Social Security in India

India has always had a Joint Family system that took care of the social security needs of all the members provided it had access/ownership of material assets like land. In keeping with its cultural traditions, family members and relatives have always discharged a sense of shared responsibility towards one another. To the extent that the family has resources to draw upon, this is often the best relief for the special needs and care required by the aged and those in poor health.

However with increasing migration, urbanization and demographic changes there has been a decrease in large family units. This is where the formal system of social security gains importance. However, information and awareness are the vital factors in widening the coverage of Social Security schemes.

In the Indian context, Social Security is a comprehensive approach designed to prevent deprivation, assure the individual of a basic minimum income for himself and his dependents and to protect the individual from any uncertainties. The State bears the primary responsibility for developing appropriate system for providing protection and assistance to its workforce. Social Security is increasingly viewed as an integral part of the development process. It helps to create a more positive attitude to the challenge of globalization and the consequent structural and technological changes.

Organized and Unorganized 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 unorganized sector on the other hand, is characterized by the lack of labour law coverage, seasonal and temporary nature of occupations, high labour mobility, dispersed functioning of operations, casualization of labour, lack of organizational support, low bargaining power, etc. all of which make it vulnerable to socio-
economic hardships. The nature of work in the unorganized 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. whereas 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 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:

1. **We do not have an existing universal social security system**
2. **We do 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,**
3. **90% of the workforce is in the informal sector which is largely unrecorded and the system of pay roll deduction is difficult to apply.**

Even today $1/8^{th}$ of the world’s older people live in India. The overwhelming majority of these 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 90% 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.

4. The coverage gap in India is broadly categorized under the following groups:

   a) Agricultural sector = 160 million.
   b) Contract, services, construction = 90 million.
   c) Trade, Commerce, transport, storage & Communications = 115 million.
   d) Others = 47 million.

   Total = 412 million

HOWEVER ONE IMPORTANT FACTOR TO BE KEPT IN MIND ON THE COVERAGE ISSUE IS THAT THIS CLASSIFICATION (is based upon the various schemes run by the Ministry of Labour & Employment only) AND DOES NOT INCLUDE THE VARIOUS SOCIAL SECURITY SCHEMES RUN BY OTHER MINISTRIES FOR DIFFERENT TARGET GROUPS. IT ALSO DOES NOT INCLUDE INDIRECT FUNDING THROUGH SUBSIDIES, PDS, SOCIAL ASSISTANCE PROGRAMMES, FOOD-FOR-WORK PROGRAMMES, AND TAX CONCESSIONS ETC.

SYNOPSIS OF SOCIAL SECURITY LAWS

The principal social security laws enacted in India are the following:

(i) The Employees’ State Insurance Act, 1948 (ESI Act) which covers factories and establishments with 10 or more employees and provides for comprehensive medical care to the employees and their families as well as cash benefits during sickness and maternity, and monthly payments in case of death or disablement.

(ii) The Employees’ Provident Funds & Miscellaneous Provisions Act, 1952 (EPF & MP Act) which applies to specific
scheduled factories and establishments employing 20 or more employees and ensures terminal benefits to provident fund, superannuation pension, and family pension in case of death during service. Separate laws exist for similar benefits for the workers in the coal mines and tea plantations.

(iii) The Workmen’s Compensation Act, 1923 (WC Act), which requires payment of compensation to the workman or his family in cases of employment related injuries resulting in death or disability.

(iv) The Maternity Benefit Act, 1961 (M.B. Act), which provides for 12 weeks wages during maternity as well as paid leave in certain other related contingencies.

(v) The Payment of Gratuity Act, 1972 (P.G. Act), which provides 15 days wages for each year of service to employees who have worked for five years or more in establishments having a minimum of 10 workers.

Separate Provident fund legislation exists for workers employed in Coal Mines, Seamen and for Tea Plantation workers in Assam.

*******************************************************************************