

# Current status and future plans of Indian Social Security schemes

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**Abstract:** Powerful impact at all levels of society is there from Social security. This impact provides workers and their families with access to health care and with protection against loss of income. It also provides older people with income security in their retirement years. For employers and enterprises, social security helps maintain stable labor relations and a productive workforce. The policies and laws must be framed in such a way that they are mostly concentrated for the benefit of unorganized workforce. There should be proper mechanism by which the public is made aware about the existing social security schemes. The trade unions work as backbone of an establishment and well wisher of workers, their opinion should be taken in formulation and implementation of labor policies. More NGOs should be involved. More efforts should be made for public private partnership.

**Keywords:** Social Security; Social Assistance; Social Insurance.

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## 1. INTRODUCTION

India's social security system is composed of a number of schemes and programs spread throughout a variety of laws and regulations. Keep in mind, however, that the government-controlled social security system in India applies to only a small portion of the population. Social security is the protection that a society provides to individuals and households to ensure access to health care and to guarantee income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner. Social security has a powerful impact at all levels of society. It provides workers and their families with access to health care and with protection against loss of income. It provides older people with income security in their retirement years. For employers and enterprises, social security helps maintain stable labor relations and a productive workforce. The Indian Constitution adopted in 1951 contains all the ingredients obliging the state to move towards the realization of socio-economic rights under Article 41, 42, 43 & 47. The workforce in India is of two types-organized and unorganized. In India 92.4% is unorganized workforce and 7.6 % is organized workforce. 51.4% of the workforce is in Agriculture.

In India, social security measures were introduced around 5 years after independence. This is considered to be the premier social security scheme in southeast Asia. This program came into effect on the 24th of February in 1952. It aimed at covering 25 lakh factory labor through the Employees' State Insurance Act by helping them get good medical services, get monetary benefits in case of death or employment injury as well as maternity benefits. Ever since then, social security has been a part of many policies and schemes by the government. In the beginning, the schemes primarily focused on the youth since they usually took care of their parents who were old. But as time flew, these policies became inclusive of everyone.

According to the United Nations, the social security schemes cover pensions, health insurance as well as medical benefits, disability benefits, maternity benefits, and gratuity. Some of the social security schemes in India include- Mahatma Gandhi National Rural Employment Act 2005; Unorganized Workers' Social Security Act 2008; National Social Assistance Program 2002, etc. and Maternity Benefit Act 1961.

The Employee State Insurance Act was introduced so as to create funds for the health care of employees as well as their families in case of sickness, death, maternity or disablement. It also involves the employers paying money to employees

or their families if the employees are injured during work and this, in turn, leads to disability or even death. The Payment of Gratuity Act, 1972 asserts that entities are to pay 15 days of extra wages a year to every employee who has worked in there for 5 or more years.

### **TYPES OF SOCIAL SECURITY**

There are two types of Social security in India.

1. Social assistance: A method to provide benefits to persons usually for the vulnerable groups of community from general revenues of the state, it is non-contributory.
2. Social insurance: A method to provide benefits to person through contributions of beneficiaries with contribution/subsidies from employer and state.

### **SOCIAL SECURITY MEASURES IN INDIA: SHEMES ACCORDINGLY**

#### **THE EMPLOYEES' COMPENSATION ACT, 1923**

In case of death 50% of the monthly wages multiplied by the relevant factor or an amount of Rs.1,20,000/-, whichever is more is paid. In case of permanent total disablement 60% of the monthly wages multiplied by the relevant factor or an amount of Rs.1,40,000/-, whichever is more is paid lifelong. A sum of Rs. 5000/- is paid as funeral expenses.

#### **EMPLOYEES STATE INSURANCE ACT, 1948**

The Employees' State Insurance Act, 1948 applies to factories employing 10 or more persons. State Governments have extended the provisions of the Act to shops, hotels, restaurants, cinemas including preview theatres, road motor transport undertakings, newspaper establishments, educational and medical institutions employing 10 or more employees. Employees in receipt of daily average wage up to rate Rs. 70/- are exempted from contributions. The benefits provided under this act are Sickness benefit, extended sickness benefit, enhanced sickness benefit. Disablement benefit, Dependents' benefit Maternity benefit, medical benefit, Confinement expenses, Funeral expenses, vocational rehabilitation, Physical rehabilitation, Unemployment allowance.

#### **THE EMPLOYEES' PROVIDENT FUNDS & MISCELLANEOUS PROVISIONS ACT, 1952**

Presently, the Act is applicable to 187 specified industries/classes of establishments in which 20 or more person are employed, cinema and theatres 5 or more. There are 3 schemes under this act Employees' Provident Fund Scheme, Employees Deposit Linked Insurance Scheme, 1976, Employees' Pension Scheme.

#### **THE MATERNITY BENEFIT ACT, 1961**

The Act regulates the employment of women in factories, mines, the circus industry, plantation units and shops or establishments employing 10 or more persons except the employees covered under the Employees State Insurance Act, 1948 T. Maximum period for which a woman can get maternity benefit is 12 weeks. A medical bonus of Rs.3,500/- is being provided from 19.12.2011 under the Act.

#### **THE PAYMENT OF GRATUITY ACT, 1972**

Under this act after completion of min. 5 years of service, for every completed year of service or part thereof in excess of six months, the employer pays gratuity to an employee at the rate of 15 days' wages based on the rate of wages last drawn.

### **SCHEMES FOR UNORGANIZED SECTOR**

#### **MINIMUM WAGES ACT, 1948**

The Central Government has fixed the National Floor Level Minimum Wages from Rs.115/- to Rs.137/- per day w.e.f. 01.07.2013.

#### **LABOUR WELFARE FUNDS**

The Ministry of Labor & Employment is administering five Welfare Funds for beedi, cine and certain categories of non-coal mine workers. The Funds have been set up under the following Acts of Parliament for the welfare of these workers: -

The Mica Mines Labour Welfare Fund Act, 1946;

The Limestone and Dolomite Mines Labour Welfare Fund Act, 1972;

The Iron Ore, Manganese Ore and Chrome Ore Mines Labour Welfare Fund Act, 1976;

The Beedi Workers' Welfare Fund Act, 1976;

The Cine Workers' Welfare Fund Act, 1981.

From these funds a 15 bedded Hospital for Beedi Workers at Yadgiri (Karnataka) has been constructed on 10.07.2012. and another 15 bedded Hospitals for Beedi workers at Sircilla, Karim Nagar District, Hyderabad on 15.09.2012.

### **THE UNORGANIZED WORKERS SOCIAL SECURITY ACT, 2008**

Ministry of Labor & Employment has enacted the Unorganized Workers' Social Security Act, 2008. The Act has come into force with effect from 16.05.2009. National Social Security Board was constituted on 18.08.2009. Government of India has approved a proposal for Convergence of 3 major Social Security Schemes for Unorganized Workers on a single smart card platform based on a single unified data base – RSBY, AABY, IGNOAPS for old age protection through a common data base and single Smart Card valid across India.

### **SCHEMES FOR THE BUILDING AND OTHER CONSTRUCTION WORKERS**

The Government has enacted the following two legislations for the construction workers:

The Building and Other Construction Workers Act, 1996.

The Building and Other Construction Workers' Welfare Cess, Act, 1996

The Act is applicable to every establishment which employs 10 or more workers in any building or other construction work. Welfare Fund at the State level to be financed by contribution made by beneficiaries, levy of cess on all construction works at rates between 1 to 2% of the construction cost incurred by an employer.

### **SCHEMES FOR MIGRANT WORKERS AND THE INTERSTATE MIGRANT WORKMEN**

The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 was enacted to protect the rights and safeguard the interests, of migrant workers.

### **LEGAL PROTECTION OF CHILDREN AT WORK**

National Child Labor Project Scheme (NCLPs) initiated in 1988 to rehabilitate working children in labor endemic districts of the country. Under the NCLP Scheme, children are withdrawn from work and put into Special Training Centers, where they are provided with bridge education, vocational training, mid-day meal, stipend, health-care facilities etc. and finally mainstreamed to the formal education system.

### **NATIONAL SOCIAL ASSISTANCE PROGRAM**

Presently there are 5 schemes under this program.

i) **Indira Gandhi National Old Age Pension Scheme:** BPL persons aged 60 years or above are entitled to a monthly pension of Rs. 200/- up to 79 years of age and Rs.500/- thereafter.

ii) **Indira Gandhi National Widow Pension Scheme:** BPL widows aged 40-59 years are entitled to a monthly pension of Rs. 200/-.

iii) **Indira Gandhi National Disability Pension Scheme:** BPL persons aged 18-59 years with severe and multiple disabilities are entitled to a monthly pension of Rs. 200/-.

iv) **National Family Benefit Scheme:** BPL household is entitled to lump sum amount of money on the death of primary breadwinner aged between 18 - 64 years. The amount of assistance is Rs. 10.000/-

v) **Annappurna scheme:** Under the scheme, 10 kg of food grains per month are provided free of cost to those senior citizens who, though eligible, have remained uncovered under IGNOAPS.

**ATAL PENSION YOJANA**

Previously this scheme was run under the name of National pension scheme – Swavalambhan. Atal Pension Yojana is a government backed pension scheme in India targeted at the unorganized sector launched on 9 May 2015 in Kolkata. Depending on the contribution made by a person in the age between 18 – 40 years, at the age of 60 a sum of Rs.1,000, Rs. 2,000, Rs.3,000, Rs.4,000, or Rs. 5,000 will be paid monthly. Central govt. contributes 50% of the amount contributed by the employee or Rs 1000/- whichever is less. This scheme will be linked to the bank accounts opened under the Pradhan Mantri Jan Dhan Yojana scheme and the contributions will be deducted automatically.

**INDIRA GANDHI MATRITAVA SAHYOG YOJANA**

This was approved on 8/11/2010 on pilot basis in 52 districts. This is a Centrally Sponsored Scheme under which full grant-in-aid would be provided to State Government (SGs)/Union Territories (UTs). Under this Cash incentive of Rs. 4000 will be provided directly to women 19 years and above for the first two live births subject to the woman fulfilling specific conditions relating to maternal child health and nutrition.

**RASHTRIYA SWASTHYA BIMA YOJANA - RSBY**

Initially this scheme was applicable to BPL Families but now Bidi workers, Construction workers, Railway porters & vendors, MNREGA workers, Domestic workers, Street vendors have also been covered under this scheme. Rs30/- as registration fee is paid by beneficiaries at the time of enrolment and also at the time of renewal. Key features of this scheme are Sum insured of Rs 30,000 per BPL family on a family floater basis, Coverage of 5 members of a family, No age limit, Transport allowance at Rs.100 per visit up to maximum of Rs 1000.

**THE FUTURE PLAN**

The policies and laws must be framed in such a way that they are mostly concentrated for the benefit of unorganized workforce. There should be proper mechanism by which the public is made aware about the existing social security schemes. The existing laws should be implemented strictly by the state labor departments with the help of Social security officers/inspectors and the defaulting employers should be punished. Labor officials should meet management members and trade union leaders when they visit in factories to know the problems of the workers. Effective Coordination must be there between the government, employers and employees.

The trade unions work as backbone of an establishment and well-wisher of workers, their opinion should be taken in formulation and implementation of labor policies, Political commitment should be there and more budget should be provided for social security schemes, more use of information and technology, all the benefits should be transferred directly into the accounts of beneficiaries no cash/cheque payments should be made, there is multiplicity of schemes e.g. JSY, IGMSY with same benefit all the schemes with similar benefits should be merged into one, all the schemes should be right based. More NGOs should be involved. More efforts should be made for public private partnership.

**2. CONCLUSION**

The exclusion of construction work related to factories from the definition of building and other construction work as well as the inclusion of a self-assessment scheme have remedied some of the largest problems that existed with respect to social security for this class of workers. Furthermore, the introduction of advance payment will be beneficial in terms of ensuring that the social security benefits reach the workers on time. Overall, the scheme provided under the Code on Social Security, 2020 and its draft Central Rules are a step in the right direction.

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