

Course Name: Labour Welfare and Industrial Relations

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Week – 04

Lecture – 19

Hello learners, welcome back to the course on labour welfare and industrial relations. Today we move to the fourth lecture of the fourth module where we look into social security measures. Specifically, we look into the evolution of social security measures, we look into the history, we look into how it has evolved over the time period and we'll also try to understand some of the provisions. welfare provisions in some of the important labor laws.

I am Abraham Cyril Issac. I am an assistant professor at the School of Business, Indian Institute of Technology, Guwahati. So, when we look into social security, we have to understand social security is something which brings the worker back to the workplace without having any sort of issues or troubles or disturbances or irritation. So, this would be the background in understanding what social security is. When you look into social security, there are different organizations and different theoreticians who have given different definitions.

Let's follow the ILO principle. According to ILO, social security can be taken to mean the protection which society provides for its members through a It is not one, it is not two, it would be a series of public measures against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness. It could be maternity, it could be employment injury, it could be unemployment, invalidity, old age, death, the provision of medical care. and the provision of subsidies for families with children.

So, generally a holistic definition that ILO has given includes all these critical aspects ranging from sickness to provision specifically for subsidies as well as, you know, for provision for medical care. So, when you look into social security, it warrants a certain bit of discussion because it has a concern towards health. A lot of critical issues that are happening within the realm of workplace. So when you look into the basic scope of social security, we have two important aspects. One is social insurance and another is social assistance.

Social insurance is all about periodic contributions by workers and employers to a fund. with or without the government subsidy so this would be significant it might be that the government is government of the day is providing something as a subsidy or maybe a part of the contribution is coming from the side of the government or it may also happen that the employer has to take care of it or there's a equal contribution coming from employer or a significant contribution coming from employer a lesser contribution from employee that could be the case providing benefits during old age it could be retirement sickness disability or unemployment. So, all the factors which we try to define social security will actually become relevant when it comes to social insurance. When you look into social assistance per se, it is a non-contributory.

Please note, it's a non-contributory benefit from the government for the maintenance of children, mothers, invalids disabled and unemployed individuals specifically so when you look into the social assistance it is non-contributory in nature it could be sort of a grant it could be sort of help from the authorities but mainly when it comes to social insurance what we see is that there is a equal contribution from the part of the employer or from the part of the government as in the case of Any particular, let's say it could be ESI, it could be any such measures which generally government adapt to. When you look into the types of economic insurances, because when you are looking into social insurances, we have to understand what are the different types of economic insurances. The first one is social.

workers provident fund when you look into workers provident fund it provides retirement and family pensions for workers covering almost 35 million individuals again the data could be revised to the latest estimates but what i would like to underscore here is that it

is the pf that secures a social fabric it gives a social net for the individuals when you look into mortality on the job or the workers pension association which is a component of ministry of labor and industries He is liable for retirement and family pensions. If you look into the Indian population per se, only around 35 million individuals have access to the legislator public protection nets in the form of old age income security. So this is alarming. When you look into...

Old age income security, only 35 million individuals have access to legislated public protection nets and the Employees Provident Fund organization, which comprises 26 million of the 35 million employers, includes personal workers, government employees, military personnel, staff of State, private, property undertakings, etc. So when you look into the EPO, the Employees Provident Fund Organization initiatives, they are available to businesses with a minimum of at least 20 employees. So donations to the workers, evacuation fund, EPF. program are necessary for both the firm and the individual when a worker earns up to, in terms of dollars, it will be \$205 per quarter, almost equivalent to the INR 15,000 Indian rupees.

So, that would make Voluntary contribution more significant. So if a company's pay exceeds this threshold, the business contributions would be limited to the amounts payable on the first INR 15,000 solely. So this is somewhat we understand in terms of the workers provident fund. The second most important category here would be the healthcare services.

When you look into the healthcare services, the employee state insurance system provides medical treatment, Monetary benefits and monthly payments for workers in companies with 10 plus employees. Now, this is certainly universal health care system what India has, but it cannot meet all the health care demands of the people. And that is what we have observed. Let's say we have the Workers State Security Act of 1948.

State Security Act of 1948. that which created funds to provide medical treatment as well as monetary benefits during pregnancy and even monthly reimbursements in case of mortality or incapacity for individuals working in companies and organizations. So the ESI system specifically presently covers hostels, it covers retailers, cinema and

showcasing theaters. E-trees, newspaper stations and highway enterprises. So business, educational and clinical institutions with let's say 10 or more staff are now eligible to participate in these initiatives.

What we have understood that healthcare services have been more successful when compared to the workers' provident fund to a certain extent because people are more concerned nowadays about With the healthcare schemes, with the increasing and burgeoning healthcare expenses, it is a matter of time that people will adhere more and more or more and more compliance will come to healthcare services. When you look into other social security benefits, India has a universal healthcare service, though it cannot meet all the healthcare demands as I already mentioned. But when you look into specific social security measures, We have the disability coverage, we have the maternity benefits and we have the child care support.

So the Workers Insurance Act of 1923 specifically provides compensation to workers who acquire industrial illness or injuries on the job. So this is a significant disability coverage that India has with the Workers Insurance Act often referred to as the Workmen's Insurance Act of 1923. A person who acquires an industrial illness is regarded to have been hurt on the job and is entitled to compensation from his or her employer. So that's basically the qualification criteria for the disability coverage.

When you look into the Maternity Benefits Act or the maternity benefit, which is also covered under the Maternity Welfare Act nowadays, 2017, which took effect on April 1, 2017, expanding some of the key benefits of preceding Maternity Benefit Act 1961. So the first two children, the new legislation gives females in the unorganized industry now get up to 26 weeks of paid parental vacation and up from 12 months before. When you look into the third kid will be eligible for 12 weeks of maternity leave. Specifically, India has now world's. Third longest maternity leave after Canada which is having I think 50 weeks and Norway again with 50 weeks.

So world's third longest maternity leave obviously is an achievement in itself. The Act provides for 12 weeks of parental vacation for moms who acquire a kid under the age of 3 months as well as commissioning women who chose to surrogate. The 12 week term

specifically if you look into Canada would start when the child is handed up to the adopted or commissioned mom in those cases so furthermore any any firm with children than less than 50 employees must Provide actually crush services, which we have talked about extensively in the previous lecture within an acceptable strolling range.

So the mom might use up to four hours a week. So specifically for regulatory purpose, businesses must be informed that this rule would take effect from June 2017. So this is some of the biggest updates that come from the maternity industry. When you look into the child support, as I've already mentioned, we have firms with over 50 employees must provide accurate services and that is a reasonable distance which mothers can use up to, let's say, four hours per week. When you are looking into social security.

Specifically, you have to understand that things have changed from what we had in the previous pre independence era. Let's say we have time and again try to underscore this understanding that before independence, we did not have the autonomy. We did not have the power in our hand. There were a lot of. colonial mindset and lot of thought process and rules and policies emerging out of those mindsets but after the pre-British era things have changed there has been a gradual holistic evolution of the social security measures specifically

When you look into the different acts and its updates, as I already mentioned, even the Maternity Benefit Act, etc. So all these aspects have become more significant, more relevant. But that said, to understand the evolution of specifically the social measures within the ambit of industrial relations, we have to dwell deeper into what we understand as the pre-British era. So let's look into that very quickly. In pre-British India, social welfare payments and public services were available under the Mughal Empire.

The rural economy was self-sufficient with the division of labor based specifically on caste system. So this was more prominent in the pre-British era specifically. where you look into the entire scheme of things, you see that a caste-based division was pretty much there. When you look into the things after the pre-British era, during the British colonialization, the British discovered India as a source of raw materials and cheap labor, which we have read, which we have understood, leading to the collapse of India's

handicraft industry. So this was the first blow we met when the British actually took charge of the Indian subcontinent.

And which ultimately or consequently increased poverty and insecurity among the population. So more than two centuries, India was ruled by British. So pre-British times, social welfare payments, though it was given by, was pretty much significant during the Mughal Empire. Other social services were also available. To comprehend critically the situation of social security in the pre-British India, we have to understand the socio-economic framework that existed during the time.

So India had a very self-sufficient rural economy before the British invasion, which we talk even nowadays, based on the basic division of labour. But that said, when you look into the jobs were primarily hereditary, meaning they were handed down through generations. The food produced in the settlement was eaten entirely by the villagers. So as a result, the issue of economic safety was never, ever raised. So that was one of the critical aspects when it came to the government support being lacking.

The British government at the time took little steps to resettle people. the unemployed leading to a worsening of the plight of the jobless population specifically. So if you look into the history in further detail, you will see that during the 1850s, a strategy of agriculture commercialization, which I'll discuss in the coming portions also, agriculture commercialization arose with production moving away from family. So 14 food crops were replaced by cash crops. So it was more of commercialization that was happening.

Surplus crop production led to the establishment of all the commercial marketplaces and the towns and cities emerged as a result of this surplus trade. So food production fell as a consequence of this strategy, specifically leading to famines throughout the nation. So this was India's first serious famine. food crisis or insecurity which we have seen over the past. So when you look into the agriculture commercialization, we have to critically understand the impact of British rule on the social security.

So 1850s, agriculture commercialization arose leading to the replacement of what I've already mentioned, food crops to cash crops. And when you look into this aspect, more of commercialization happened. The food crops were scarce. The shift to cash crops resulted

in fall of this production and then generally led to famine. So basically, food insecurity was this critical aspect that could be understood from what we had when we had the British rule.

Industrialization and labor issues were there. The growth of factories specifically increased. And industries such as the plantation business created jobs, but also led to low wages and harsh working conditions. So there was exploitation that was happening within the industrialization or within the mask of industrialization. So societal challenges were there.

The expansion of the modern manufacturing system was accompanied by social and economic uncertainty, population growth and urbanization. So when you look into the social security being in such a dilapidated condition, if I can use the word, then we have to understand the importance of social security measures in India from that background. And that will. Make us more sensitive towards appreciating and acknowledging what existing important social security legislations we have in India. I'll start from the left.

We have the Employees Provident Fund Act 1952, the Payment of Gratuity Act 1972, the Workman's Compensation Act 1923. The Employees State Insurance Act 1948, the Maternity Benefits Act 1961. So most of them we have already touched upon, but the background has to be understood, as I've already mentioned, to acknowledge and appreciate the existing important social security legislations in India. When you look into those important social security measures in India, I would like to discuss a few, especially the most critical one, the Workmen's Compensation Act 1923. Now, this is very critical because the government of India passed this act to impose upon employers an obligation.

to pay compensation to workers for accidents arising out of and in the course of employment. So this was an employer obligation that gave some breathing space to the employees. So basically, we'll see that whatever be the workers who operate, maybe they are operating in industries, it could be mining industry, It could be crops, it could be manually powered equipment or railroads, spectacles, ships, building sites, etc. All other dangerous activities may be listed in the Appendix 2 of the statute are covered by this act.

Something which has to be noted here is that the armed forces, informal labours and workers protected by the Workers' State Security Statute of 1948 are exempt from this Act. So that was the relevance of Workman's Compensation Act. It created a certain obligation, an employer obligation to pay compensation for the workers and this made it all the more important within the scheme of social security measures in India. Another important measure is the Workers' State Insurance Act of 1948, the Employee State ESI, what we call as the ESI scheme. The Workers' State Insurance Act was enacted in 1948.

The act was enacted to specifically offer medical care and job security to industrial employees who were specifically ill. So this act offers certain medical advantages to covered individuals and their relatives in form of professional attention, medication, treatment, injections when the option has been provided to the household as well. So these are some of the aspects which generally are covered under the Workers State Insurance Act. specifically yet another important act which we have already touched upon is the maternity benefits act one of the the game changer in the entire social security scheme i would say the government of india enacted specifically the maternity benefits act of 1961 to provide uniform standards for maternity protection so it was implemented in the first instance to all the mines factories plantation workers except those to which the employee state insurance act

So that would be the exemption which you should note. This act specifically was amended. The 1961 act was amended in 1976 to extend the benefit to all workers even covered by the ESI act specifically. So we'll see that the Maternity Benefits Act 1961 also covers all most of the industries, including factory, mine, plantation workers, etc., which makes it more comprehensive and more productive and useful. Another important act would be the Workers' Provident Fund Act 1952.

The Workers' Provident Fund Act 1952, obviously enacted in 1952, workers are eligible for pension advantages. It could be the Provident Fund, familial pensions and payment coverage under the Workers' Provident Fund and other articles Act 1952. So specifically, this Act covers any factory in any of the industries listed in Schedule A that employs 20 or more people or that the central administration announces in the Federal Register. The act was not applicable to collaborative organizations with fewer than 50 members that

operate in the absence of the use of electricity. When you also look into the acts, we should understand the Gratuity Compensation Act of 1972.

The payment of gratuity compensation act, it applies to all factories, mines, oil fields, ports, plantations, railways, ships or establishments with 10 or more workers as employed, which has been clearly demarcated. So all employees and workers working in this establishment are entitled to receive gratuity irrespective of the number of their wages. The government of India is empowered under the act to extend this act to any establishment so that's the beauty of this act not only there is a restriction but it can be enacted or it can be established or it can be extended to any of the establishment so the amount of gratuity specifically is payable on retirement death disablement or termination subject to the condition that the employee has at least rendered five years of continuous service with the same employer so gratuity is payable at the rate of 15 days wages for each year of completed service or part thereof subject to a maximum of 20 months wages or rupees three lakh fifty thousand whichever is lower specifically so the gratuity is payable on retirement death

disablement or termination, the reason or the condition being subject to five-year continuous service retirement or before the requirement actually happens. So what we have seen here is that there are some critical measures that the Government of India or the legislative body has come up with certain legislations which actually are catering to the needs of the social welfare of the workers specifically. Now, if we have to understand and appreciate these social welfare schemes, we have to understand the need of these social welfare schemes. We have to understand the evolution of the social welfare schemes. That is where specifically I mentioned that if you look into the pre-British era, there was Mughal Empire and there was other sultanate and other rulings that were there.

Other empires were there. All of them had their own share of some social security angle to it. But, Whatever happened till that time, till the independence, it was more of lack of autonomy which protected, which prevented people from enacting some of the legislations like what we have today. But things have changed after independence.

More of autonomy has come, more of sense of ownership has come. It is our people, it is our brother, it is our sisters that we are going to help with these acts today. That notion, that sense of belongingness has actually taken up the social security measures to this extent. That said, there are still some lack in it, there are still some problems, but there are acts in different areas, different dimensions. Only requirement is to make the acts more powerful or more emboldened.

That's what the aim is. And thank you for listening to me in this lecture. We looked into the entire evolution of the Social Security benefits specifically and some important aspects within Social Security. See you in the next lecture with more details. Till then, take care.

Bye-bye.