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EDITORIAL ANALYSIS

Building a Universal Social Safety Net for India's Informal Workforce

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Building a Universal Social Safety Net for India's Informal Workforce

The Hindu 31 July 2026 GS2 GS3

INTERVIEW ANGLE

"A safety net that depends on self-registration systematically under-covers the workers who most need it, since registration itself requires awareness, documentation and time that precarious workers often lack. What design change would flip that dynamic without creating a fraud or fiscal-exposure risk?"

Every fact web-verified against primary sources

THE LIFT LINE

A safety net that requires you to fill out a form to fall into it is not really a net; it is a form, and forms are precisely the thing precarious work leaves people no time to fill out.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

Labour welfare and social security architecture is a high-frequency GS2/GS3 theme, and this editorial's core insight, that formal legal coverage and effective practical coverage are different things separated by registration-design choices, is a distinction UPSC increasingly rewards in analytical Mains answers.

GS Paper 2: Welfare schemes for vulnerable sections; issues relating to development and management of Social Sector/Services relating to Health, Education, Human Resources.

GS Paper 3: Inclusive growth and issues arising from it; employment.

For **Prelims**, fix the Social Security Code, 2020's core mandate and the four named platforms, e-Shram, Aadhaar, ONORC, Ayushman Bharat, that this integration proposal would combine.

CONCEPT	MEANING	WHY UPSC TESTS IT
Social Security Code, 2020	One of the four labour codes, extending formal social security coverage to organised and unorganised workers	Foundational labour-law fact frequently tested
e-Shram	National database of unorganised sector workers, used for targeted welfare delivery	The key existing digital platform this integration proposal builds on
ONORC (One Nation One Ration Card)	Portability mechanism letting beneficiaries access food security entitlements across state lines	Demonstrates that portable benefit delivery is already technically proven in India
Self-registration vs. auto-enrolment	Whether a beneficiary must actively apply, or is automatically enrolled based on existing data	The precise design distinction this editorial argues should change

BACKGROUND AND CONTEXT

The Social Security Code, 2020 consolidated multiple pre-existing labour laws and, notably, extended social security coverage in principle to unorganised, gig and platform workers, a significant formal expansion given that India's informal workforce comprises the overwhelming majority of total employment. However, the Code's implementation architecture largely retained a registration-dependent model, requiring workers or, in some cases, aggregator platforms to register workers for coverage, rather than building an automatic, data-driven enrolment mechanism from the outset.

PLATFORM	FUNCTION
e-Shram	National unorganised-worker database
Aadhaar	Near-universal identity verification
ONORC	Portable food-security entitlement across states
Ayushman Bharat	Health-coverage framework

THE CORE ARGUMENT / ISSUE

The gap between formal coverage and effective coverage

India's informal workforce, estimated on PLFS and ILO-based measures at around 85 to 90 per cent of total employment, or roughly 400 million workers, is formally within the Social Security Code's scope. But formal statutory inclusion does not automatically produce effective coverage when the enrolment mechanism depends on individual worker action. The gap between these two states, legally covered versus actually protected, is precisely where the policy failure lives.

Why self-registration systematically excludes the neediest

Registration requires several resources that correlate inversely with precarity: awareness that a scheme exists, documentary proof of eligibility, and the time and literacy to navigate a bureaucratic application process. A daily-wage construction worker moving between sites, or a gig-platform delivery worker juggling multiple apps, faces exactly the conditions, time scarcity, information gaps, frequent relocation, that make self-registration hardest, while comparatively more stable, better-informed workers are more likely to successfully register even though their need may be lower.

The integration opportunity already sitting in plain sight

India's existing digital public infrastructure arguably already contains the data needed to identify and auto-enrol most informal workers without requiring a fresh registration act: e-Shram already holds worker data, Aadhaar already provides identity verification, and ONORC already proves that portable, cross-jurisdiction benefit delivery is operationally achievable in India. Ayushman Bharat's existing health-coverage architecture provides a further template for how a benefit can follow a beneficiary rather than an employer or location.

The risks that make this harder than it sounds

Integrating four large government databases into a unified social security auto-enrolment system is not a purely technical exercise. It raises genuine data-privacy concerns about combining identity, employment, location and health data at scale; fiscal-sustainability questions about the exchequer's exposure once coverage shifts from opt-in to near-automatic; and fraud-prevention design challenges, since loosening registration friction to improve access could simultaneously loosen the safeguards against ineligible claims.

HOW TO THINK ABOUT THIS (ANALYTICAL FRAME)

Separate "is this group formally covered by law" from "does this group actually receive the benefit," and treat the gap between them as the real policy problem. Many Indian welfare and labour reforms achieve the first without the second, because formal legal inclusion is politically and legislatively easier to deliver than the administrative redesign needed for actual delivery. When evaluating any welfare-expansion announcement, always ask what the enrolment mechanism actually is, since that design choice, more than the headline coverage expansion, determines whether the reform reaches its intended beneficiaries.

THE DIAGRAM IN WORDS

Picture a large circle representing India's roughly 400 million informal workers, all formally inside the boundary of the Social Security Code's coverage since 2020. Inside that large circle, draw a much smaller circle representing workers who have actually completed registration and receive real protection. The gap between the outer boundary and the inner circle is not a legal gap, since the law already covers everyone in the outer circle; it is a registration-friction gap, and the proposed integration of e-Shram, Aadhaar, ONORC and Ayushman Bharat is essentially a proposal to erase that inner circle altogether by making enrolment automatic rather than something workers must individually achieve.

WAY FORWARD

1. **Pilot auto-enrolment for a defined, high-need category first**, such as construction workers or platform-based gig workers, using existing e-Shram and Aadhaar data, before universal rollout.
2. **Build privacy-preserving data-sharing protocols** between e-Shram, Aadhaar, ONORC and Ayushman Bharat, with clear purpose limitation to prevent function creep beyond social security delivery.
3. **Model the fiscal exposure of near-universal auto-enrolment** transparently before committing to full-scale integration, to avoid an unfunded mandate.
4. **Design fraud-prevention mechanisms that do not reintroduce registration friction**, such as algorithmic anomaly detection rather than upfront documentary burden on the worker.
5. **Publish coverage-gap data regularly**, comparing formally eligible workers against those receiving actual benefits, to keep the reform's real-world effectiveness, not just its legal scope, under continuous public scrutiny.

PYQ LINKAGE AND PRACTICE

UPSC has tested the labour codes, informal-sector welfare, and Digital Public Infrastructure as recurring GS2/GS3 themes; this editorial's integration proposal combines both threads into a single, analytically rich current-affairs topic likely to appear in future Mains questions on inclusive growth and welfare delivery.

Practice question: "Formal legal coverage and effective practical coverage are not the same thing." Examine this claim with reference to the Social Security Code, 2020's treatment of India's informal workforce, and assess the case for integrating e-Shram, Aadhaar, ONORC and Ayushman Bharat into a portable social security architecture. (250 words, 15 marks)

Interview angle: A safety net that depends on self-registration systematically under-covers the workers who most need it, since registration itself requires awareness, documentation and time that precarious workers often lack. What design change would flip that dynamic without creating a fraud or fiscal-exposure risk?

Sources: The Hindu, Ministry of Labour and Employment, e-Shram

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Source: Building a Universal Social Safety Net for India's Informal Workforce — Ujiyari.com | Free UPSC & State PCS Editorial Analysis

KEY ARGUMENTS AT A GLANCE

India's Social Security Code, 2020 formally extends social security coverage to informal workers, but its practical reach remains limited because coverage still depends on workers actively self-registering as beneficiaries, a structural design flaw that leaves the vast majority of India's roughly 400 million informal workers effectively unprotected despite the statute's formal inclusivity.

✓ SUPPORTING

- Self-registration systematically excludes precisely the workers most in need of protection, since registration requires awareness of the scheme, access to documentation, and time and literacy to navigate the application process, resources that are scarcest among the most precarious informal workers.
- India already operates several large-scale digital platforms, e-Shram (the national database of unorganised workers), Aadhaar (identity), ONORC (portable food security), and Ayushman Bharat (health coverage), that could technically be integrated into a single portable social security architecture rather than remaining siloed schemes each requiring separate registration.
- A portable, integrated architecture would follow the worker across employers, locations and even formal-informal transitions, addressing the reality that most informal workers move frequently between jobs, sectors and geographies in ways a single-employer-anchored registration model cannot accommodate.

⚠ COUNTER

Integrating multiple large government databases into a single social security architecture raises genuine data-privacy, fiscal-sustainability and administrative-capacity concerns, and a poorly designed opt-out or auto-enrolment system risks either significant fraud exposure or, if verification is tightened to prevent fraud, recreating the same access barriers the reform is meant to solve.

→ WAY FORWARD

Pilot an auto-enrolment model anchored in e-Shram and Aadhaar for a defined, high-need worker category, such as gig and platform workers or construction labourers, before attempting a fully universal integration across all four platforms.

✍️ MAINS ANSWER FRAMEWORK

QUESTION

India's informal workforce remains largely outside the effective protection of the Social Security Code, 2020, because coverage depends on self-registration. Discuss the case for integrating e-Shram, Aadhaar, ONORC and Ayushman Bharat into a portable, opt-out social security architecture. (250 words)

INTRODUCTION

India's Social Security Code, 2020 formally extends social security coverage to the country's informal workforce, which comprises an estimated 85 to 90 per cent of total employment on PLFS and ILO-based estimates, roughly 400 million workers, but a critical design flaw, coverage still depends on workers actively self-registering, means the statute's formal inclusivity has not translated into effective, near-universal protection.

BODY

The self-registration design creates a structural mismatch between where protection is formally available and where it is actually accessed: workers must be aware the scheme exists, possess the necessary documentation, and have the time and literacy to complete registration, conditions that are systematically scarcer among the most precarious segments of the informal workforce, including migrant, gig and daily-wage workers. India already possesses the technical building blocks for a different model: e-Shram provides a national database of unorganised workers, Aadhaar provides near-universal identity verification, ONORC (One Nation One Ration Card) already demonstrates portable benefit delivery across state lines, and Ayushman Bharat provides a health-coverage framework.

Integrating these into a single, portable, ideally auto-enrolling social security architecture would flip the default from "workers must find and register for protection" to "protection follows the worker automatically," addressing both the awareness gap and the mobility reality of India's informal workforce, most of whom move frequently between employers, sectors and locations. This integration is not without risk: data-privacy safeguards, fiscal-sustainability planning, and fraud-prevention mechanisms would all need careful design, and a poorly implemented auto-enrolment system could either expose the exchequer to significant fiscal risk or, if over-corrected with strict verification, simply recreate the access barriers it was meant to eliminate.

CONCLUSION

A phased approach, piloting auto-enrolment for a defined, high-need worker category before attempting full universal integration, offers the most credible path to converting the Social Security Code's formal promise into the portable, low-friction protection India's informal workforce actually needs.

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