United Nations Research Institute for Social Development

Working Paper 2014-18

# India's Fragmented Social Protection System

*Three Rights Are in Place; Two Are Still Missing*

*Santosh Mehrotra, Neha Kumra and Ankita Gandhi*

prepared for the UNRISD project on
Towards Universal Social Security in Emerging Economies: Process, Institutions and Actors

December 2014


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UNRISD, Palais des Nations
1211 Geneva 10, Switzerland

Tel: +41 (0)22 9173020
Fax: +41 (0)22 9170650
info@unrisd.org
www.unrisd.org

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# Acronyms

| | |
|---|---|
| **ANM** | Auxiliary Nurse Midwife |
| **ASER** | Annual Status of Education Report |
| **AYUSH** | Ayurveda, Yoga, Unani, Siddha, and Homeopathy |
| **BCG** | Bacille de Calmette et Guérin (vaccination injection) |
| **BPL** | Below the poverty line |
| **CMP** | Common Minimum Programme |
| **CSO** | Civil Society Organization |
| **DLHS** | District Level Household & Facility Survey |
| **EAG** | Empowered Action Group |
| **EGS** | Employment Guarantee Scheme |
| **FYP** | Five-year Plan |
| **HDR** | Human Development Report |
| **HLEG** | High-Level Expert Group |
| **ICDS** | Integrated Child Development Services |
| **IHDR** | India Human Development Report |
| **IMR** | Infant Mortality Rate |
| **INR** | Indian Rupee |
| **JSY** | Janani Suraksha Yojana |
| **LHV** | Lady Health Worker |
| **MCIA** | Medical Council of India Act |
| **MDG** | Millennium Development Goal |
| **MGNREGS** | Mahatma Gandhi National Rural Employment Guarantee Scheme |
| **MMR** | Maternal Mortality Ratio |
| **NAC** | National Advisory Council |
| **NCEUS** | National Commission on Enterprises in the Unorganized Sector |
| **NFHS** | National Family Health Survey |
| **NFSA** | National Food Security Act |
| **NILERD** | National Institute of Labour Economics Research and Development |
| **NREGA** | National Rural Employment Guarantee Act |
| **NRHM** | National Rural Health Mission |
| **NSSO** | National Statistical Survey Organization |
| **PDS** | Public Distribution System |
| **PHC** | Primary Health Centres |
| **PIL** | Public Interest Litigation |
| **RCH** | Reproductive and Child Health |
| **RMA** | Rural Medical Assistants |
| **RTE** | Right to Education |
| **SRS** | Sample Registration System |
| **SSA** | Sarva Shiksha Abhiyan (The Education for All Movement) |
| **SI** | Social insurance |
| **TFR** | Total fertility rate |
| **TPDS** | Targeted PDS |
| **UDHR** | Universal Declaration of Human Rights |
| **U5MR** | Under Five Mortality Rate |
| **UHC** | Universal Health Coverage |
| **UNDP** | United Nations Development Programme |
| **UNICEF** | United Nations Children's Fund |
| **UPA** | United Progressive Alliance |
| **USD** | US Dollars |

## Summary

In India, 22 per cent of the population lives below the poverty line and 93 per cent is employed informally, despite the fact that India is the second fastest-growing economy after China. Nevertheless, in a positive trend, India's welfare system has increasingly moved towards a rights-based approach, as opposed to treating India's citizens as mere recipients of state-provided benefits. This paper discusses the key role of civil society mobilization and political support that has led to the implementation of the principles of the Right to Work (albeit mostly in rural areas), the Right to Education and the Right to Food in India.

On the other hand, both India's social insurance system and its public health system remain limited in coverage and fragmented in character. As large numbers of Indians remain vulnerable to poverty on account of health expenditures, it is imperative that all have access to universal preventive and public health services, and that, among those who work in the unorganized sector, at least the poor have full social insurance coverage (old age pensions, death and disability insurance, maternity benefits). Furthermore, in the absence of publicly provided health care, such insurance should give this segment of the population access to a preventive and basic curative health care package.

Our paper touches only briefly upon the issue of social insurance because achieving this is a medium-term goal which the Indian welfare state must work towards within current fiscal constraints. We focus primarily on the performance and the weaknesses of the health system. We find that the government's flagship health insurance scheme for the poor, the Rashtriya Swasthya Bima Yojana, is ineffective in providing financial risk protection with respect to health care, has inadequate coverage, and does not cover out-of-hospital consultations. We argue on behalf of universal health coverage in India and suggest the following areas for immediate policy intervention in the health sector: First: All doctors should be required to serve in rural areas regardless of whether this is required for a post graduate degree. Second: There is a strong case for introducing a three-year course for rural practice in all states. Third: More regular staff and paramedics are needed to manage services and as front-end providers of services. Fourth: the essential drug procurement system needs to be revamped. Fifth: the safe sanitation programme must become more effective if the nutrition and health status of citizens is to improve.



Santosh Mehrotra is the Director-General of the Institute of Applied Manpower Research, Planning Commission, Government of India.

Nehra Kumra is Assistant Director at NILERD (National Institute of Labour Economics Research and Development, formerly the Institute of Applied Manpower Research), working on issues of Human Development, Vocational Education, Training and Skills.

Ankita Gandhi served as Assistant Director in NILERD, and is currently with UNDP, with her duty station at the Ministry of Finance, Government of India, working on G20 issues.

# I. Introduction

> *The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will take appropriate steps to ensure the realization of this right, recognizing to this effect the essential importance of international cooperation based on free consent.*
>
> —International Covenant on Economic, Social and Cultural Rights (1966)

Although India has become the world's second fastest growing economy after China, 269 million Indians (or 22 per cent of the population) live at, or below, the poverty line.[1] While, for the past decade, the absolute number of poor has been declining for the first time in India's history, the proportion of the population suffering capability deprivation is still very high. This is reflected in the fact that one third of adults suffer from malnutrition, more than two out of five children under 5 are malnourished, 310 million people (26 per cent of the population) are illiterate and for the poor, life expectancy at birth, although higher than in the past, remains at around 65 years.

In addition, India remains an outlier among emerging market economies in terms of the very large number of workers employed in the unorganized sector (93 per cent). Given this high figure,[2] coupled with the very large number of poor persons in the country, one would expect that there would be comprehensive social insurance, as well as universal health care coverage, for these hundreds of millions of unorganized sector workers. However, the social insurance and public health systems currently available to Indians are limited in coverage and fragmented in character. We will address these issues in this paper.

Despite such weaknesses, it must be noted that India's welfare system has increasingly moved towards a rights-based approach, as opposed to treating citizens as mere beneficiaries of state-provided welfare. This development is relatively recent, dating to the beginning of the new millennium. The first achievement reflecting the new trend was the passage in 2005 of the Right to Information Act, which made access to documents and information from Government of India ministries at every level accessible to ordinary citizens. Under the act, citizens are empowered to demand from the government whatever written information and necessary supporting documents they wish as long as the information sought does not undermine state security. This was followed in early 2006 with the passage of the National Rural Employment Guarantee Act (NREGA), which gives every rural household the right to demand up to 100 days of employment in public works activities. Although participation in public works had been part of the government repertoire of welfare programmes for the last four decades, NREGA marked the first time the national Parliament made the right to work a legal entitlement in rural areas.

The next major achievement in this rights-based approach to welfare was the passage by the national Parliament in 2009 of the Right to Education Act. This gives all children ages 6-14 the right to eight years of compulsory elementary schooling. The Act laid down a schedule of norms to be realized in every government school throughout the

[1] This poverty line is quite close to the international poverty line of $ 1.25 per person per day.

[2] The corresponding share in Brazil is 45 percent; in most South-East Asian countries it usually does not exceed 75 percent.

country within three years of its becoming effective on 1 April 2010. The norms establish standards for such things as infrastructure, teacher-pupil ratio and so on.

The next major rights achievement focused on the Right to Food. in 2013. The National Food Security Act, enacted by the Indian Parliament on 12 September 2013, brings under one umbrella several existing and new entitlements aimed at providing food security for all Indians. The Act extends access to cereals (wheat, rice and millets) for 67 per cent of the country's population through the public distribution system. It increases coverage of subsidized grains through the public distribution system from a quarter of the total population to 75 per cent of the rural population and 50 per cent of the urban population. The concept of the right to food derives from the larger human right to an adequate standard of living, annunciated in the Universal Declaration of Human Rights of 1948. Article 25 (1) of the Universal Declaration asserts that "Everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, and housing." Several other international instruments recognize the right to food as part of the right to an adequate standard of living with a focus on the need to be free from hunger (Dev, 2003). Indian legislation establishing the Right to Work (in rural areas), the Right to Education and the Right to Food are major achievements supporting an entitlement-based approach to public welfare.

However, in a country where 22 per cent of the population lives at or below a poverty line of USD 1.25 per person per day and where 93 per cent of the work force is in unorganized employment, much more remains to be done. It is imperative that all persons have access to universal preventive and public health services, and that at least the poor among those who work in the unorganized sector have full, comprehensive social insurance coverage (old age pensions, death and disability insurance, maternity benefits). If directly provided public health care is unavailable, these individuals will also require insurance that will give them access to preventive and basic curative health care services. In this paper, we only briefly touch on the issue of social insurance, since developing it is a medium-term goal subject to significant fiscal constraints. However, we do focus on the health system and its weaknesses in the context of the Right to Health.

This paper is organized as follows: Section II explains how three of the five fundamental rights—work, education, food, social insurance, health—have been realized in India, even if incompletely in some cases. Section III presents the country's health outcome indicators and Section IV covers the health sector overview for India. Section V makes a case for universal health coverage and Section VI offers conclusions.