

SOS POLITICAL SCIENCE AND PUBLIC ADMINISTRATION

MBA HRD – 204

SUBJECT NAME: INDUSTRIAL WELFARE

UNIT-V

TOPIC NAME- Social Security & Labour Welfare In Plan Period

Work Force In India Organised and Unorganised Sectors

The organized sector includes primarily those establishments which are covered by the Factories Act, 1948, the Shops and Commercial Establishments Acts of State Governments, the Industrial Employment Standing Orders Act, 1946 etc. This sector already has a structure through which social security benefits are extended to workers covered under these legislations. The unorganised sector on the other hand, is characterised by the lack of labour law coverage, seasonal and temporary nature of occupations, high labour mobility, dispersed functioning of operations, casualisation of labour, lack of organisational support, low bargaining power, etc., all of which make it vulnerable to socio-economic hardships. The nature of work in the unorganised sector varies between regions and also between the rural areas and the urban areas, which may include the remote rural areas as well as sometimes the most inhospitable urban concentrations. In the rural areas it comprises of landless agricultural labourers, small and marginal farmers, share croppers, persons engaged in animal husbandry, fishing, horticulture, bee-keeping, toddy tapping, forest workers, rural artisans, etc., where as in the urban areas, it comprises mainly of manual labourers in construction, carpentry, trade, transport, communication etc., and also includes street vendors, hawkers, head load workers, cobblers, tin smiths, garment makers, etc.

SOCIAL SECURITY

The wages provided to the employees, particularly of the lower level may not be sufficient to meet their needs like medical, children education, maternity needs of women employees and employee's wives' etc. Therefore, Governments of various countries insist the employers to provide the security to their employees against the social evils. In addition, Governments also provide social security measures to the people. Meaning: According to Lord Beveridge, social security "is an attack on five giants' viz., want, disease, ignorance, squalor and idleness." This concept is related to social justice and equality. ILO defines social security as, "the security that society furnishes, through appropriate organisation against certain risks to which its members are exposed.... Social security is designed to prevent and cure disease, to support when people are unable to earn and restore to gainful employment."

Evolution:

There are two main aspects social security viz., social assistance and social insurance. ILO defines social assistance as, "a service or scheme which provides benefits to persons of small

means as of right in amount sufficient to meet minimum standards of need and financed from taxation.” Thus, social assistance is the obligation of the community or the Government.

Social Insurance: Beveridge defines Social Insurance as, “the giving in return for contribution, benefits up to subsistence level, as of right and without means-tests, so that an individual may build freely upon it. Thus social insurance implies that it is compulsory.”

International Standards of Social Security Social security programmes vary from country to country. However, there are certain common standards. They are:

Compulsory Participation: Most of the Governments including the so called capitalistic countries participate in and provide social security measures to the poor people and employees at lower levels.

Government Sponsorship: Governments create, supervise and implement various social security schemes. For example, Government of Andhra Pradesh provides old age pension, maternity benefits to women agricultural workers, etc.

Contributory Finance: The funds necessary to run the social security programmes are the contributions made by the Government, employers, etc.

Eligibility Derived from Contributions: The employees with lower wages and people with small means are eligible. This eligibility is derived to the employees whose employer makes contributions.

Benefits Prescribed in Law: Various Governments enacted the laws in order to enforce the implementation of the social security measures.

Benefits Not Directly Related to Contributions: Social security benefits are related to the level of the poverty but not to the contributions. The employees with the lowest level of wage are entitled for larger amount of the benefit and vice-versa.

Social Security Legislations in India

Social security benefits are provided in India through legislations. Workmen’s Compensation Act, 1923 enforces the employer to provide compensation to a workman for any personal injury caused by an accident, for loss of earnings etc. The Employees’ State Insurance Act, 1948 enforces the employers to provide sickness benefits, maternity benefit to women employees, disablement benefit, dependent’s benefit, funeral benefit and medical benefits.

The Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 enforces the employer to provide provident fund, deposit-linked insurance etc. The Maternity Benefit Act, 1961 provides for medical benefits, maternity leave etc. The Payment of Gratuity Act, 1952 provides for the payment of gratuity at the time of retirement.

Integrated Social Security: Social security legislations in India suffer from the defects like duplication. For example, Employees’ State Insurance Act and Maternity Benefit Act provide for

maternity benefits. In addition, different administrative authorities implement the law resulting from overlapping. Hence, the Study Group (1957-58) appointed by the Government of India suggested for an integrated social security scheme in India. This integrated social security scheme should provide for medical care, insurance against sickness, maternity benefits unemployment insurance, employment injury, and old age pension. This scheme should be enforced by a single agency in order to avoid overlapping and duplication.

During the World War II, certain non-monetary benefits were extended to employees as means of neutralizing the effect of inflationary conditions. These benefits, which include housing, health, education, recreation, credit, canteen etc., have been increased from time to time as a result of the demands and pressures from trade unions. It has been recognized that these benefits help employees in meeting some of their life's contingencies and to meet the social obligation of employers.

GROWTH OF LABOUR WELFARE AND SOCIAL SECURITY IN INDIA

Labour welfare and social security measures have grown and extended to both organized sector employees and unorganised sector employees.

Organised Sector Employees

Employees State Insurance Act, Employees Provident Fund and Miscellaneous Provisions Act, the Workmen's' Compensation Act, the Maternity Benefit Act, and the Payment of Gratuity Act deal with the social security to the workers in the organized Sector. In addition, there are a large number of welfare funds for certain specified segments of workers such as beedi workers, cine workers, construction workers etc.

Social Security Coverage in India

Most social security systems in developed countries are linked to wage employment. In India our situation is entirely different from that obtaining in developed countries. The key differences are:

- (i) India does not have an existing universal social security system.
- (ii) India does not face the problem of exit rate from the workplace being higher than the replacement rate. Rather on the contrary lack of employment opportunities is the key concern,
- (iii) 92% of the workforce is in the informal sector which is largely unrecorded and the system of pay roll deduction is difficult to apply. The majority of the old people depend on transfers from their children. Addressing social security concerns with particular reference to retirement income for workers within the coverage gap has been exercising policy makers across the world. In India the coverage gap i.e., workers who do not have access to any formal scheme for old-age income provisioning constitute about 92% of the estimated workforce of 400 million people. Hence the global debate and evaluation of options for closing the coverage gap is of special significance to India. The gradual breakdown of the family system has only

underscored the urgency to evolve an appropriate policy that would help current participants in the labour force to build up a minimum retirement income for themselves.

(iv) The coverage gap in India is broadly categorised under the following groups:

(a) Agricultural sector = 180 million.

(b) Contract, services, construction = 60 million.

(c) Trade, Commerce, transport, storage & Communications = 100 million.

(d) Others = 30 million. ————— Total = 370 million

Unorganized Sector Employees

Labour welfare and social security measures are extended to unorganized sector employees under the unorganized sector workers' social security scheme.

Social security measures to unorganized sector are governed by Unorganized Sector Workers' Social Security Scheme. The self-employed workers where there are no employers employing them have an option to become the members of the scheme subject to the provisions of this Scheme. This Scheme shall apply to all the workers and establishments in the activities listed in the schedule to the Act. subject to the provisions of Section 1(3) (a) and (b) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Salient Features of the Social Security Scheme

1. This is a fully funded scheme, which will be professionally managed by the Employees Provident Fund Organization with its post BPR countrywide information and communication technology. Initially, the scheme will be implemented for 25 lakh workers in 50 districts of the country for two years on a pilot basis and it will be jointly reviewed by the Ministries of Finance and Labour.
2. It will cover the workers in the unorganised sector drawing pay/wages/income not more than ` 6500/- per month. The scheme provides triple benefits to the workers, that is:
 - (i) **Pension Scheme:** It is proposed to provide a minimum pension @ ` 500/- per month at the age of 60 years or permanent/total disablement and family pension in case of the death of the worker with a provision for enhanced or reduced pension based on the contribution;
 - (ii) **Personal Accidental Insurance:** The accidental insurance cover of ` lakh; and
 - (iii) **Medical Insurance:** Coverage under the Universal Health Insurance Scheme (UHIS) for a family of five including member. The scheme provides for reimbursement of hospitalization expenses upto ` 30,000/- in a year and in case of earning head of the family is hospitalized due to accident/ illness, a compensation of ` 50/- per day up to a maximum of 15 days and also coverage of death of the earning head of the family due to accident (` 25,000/-).

3. To avail benefits under all these schemes, there will be single contribution @ ` 50/- p.m. from the workers joining the scheme in the age group of 18-35 years and ` 100/- p.m. from the workers in the age group of 36-50 years. The contribution from the employers wherever identifiable in both the categories will be @100/- p.m. It is presumed that employers will be identifiable in 30% cases only.
4. Government's contribution will be @1.16% of the monthly wages of the workers based on the national minimum floor level wage as notified by the central Government from time to time.
5. The scheme will be implemented through the Employees Provident Fund Organization (EPFO) having around 260 offices in the country and which will provide single window service to the workers for all the three components of the scheme with the active support and cooperation of Workers' Facilitation Centre's, the Employees State Insurance Corporation (ESIC), other Insurance Companies and the Central and State labour machinery, and also the Panchayati Raj Institutions, Self-Help Groups and NGO, etc

Approaches of Social Security-

Broadly speaking the approaches of social security are three fold in nature:

(i) Compensation

(ii) Restoration

(iii) Prevention

- (i) Compensation means income security during spell of risks because the individual and his family not be subjected to a double calamity involving both destitution and loss of life, health and work. Under worker compensation, workers are compensated in case of any permanent disability reducing permanently or temporary earning capacity of aggrieved employee. It is compensating a suffered employees due to contingencies and unexpected mishaps by providing financial Support.
- (ii) Restoration. It means giving individuals and their families the confidence that their level of living and quality of life will not suffer as far as possible due to any social and economic loss. "It aims at restoring the previous social and economic status of the employee by providing financial and social help under different provisions of social security Acts. Due to restoration of one's previous status financial position the self- confidence and self-esteem of the employee can be maintained."

Restoration mean reemployment and providing self-confidence through cure of sick/injured employees.

- (iii) Prevention. Social Security is a basic instrument of social and economic justice among members of the society." It not only aims at compensation and restoration of one's financial and social status; it further aims prevention of mishaps, industrial injury and occupational diseases.

Prevention aims at avoiding loss of productive capacity due to sickness injure or Unemployment.

Factory Act, Industrial safety Act and worker's Compensation Act are helpful in the preventions of different Industrial hazards leading to injury and occupational diseases. Prevention is better than cure.”