



Social Security Code 2020

Why in News

The effectiveness of the [Social Security Code \(SS Code\) 2020](#) in helping the informal workforce is questioned by many.

- With SS Code 2020, two other codes were passed which are **Code on Occupational Safety, Health & Working Conditions Code, 2020** and **Industrial Relations Code, 2020**.
- The **SS Code 2020 subsumes nine regulations** relating to social security, retirement and employee benefits.

Key Points

▪ Major Provisions of SS Code 2020:

◦ Enhanced Coverage:

- The Code has **widened coverage by including the unorganised sector**, fixed term employees and gig workers, platform workers, inter-state migrant workers etc.

◦ National Database and Registration:

- With the aim of making a national database for unorganised sector workers, **registration of all these workers would be done on an online portal** and this registration would be done **on the basis of Self certification** through a simple procedure.

- All **records and returns** have to be **maintained electronically**.

◦ Social Security Fund:

- It will be created on the financial side in order to implement social security schemes.

◦ Uniform Definitions:

- There is **uniformity in determining wages** for the purpose of social security benefits.

- It has provided a **wide definition for wage**.

- Specific exclusions with ceilings have been provided for **discouraging inappropriate structuring of salaries** to minimise social security benefits.

◦ Consultative Approach:

- It has brought in a facilitating approach by the authorities. Unlike the existing role of inspectors, the **Code provides for an enhanced role of inspector-cum-facilitator** whereby **employers can look for support and advice to enhance compliances**.

◦ Career Centre:

- To enable that demand for human resources is met and to monitor employment information, **career centres will be established.**
- **Stringent Penalties:**
 - Any failure to deposit employees' contributions not only attracts a **penalty of Rs. 1,00,000, but also imprisonment of one to three years.** In case of **repeat offence, the penalties and prosecution is severe,** and no compounding is permitted for repeated offences.
- **Concerns:**
 - **Online Registration Process:**
 - The **onus lies on informal workers registering as beneficiaries,** further they **do not have digital literacy and connectivity.**
 - Also, there is a **lack of awareness** among informal workers **regarding social security schemes.**
 - **Lack of Inter-State Arrangement and Cooperation:**
 - Unorganised workers are spread across the length and breadth of India. **Implications** of this code **would be too varied across States** to be administered.
 - **Complicated Processes & Overlapping Jurisdiction:**
 - Providing holistic social security cover for the unorganised workforce in a simple and effective manner is lost in the **Centre-State procedural complications and jurisdictional or institutional overlap.**
 - **Maternity Benefit:**
 - Women engaged in the **unorganised sector remain outside the purview of maternity benefit.**
 - **Employees Provident Fund:**
 - For informal sector workers, **access to employees' provident fund remains unfulfilled too in the new code.**
 - **Payment of Gratuity:**
 - Although payment of gratuity was expanded in the new Code, it **still remains inaccessible for a vast majority of informal workers.**

Way Forward

- The SS Code 2020 **merges existing social security laws** and attempts to include informal workers within the ambit of social security administration. However, an examination of the code reveals that **universalisation of social security remains an unfulfilled aspiration.**
- At a time when India chairs a **BRICS** meeting that is **focused on issues of labour, especially informality, it fails to even recognise that India is ageing without social security,** and the demographic dividend of the young workforce that could support the ageing ends in 15 years.
- The **provision of social security could be used to formalise the workforce** to a certain extent.
- **Employers should be made to own up to the responsibility of providing social security** to their workers.
 - As the state has a responsibility but the **primary responsibility still lies with employers** since they are taking advantage of workers' productivity.

[Source:TH](#)

