

## **THE UNORGANISED SECTOR WORKERS' SOCIAL SECURITY SCHEME,**

### 1. Short title, commencement and application

(1) This Scheme may be called the Unorganised Sector Workers' Social Security Scheme,;

(2) (a) This Scheme shall come into force from.....

(b) Subject to the provisions of this Scheme the self-employed workers where there are no employers employing them have an option to become the members of the scheme.

(3) Subject to the provisions of Section 1{3} (a) & (b) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, this Scheme shall apply to all the workers and establishments in the activities listed in the schedule to the Act.

### 2. Definitions

(1) In this Scheme unless the context otherwise requires :--

- i. "authorised officer" means any officers authorised by the commissioner for the purpose of the scheme.
- ii. "business number" means the number issued by the Employees Provident Fund Organization to all the establishments/ employers for the purpose of uniquely identifying them and for all the transactions under the Act and the Scheme.
- iii. "commissioner" means Central Provident Fund Commissioner notified under the provisions of the Act.
- iv. "contributory service" means the period of service rendered by a member for which the contributions to the fund have been received or are receivable ;
- v. "designated bank" means the any bank or post office that is designated by the board for the purpose of depositing contributions or drawing pensions for any financial transaction under the scheme
- vi. "designated hospital" means any hospital designated by the board for the purpose of hospitalization under the Universal Health Insurance Scheme or any other appropriate scheme.
- vii. "eligible member" means a worker who is eligible to join the Unorganised Workers' Social Security Scheme, 2003;
- viii. "eps95" means Employees Pension Scheme 1995 established under the Employees Provident Funds and Miscellaneous Provisions Act 1952.
- ix. "existing Member" means an existing worker who is a "Member of the Employees' Pension Scheme, 1995";

- x. "facilitator" any persons authorised on behalf of this scheme to collect and deposit the contributions from the workers and employers, guide the employers and workers for the purpose of compliance with the provisions of the scheme and to help them draw the benefits under the scheme
- xi. "facilitation center" means the workers facilitation centers
- xii. "family" means the family of the member including the member as defined in the Universal Health Insurance Scheme.
- xiii. "filer" means a filer authorised and appointed under the provisions of this scheme or under the Employees Provident Fund and miscellaneous provisions Act 1952.
- xiv. "member" means an employee who becomes a member of the Unorganised Sector Workers' Social Security Scheme in accordance with the provisions of this Scheme.

### ***[EXPLANATION***

- I. *A worker shall cease to be the member of Social Security Scheme; from the date of attaining 60 years of age or from the date of vesting admissible benefits under the Scheme, whichever is earlier,"*
- II. *A worker drawing pay/ income exceeding Rupees six thousand five hundred per month at the time of enrollment is not eligible to become a member of the scheme.*
- III. *All workers in the age group of 36-50 are eligible to become members only for a period of five years from the day of notification of the Scheme. There after only the workers who are below the age of 35 years on the date of joining the fund are eligible to become the members of the fund. ]*
- xv. "NSSN" means National Social Security Number to be given by the Employees provident Fund Organization to Uniquely identify the members  
"orphan" means a person, none of whose parents is alive
- xvi. "POP" means points of presence which include bank branches, post offices, depository participant offices and any other location from which  
  
electronic connectivity into a central computer system is possible for all financial transactions like collection of contributions, payment of benefits transfer of amount to other POPs or to the fund etc. under the scheme.
- xvii. "pay" means all remunerations paid or payable.
- xviii. "permanent total disablement" means such disablement of permanent nature as incapacitates a worker for all work which he was capable of performing at the time of disablement, regardless whether such disablement is sustained in the course of employment or otherwise;]
- xix. "pension" means the pension payable under the Unorganised Sector Workers' Social Security Scheme;

- xx. "pension fund" means the pension fund setup under this scheme from the contributions of employers, employees and government contribution towards the pension.
- xxi. "table" means Table appended to this Scheme.

## **I.REGISTRATION OF MEMBERS**

### 3. Registration and allotment of National Social Security Number

(1) The commissioners with help of the workers facilitation centers, facilitators and filers, register the employers and the members. However registration is mandatory for every establishment by what ever name it is called employing any person for pay.

(2) For the purposes of this Scheme, the Employees Provident Fund Organization will allot an NSSN, which shall be a permanent number all through the worker's life.

### 4. Declaration by persons taking up employment after the Pension Fund has been established

The employer shall before taking any person into employment, ask the person to state in writing whether or not he is a member of the Scheme and, if so require the person to furnish NSSN.

### 5. Option for joining the Scheme.

(1) All workers in the Age Group of 36-50 have an option to join the scheme within five years from the date of commencement of the scheme provided they have an identifiable employers and they too pay the contribution. Self-employed workers may also join this scheme provided they pay employers' contribution also.

(2) Self-Employed and the workers of migratory character who are below 35 yeas of age for whom there is no identifiable employer shall have an option to join the fund by paying the contributions on their own.

### 6. Resolution of doubts.

If any doubt arises whether a worker is entitled to become a member of unorganized Sector Social Security Scheme the same shall be referred to the officer authorized in this regard from time to time who shall decide the same:

Provided that an opportunity of being heard shall be given to the employer and worker before passing final order in the matter.

## II. COLLECTION AND RECORDING OF CONTRIBUTIONS

### 7. Unorganised Sector Workers' Social Security Scheme ;

(1) The Fund will be created out of the contributions at a rate of Rs.50/- per-month by every worker; and Rs.50/- for every worker by the employer where such employer is identifiable. Workers with no identifiable employer shall pay a minimum contribution of Rs100/- per month.

(2) The Central Government shall contribute at the rate of 1.16 per cent of monthly wages of enrolled workers taking as base the average national floor wage as notified by the Central Government from time to time.

(3) Notwithstanding any thing contained in the clause (1) above, the workers in the age group of 36-50 shall have to pay a contribution of Rs.100/- P.M. and their employers Rs.100/- for each worker.

(4) The contribution payable under sub-paragraph (2) shall be calculated to the nearest rupee, fifty paise or more to be counted as the next higher rupee and fraction of a rupee less than fifty paise to be ignored.

### 8. Mode of payment of contribution

- (1) The employers shall collect the worker contribution from the workers add their contribution and then deposit the contribution in the designated branch of the bank or post office / POP in such manner as may be prescribed.
- (2) The workers for whom there is no identifiable employer shall pay the contributions at the designated branch of the bank or post office or POP by submitting his NSSN. He may use the services of Workers facilitation centers, facilitators or filers for the purpose.
- (3) The contributions by the employer under Para 7(1) and 7(3) shall be deposited on the 10<sup>th</sup> day of every month. Default in such deposit shall attract an interest of 10% per annum on such defaulted amount, which shall be deposited by the employer alongwith the contributions.
- (4) The member who does not deposit the contributions for a continuous period of one year shall cease to be a member of the pension fund. However, such member can get his membership regularized by depositing the contributions for the gap period alongwith the interest thereon as may be prescribed from time to time.

### 9. Unorganised Workers Social Security Scheme Account

The account called the " Unorganised Workers Social Security Scheme Account " shall be opened by the Commissioner in any branch of designated bank, for depositing contributions by employers, workers or for delivering benefits under the Scheme and operating for the purpose of administration of the Scheme.

#### 10. Registers, Records, etc.

The Commissioner shall, with the approval of the Board, prescribe the registers and records to be maintained in respect of the workers, the form or design of any identity card, token, disc or electronic transfer system for the purpose of identifying, servicing or complying for any employee or his nominee or a member of a family entitled to join the scheme and receive pension and such other forms/formalities as have to be completed in connection with the grant of pension and other benefits or for the continuance thereof subject to such periodical verification as may be considered necessary or for the purpose of depositing contribution by the workers and employers.

*Explanation : The registers and records suggested to be maintained here in are for the purpose of implementation of this scheme only. No other register required for any other purpose of the Act will be maintained.*

### III. COMPLIANCE AND ENFORCEMENT

#### 11. Employer to furnish particulars of ownership.

Every employer in relation to a factory or other establishment to which the Act applies or is applied hereafter shall furnish to the Commissioner particulars of all the branches and departments, owners, occupiers, directors, partners, managers or any other person or persons who have the ultimate control over the affairs of such factory or establishment and also send intimation of any change in such particulars, within three months of such change, to the Commissioner by registered post.

#### 12. Duties of Employers.

(1) Every employer shall send to the Commissioner within three months of the commencement of this Scheme, or the business activity within such extended period as may be permitted a consolidated return of the workers entitled to become members of the scheme in such form whether electronic or paper as may be prescribed.

(2) Every employer shall maintain such accounts in relation to the amounts contributed by him to the Fund if possible or register himself with the workers facilitation center, or facilitator or filer in his area who will maintain the accounts of such employers for whom it is not possible to maintain any accounts or registers.

(3) Notwithstanding anything contained in this paragraph, the commissioner may issue such directions to the employers generally, as it may consider necessary or expedient, for the purpose of implementing the Scheme, and it shall be the duty of every employer to carry out such directions.

(4) A unique Business number will be issued to each employer by the commissioner or by any other officer authorised on this behalf, which shall be a permanent number and which shall be quoted for all the purposes under the scheme.

*Explanation: Until such time the business number is allotted, the employer may use the Permanent Account Number (PAN) issued under the Income Tax Act, 1961.*

(5) Every employer shall make a self-declaration about all the relevant facts for the purpose of the scheme and sign a verification, which shall be binding on him. Any false statement, declaration, or verification shall attract the penal provisions of this scheme.

13. Punishment for failure to submit returns, etc.

If any person,

(a) deducts or attempts to deduct from the wages or other remuneration of the member, the whole or any part of the employer's contribution, or

(b) fails or refuses to submit any return, statement or other documents required by this Scheme or submits a false returns, statement or other documents, or makes a false declaration, or

(c) obstructs any Inspector or other official appointed under the Act or this Scheme in the discharge of his duties or fails to produce any record for inspection by such inspector or other officials, or

(d) is guilty of contravention of or non-compliance with any other requirement of this Scheme, he shall be punishable with a penalty which may extend up to Rs.2000/= after giving a reasonable opportunity of being heard.

#### **IV. FINANCE AND INVESTMENT**

14. Financing the Scheme: the scheme shall be financed with the contributions received from the members, employers and the Government as detailed in the Para 7 of this scheme.

15. The scheme to be a fully funded pension plan

The pension provisioning under the scheme will be set up as a fully funded pension plan under sound prudential norms, governance structure and actuarial fairness.

16. Investment of the Pension Fund Account

(1) All moneys accruing to Unorganised Workers Social Security Scheme Account including the contributions of the Central Government shall be transferred to the central depository under the Pension Fund Development and Regulatory Authority for investment of moneys in accordance with the provisions and guidelines issued by the Board from time to time so as to generate enough return to pay the benefits as declared under the scheme.

(2) An Advisory Committee of experts & professionals of proven track record in the area investment, social security and banking will be constituted by the Board which will suggest investment guidelines, broad pattern and options of investment of pension moneys to ensure safe and better returns and growth of the pension fund.

#### 17. Utilisation of the Unorganised Sector Workers' Welfare Fund

(1) An insurance policy to cover accident/death will be purchased from an insurance company as may be decided by the Board.

(2) An appropriate health cover policy shall be purchased to make available the benefits of health cover to the extent available under universal health scheme being operated by insurance company or any other such scheme that is purchased for this purpose.

(3) Subject to the provisions of this Scheme, the Fund shall not, except with the prior sanction of the Central Government be expended for any purpose other than the payments envisaged in this Scheme, for continued payment of Pension, Widow Pension, Disabled pension, Orphan Pension and premium for insurance and for universal health insurance scheme or any such scheme that covers health insurance.

#### 18. Administration Account

(1) Not exceeding 1% of the pension fund shall be spent as administrative expenses for the purpose of collection of contributions, record keeping, maintenance of accounts, investment of the pension fund, compliance and enforcement and for benefit delivery.

(2) A separate account shall be kept, called the " Unorganised Workers Pension Fund Administration Account" for recording of all the administrative expenses of the Pension Fund.

#### 19. Forms of Accounts

The accounts of Unorganised Workers Pension Fund shall be maintained by the Commissioner in such form and in such manner as may be specified by the Board with the approval of the Central Government.

#### 20. Audit

The accounts of the Unorganised Workers Pension Fund and the administrative expenses incurred in running this Scheme shall be audited in accordance with the instructions issued by the Central Government in consultation with Comptroller and Auditor-General of India.

21. Valuation of the Pension Scheme and review of the rates of contributions and quantum of the pension and other benefits

- (1) The Board shall carry out an annual valuation of Pension Scheme made by an actuary appointed by it.
- (2) The annual valuation will be submitted for validation to an independent panel of three actuaries every third year in order to certify that the pension scheme is fully funded, is sustainable in the long-term i.e. the income in the present and in future exceed the present and future liabilities.
- (3) The Central Government may at any time alter the rate of contributions payable under this Scheme or the scale of any benefit admissible under this Scheme or the period for which such benefit may be given.

## **V. AWARD AND PAYMENT OF BENEFITS**

22. Monthly Member's Pension and other Pension benefits shall be as under:

### **22.1 MONTHLY MEMBERS PENSION**

For all ages Pension Point of 480 will be required to secure a pension of Rs.500/- p.m payable from age 60 for life of Pensioner. For other Pension Points proportionate pension will be payable subject to a minimum and a Maximum Pension.

### **22.2 CONTINGENCY OF PAYMENT**

#### **22.3 Superannuation:**

The Pension depending upon the Pension Point shall be payable on reaching age 60, notwithstanding one is still employed, for rest of life time of the employee.

#### **22.4 Retirement:**

This covers all exits before attaining age 60. In this case Pension based on Pension Point, at the date of exit, shall be payable from age of 60.

#### **22.5 Permanent Disablement:**

Payment on Rs.1,00,000/- will be paid from the Personal Accident Policy purchased from an insurance provider and the employee shall receive Pension based on Pension Point from his 60<sup>th</sup> Birthday.

#### **22.6 Death in Service:**

If death is due to accident and the money from the Personal Accident Policy is received in this regard the Widow Pension shall commence from 60<sup>th</sup> birthday of widow. Such widow pension will be based on Pension Point at date of death. If the death is not due to accident Pension depending upon Pension Point of deceased employee shall be paid to the widow for life with immediate effect.

#### **22.7 Death during Deferred**

If death occurs after exit of employee but before attaining age 60, the Pension depending upon Pension Point of deceased employee, shall be paid to widow for life with immediate effect.

#### **22.8 Death after Retirement:**

50% of the mans last drawn pension but not less than Rs.300/- p.m shall be payable to the widow for rest of her lifetime.

#### **22.9 Orphan Pension:**

On death of the employee Orphan Pension shall be payable on the same rate as widow pension till the youngest one reaches age 25. If there is more than one orphan the Pension amount will be divided equally between two oldest running down to youngest.

**Note:** Minimum Pension and or Maximum Pension shall be applicable only in those case, where employee contributes upto age 60.

23. The calculation of scale of benefits will be as per the table-I attached to this Scheme. This table shall be revised from by the Central Government as may be required under the Scheme from time to time.

24. The member on permanent disablement due to accident while he is in service is entitled to the insurance amount or his nominee, in event of death of the member due to accident while in service, is eligible to the sum insured under the insurance policy purchased on his behalf.

25. Subject to the provisions and alternatives offered under the Unorganised Workers Social Security Scheme to a particular category of member in the Universal health Insurance scheme, three to five members of the family of the member including the member will be eligible to health cover benefits in the designated hospitals.

(Explanation: the benefits under the policies purchased from different service providers including the insurance companies will be made directly by the insurance company or the service provider.)

#### 26. Payment of Pension

The pension as admissible under the scheme shall be paid by the commissioner or by any authorised officer on his behalf immediately a member becoming eligible through a designated bank, post office or POP.

#### 27. Payment of insurance amount

Member on his permanent disablement or the nominee in the case of death of the member as the case may be, shall submit his claim along with the policy and other documents to the Insurance Company, which shall be settled by the insurance company as per the provisions applicable for such settlement.

#### 28. Disbursement of Pension and other benefits.

The Commissioner shall with the approval of the Central Board enter into arrangement for the disbursement of pension and other benefits under this Scheme with disbursing agencies like Post Offices or designated Banks. The commission payable to the disbursing agencies and other charges incidental thereto shall be met from the fund.

#### 29. Payment of pension in the case of a person charged with the offence of murder

(1) If a person, who in the event of the death of a member of the Pension Fund is eligible to receive pension of the deceased under paragraph 8, is charged with the offence of murdering the member or for abetting the commission of such an offence, his claims to receive pension shall remain suspended till the conclusion of the criminal proceedings instituted against him for such offence.

(2) If on the conclusion of the criminal proceedings referred to in sub-paragraph (1), the person concerned is:

(a) convicted for the murder or abetting in the murder of the member, he shall be debarred from receiving pension which shall be payable to other eligible members if any, of the family of the member; or

(b) acquitted of the charge of murder or abetting the murder of the member, pension benefit shall be payable to him.

30. the board shall give directions to the commissioner on the implementing, monitoring and evaluating and other day to day administrative requirements under

the scheme for the purpose of coverage, registration, record keeping, collection of contributions, compliance, finance, investment and benefit delivery.

## **VII.MISCELLANEOUS.**

### 31. Power to issue directions.

The Central Government may issue, such directions as may be deemed just and proper by it for resolving any difficulty in the disbursement of pension and other benefits or for resolving any difficulty in implementation of this Scheme.

### 32. Annual Report.

The Board shall prepare an Annual Report on the working of the Scheme during the previous financial year and submit to the Central Government before 30<sup>th</sup> of September or such extended time as the Central Government may allow.

### 33. Application of the provisions of the Employees' Provident Fund Scheme, 1952.

In regard to matters for which either there is no provision or there is inadequate provisions in this Scheme the corresponding provisions in the Employees' Provident Fund Scheme, 1952, shall apply.

### 34. Information to the Central Government.

The Board shall furnish such information to the Central Government from time to time in respect of the income and expenditure from the Pension fund account in such manner as may be directed by the Central Government.

### 35. Interpretation.

Where any doubt arises with regard to the interpretation of the provisions of this Scheme, it shall be referred to the Central Government who shall decide the same.

**PENSION POINT**

Benefit will have no link to the salary of employee/or service rendered by the employee. It is a fixed monthly Pension of Rs.500 p.m. for 30 years of full and regular contribution and proportionate thereof for other cases.

Since it is unlikely that monthly contribution for each month will be paid regularly for 30 years together, we have therefore, based benefit on “Pension Point” system which is defined below.

If an employee aged “X” makes the Designated Contribution by end of the year, in that case he will be awarded a Pension Point =  $60 - X$ .

**Example- 1,**

Consider a employer aged 30  
His Pension Point =  $60 - 30$   
= 30

If the Designated Contribution is received by the 15<sup>th</sup> of each month during the entire year , then the Pension Point will be increased by 0.5.

**Example-2**

Pension Point for the employee in Example-1, if he is regularly contributing by 15<sup>th</sup> of each month then his Pension Point will be = 30.5 instead of 30 as above.

**Example-3**

Alternatively, consider a case for one aged 30. He has not paid contribution regularly. Total Contribution paid by him during the year is adding upto 1500 at the end of the year. Then the Pension Point will be

$$= \frac{1500}{1800} \times 30$$

$$= 25$$

Symbolically, for each Individual

$$\text{Pension Point} = \frac{\text{Contribution Paid}}{\text{Contribution Payable for the category}} \times (60 - \text{Age})$$

Every year Pension Point will be accumulated by adding current year Pension Point to existing Pension Point.

