer or through any contractor, irrespective of place of work, whether exclusively for one employer or for one or more employers, whether in cash or in kind, whether as a home-based worker, or as a temporary or casual worker, or as a migrant worker, or workers employed by households including domestic workers, with a monthly wage of an amount as may be notified by the Central Government and State Government, as the case may be. 40

## CHAPTER II

## SOCIAL SECURITY BENEFITS

3.(1) The Central Government may formulate, from time to time, suitable welfare schemes for different sections of unorganised sector workers on matters relating to —

(a) life and disability cover; 45

(b) health and maternity benefits;

Framing of scheme.

(c) old age protection; and

(d) any other benefit as may be determined by the Central Government.

(2) The schemes included in the Schedule to this Act shall be deemed to be the welfare schemes under sub-section (1) of this Act.

5 (3) The Central Government may, by notification, amend the Schedule referred to in sub-section (1), and include therein or exclude therefrom any welfare scheme for the unorganised sector workers.

10 (4) The State Government may formulate and notify, from time to time, suitable welfare schemes for different sections of unorganised sector workers, including schemes relating to —

(a) provident fund;

(b) employment injury benefit;

(c) housing;

(d) educational schemes for children;

15 (e) skill upgradation of workers;

(f) funeral assistance; and

(g) old age homes.

4. (1) Any scheme notified by the Central Government may be —

(i) wholly funded by the Central Government; or

20 (ii) partly funded by the Central Government and partly funded by the State Government; or

(iii) partly funded by the Central Government, partly funded by the State Government and partly funded through contributions collected from the beneficiaries of the scheme or the employers as may be prescribed in the scheme by the Central Government.

25 (2) Every scheme notified by the Central Government shall provide for such matters that are necessary for the efficient implementation of the scheme including the matters relating to, —

(i) scope of the scheme;

30 (ii) beneficiaries of the scheme;

(iii) resources of the scheme;

(iv) agency or agencies that will implement the scheme; and

(v) any other relevant matter.

Funding of  
Central  
Government  
Schemes.

### CHAPTER III

35 NATIONAL SOCIAL SECURITY ADVISORY BOARD FOR WORKERS IN THE UNORGANISED SECTOR

5. (1) The Central Government shall, by notification, constitute a National Board to be known as the National Social Security Advisory Board to exercise the powers conferred on, and to perform the functions assigned to, it under this Act.

National  
Social Security  
Advisory  
Board.

(2) The National Board shall consist of the following members, namely: —

40 (a) a Chairperson to be appointed by the Central Government;

(b) the Director General (Labour Welfare)—Member Secretary, *ex officio*; and

(c) thirty one members to be nominated by the Central Government, out of whom —

- (i) seven representing unorganised sector workers;
- (ii) seven representing employers of unorganised sector;
- (iii) seven representing eminent persons from civil society;
- (iv) five representing State Governments; and
- (v) five representing Central Government Ministries and Departments concerned.

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(3) The Chairperson and other members of the Board shall be from amongst persons of eminence in the fields of labour welfare, management, finance, law and administration.

(4) The number of persons to be nominated as members from each of the categories specified in clause (c) of sub-section (2), the term of office and other conditions of service of members, the procedure to be followed in the discharge of their functions by, and the manner of filling vacancies among the members of the National Board shall be such as may be prescribed:

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Provided that adequate representation shall be given to persons belonging to the Scheduled Castes, the Scheduled Tribes, the Minorities and Women.

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(5) The term of the National Board shall be three years.

(6) The National Board shall meet at least thrice a year, at such time and place and shall observe such rules of procedure relating to the transaction of business at its meetings, as may be prescribed.

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(7) The members may receive such allowances as may be prescribed for attending the meetings of the National Board.

(8) The National Board shall perform the following functions, namely:—

(a) recommend to the Central Government suitable schemes for different sections of unorganised sector workers;

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(b) advise the Central Government on such matters arising out of the administration of this Act as may be referred to it;

(c) monitor such social welfare schemes for workers in the unorganised sector as are administered by the Central Government;

(d) review the progress of registration and issue of identity cards to the unorganised sector workers;

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(e) review the record keeping functions performed at the State level;

(f) review the expenditure from the funds under various schemes; and

(g) undertake such other functions as are assigned to it by the Central Government from time to time.

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#### CHAPTER IV

##### STATE SOCIAL SECURITY ADVISORY BOARD FOR WORKERS IN THE UNORGANISED SECTOR

State Social  
Security  
Advisory  
Board.

6. (1) Every State Government shall, by notification, constitute a State Board to be known as (name of the State) State Social Security Advisory Board to exercise the powers conferred on, and to perform the functions assigned to it, under this Act.

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(2) The State Board shall consist of the following members, namely:—

(a) a Chairperson to be appointed by the State Government;

(b) the Principal Secretary or Secretary (Labour) — Member-Secretary, *ex officio*; and

(c) twenty-six members to be nominated by the State Government, out of whom—

- (i) seven representing the unorganised sector workers;
- (ii) seven representing employers of unorganised sector;
- (iii) five representing eminent persons from civil society; and
- (iv) seven representing State Government Departments concerned.

(3) The Chairperson and other members of the Board shall be from amongst persons of eminence in the fields of labour welfare, management, finance, law and administration.

(4) The number of persons to be nominated as members from each of the categories specified in clause (c) of sub-section (2), the term of office and other conditions of service of members, the procedure to be followed in the discharge of their functions by, and the manner of filling vacancies among the members of the State Board shall be such as may be prescribed:

Provided that adequate representation shall be given to persons belonging to the Scheduled Castes, the Scheduled Tribes, the Minorities and Women.

(5) The term of the State Board shall be three years.

(6) The State Board shall meet at least once in a quarter at such time and place and shall observe such rules of procedure relating to the transaction of business at its meetings, as may be prescribed.

(7) The members may receive such allowances as may be prescribed for attending the meetings of the State Board.

(8) The State Board shall perform the following functions, namely:—

(a) recommend the State Government in formulating suitable schemes for different sections of the unorganised sector workers;

(b) advise the State Government on such matters arising out of the administration of this Act as may be referred to it;

(c) monitor such social welfare schemes for workers in the unorganised sector as are administered by the State Government;

(d) review the record keeping functions performed at the District level;

(e) review the progress of registration and issue of cards to unorganised sector workers;

(f) review the expenditure from the funds under various schemes; and

(g) undertake such other functions as are assigned to it by the State Government from time to time.

7. (1) Any scheme notified by the State Government may be —

(i) wholly funded by the State Government; or

(ii) partly funded by the State Government, partly funded through contributions collected from the beneficiaries of the scheme or the employers as may be prescribed in the scheme by the State Government.

(2) The State Government may seek financial assistance from the Central Government for the schemes formulated by it.

(3) The Central Government may provide such financial assistance to the State Governments for the purpose of schemes for such period and on such terms and conditions as it may deem fit.

Funding of  
State  
Government  
Schemes.

Record  
keeping by  
District  
Administra-  
tion.

8. The record keeping functions for the purpose of this Act shall be performed by the District Administration:

Provided that the State Government may direct that the record keeping function shall be performed by —

- (a) the District Panchayat in rural areas; and
- (b) the Urban Local Bodies in urban areas.

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#### CHAPTER V

##### REGISTRATION

Eligibility for  
registration  
and social  
security  
benefits.

9. (1) Every unorganised sector worker shall be eligible for registration subject to the fulfilment of the following conditions, namely:—

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- (a) he or she shall have completed fourteen years of age; and
- (b) a self-declaration by him or her confirming that he or she is an unorganised sector worker.

(2) Every eligible unorganised sector worker shall make an application in the prescribed form to the District Administration for registration.

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(3) Every unorganised sector worker shall be registered and issued an identity card by the District Administration which shall be a smart card carrying a unique identification number and shall be portable.

(4) If a scheme requires a registered unorganised sector worker to make a contribution, he or she shall be eligible for social security benefits under the scheme only upon payment of such contribution.

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(5) Where a scheme requires the Central or State Government to make a contribution, the Central or State Government, as the case may be, shall make the contribution regularly in terms of the scheme.

#### CHAPTER VI

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##### MISCELLANEOUS

Power of  
Central  
Government  
to give  
directions.

10. The Central Government may give directions to—

- (i) the National Board; or
- (ii) the Government of a State or the State Board of that State,

in respect of matters relating to the implementation of the provisions of this Act.

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Vacancies,  
etc., not to  
invalidate  
proceedings.

11. No proceedings of the National Board or any State Board shall be invalid on the ground merely of the existence of any vacancy or defect in the constitution of the National Board or, as the case may be, the State Board.

Power to  
make rules by  
Central  
Government.

12. (1) The Central Government may, by notification, make rules to carry out the provisions of this Act.

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(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the contributions to be collected from the beneficiaries of the scheme or the employers under sub-section (1) of section 4;

(b) the number of persons to be nominated, the term of office and other conditions of service of members, the procedure to be followed in the discharge of functions by, and the manner of filling vacancies of, the National Board under sub-section (4) of section 5;

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(c) the rules of procedure relating to the transaction of the business at the meeting of the National Board under sub-section (6) of section 5;

(d) the allowances for attending the meetings of the National Board under sub-section (7) of section 5;

5 (e) the form for making an application for registration under sub-section (2) of section 9; and

(f) any other matter which is required to be, or may be, prescribed.

13. (1) The State Government may, by notification, make rules to carry out the provisions of this Act.

Power to  
make rules by  
State  
Government.

10 (2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

15 (a) the number of persons to be nominated, the term of office and other conditions of service of members, the procedure to be followed in the discharge of functions by, and the manner of filling vacancies of, the State Board under sub-section (4) of section 6;

(b) the rules of procedure relating to the transaction of business at the meetings of the State Board under sub-section (6) of section 6;

(c) the allowances for attending the meetings of the State Board under sub-section (7) of section 6;

20 (d) the contributions to be collected from the beneficiaries of the scheme or the employers under sub-section (1) of section 7; and

(e) any other matter which is required to be, or may be, prescribed.

14. (1) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Laying of  
rules.

(2) Every rule made under this Act by State Government shall be laid, as soon as may be after it is notified, before the State Legislature.

15. Nothing contained in this Act shall affect the operation of any corresponding law in a State providing welfare schemes which are more beneficial to the unorganised sector workers than those provided for them by or under this Act.

Saving of  
certain laws.

16. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Act, as may appear to it to be necessary for removing the difficulty:

Power to  
remove  
difficulties.

40 Provided that no such order shall be made under this section after the expiry of a period of two years from the commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

SCHEDULE

(See section 3)

SOCIAL SECURITY SCHEMES FOR THE UNORGANISED SECTOR WORKERS

**S. No. Name of the Scheme**

1. National Old Age Pension Scheme.
2. National Family Benefit Scheme.
3. National Maternity Benefit Scheme.
4. Mahatma Gandhi Bunkar Bima Yojana.
5. Health Insurance Scheme for Handloom Weaver.
6. Scheme for pension to Master Crafts persons.
7. Group Accident Insurance Scheme for Active fishermen.
8. Saving-cum-Relief for the fishermen.
9. Janshree Bima Yojana.
10. Aaam Admi Bima Yojana.
11. Swasthya Bima Yojana.



## STATEMENT OF OBJECTS AND REASONS

It is estimated that the workers in the unorganised sector constitute more than ninety-four per cent. of the total employment in the country. On account of their unorganised nature, these workers do not get adequate social security. Some welfare schemes are being implemented by the Central Government for specific groups of unorganised sector workers such as beedi workers, non-coal mine workers, cine workers, handloom weavers, fishermen, etc. State Governments are implementing welfare programmes for certain categories of unorganised sector workers and some Non-Government Organisations also provide social security to certain categories of workers. Despite all these efforts, there is a huge deficit in the coverage of the unorganised sector workers in the matter of labour protection and social security measures ensuring the welfare and well-being of workers in the unorganised sector, such as agricultural workers, construction workers, beedi workers, handloom workers, leather workers, etc.

2. The Unorganised Sector Workers' Social Security Bill, 2007 aims to provide for social security and welfare of the unorganised sector workers and for matters connected therewith or incidental thereto. The Bill, *inter alia*, provides for the following matters, namely:—

(i) The Central Government shall constitute a National Social Security Advisory Board to recommend suitable welfare schemes for different sections of unorganised sector workers, and upon consideration of these recommendations, the Central Government may notify suitable welfare schemes relating to life and disability cover, health and maternity benefits, old age protection, or any other benefits.

(ii) The State Government shall constitute the State Social Security Advisory Board to recommend suitable welfare schemes for different sections of unorganised workers in that State and the State Government may notify suitable schemes for one or more sections of the unorganised workers.

(iii) A worker of an unorganised sector shall be eligible for social security benefits if, he is duly registered. Every registered worker in the unorganised sector shall be issued an identity card which shall be a smart card carrying a unique identification number and shall be portable.

(iv) The Central Government and the State Government shall have the power to make rules for the purposes of carrying out the objects of the Bill.

3. The Bill seeks to achieve the above objectives.

NEW DELHI;  
The 7th September, 2007.

OSCAR FERNANDES.

## FINANCIAL MEMORANDUM

Clause 5 of the Bill provides for constitution of the National Social Security Advisory Board to recommend the Central Government on formulation of suitable welfare schemes for different sections of the unorganised sector workers relating to life and disability cover, health benefits, old age protection, etc. The allowances, etc., to the members of the National Board for attending the meetings of the National Board shall be made by the Central Government. Clause 4 of the Bill provides that the schemes notified by the Central Government may be funded wholly by the Central Government or partly by the Central Government and partly by the State Government; or partly through contributions collected from the beneficiaries of the scheme and the employers as may be specified in the scheme. Clause 6 of the Bill envisages for constitution of a State Social Security Advisory Board to recommend the State Government on formulation of suitable welfare schemes for different sections of the unorganised sector workers. Sub-clause (3) of clause 7 of the Bill also provides for giving financial assistance to the State Governments for the purpose of schemes framed by those Governments. The financial implications for funding of the schemes would be determined as and when such schemes are formulated.

2. The allowances to the Members of the National Board shall be made out of the regular budget of the Ministry of Labour and Employment. The National Board will be serviced by the existing staff in the Ministry of Labour and Employment. The Fund for the schemes, as and when they are announced, will be channelised through the existing channels of funding as is being done for other schemes of the Government. The fund flow system will be defined in each scheme and it will vary from scheme to scheme.

3. The provisions of the Bill will not involve any other expenses of recurring or non-recurring nature.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 12 of the Bill empowers the Central Government to make rules for carrying out the purposes of the proposed legislation. The matters with respect to which rules may be made has been set out in sub-clause (2). The matters, *inter alia*, relate to (a) the contributions to be collected from the beneficiaries of the scheme or the employers under sub-clause (1) of clause 4; (b) the number of persons to be nominated, the term of office and other conditions of service of, the procedure to be followed in the discharge of their functions by, and the manner of filling vacancies among, the members of the National Board under sub-clause (4) of clause 5; (c) the rules of procedure relating to the transaction of the business at the meeting of the National Board under sub-clause (6) of clause 5; (d) the allowances for attending the meetings of the National Board under sub-clause (7) of clause 5; (e) the form for making an application for registration under sub-clause (2) of clause 9; and (f) any other matter which is required to be, or may be, prescribed.

2. Clause 13 of the Bill empowers the State Governments to make rules for carrying out the purposes of the proposed legislation. The matters with respect to which rules may be made has been set out in sub-clause (2). The matters, *inter alia*, relate to (a) the number of persons to be nominated, the term of office and other conditions of service of, the procedure to be followed in the discharge of their functions by, and the manner of filling vacancies among, the members of the State Board under sub-clause (4) of clause 6; (b) the rules of procedure relating to the transaction of business at the meetings of the State Board under sub-clause (6) of clause 6; (c) the allowances for attending the meetings of the State Board under sub-clause (7) of clause 6; (d) the contributions to be collected from the beneficiaries of the scheme or the employers under sub-clause (1) of clause 7; and (e) any other matter which is required to be, or may be, prescribed.

3. The matters in respect of which rules may be made are essentially matters of detail or procedure. The delegation of legislative power is, therefore, of a normal character.

RAJYA SABHA

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to provide for the social security and welfare of unorganised sector workers and for other matters connected therewith or incidental thereto.

*(Shri Oscar Fernandes, Minister for Labour and Employment)*