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# ILO's Universal Social Protection Report 2026: What It Means for India

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# ILO's Universal Social Protection Report 2026: What It Means for India

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## WHY IN NEWS

The **International Labour Organization (ILO)** released its flagship report “*Universal Social Protection in Changing Labour Markets: Protecting Workers in All Types of Employment*” in mid-April 2026. The report urges governments to **extend social protection to all workers** — including the growing informal, temporary, part-time, gig, and self-employed workforce — and reframes the goal from “**poverty reduction**” to “**poverty prevention**” through universal, financed guarantees.

## WHAT THE REPORT SAYS

### Core Framework

The ILO identifies **nine branches of social protection** under its 1952 Convention No. 102 (Social Security Minimum Standards):

#	BRANCH
1	Medical care
2	Sickness benefits
3	Unemployment benefits
4	Old-age benefits
5	Employment injury benefits
6	Family benefits
7	Maternity benefits
8	Invalidity benefits
9	Survivors' benefits

The 2026 report argues that in “changing labour markets” (characterised by platform work, remote work, short-term contracts, and informality), traditional employment-linked social security models are failing — leaving the majority of the global workforce **unprotected or under-protected**.

### **Global Gaps**

- **4.1 billion people** (~53% of world population) have **no access** to any social protection
- **2 billion people** are only partially covered
- Only ~31% of the world’s workers enjoy full protection across all 9 branches
- The **informal economy** accounts for ~60% of global employment — and has particularly weak coverage

### **Key Recommendations**

- 1 **Universal coverage anchored in law** — not tied to employment contracts or employer contributions alone
- 2 **“Poverty prevention”** framing — social protection as a preventive tool, not a residual welfare patch
- 3 **Progressive domestic financing** — wealth taxes, inheritance taxes, financial transaction taxes, resource rents
- 4 **Portable, digitised entitlements** — workers retain rights across job transitions
- 5 **Extension to gig/platform workers** — specifically addresses the algorithmic employment economy

## INDIA IN THE REPORT — WHERE WE STAND

### Current Indian Social Protection Coverage

SCHEME	TARGET GROUP	COVERAGE (2024-25)
<b>EPF (Employees' Provident Fund)</b>	Formal employees in establishments 20+	~6.5 crore active subscribers
<b>ESIC (Employees' State Insurance Corporation)</b>	Industrial workers earning <₹21,000/month	~3.6 crore insured persons
<b>NPS (National Pension System)</b>	Government + voluntary private	~8 crore subscribers
<b>APY (Atal Pension Yojana)</b>	Unorganised workers	~6 crore enrolled
<b>PM-SYM (Pradhan Mantri Shram Yogi Maandhan)</b>	Unorganised workers	~55 lakh enrolled
<b>PM-JAY / Ayushman Bharat</b>	Bottom 40% population	~55 crore covered (in principle)
<b>PMJJBY, PMSBY</b>	Basic insurance for all	~25 crore + 52 crore enrolled
<b>One Nation One Ration Card (ONORC)</b>	Migrant workers	Portable PDS — 80 crore beneficiaries
<b>e-Shram portal (2021)</b>	Unorganised workers	<b>~30 crore registered</b>

Per ILO's methodology, **India's effective "full-coverage" share is ~25-30%** — above the global informal-economy average but well below OECD levels (80%+).

### The e-Shram Database — India's Crown Jewel

- **Launched August 2021** by Ministry of Labour & Employment
- **30+ crore unorganised workers** registered (as of early 2026)
- Aadhaar-based, self-registered, portable
- Creates the **world's largest database of informal workers**
- Enables scheme-delivery targeting (Pradhan Mantri Garib Kalyan Yojana, PM-SYM, etc.)

**But:** Registration ≠ benefits. Most e-Shram registrants have not received structured social protection beyond general welfare schemes — the data exists; the pipes to deliver substantive coverage are still being built.

## THE CODE ON SOCIAL SECURITY, 2020

India's big attempt to rationalise social security: the **Code on Social Security, 2020** — part of the four Labour Codes consolidating 29 existing labour laws.

### What it Does

PROVISION	DETAIL
<b>Consolidation</b>	Merges EPF Act 1952, ESIC Act 1948, Maternity Benefit Act 1961, Payment of Gratuity Act 1972, and 5 others
<b>Gig and platform workers</b>	First-ever statutory recognition (Chapter IX) — requires social security fund contributions from aggregators
<b>Social Security Fund</b>	Central fund for unorganised, gig, and platform workers
<b>Aggregator contribution</b>	1–2% of annual turnover of aggregators (or up to 5% of payments to gig workers, whichever lower)
<b>e-Shram universal platform</b>	Statutory backing under the Code

### Implementation Status (April 2026)

- **Code passed:** September 2020
- **Rules notified:** Partial — final rules drafted but not fully operationalised
- **Aggregator contribution:** Not yet enforced
- **State-level resistance:** Some states (Kerala, Karnataka) have their own gig-worker welfare boards; friction with central framework

The ILO's 2026 recommendations align closely with this Code's intent — but its actual implementation is the critical test.

## GIG AND PLATFORM WORKERS — THE NEW FRONTIER

### Scale

- India has an estimated **~1 crore (10 million) gig and platform workers** in 2026 (NITI Aayog "India's Booming Gig and Platform Economy", 2022)
- Projected to grow to **~2.35 crore by 2030** ( $\approx 4.1\%$  of non-agricultural workforce)
- Concentrated in: ride-hailing (Ola, Uber, Rapido), delivery (Swiggy, Zomato, Zepto, BigBasket), home services (Urban Company), content (social media)

### State-Level Models

STATE	FRAMEWORK	STATUS
<b>Rajasthan</b>	Platform-based Gig Workers (Registration & Welfare) Act 2023	First dedicated state law; welfare fund operational
<b>Karnataka</b>	Platform-based Gig Workers (Social Security & Welfare) Bill 2024	Passed; partial implementation
<b>Telangana</b>	Platform-based Gig Workers (Social Security) Bill 2025	Under consideration

These states have moved faster than central rules, creating a patchwork. The ILO report’s call for **universal, legally-anchored protection** would favour federal harmonisation.

## FINANCING THE EXTENSION — THE FISCAL QUESTION

### What It Costs

- Extending basic social protection (old-age pension + health + disability + maternity) to all unorganised workers: ~₹3-5 lakh crore/year additional fiscal commitment
- Global ILO estimate: 3-4% of GDP for developing countries to achieve universal basic protection

### Financing Mechanisms Recommended by ILO (and India’s Options)

MECHANISM	INDIA’S FISCAL SPACE
<b>Progressive income tax</b>	Top tax rate now 42.7% with surcharges; further hikes face political resistance
<b>Wealth tax</b>	Abolished in 2015-16 budget; reintroduction debated
<b>Inheritance / estate tax</b>	None in India since 1985; politically difficult
<b>Aggregator contribution (gig)</b>	Legislated (Code 2020); not yet operationalised
<b>Resource rents</b>	Mineral cess, carbon tax — partial; expansion possible
<b>Financial Transaction Tax (Tobin)</b>	Proposed periodically; not implemented

The report explicitly calls on developing countries to explore **wealth and inheritance taxes** — a politically challenging recommendation in the Indian context.

## COMPARATIVE LENS — WHAT OTHER COUNTRIES HAVE DONE

COUNTRY	APPROACH	RESULT
<b>Brazil</b>	Bolsa Familia + CadÚnico (universal registry)	Poverty reduction; but contingent on political continuity
<b>South Africa</b>	SASSA grant system (unconditional cash for children, elderly, disabled)	~30% of population covered
<b>China</b>	Dibao (minimum living allowance) + urban-rural health insurance	Nearly universal health coverage
<b>Germany</b>	Bismarck-model social insurance + basic guaranteed income (Bürgergeld)	Strong but ageing-pressure stress
<b>Nordic (Denmark, Sweden)</b>	Tax-financed universal protection	Very high coverage; ~50% tax-to-GDP
<b>India</b>	Hybrid — contributory (EPF, ESIC) + tax-financed (PMJAY, PMAY) + informal schemes (PM-SYM)	25-30% effective universal coverage

## THE POLITICAL ECONOMY QUESTION

### *Why Universal Social Protection is Politically Difficult in India*

- ❶ **Fiscal centralisation:** Most tax revenue accrues to the Centre; most welfare delivery is by states → mismatch of capacity and authority
- ❷ **Identification challenges:** 80% non-agricultural employment is informal; many workers aren't digitally registered or Aadhaar-linked in real time
- ❸ **Benefit leakage:** Despite Aadhaar authentication, corruption and intermediary skimming persist in scheme delivery
- ❹ **Employer resistance:** Aggregator contribution mandate in the Code 2020 has faced sustained push-back
- ❺ **Political cycle:** Welfare expansion is often tied to electoral cycles; politically-valuable announcements precede structural reform

### *Why It's Getting Easier Politically*

- ❶ **Digital infrastructure maturity:** JAM trinity (Jan Dhan, Aadhaar, Mobile) + UPI + e-Shram reduces delivery friction

- ② **Post-COVID consensus:** The pandemic exposed informal workers' vulnerability; both Centre and states embraced cash transfers
- ③ **Global conversation:** ILO, IMF, World Bank increasingly push universal coverage; India's policy discourse has evolved

## WHAT TO WATCH (2026-2030)

EXPECTED DEVELOPMENT	LIKELY TIMELINE
Aggregator contribution rules notified	2026-27
Social Security Fund becomes operational	2027
National gig worker welfare framework	2027-28
Old-age pension for all unorganised workers	2028-30 (under political negotiation)
Universal maternity + parental leave	2027-30 (currently limited to formal sector)
Integration of e-Shram with PMJAY	2026-27 (progress ongoing)

## UPSC RELEVANCE

PAPER	ANGLE
GS2 — IR	ILO; Convention 102 (Social Security Minimum Standards); Nagoya-like benefit-sharing (parallel)
GS2 — Governance	Code on Social Security 2020; Labour Codes architecture; fiscal federalism
GS2 — Social Justice	Universal vs targeted welfare; informal workers; gig economy
GS3 — Economy	Fiscal financing; PLI + social protection balance; poverty prevention vs reduction
GS3 — Technology	e-Shram; JAM trinity; digitised entitlements
Prelims	<b>ILO</b> (1919, founding member India; HQ Geneva) · <b>Convention 102</b> (1952, 9 branches of social protection) · Code on <b>Social Security 2020</b> · <b>e-Shram</b> (Aug 2021, Ministry of Labour & Employment) · <b>PM-SYM, APY, PMJJBY, PMSBY</b> · NITI Aayog gig report 2022
Interview	“Is India’s Code on Social Security 2020 — with its gig-worker provisions — an adequate response to the ILO’s 2026 Universal Social Protection framework, or does implementation remain the structural bottleneck?”

**“Universal Social Protection in Changing Labour Markets”** · Calls for coverage across all **9 branches of ILO Convention 102 (1952)** · Frame shift: **“poverty prevention”** over **“poverty reduction”** · Calls for progressive, wealth, and inheritance tax financing.

**4.1 billion people** (~53%) have **NO** social protection · Only **~31%** have full multi-branch coverage.

**e-Shram portal (2021)** — ~30 crore unorganised workers registered · **Code on Social Security 2020** — merges 9 labour laws, first statutory recognition of gig/platform workers · Aggregator contribution: 1-2% of turnover (not yet enforced) · **PMJAY** covers ~55 crore · **EPF** ~6.5 crore · **ESIC** ~3.6 crore.

~1 crore workers (2026); projected **~2.35 crore by 2030** (NITI Aayog 2022) · Rajasthan, Karnataka, Telangana have state-level gig worker laws · Central rules pending.

Founded **1919** (Versailles Treaty) · HQ **Geneva** · Only **tripartite** UN agency (Govt + Employers + Workers) ·

**India is founding member** · Nobel Peace Prize **1969** · GS2: IR/Governance; GS3: Economy.

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