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Registered, But Not Reached: Why India's Welfare Schemes for Informal Workers Fall Short

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India offers informal workers 20 overlapping schemes through the e-Shram portal, but its flagship pension scheme has reached just 51 lakh of the 31 crore who have registered. Income volatility and fragmentation are the barriers; fixing them in the right sequence makes contributory saving possible.

The e-Shram portal, the government's registry for unorganised workers, is now linked to 20 schemes: 13 social security and welfare schemes, and seven separately listed employment schemes, spread across 11 ministries and departments (e-Shram Portal 2026). Each of these schemes have their own eligibility criteria, application channels, and administrative processes (Ministry of Labour and Employment 2025). This portal, which acts as a single-entry point for unorganised workers to avail themselves of welfare benefits, does not yet include existing state-run welfare funds and sector-specific schemes. They are expected to be integrated over time.

> Contributory social protection is unlikely to succeed unless income volatility and administrative fragmentation are addressed first.

With these fragmented schemes, even reasonably well-informed people have to struggle to hold just the e-Shram 20 in their head. That difficulty is worth pondering because it raises an obvious question. If the 20 programmes, split across two separately maintained lists on the same portal, are hard to map for someone with the time, literacy, and internet access to read government disclosures, what does the fuller landscape actually require of the worker it is meant for? How does someone juggling two or three informal jobs, with no fixed monthly income and living under uncertainty, work out which of a dozen-plus doors to knock on?

This article argues that low participation in welfare schemes is not simply a problem of awareness or funding but also of sequencing. Contributory social protection is unlikely to succeed unless income volatility and administrative fragmentation are addressed first.

The scale of the resulting gap is easy to state. As of August 2025, more than 31 crore workers had registered on the e-Shram portal, but registration has not translated into scheme uptake. The government's flagship contributory pension programme for the same workforce, the Pradhan Mantri Shram Yogi Maandhan (PM-SYM), had enrolled only 51 lakh subscribers as of 2024 (IMPRI 2025), which is a fraction of the roughly 40 crore workers the Periodic Labour Force Survey (PLFS) estimates as India's informal workforce.

This gap has two distinct sources, which are usually discussed separately but need to be examined together. The first is the income volatility faced by these informal workers. The PM-SYM, for example, asks workers earning up to Rs 15,000 a month to commit Rs 55 to Rs 200 per month for decades in exchange for a benefit payable only when they turn 60. This seems like a rational plan for someone with a stable income stream, and a poor fit for someone who is uncertain of their income the following month.

The second is fragmentation. E-Shram registration qualifies a worker to enrol in a programme like the PM-SYM, alongside 19 other schemes, each with its own eligibility criteria and administrative process. A worker does not face one barrier to entry, but multiple ones.

Income Volatility Barrier

According to the Economic Survey 2022-23 and successive PLFS rounds, more than 90% of India's workforce is informally employed (MoSPI 2023). The 2022-23 PLFS found that 62.2% of regular wage or salaried workers in the non-agricultural sector receive no social security of any kind. And 74% of non-farm workers are employed in proprietorships and partnerships (self-employed). These casual and self-employed workers together account for almost three-quarters of total national employment, and have irregular, unpredictable earnings rather than a fixed monthly wage.

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The e-Shram database itself confirms the depth of this precarity. More than 94% of registered informal workers report earning less than Rs 10,000 a month, with agriculture workers accounting for 52% of enrolments, followed by domestic work, and construction (Ministry of Labour and Employment 2025).

This volatility explains why contributory social security schemes fail to attract unorganised workers to participate. Banerjee and Duflo's (2011) research on the economic lives of the poor documents that low-income households frequently borrow in order to save because they lack stable income flows and systematic mechanisms to set money aside.

Incentivising and practically implementing savings mechanisms needs to be enabled by generating predictability. A cash surplus does not automatically translate into savings or investment, but is absorbed by an emergency, a wedding, a health issue, or a bad week at work.

The programme design assumes awareness of banking systems, maintenance of a regular balance in their bank accounts, and a systematic process for unorganised workers to allocate funds to savings or pensions through these schemes. But for a construction worker paid by the day or a street vendor dependent on footfall, this assumption fails often enough that missed contributions, lapsed accounts, and eventual withdrawal from the scheme become the norm.

The constraint, then, is not interest. Extensive participation in gold accumulation, rotating savings groups (chit funds), and informal lending circles are strong indicators of demand for saving instruments. The gap is in the design of these government-funded welfare schemes, which fails to account for the income floor needed to reduce uncertainty in the first place.

Fragmentation Barrier

Registration on the e-Shram portal leads workers to 20 distinct schemes, administered by 11 different nodal ministries or bodies (e-Shram Portal 2026).

Ministry	Scheme
Ministry of Labour & Employment	PM-SYM; NPS-Traders
Ministry of Finance (PFRDA)	PMJJBY; PMSBY; Atal Pension Yojana
Ministry of Consumer Affairs, Food and Public Distribution	PDS/ONORC
Ministry of Rural Development	PMAY-Gramin; National Social Assistance Programme (NSAP)
Ministry of Health & Family Welfare (NHA)	AB-PMJAY
Ministry of Textiles	Health Insurance Scheme for Weavers
Ministry of Agriculture & Farmers Welfare	PM Kisan Maan-Dhan Yojana
Ministry of Social Justice & Empowerment	NSKFDC Schemes for Safai Karamcharis; Self Employment Scheme for Rehabilitation of Manual Scavengers
Ministry of Rural Development	Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G); Deen Dayal Upadhyaya Gramin Kaushalya Yojana (DDU-GKY); Garib Kalyan Rozgar Yojana; Deen Dayal Antyodaya Yojana (DAY-NRLM)
Ministry of Housing and Urban Affairs (MoHUA)	PM SVANidhi
Ministry of Skill Development and Entrepreneurship (MSDE)	Pradhan Mantri Kaushal Vikas Yojana (PMKVY)
Ministry of Micro, Small and Medium Enterprises (MSME)	Prime Minister Employment Generation Programme (PMEGP)

Each scheme listed on the e-Shram portal defines an "eligible worker" differently. The PM-SYM caps monthly income at Rs 15,000 and excludes anyone already covered by alternative pension schemes. AB-PMJAY's eligibility runs largely off the SECC-2011 list. The PMAY-Gramin prioritises households with no working-age adults, landless families, and Scheduled Caste / Scheduled Tribe (SC/ST) quotas. The National Social Assistance Programme (NSAP) is split into five pension and benefit sub-schemes for the elderly, widows, the disabled, bereaved families, and a smaller Annapurna food-support component, each with its own payment slab, and each now covering roughly 3.09 crore beneficiaries in total (NSAP Dashboard, Ministry of Rural Development 2026).

> The fragmented system of enrolment to welfare programmes reduces participation and adds invisible costs to workers.

While these eligibility criteria are its own barrier, operationalising all these schemes in a timely manner just adds to the chaos. For instance, it took until June 2026, when West Bengal signed on, for the AB-PMJAY to become operational in every state and union territory, which shows how long even a single scheme's rollout can take (Jain 2026). Workers attempting to actually claim what they are nominally entitled to have to separately establish eligibility, apply, and separately track status on each programme, often through different portals, with no shared case file linking them.

The fragmented system of enrolment to welfare programmes reduces participation and adds invisible costs to workers. It is a literacy and navigation cost, and falls hardest on workers with the least ability to absorb it. Someone paid by the day cannot spend the hours needed to learn which ministry's rules apply to them, gather the necessary documentation, and follow up on application status. Fragmentation does not sit alongside the volatility problem but compounds it.

Direct and Indirect Cost

Informal workers normally rely on intermediaries such as common service centres (CSCs), unions and civil society organisations to register for schemes or access their funds (Sinha et al. 2026). They describe unaffordable data costs, low smartphone ownership, and language barriers as their reasons for the need of these intermediaries.

This is not a marginal pattern. Data from e-Shram's rollout shows that more than 80% of all registrations nationally were completed as assisted registrations at CSCs, with only 19% self-registered (IndiaSpend 2021, e-shram portal).

But assisted registration comes at a cost. Registration is officially free, but CSCs commonly charge Rs 20 to Rs 30 for card printout and other administrative fees. CSC operators tend to avoid taking up tasks due to limited returns (IndiaSpend 2021). And the cost borne by the unorganised workers multiplies, with foregone wages for the time it takes to complete the process. These costs only exacerbate their income volatility and act as challenges in a system that is already structurally difficult for them to tackle.

Reach versus Funding

Administrative simplification alone cannot improve uptake if the underlying programmes remain underfunded. An analysis of the Union Budget 2024-25 found that various ministries together allocated roughly Rs 4.3 lakh crore towards social security for unorganised workers, a 12% decrease from the 2022-23 actuals (Centre for Budget and Governance Accountability 2024).

> Before informal workers can be expected to reliably contribute to their own future savings, the state needs to establish an income-floor predictability and a simplified path to accessing their funds.

The clearest illustration is the NSAP, India's principal non-contributory old-age, widow, and disability pension scheme. Its central pension has remained frozen at Rs 200 a month since 2007, and its 2026-27 allocation of Rs 9,671 crore is unchanged in nominal terms for the third year running (Foundation for Responsive Governance 2026; NextIAS 2026). By contrast, schemes built around a one-time or clearly scheduled transfer, such as the PM-KISAN's cash instalments or the PMAY-Gramin's housing grants, have kept pace, because their design does not require the state to track a household's volatility over decades, only to disburse a fixed amount on a fixed date.

The pattern holds economy-wide too. India's 2026-27 social sector spending fell to its lowest share of gross domestic product (GDP) since 2014-15 (Pandey 2026). These barriers need to be targeted together, in a sequential manner.

Two-phase Sequencing Framework

Expecting savings behaviour to precede income stability gets the causal order backwards. And expecting workers to navigate a fragmented system of welfare schemes without a single point of entry adds a second condition that has to be met before the first can even be tested. Before informal workers can be expected to reliably contribute to their own future savings, the state needs to establish an income-floor predictability and a simplified path to accessing their funds.

Income stability: On the income side, this means substantially strengthening non-contributory transfers that are not conditional on worker income or dependent on worker contributions. Sector-specific risks, such as construction accidents or seasonal agricultural income loss, could be addressed at scale using the Building and Other Construction Workers' Welfare Cess Act, 1996 as a template that already exists nationally but is unevenly implemented. Such expansion would require prioritising programmes with the highest income-smoothing effects rather than uniformly expanding all transfers.

On the navigation side, this should also mean converting e-Shram from a registration database into a genuine single window, with one login, one eligibility check that flags every scheme a worker qualifies for, and one status tracker, rather than leaving cross-ministry coordination to the worker.

Contributory wealth: A cash transfer, an employment guarantee, or a welfare-board benefit can give a worker's income a reliable minimum. Once that minimum is in place, and once the path to claiming it has been simplified, it becomes reasonable to expect an increase in uptake. At that point, auto-debit and monthly premiums stop being a bet against next month's uncertain income and can instead support a household's income stream.

The sequencing problem is not confined to theory. Tamil Nadu operates one of India's oldest and most extensive systems-18 sector-specific welfare boards constituted under the Tamil Nadu Manual Workers (Regulation of Employment and Conditions of Work) Act, 1982 (Government of Tamil Nadu, n.d.). The Tamil Nadu Construction Workers' Welfare Board alone registered 19.43 lakh workers and disbursed Rs 1,017.09 crore in benefits from its inception to March 2022.

> This sequencing does not require abandoning contributory pensions as a long-term goal. Contribution-based instruments remain the more fiscally sustainable route to higher benefit levels over time.

The funding model does not rest on regular worker contributions. It draws on cess revenue and government grants, with worker registration fees kept nominal, and the worker's obligation is largely episodic. It is not a recurring monthly debit tied to future income.

Kerala and Odisha follow the same underlying logic despite very different fiscal capacities. Kerala's welfare fund boards, some dating to the late 1970s, cover agricultural workers, toddy tappers, cashew workers, headload workers, and migrant labourers (Government of Kerala, n.d.). The model is somewhat contributory, but employer contributions are set higher than worker contributions, with the government making up any shortfall.

Odisha, despite far lower fiscal capacity, has run a Building and Other Construction Workers' Welfare Board since 2004, financed by a 1% cess on construction costs, with the worker's own obligation limited to a nominal annual registration fee of around Rs 50 (Government of Odisha, n.d.).

This sequencing does not require abandoning contributory pensions as a long-term goal. Contribution-based instruments remain the more fiscally sustainable route to higher benefit levels over time. Any long-term social protection mechanism needs more than what a non-contributory floor can provide. But whether that long-term instrument ever reaches the population it targets depends on getting the sequencing right:both on the income and the administrative dimension.

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