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Prime Minister Social Security Schemes - An Investigation into the Well-being of Rural Households

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Abstract: Background: In order to establish a universal social security system for Indian citizens, especially the rural, marginalized, and vulnerable groups, the Indian government launched three ambitious social security schemes related to the insurance and pension sectors on May 9, 2015. Objective: This article is an attempt to investigate the effectiveness of these three social security schemes — Atal Pension Yojna, PM Jeevan Jyoti Beema Yojna, and PM Suraksha Beema Yojna, in improving the well-being of the poor households from rural regions and the people from the unorganized section of the country. Methodology: This investigation is entirely based on secondary sources, particularly the research publications on the selected topic and the government documents, reports, policy announcements, and news sources. Findings: Focusing on the identified schemes and their respective benefits, the article critically investigated their achievements along with the various challenges faced in effectively executing these schemes. Conclusion: The researcher highlighted an urgent need for a multi-faceted approach involving policy adjustments, awareness campaigns, and targeted efforts to address the identified challenges in the effective execution of the identified social security schemes.
Keywords: Government Schemes, Social Security Schemes, Pension Schemes, Insurance Schemes, Rural Households.

I. INTRODUCTION

Social security refers to a human right that satisfies the universal need to protect people from certain life risks and social needs, and help people maintain a basic level of economic security and well-being (Thaware, 2017). It is “a system of government programs and policies designed to provide financial and other forms of support to individuals or families in need due to certain life circumstances or emergencies” (Mohurle et al., 2022: p.116), such as retirement, disability, unemployment, or the death of a family breadwinner. Social security schemes are designed to provide a safety net, protect vulnerable populations, promote economic stability, provide financial support, and improve the overall quality of life for citizens. The absence of social security schemes in a country can lead to a range of negative consequences for individuals, families, and society as a whole, such as increased poverty & inequality, lower productivity & economic growth higher child labour rates, social unrest & instability, inadequate human capital development, etc. (Thaware, 2017). The funding for these schemes typically comes from contributions made by employees, employers, subscribers, or government funds. Even, social security schemes are instrumental in ensuring the well-being of rural households by addressing the unique challenges and vulnerabilities they face. As most rural households rely on seasonal or agricultural work, social security programs provide income stability through mechanisms such as agricultural insurance or income support, ensuring families have a steady source of income even when harvests are poor or markets fluctuate (Katoch, 2016). Thus, social security schemes enhance the quality of life, improve access to essential services, and contribute to the sustainable development of rural communities. By supporting vulnerable households, social security schemes contribute to overall community well-being, fostering a sense of solidarity and shared responsibility. Social security is a topic widely discussed by scholars and researchers from all over the world. However, the specifics of social security systems vary from country to country, and even within different regions of the same country. In some cases, social security systems may face challenges related to funding, demographic shifts (such as an aging population), effective implementation, and changing economic conditions. Further, with the Indian government spending a huge amount of resources on various social security schemes and initiatives, an examination of the effectiveness of such schemes highlights its own significance (Thaware, 2017). Hence, it is necessary to properly investigate the effectiveness of social security schemes in improving the well-being of rural households. Against the stated backdrop, this article investigates the effectiveness of the three social security schemes – “Atal Pension Yojna” (APY), “Pradhaan Mantri Jeevan Jyoti Beema Yojna” (PMJJBY), and “Pradhaan Mantri Suraksha Beema Yojna” (PMSBY), dedicated to the well-being of the poor households from rural regions and the people from the unorganized section of the country, launched by Honourable Prime Minister Shri Narendra Modi on 9th May 2015 from Kolkata, West Bengal.

II. HISTORY OF SOCIAL SECURITY MEASURES IN INDIA

In 1927, the British government in India prioritized the establishment of a health insurance scheme. The Royal Labour Commission also highlighted the significance of industrial workers' health insurance initiatives. The Conference of Labour Ministers organized annually for three consecutive years from 1940 to 1942 discussed the issue of health insurance for industrial workers and in 1943 a committee was appointed, chaired by Professor Adarkar. The committee was tasked with working out the details of mandatory insurance for industrial workers. The committee submitted its final report in 1944 and made recommendations based on the principle of mandatory contributions, with workers' contributions depending on their income. Experts further made changes to the submitted report, which eventually led to the passage of the Employees' State Insurance Act in 1948. Subsequently, the government enacted the 1948 Employees' State Insurance Act and the 1952 Employees Provident Fund Act, which respectively established the Employee State Insurance Corporation and the Employees Provident Fund Organisation. Some earlier initiatives such as the 1923 Workmen's Compensation Act paved the way for workers & their families to receive benefits in event of injuries. The 1961 Maternity Benefit Act provided for 12 weeks' basic pay during maternity leave along with additional paid leave. The 1972 Payment of Gratuity Act provided for 15 days' wages per year for employees who have worked for 5 years or more in an organization with 10 or more employees.

Originally aimed at factory workers, the coverage was extended to include greater parts of the population, e.g. children, women, elderly, poor households, etc. India's social security schemes cover the following types of social security: Pension, Gratuity, Health Insurance, Medical Benefits, Disability Benefits, Maternity & Childcare Benefits, Unemployment Benefits, etc. The Public Distribution System has been in existence in various forms since the 1940s, but its modern form was established in the 1960s and 1970s. Agricultural subsidies have been provided by the Indian government for several decades to support farmers and promote agricultural development.

The National Social Assistance Program was launched in 1995 and includes various pension schemes for the elderly, widows, and disabled individuals.

The National Rural Employment Guarantee Act was enacted in 2005 and became operational in 2006. It guarantees 100 days of wage employment to rural households. PM Jan Dhan Yojna, a financial inclusion program, was launched in August 2014 to provide access to financial services for all households. Various social welfare schemes have been introduced over the years, such as the PM Awas Yojna (housing for all) in 2015, Beti Bachao Beti Padhao (empowerment of the girl child) in 2015, and Swacchh Bharat Abhiyaan (clean India mission) in 2014.

Various pension schemes have been introduced over time, such as the Indira Gandhi National Old Age Pension Scheme was introduced in 1995, and the Atal Pension Yojna was launched in 2015. The Rashtriya Swasthya Beema Yojna was launched in 2008 to provide health insurance coverage to below-poverty-line families. Later, other insurance schemes such as PM Jeevan Jyoti Beema Yojna and PM Suraksha Beema Yojna were launched.

III. METHODOLOGY

This investigation is entirely based on secondary sources, particularly the research publications on the selected topic and the government documents, reports, policy announcements, and news sources.

IV. FINDINGS AND DISCUSSION

A. *Atal Pension Yojna (APY)*

1) *Scheme:* It is a government-backed old-age income security scheme launched to create a universal social security system for all Indians, especially the poor, the under-privileged, and the workers in the unorganized sector. It aims to promote a culture of savings and financial inclusion by providing a sustainable pension to citizens in the unorganized sector, who often lack access to formal pension systems (Bhattacharjee & Rengma, 2020). The scheme primarily focuses on individuals working in jobs such as domestic help, small businesses, and other informal occupations. The scheme replaces the Swabhalamban Yojna/ NPS Lite scheme. It is administered by Pension Fund Regulatory and Development Authority (PFRDA) under the overall administrative and institutional architecture of the National Pension System (NPS). The scheme can be availed by all Indian citizens aged between 18 to 40 years, having a valid savings bank account. The contribution rates are based on the pension amount chosen and the age of entry and are structured to be affordable for individuals in the unorganized sector (Kashyap & Jonjua, 2020). The subscriber has to contribute on a monthly basis between Rs.42 and Rs.210 if he joins at the age of 18 years. For the same fixed pension levels, the contribution would range between Rs.291 and Rs.1,454, if the subscriber joins at the age of 40 years.

2) *Benefits:* The scheme offers fixed monthly pension ranging from Rs.1000 to Rs.5000, which is made available after the age of 60 years to the subscriber and to his/her spouse after the death (Arora & Kundu, 2015). The pension amount under APY depends on the contribution made by the individual and the age at which they start contributing. Additionally, the contributions made to APY are eligible for tax benefits under Section 80CCD of the Income Tax Act.
3) *Achievements:* Atal Pension Yojna plays a crucial role in providing financial security to individuals in the unorganized sector during their retirement years. It aims to "bridge the gap between formal and informal pension systems" (Bhattacharjee & Rengma, 2020) and encourages a savings habit among those who may not have access to other retirement schemes. The scheme has achieved several noteworthy milestones and had a positive impact on pension coverage for individuals in the unorganized sector. It has succeeded in bringing a significant number of individuals from the unorganized sector under the pension fold. As of May 2023, more than 5 crore individuals have subscribed to the scheme. In addition, it has contributed to increasing financial inclusion by encouraging individuals to open bank accounts (Pushpa & Viswanath, 2022).
4) *Challenges:* While the Atal Pension Yojna (APY) has achieved notable successes, there have been several challenges in its implementation that have been observed by the researcher. Despite awareness campaigns, many eligible individuals in the unorganized sector remain unaware of the scheme's existence, its benefits, and the enrolment process (Bhattacharjee & Rengma, 2020). Lack of awareness has hindered the scheme's penetration and enrolment numbers. Further, many individuals in the unorganized sector have irregular or seasonal incomes, which prevented them from committing to regular monthly contributions, as needed under the scheme; thereby prioritizing their immediate needs over long-term retirement planning (Katoch, 2016). As also, the scheme has faced challenges in attracting female participants from the unorganized sector. This could be due to cultural factors, lack of access to formal financial services, and limited decision-making power for women in some households (Pushpa & Viswanath, 2022).

B. *Pradhan Mantri Jeevan Jyoti Beema Yojna (PMJJBY)*

1) *Scheme:* It is a government-backed scheme that offers life Insurance coverage of Rs.2 lakh in case of the insured person's death due to any reason, be it natural or accidental, and is renewable from year to year at an annual premium of Rs.436 (initially Rs.330). It was introduced as part of the financial inclusion and social security initiatives aimed at providing affordable and easily accessible life insurance coverage to all segments of the population, particularly those who are economically vulnerable and less likely to have access to formal insurance plans (Kashyap & Jonjua, 2020). It is implemented by the Life Insurance Corporation (LIC) of India. The scheme can be availed by all Indian citizens aged between 18 to 50 years, having an individual bank or post-office account.
2) *Benefits:* The scheme offers several benefits to its participants, especially those who are looking for affordable and basic life insurance coverage. The affordability of the annual premium makes the scheme accessible to a wide range of individuals, including those from socioeconomically disadvantaged groups; thus, encouraging more people to secure life insurance for themselves. Another advantage of this scheme is that it does not require the policyholder to undergo a medical examination before enrolling. This simplifies the enrolment process, especially for those who might have pre-existing medical conditions. Further, it provides coverage for both accidental and natural deaths. This means that the policyholder's family is entitled to the death benefit regardless of the cause of death, whether it's due to an accident or a natural cause. In the unfortunate event of the insured person's death, the nominee or beneficiary receives a lump-sum payout of Rs.2 lakhs. This payout can provide financial support to the family during a difficult time and help cover immediate expenses (Katoch, 2016).
3) *Achievements:* Since its inception, the scheme has achieved a number of notable outcomes and achievements. It played a significant role in increasing insurance penetration in India, especially among low-income and economically vulnerable sections of society. The scheme saw a substantial number of enrolments across the country. As of May 2023, the cumulative enrolments under the scheme have been more than 16.19 crore, and an amount of Rs.13,290.40 crore has been paid for 6,64,520 claims. Further, it made significant inroads into rural areas, reaching out to segments of the population that were traditionally underserved by insurance and financial services. This helped bridge the gap between urban and rural insurance coverage.
4) *Challenges:* Despite the scheme's significant achievements, the researcher observed several challenges in its effective execution. One of the major challenges observed by the researcher was that many potential beneficiaries, especially in rural and remote areas, were not aware of the scheme's benefits and eligibility criteria, which hindered enrolment (Katoch, 2016). Lack of financial literacy and awareness about insurance concepts posed challenges. Some potential participants did not fully understand the benefits of life insurance and were skeptical about the premium payments (Agrawal & Sharma, 2023). Further, as the scheme targeted a specific age group (18-50), individuals outside this range were not covered, potentially leaving gaps in coverage for older individuals.

C. Pradhan Mantri Suraksha Beema Yojna (PMSBY)

1) *Scheme:* It is a government-sponsored accidental insurance scheme under the Ministry of Finance, renewable from year to year at an annual premium of Rs.20 (Rs.12 initially), offering coverage for death or disability due to an accident. In the event of the insured person's death due to an accident, the nominee or legal heir is eligible to receive the insurance amount. Similarly, if the insured person becomes disabled due to an accident, a portion of the insurance amount is paid out based on the extent of the disability (Kashyap & Jonjua, 2020). The scheme can be availed by people aged between 18 to 70 years, having an individual bank or post-office account.
2) *Benefits:* It offers to individuals who enrol in the scheme, an accidental death cum permanent disability cover of Rs.2 lakh (Rs.1 lakh in case of partial disability) for death or disability due to an accident. However, the specific payout in case of partial disability depends on the extent of the disability and is determined by a predefined scale. In the event of an accidental death, the nominee or legal heir of the insured person receives the insurance payout, which can provide financial support during a difficult time (Katoch, 2016).
3) *Achievements:* The scheme has achieved several notable outcomes and benefits since its launch in 2015. It contributed to increasing insurance coverage among India's population, especially among those who might not have had access to insurance before. Being a part of the Indian government's broader efforts to promote financial inclusion, the scheme aimed to bring a larger segment of the population into the formal financial system, by targeting individuals with savings bank accounts. As of May 2023, the cumulative enrolments under the scheme have been more than 34.18 crore, and an amount of Rs.2,302.26 crore has been paid for 1,15,951 claims.
4) *Challenges:* Despite the scheme's significant achievements, the researcher observed several challenges in its effective execution. One of the primary challenges was creating awareness about the scheme and providing accurate information to potential beneficiaries. It was observed that many individuals, especially in rural and remote areas, were not aware of the scheme's benefits, eligibility criteria, or enrolment process, which hindered participation (Katoch, 2016). The researcher observed rural regions or communities with lower enrolment rates due to factors such as limited access to banking facilities, lower literacy rates, language barriers, or lack of effective communication (Agrawal & Sharma, 2023). In addition, a lack of comprehensive monitoring and evaluation mechanisms to some extent hindered the identification of issues and the implementation of corrective measures (Agrawal & Sharma, 2023).

V. RECOMMENDATIONS

Addressing the challenges in the execution of social security schemes in India requires a multi-faceted approach involving policy adjustments, awareness campaigns, and targeted efforts.

1) There is a need to identify vulnerable populations and target outreach efforts specifically toward them, ensuring that the benefits reach those who need them the most.
2) Data-driven approaches should be used to identify underserved areas and communities for focused implementation efforts.
3) Widespread awareness campaigns should be conducted through various media channels to educate the vulnerable population about the existence, benefits, and eligibility criteria of different social security schemes.
4) There is a need to establish collaboration with community leaders, local organizations, and NGOs to spread awareness at the grassroots level.
5) Local government bodies and community organizations should be empowered to assist in the implementation and outreach of schemes, as they often have better knowledge of local needs and challenges.
6) User-friendly and culturally sensitive informational materials should be developed to ensure better understanding, especially in rural areas with low literacy rates and among rural women.
7) Information about schemes should be provided in local languages to bridge the language barrier and enhance understanding among beneficiaries.
8) There is a need to ensure digital inclusion by expanding digital infrastructure in rural and remote areas to facilitate online enrolment and payments. This includes improving connectivity and providing access to digital devices, along with providing training and capacity-building programs to government officials, frontline workers, and volunteers who interact directly with beneficiaries.
9) Robust verification mechanisms, including biometric identification and cross-referencing with existing databases, should be implemented to prevent fraud and misuse of benefits.

VI. CONCLUSION

This article focuses on the effectiveness of the three social security schemes — Atal Pension Yojna, PM Jeevan Jyoti Beema Yojna, and PM Suraksha Beema Yojna, launched by the Indian government, in order to establish a universal social security system for all Indians, especially the rural, marginalized, and vulnerable groups. Based on the various secondary sources, it critically investigates the role of these schemes in improving the well-being of poor households from rural regions of the country. While these schemes have achieved notable successes, several challenges were observed by the researcher in their effective implementation. The researcher suggested a multi-faceted approach involving policy adjustments, awareness campaigns, and targeted efforts to address the identified challenges in the effective execution of these schemes and to help the schemes to reach their full potentials.

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