

**Course Name: Labour Welfare and Industrial Relations**

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### **Lec 21: Social security legislations: Evolution and Growth**

Hello learners, welcome back to the course on labor welfare and industrial relations. We move to the fifth module where we look deeper into the welfare part in the entire industrial relations. So today we look into specifically social security legislations that are existing, especially we look into the evolution and growth of these legislations. We'll understand the background, we'll understand how it evolved over the years.

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So when we look into social security legislations per se, we'll start with understanding the importance of social security legislations. In the previous lectures, I've tried to emphasize on the requirement of welfare and specifically social security as an instrument towards welfare. Today, we look into specifically social security legislations, the importance of that. When you look into the Workman's Compensation Act or the Worker State Insurance Act, we will try to understand that every worker will have a certain level of interest in coming back to the job because he or she is paid adequately according to the needs and according to the wants of him or her.

So when you're looking into specifically the Workman's Compensation Act, Government of India passed this act in 1923 to impose upon employers an obligation to pay compensation to workers for accidents arising out of and in the course of employment. So this is critical. When you are actually faced with an or you have an urgency or you have

an emergency situation, then during the accident or as part of the accident, some as a consequence of that, your health is taken care of or whatever help that could be given is given by the employer. And the Workman's Compensation Act actually ensures that when you are looking into the government of India, pass this Workman's Compensation Act in 1923.

to impose upon the employers an obligation to pay the compensation. So workers who operate specifically in industries, mining, crops, or manually powered equipment, or let's say railroads, ships, building sites, And other dangerous activities listed in the appendix 2 of the statute are covered in this act. So please note the informal labors, armed forces and even the workers protected by workers state security statute of 1948 are exempt from this act. When you look into the important social security legislations, we cannot oversee the existence of Workers' State Insurance Act of 1948.

When you look into the Workers' State Insurance Act, the Employee State Security Act essentially was enacted to offer medical care and job security to industrial employees who were specifically ill. So when you are looking into this act, it offers medical advantages, medical benefits, covered individuals and their relatives in the form of professional attention, medications, treatment, injections, when the option has been provided to households as well. So the Worker's State Insurance Act of 1948 and the Workman's Insurance Act, generally covers the essential aspects of security legislations to start with when it comes to especially the ESIC scheme. When you look into other important social security legislations, we have to understand the Maternity Benefits Act of 1961.

This act, the government of India specifically enacted this act of 1961 to provide uniform standards for maternity protection. It was implemented in the first instance to all the factories, plantations, mines and workers, except those to which the Employee State Insurance Act implied. So this act, what we understand. was later extended to workers covered by Employee State Insurance Act also, which was amended in 1976. So that ensured that it extends the benefit to all women workers who are also covered by ESI Act.

So Maternity Benefit Act is one of the most critical Social Security legislation the country has seen. And especially after the 1976 amendment, it has given benefits to the entire set of people who are covered under the workforce. The another important act would be the Workers Provident Fund Act 1952. So when you're looking into Social Security, we have to understand and acknowledge the relevance of life after death. the working age let's say if the retirement age is 60 or the health does not permit the person to work beyond 65 or whatever be the age in which a person voluntarily retires or will lose a job there should be some social security that would prevent him to go forward and this is one of the most critical aspect when when you look into those circumstances the workers provident fund act 1952

Workers are eligible for pension advantages such as PF, provident funds, familial pensions, payment coverage under the workers provident fund and other articles Act 1952. So when you look into this Act specifically, it covers any factories and industries specifically. Listed in Schedule A that employs 20 or more people or that the central administration announces in the Federal Register. The act, however, is not applicable to collaborative organizations with fewer than 50 members that operate and are operating with the absence of the use of electricity.

So that is one critical criteria whereby the PF Act or the Workers Provident Fund Act 1952 has a certain exemption. When you look into Social Security more deeply, you will see that the Gratuity Compensation Act also comes into picture. The Payment of Gratuity Act was enacted in 1972. It applies to all factories, as in case of the previous acts, mines, oil fields, ports, plantations, railways, ships or other establishments with fees. 10 or more workers are employed.

So all employees, all workers working in this establishment are entitled to receive gratuity irrespective of number of their wages. The government of India specifically has empowered under this act to extend this act to any establishment. Any particular establishment. So the amount of gratuity payable on retirement, death, Disablement or termination.

Please note retirement, death, disablement or termination subject to the condition that the employee has rendered at least five years of continuous service with the same employer. So, gratuity is payable at the rate of 15 days wages for each year of the completed service or part thereof subject to a maximum of 20 months wages or let's say rupees three lakh fifty thousand whichever is lower so when you look into the gratuity compensation act it covers any establishment and it gives a certain level of social security to the entire set of people now when you look into these acts Specifically, I have already mentioned the critical importance of these acts. Specifically, we looked into the Insurance Act, the Compensation Act, the typical acts which looked into the Maternity Benefit Act, etc.

But what makes this course critical is we are looking into the updates. We are looking into the amendments. We have tried and focused to establish what is existing in the present-day scenario. How the Maternity Benefits Act, though it was a watershed moment for the entire welfare measure of the country to bring in such an act as, you know, a level of Maternity Benefits Act. The Amendment Act 2017 has created a bit of more interest into this act and it has made the welfare altogether a different arena.

Where you will have greater say. The worker will have greater say. And there will be more and more benefits associated to the different acts. And here specifically the Maternity Benefits Act of 2017 update. We look into that with greater detail now.

It provides women in the organized sector with paid maternity leave. So it came into force on April 1, 2017. If you are interested to know the details. And it increases some of the key benefits mandated under the previous Maternity Benefit Act of 1961. So the amended law specifically provides women in organized sector.

I would like to box it out organized sector. So this is where people who are working in informal sector, unorganized sector are actually disadvantaged. So. The amended law specifically is for women in the organized sector with paid maternity leave of 26 weeks up from 12 weeks. So from 12 to 26, there has been a certain increase that has happened for the first two children.

For the third child, the maternity leave and title will be only 12 weeks. So India now has the third most maternity leave in the world, following Canada, 50 weeks and Norway.

The Nordic countries which are known for the standard of living. So, Norway gives almost 44 weeks whereas Canada gives 50 weeks and India is a third with 26 weeks. Now, the act also secures specifically 12 weeks of maternity leave for mothers adopting a child below the age of 3 months as well as to commission mother, biological mother specifically who opt for surrogacy.

So please note, this is what the maternity benefit has gone or has been extended to the 12 week period in these cases specifically, which I was discussing will be calculated from the date of the child. The child is handed over to the adoptive or commissioning mother. In all other provisions, specifically the law mandates that every establishment with over 50 employees must provide. If you remember in the previous lecture, we had discussed about this crush facilities within easy distance within the mother, which the mother can visit up to four times a day.

So specific to compliance purposes, companies should note that this particular provision will come into effect generally from July 1, 2017. So for compliance purpose, companies have taken care of this and has come into effect from the 1st of July 2017. So the Maternity Benefit Amendment Act specifically introduces the option for women to negotiate work from home if they reach an understanding with their employees specifically after the maternity leave ends. So that is between the employer and the employer, the working women. If the worker, if the employer is readily giving alternate job contracts or job statements like work from home arrangements, then it would be over and above the maternity benefit.

So under the pre-existing maternity benefit act of 1961, every woman, please note, is entitled to and her employer is liable for maternity The payment of maternity benefit at the rate of the average daily wage for the period of the employee's actual absence from work. So apart from the 12 weeks of salary, a female worker is entitled to a medical bonus of INR 3500 specifically. which comes out to around 47.85 US dollars. So 1961 Act states that in the event of, let's say, termination of pregnancy or miscarriage, the employee is entitled to six weeks of paid maternity leave.

Employees are also entitled to an additional month of paid leave in case of complications arising due to pregnancy, delivery, premature birth, miscarriage, medical termination. So all this, in addition to the above, the 1961 Act states that no company shall compel its female employees to do tasks of laborious nature or those tasks that involve long hours of standing or which in any way are likely to interfere with her pregnancy. Please note this. or the normal development of the fetus or are likely to cause her miscarriage or otherwise adversely affect her health. So when you look into the amendment, specifically the Maternity Benefit Amendment Act is called comprehensive.

It involves a lot of factors which otherwise were missed out in the earlier act. And it gives a comprehensive coverage to the working women or to the pregnant women. So basically, that is the Maternity Benefit Amendment Act 2017, which I tried to emphasize here based on the amendment. We'll also look into the latest Employee State Insurance Central Amendment Rules 2017 also quickly. It was notified on January 20th, 2017, detailing new maternity benefits for women who have insurance specifically.

So statistics goes by this as of March 31, 2019, 51,20,000 women have benefited from the scheme specifically. When you look into the Employees Provident Fund Organization, EPFO, we have to understand this as one of the key organization, which entity which actually deals with the welfare of or underscores the welfare of the Indian worker. So it is established under the Ministry of Labor and Employment, ensures superannuation pension, family pension in case of death. During the service, it applies to businesses with at least 20 employees. So certainly when you're looking into the present case, presently only about 35 million out of a labor force of 400 million have access to formal social security in the form of old age income protection in India.

So out of this 35 million, 26 million workers are members of the Employees Provident Fund organization, which comprises private sectors, military personnel, civil servants and employees of state public sector undertakings. So when you are looking into the schemes under EPFO, Apply to businesses with at least 20 employees. So contributions to EPF employees provident fund scheme are obligatory for both the employer and the employee when the employee is earning up to rupees 15,000 or US dollar 205 per month and voluntary when the employee earns more than this amount.

If the pay of any employee actually exceeds this particular amount, the contribution payable by the employer will be limited to the amount payable on the first rupees 15,000 only. So for the establishment specifically that employs less than 20 employees or meet specific conditions as notified by the EPFO Employees Provident Fund organization, the contribution rate for both the employee and the employer is limited to 10%. So there are three schemes that are supervised by EPFO. The Employees Provident Fund Scheme 1952, the Employees Pension Scheme 1995 and the Employees Deposit Link Insurance Scheme 1976.

So specifically, if you look into the EPF scheme is contributed by the employer 1.67 to 3.67% almost. The employee gives almost 10 to 12%. Whereas the employee pension scheme, EPS, is contributed to by the employer, 8.33%. And the government contributes around 1.16%, but not the employee. And finally, the employee's deposit-linked insurance, EDLI scheme, is contributed by the employer, 0.5% only.

So when you look into the Employees Provident Fund organization, we have to understand that there are four main types of pensions all monthly which are offered. One is pension upon superannuation and or disability. Second is widows pension. for death while in service. The third is children's pension and the fourth is orphans pension.

So in addition there are separate pension funds for civil servants, workers employed in coal mines, tea plantations etc. specifically in the state of Assam etc. The EPFO Allocates a universal account number UAN for all employees covered under the Employees Provident Funds and Miscellaneous Provisions Act 1952. So this UAN, which is the universal account number, is linked to the employee's EPF account and will remain portable forever.

Throughout the life of an employee, this means that there is no need to transfer an EPF account at the time of changing jobs. It remains the same. So an employee can withdraw their provident fund entirely or partially. A complete withdrawal is possible when the employee reaches retirement or is unemployed for, let's say, longer than two months. So in such a situation, the individual specifically must meet specific bureaucratic requirements such as claim attested by a gazetted officer.

So complete withdrawal of the EPF, if you want to know, by an individual due to change of jobs when they have not been employed for more than two months is not permitted. But a partial withdrawal of EPF can be made under certain circumstances such as, let's say, for medical purposes, education, marriage or home loan repayment, purchase of land, maybe construction of house, etc. So this is subject to certain prescribed conditions such as the number of years of service required. the employee so when you look into the employees provident fund organization EPF and the pension fund given these are some of the different pension funds that have been existing within the country now it is pertinent when you look into the Social Security measures specifically how did the notion of Social Security emerged as I have tried to underscore this in my previous lectures.

If you look into the entire set of lectures from module 1 to module 4, I've tried to emphasize the relative importance of social security. a person will come back to the factory or mine or whatever workplace he or she is having with a sense of belongingness only when certain social security is there for him or her. If that social security is missing, there will be always a sense of urgency, there will be always a sense of confusion, there will be always a sense of cognitive dissonance that what will happen if something goes wrong today in this job, in my life. So all these types of thought processes would actually make the employee less productive and moreover, little bit work of us. So to prevent those things, something like Social Security actually plays a bigger role.

And this is where we have to understand the evolution of Social Security measures in different zones. So we'll quickly understand. We'll quickly look into the evolution of Social Security measures, how it has evolved over the time frame. If you look into 1855, you know, Fatal Accident Act passed under. which provisions made regarding relief to workers against fatal injuries at workplace.

So, this was almost the first instance where fatal injuries have to be somewhat compensated, should be prevented in the first place and if at all it happens, unfortunately, it has to be compensated. That thought process came into picture. In 1919, specifically International Labour Organization came into the existence and it emphasized the need of protecting against industrial hazards. So, When you are having a PECS body like International Labour Organization monitoring all the industrial hazards and trying to



advocate against industrial hazards or emphasize on the need of protecting against industrial hazards, the social security measure takes a positive turn.

And this happened in 1919. 1923, specifically, as we have already seen, the Workmen Compensation Act passed under which employers made liable to pay compensation in respect of injuries and death. In 1929, the Royal Commission on Labour emphasized the need for protecting workers during sickness and recommended a scheme of health insurance. So something like a health insurance came into picture in 1929. Till that time, if something bad happens, compensation was to be given.

But something in the form of a health insurance, a more viable and sustainable way of looking into the social welfare, came into picture in 1929. Again, please remember, these are the time zones which we are discussing, which is pre-independence. 1929, again, the Bombay state adopted the Maternity Benefit Act under which cash benefits were provided during a specific period of maternity. 1941, we see the government of India adopted the Maternity Benefit Act.

So this is where the evolution of social security measures gets more serious. And the Colliery Mine Vigilance Funds and the reward programs enacted in 1948 attempted to create a mandatory provident fund for coal mine employees. So the concept of provident fund got more surfaced and more critical in 1948. In 1952, the Employees Provident Fund Act was passed to ensure that the obligatory pension accounts are established in additional businesses. Please note, the obligatory pension accounts specifically gave a stress towards Social Security because somebody is taking care of what happens when, let's say, the workable age or retirement is upcoming and what will the person do after that.

So, obligatory pension account was something that came up as a solution to the entire issue. In 1961, the Government of India passed the Central Maternity Benefit Act. which provided uniform benefits to employees all over the country. 1972, the Payment of Gratuity Act was passed to give financial support in the event of a company's resignation or departure.

So it is more getting customized. It is more getting personalized. As it touched the year 1972, the Payment of Gratuity Act was passed to give, please note, financial support. in the event of a company's resignation or departure. So when you look into the entire scheme of things, we'll see that the entire evolution has become more specific, more critical.

When you look into the existing social security law, we have to understand the code on social security. And this is pretty recent, 2020, which has brought in the code on social security. And things have taken more of sophistication, I would say. Because still now, if you see the evolution from a generalized perspective to more of personalized view was taken or dimension was taken. Now it is getting more sophisticated with clear tailor made requirements of people coming into picture.

Those needs being actually translated by the unions and associations towards the betterment of the workforce and that being legislated. So we'll see the code on Social Security 2020 in greater detail. It aims to regulate the organized and unorganized sector, extending social security benefits to all and workers across different organizations during maternity, disability and other situations. So specifically, it is organized. Not only with respect to any one single sector, it travels, it goes across the boundary of different organizations.

Social security refers to the protection measures provided to workers to ensure health care and income security in case of certain contingencies, such as, let's say, old age, maternity or accidents, etc. So this comprehensive legislation totally integrates nine existing labor laws, To provide a unified framework for social security coverage. So we'll see that quickly. The integration of nine in the typical critical labor laws.

And this is what the essence of this lecture is. When you look into the integration of nine labor laws, the key acts that were integrated were. The Employees Compensation Act 1923, which we have seen. The Employees State Insurance Act 1948. The Employees Provident Fund and Miscellaneous Provisions Act 1952.

Additional acts, those were integrated. The Employees Exchange Compulsory Notification of Vacancies Act 1959. The Maternity Benefit Act 1961. The Payment of Gratuity Act 1972. Other integrated acts were the Cine Workers Welfare Fund Act 1981.

The Building and Other Construction Workers CESS Act 1996 and the Unorganized Workers Social Security Act 2008. So when you are looking into the integration, it is not only these key acts. There were certain additional acts as well as other acts like the Cine Workers Welfare Fund Act, which were all integrated and given a clear labor code or were codified into a clear labor code. When you look into the coverage and applicability, the code has widened the coverage by including the unorganized sector. Please note, we have in the previous lecture, we have categorically understood that it has not only gone with the key acts, it has also gone with some integrated acts which covers essentially certain unorganized sectors also.

So on this note, the code has widened coverage by including the unorganized sector, fixed term employees, gig workers. Platform workers and even interstate migrant workers. So this is something which is pretty recent when you look into the entire laws or entire amendments. This integration of essential acts have actually given a new horizon. Towards people working in not only fixed term employees or fixed term workers, but also gig workers, platform workers, interstate migrant workers were essentially not covered in previous acts or previous typical laws.

When you look into the applicability, the applicability has also become universal. The code applies to everyone on wages in an establishment irrespective of occupation. So what we understand here is that the evolution was very subtle. It looked into the general perspective. It boiled down to specific perspective.

And then the tailor-made approach happened with respect to different acts. Then the sophistication of acts happened. And the sophistication is nothing but integrating all the essential nine acts.

So what we have done or what we have seen essentially through the integration is that those who are not included were also included so the applicability has become universal it has become more inclusive in nature this is what the entire social welfare has emerged

or evolved into initially i repeat it was more of cluttered it was more of disoriented it was more for the you know for the general perspective.

It got narrowed down by the early 70s or 80s. Then it became more sophisticated. And if you look into the labor courts of 2020, integrating all the essential acts, what we see specifically is that it has got the universal applicability. It has become more inclusive.

It has become more effective. That's all from today's class. See you in the next class. Till then, take care. Bye.

Thank you.