



PM Shram Yogi Maandhan Yojana

For Prelims: [Parliamentary Standing Committee](#), [Pradhan Mantri Shram Yogi Maandhan Yojana](#), [Life Insurance Corporation of India](#), [Atal Pension Yojana](#), [e-Shram portal](#)

For Mains: Social Security Schemes for Unorganised Workers, Role of Parliamentary Committees in Policy Evaluation, Financial Inclusion.

[Source: FE](#)

Why in News?

A [Parliamentary Standing Committee \(PSC\)](#) report has raised concerns over the underperformance of the [Pradhan Mantri Shram Yogi Maandhan Yojana \(PM-SMY\)](#), a pension scheme for workers in the [unorganised sector](#).

- What is the Pradhan Mantri Shram Yogi Maandhan Yojana?
- **About:** It is a **Central Sector Pension Scheme** launched in 2019, administered by the **Ministry of Labour and Employment**, and [Life Insurance Corporation of India \(LIC\)](#) acts as the Pension Fund Manager.
- **Target Beneficiaries:** The scheme targets [unorganised workers](#) aged 18 to 40, such as street vendors, domestic workers, construction labourers, and agricultural workers, with a monthly **income up to Rs 15,000**.
- **Contribution:** Workers are required to make monthly contributions (premium) ranging from **Rs 55 to Rs 200**, depending on their entry age, with the government matching their contribution.
- **Pension Benefits:** The scheme promises a pension of **Rs 3,000 per month** after the **worker turns 60**. However, if the worker dies before 60, there is **no lump sum payment to their family**.
 - In case of the subscriber's demise, their spouse will receive 50% of the pension amount as family pension.

What are the Highlights of the PSC Report on PM-SMY?

- **Poor Performance of PM-SMY:** The PM-SYM scheme has seen dismal performance due to low enrolment and reduced government funding.
 - Government contributions halved over two years, with actual expenditure dropping to **Rs 162.51 crore in FY 2023-24 from Rs 324.23 crore in FY 2021-22**.
 - The reduction in expenditure reflects a **drop in contributions from both workers and the government**, further undermining the scheme's viability.
 - The **PM-SYM aimed to enroll 100 million workers by 2023** but reached only **5 million by FY24**, covering less than **1% of the 565 million-strong unorganised workforce**.
 - However, the government has extended the scheme for another year, until 2025-26, while awaiting a revision to enhance its appeal.
- **Reasons for Poor Performance:**
 - **Income Challenges:** Irregular income and unstable employment make it **difficult for**

unorganised workers, especially daily wage earners, **to afford the monthly premium** of Rs 55- Rs 200, further reducing their ability to participate.

- **Impact of Covid-19:** The pandemic worsened the financial situation for many unorganised workers, hindering their ability to contribute to the scheme.
- **Structural Barriers:** Lack of a formal **employer-employee relationship in the unorganized sector** leads to challenges for workers in accessing the scheme due to insufficient **documentation and awareness**.
- **Existing Pension Alternatives:** The presence of other pension schemes like [Atal Pension Yojana \(APY\)](#) may cause confusion, leaving workers uncertain about which one to opt for.
- **Recommendations for Revamping the Scheme:**
 - **Expand Entry Age:** Increase the eligibility age from 40 years to 50 years to include older unorganised workers.
 - **Scheme Merger:** Combine PM-SMY with **APY** and [Pradhan Mantri Laghu Vyapari Maan-Dhan Yojana](#) for better alignment and coverage.
 - **e-Shram Portal:** The [e-Shram portal](#), with a database of over 305 million workers, can play a critical role in onboarding beneficiaries for PM-SMY.
 - Integrating **PM-SMY with the e-Shram database** could streamline enrolment and ensure wider reach.
 - **Direct Benefit Transfer (DBT):** Introduce **subsidies** to cover contributions for workers who cannot afford to pay out of pocket.
 - **Awareness Campaigns:** Launch targeted outreach programs to improve awareness and reduce misinformation about the scheme.

Parliamentary Committees

- **About:** Parliamentary Committees (PC) are panels of [Members of Parliament \(MPs\)](#) appointed or elected by the House or nominated by the Speaker/Chairman.
 - These committees draw their authority from **Article 105 (privileges of MPs)** and **Article 118 (rules for procedure and conduct of business)**.
- **Need:** Due to limited time in [Parliament](#), PCs are essential for **detailed discussions, expert input, and cross-party consensus**.
 - They thoroughly examine Bills, and policies, ensuring effective legislative work and avoiding political polarisation.
- **Types of Parliamentary Committees:**
 - **Standing Committees** are **permanent and ongoing bodies** within Parliament that play a crucial role in legislative work.
 - These include Financial Committees (scrutinize expenditure), Departmental Committees (oversee ministries), Enquiry Committees (investigate issues), Scrutiny Committees (ensure policy accountability), Day-to-Day Business Committees (manage procedures), and House-Keeping Committees (handle logistics).
 - **Ad Hoc Committees** are temporary panels formed for specific tasks, including Inquiry Committees and Advisory Committees for expert recommendations.
 - They dissolve once their task is completed.

Who are Unorganised Workers?

- **About:** The term unorganized worker, as defined under the [Unorganized Workers' Social Security Act, 2008](#), refers to home-based workers, self-employed workers, or wage workers in the unorganized sector.
 - Additionally, **workers in the organized sector are also classified as unorganized** if they are not covered under **key labor laws**, including the [Employees' Compensation Act, 1923](#), Industrial Disputes Act, 1947, Employees' State Insurance Act, 1948, Provident Funds Act, 1952, Maternity Benefit Act, 1961, or the Payment of Gratuity Act, 1972.
- **Initiatives for Unorganized Workers:**
 - [e-Shram Portal](#)

- [Atal Pension Yojana](#)
- [Pradhan Mantri Jeevan Jyoti Bima Yojana \(PMJJBY\)](#)
- [Pradhan Mantri Shram Yogi Maan-dhan \(PM-SYM\)](#)
- [Mahatma Gandhi Bunkar Bima Yojana](#)
- [Pradhan Mantri Kaushal Vikas Yojana](#)
- [Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana \(AB-PMJAY\)](#)

Drishti Mains Question:

Discuss the challenges faced by the Pradhan Mantri Shram Yogi Maandhan Yojana and suggest measures to improve its effectiveness.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. Pradhan Mantri MUDRA Yojana is aimed at (2016)

- (a) bringing the small entrepreneurs into formal financial system
- (b) providing loans to poor farmers for cultivating particular crops
- (c) providing pensions to old and destitute persons
- (d) funding the voluntary organizations involved in the promotion of skill development and employment generation

Ans: (a)

Q. Regarding 'Atal Pension Yojana', which of the following statements is/are correct? (2016)

1. It is a minimum guaranteed pension scheme mainly targeted at unorganized sector workers.
2. Only one member of a family can join the scheme.
3. Same amount of pension is guaranteed for the spouse for life after the subscriber's death.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (c)