

CHAPTER NO. II

Social Security Legislations in India :-

This chapter deals with a brief sketch of the provisions made under Social Security Legislations in India. It includes administration, coverage, financial sources, benefits, qualifying conditions etc. This Chapter also takes a brief review of the performance of Social Security Schemes during the planned period.

The following social security legislations have been studied here.

1. Workmen's Compensation Act.
2. Coal Mines Provident Fund Act.
3. The Employees' Provident Fund Act.
4. Maternity Benefit Act.
5. Seamen's Provident Fund Act.

1. The Workmen's Compensation Act, 1923 :-

Administration :-

This Act Administered by the State Govts. which appoint Commissioners for Workmen's Compensation as required by the Act.

Coverage :-

Workers earning less than Rs. 500 p.m. (with effect from 1st October 1975, the wage limit for coverage has been raised to Rs. 1000/- p.m.) & employed in factories, mines, plantations, construction work & certain other hazardous occupations excludes workers covered by the Employees' State Insurance Act, 1948, & casual labour.

Sources of Funds :-

All compensation under the Act is payable by the employer.

Benefits :-

Cash compensation generally lumpsum in case of injury caused by accident arising out of & in the course of employment compensation is also payable for certain specified occupational diseases.

Qualifying conditions :-

For temporary disablement lasting less than 28 days. Compensation is payable after a waiting period of 3 days. It however, it lasts for 28 days or more compensation is payable from the date of disablement.

The Coal Mines Provident Fund & Bonus Schemes Act, 1948 :-

Administration :-

A tripartite Board of Trustees, consisting of representatives of employers, employees & the central & state Govts. administers the provident fund scheme. The Bonus schemes are administered by the industrial relations machinery headed by the Chief Labour Commissioner (Central)

Coverage :-

The provident fund scheme applies to workers earning less than Rs. 300/- p.m. & employed in coal mines of the National Coal Development Corporation, & to all workers employed in other coal mines. The Bonus Schemes apply to all workers earning less than Rs. 730/- p.m. & employed in coal mines, other than those of the NCDC.

Sources of Funds :-

As regards the provident Fund Scheme, workers contribute at the rate of 8% of the total emoluments, the employers being required to contribute an equal amount. In addition the employers pay 2.4% of the total contributions as administrative charges to the cost of administration of the scheme. The attendance bonus payable under Bonus Schemes is paid entirely by the employers.

Benefits :-

The full amount standing to the credit of a member of the provident Fund Scheme is refunded on his retirement at the age of 50 or after completing 15 years of membership. The worker gets his own share & a certain proportion of the employer's contribution in case the refund to be made before 15 years of memberships. Grant of advances from the amount to the credit of a member is permitted for specified purposes.

As an incentive for regular attendance, the Bonus schemes provide for a quarterly payment equal to one - third of the basic wages, subject to attendance for a certain minimum number of days.

Qualifying conditions :-

In order to qualify for membership of the provident fund, workers earning less than Rs. 300/- p.m. must put in

48 days of attendance if employed under ground, & 60 days of attendance if employed on the surface during a quarter, irrespective of the quantum of his wages. The eligibility conditions for bonus under the Bonus schemes are attendance for a certain minimum number of days in each quarter & non participation in illegal strikes.

4) The Employees' Provident Fund Act, 1952 :-

Administration :-

The Employees' Provident Fund Scheme, framed under the Act, is administered by a tripartite Central Board of Trustees, consisting of representatives of employers & employees & persons nominated by the central & State Governments.

Coverage :-

Applies to all factories & other establishments falling under the any notified industry & employing 20 or more workers up to the end of March 1976 the Act had been extended to 137 industries/classes of establishments.

Sources of Funds :-

Workers in establishments employing between 20 & 50 persons, & which have completed 5 years of existence, pay 6.25 percent of their earnings & those in establishments employing more persons, & which have completed 3 years of existence, in 81 of the 120 industries, pay 8 percent of their earnings, equal amounts being contributed by the

employers concerned. In addition, the employers have to pay separately for the cost of administration of the scheme. Administrative charges are 0.37 percent of the wage bill for units employing between 20 & 50 persons & 2.4 percent of the wage bill for units employing more persons units "exempted" from the Act pay inspection charges of 0.08 per cent of the wage bill if they employ less than 50 & 0.6 percent of the wage bill if they employ more than 50 workers.

Benefits :-

A member of the Fund is eligible to receive his own share & the full amount of employer's contribution after retirement or upon completion of 15 years of membership. For shorter periods of membership the proportion of employer's contribution payable to the worker varies according to the length of the period Grant of advances from the amount to the credit of a member is permitted for specified purposes.

Qualifying condition :-

A worker should have completed 6 months continuous service or should have worked actually for 120 days during a period of 6 months, before he can become a member of the Fund & his total emoluments should not exceed Rs. 1000/- per month.

The Maternity Benefit Act 1961 :-

Administered by the Factory inspectorates of state

Govts. in respect of Factories, by the coal mines welfare commissioner in respect of coal mines, & by the Director General, mines safety in respect of other mines.

Coverage :-

Applies to women employed in factorie mines & other establishments as may be specifies Excludes those covered by the ESI Act, 1948.

Sources of Funds :-

All the benefits are payable by the employers.

Benefits :-

Leave for 6 weeks before & 6 weeks after delivery, during which period the women worker gets a cash benefit at the rate of the average daily wage of Rs. 1 per day, whichever is higher. She also gets a medical bonus of Rs. 25, if the employer does not provide for free pre- natal, confinement & post - natal medical care.

Qualifying conditions :-

Benefits are payable only to those women workers who have completed 160 days of service during the preceding 12 months.

5) The Seamen's Provident Fund Act, 1966 :-

Administration :

The Seamen's provident Fund scheme framed under the

Act is administered by a Tripartite Board of Trustees consisting of representatives of seamen.

Coverage :-

Seamen employed as crew of a ship under the merchant shipping Act, 1958, excluding certain categories like pursers, electricians, nurses etc.

Adminsitration :-

A Seamen's Provident Fund Scheme framed under the Act is administered by a Tripartite Board of Trustees consisting of representatives of seamen.

Sources of Funds :-

Seamen contribute to the fund at the rate of 8 percent of the wages an equal amount being payable by the employers.

Benefits :-

Refund of the full amount to the credit of a member of the fund is permitted on retirement or after completing 15 years of membership for shorter periods of membership, the worker gets only his share & a proportion of employer's contribution.

Qualifying condition :-

Every seaman employed on articles of agreement is entitled to become a member of the fund.

It will be clear from the above short historical review of the social security legislations in India. That all the legislations cover the lower strata of the workers including both permanent & substitute one. Secondly every scheme, every act has its own financial support of both central & State Government the benefits covered both cash benefits as well as benefits in kind. Thirdly the social legislations have a specialised benefits for individual firms, such as mines, workers seamen etc. There is a tremendous scope in enlarging the scope of this legislations to cover maximum numbers of the workers & thus for establishing a socialistic pattern of society.

Performance of the Social Security Schemes during the Planned period.

The First Plan :-

Before the independence social security measures were not more developed because of that production was not increased only because of not availability of stable and efficient labour force. It is therefore, recommended that up to 1954 the scheme of Employee's State Insurance Act and with that The Employees' Provident Fund Act, 1952, should be implemented in all industries employing 50 or more persons, during the plan period.

The Second plan :-

The second plan stated that (1) Employees' Provident Fund should be extended to all industries having 10,000 or more workers. (ii) Attempts should be made to provide medical benefits to workers' families under the E.S.I. and its coverage extended. (iii) Possibility should be explored to evolve a unified social security scheme.

The Third plan :-

Recommended that (i) E.S.I. scheme should be extended to all centres with 500 or more workers' families also (ii) Employees' Provident Fund Act. should be extended to all establishments employing 20 or more workers. The rate of contribution should be raised from $6\frac{1}{4}$ to $8\frac{1}{3}$ % (iii) possibility should be explored for integrating various social service schemes into comprehensive system. (iv) social security measures should be extended to non-industrial workers also.

Fourth plan :-

During this plan emphasis was given to extend E.S.I. activities in the form of providing hospital facilities to the insured workers. ESI coverage upto shops, commercial establishments, non-power factories employing 10 or more persons etc.

The Sixth plan :-

In this plan the scope of working of the scheme was decided to increase up to agril-labour, fishing, weaving and leather processing etc. rural artisans will be covered under the various social security measured, Employees State Insurance, Employees Provident Fund, Gratuity, Maternity Benefits etc.

It is the recommendation of Menon committee report of 1958 which has strongly recommended the integrated scheme of social security provide the confusion and overlapping with the different schemes accordingly it was recommended to establish a central organisation for functional integration among the ESI scheme, Employees' Provident Fund scheme etc. one more recommendation of the Menon committee includes the loyalty of the employers should be made statutory and employers should be required to pay a contribution towards pension-cum gratuiry scheme. The provident fund should be converted in to a statutory pension shceme moreover in order to provide the pensions of reasonable amount the resources will be augmented by increasing the present rate of contributions of workers and employers to Provident Fund from $6\frac{1}{4}\%$ to $8\frac{1}{3}\%$ of wages.

The following two tables, Table No. 2.1 will give information about the progress made under the workmens compensation Act.,

Compensated Injuries & amount of compensation
paid under the workmen's compensation Act.

Year	Average daily No. of workers employed in establishments (000)	Number			Amount paid (Rs.)				
		Death	P.D.	T.D.	Total	Death	P.D.	T.D.	Total
1961	4,770	1,238	4,897	87,603	93,738	27.66	25.58	26.74	79.99
1966	5,148	1,624	4,947	86,650	91,221	86.42	56.20	50.86	193.43
1967	5,094	1,614	4,034	81,683	87,331	92.76	52.93	43.19	188.88
1968	4,819	1,557	3,947	72,208	79,712	86.20	56.45	41.46	184.11
1969	2,987	5,358	2,629	40,189	48,176	51.86	20.52	23.97	96.35
1970	3,560	6,30	3,157	39,987	43,774	24.86	21.87	22.14	68.87
1972		857	2,687	41,068	44,612	54.06	33.48	37.15	124.69
1973		736	3,462	46,302	50,500	48.13	30.15	37.61	115.89
1974		742	2,803	37,794	41,339	50.26	30.64	36.61	117.51
1975		289	2,546	27,576	30,911	57.69	28.12	35.49	123.30
1976		1,002	4,374	37,684	45,647	74.40	31.94	35.75	142.10
1977		912	2,228	43,060	48,787	74.79	31.70	27.30	133.85

Moreover the progress made under The Employees' Provident Fund Act is given the following table No. 2.2

Table No. 2.2.

The following table indicates the progress of the scheme

E P F		Sept. 1980	Sept. 1981
1.	E P F Subscribers (in lakhs)	57.44	67.92
2.	Contribution collected from Estt. (Rs. Crores)	229.60	299.08
3.	Rate of interest earned	5½%	7½ %
4.	Claims settled (Jan.Sept.)	118.661	142.512
	No. of cases		
	Amt. Authorised (Rs. lakhs)	197.09	253.65
5.	Contribution in Arrears (Rs. lakhs)	147.10	239.50

Particularly The Coal Mines provident Fund Scheme is worth mentioning which was first started in west Bengal & Bihar & later on to M.P., Assam, Orissa & Maharashtra a separate schemes were prepared for A.P., Tamil-Nadu & Rajasthan.

Regarding the progress of coal mines Provident Fund Scheme, It is clear from the following table the coverage has been increasing from more 1200 lakhs of workers in 1961-62 in 1197 coal mines to more than 13 lakhs of workers in

1400 coal mines for the year 1971-72. Surprisingly the total No. of coal mines has come down to 1050 in 1979-80 with the increasing No. of more than 16 lakhs member with the total amount of contribution received to the tune of more than 68 crores. The working of coal mines provident fund scheme can be explained in the following Table.No. 2.3.

Table No. 2.3.

Working of coal mines provident fund scheme

Year	No. of coal mines covered.	Live membership during the year. (000)	Employees covered Regd. membership (at the end of the year) (000)	Amount of contributions received during the year (Rs.lakhs)
1961-62	1,197	408	1,217	430
1966-67	1,282	368	1,307	882
1967-68	1,339	361	1,297	999
1968-69	1,321	349	1,286	1,198
1969-70	1,326	352	1,293	1,150
1970-71	1,329	368	1,317	1,317
1971-72	1,339	373	1,322	1,360
1972-73	1,354	407	1,359	1,547
1973-74	1,148	452	1,401	1,888
1974-75	1,199	544	1,493	3,831
1975-76	1,040	621	1,570	5,349
1976-77	992	661	1,603	5,840
1977-78	1,036	673	1,615	5,533
1978-79	1,052	674	1,623	5,442
1979-80	1,050	684	1,628	6,829

Progress under Maternity Benefit Act., this is one of the oldest social security legislations in India. It has been defined as "an indemnity for the loss of wages incurred by a women who voluntarily before child-birth & complusorily thereafter abstains from work in the interest of the health of her child & herself". The following table will clearly shows the progress of the working of the maternity benefit Act.,

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TABLE NO. 2.4

Progress of the working of the Act

Amount of Maternity Benefit Fund Paid,

Under the Maternity Benefit Act.

Year	No. of Maternity claims Factories	Benefit paid plantations	Mines	Total	Factories	Plant- ations	Mines	Total
1971	2757	43,346	4846	50,949	7.30	98.46	15.36	121.30
1972	2462	39,794	4629	46,885	6.54	72.12	14.93	93.59
1973	3533	36,364	4345	44,242	8.84	67.59	16.39	92.82
1974	2981	29,544	5206	37,731	10.47	56.90	25.17	92.54
1975	4568	23,521	5786	33,875	13.96	63.31	36.25	113.52
1976	2540	25,630	5683	33,853	13.43	59.32	37.06	109.81
1977	3470	26,664	4342	34,476	10.40	98.09	31.11	139.60
1978	2468	41,791	4102	48,361	12.93	119.31	29.30	161.54

Conclusion :-

While evaluating the progress of social security schemes we can mention the following recommendations made by National Commission on Labour in 1969 these recommendations are based on the review of the scheme the commission has rightly stated that "The main aim of the social security schemes should be to work gradually towards a comprehensive social security plan by pooling all the social security collections in to a single fund from which different agencies can draw upon for disbursing benefits according to needs".

The recommendations were as follows :-

- i) The undertakings & establishments covered by the workmen's compensation Act at present should contribute a certain percentage of the wage bill to a central fund. This fund should be controlled by the ESI corporation, which should arrange for periodic cash payments & medical care to the injured workers.
- ii) A similar central fund should be created under the maternity Benefit Act., 1961.
- iii) Workers earning less than Rs. 4 per day should be exempted from making any contributions under the ESI scheme.
- iv) The E.P.F. Act. should be extended to establishments employing between 10 & 20 workers & the rate of

contribution in these establishments should be raised to 1s & 8% & where the rate is 8% it should be raised to 10%

- v) In cases where the rate is raised to 10% a portion of the contributions should be covered into a pension.