

## Role of Social Security: Growth and Development

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### ABSTRACT

*The Social security is the protection given by society to its members against contingencies of modern life such as sickness, unemployment, invalidity, industrial accidents etc. The basic purpose of social security is to protect people of small means from risk which impair a person's ability to support himself and his family. The security measures are generally specified by law. They offer some kind of cash payment to individuals to replace at least a part of lost income that occur due to mishaps such as sickness, injuries, death etc. During period of economic and physical distress the poor workers can at least survive on compensatory payments offered by the states or by the employers.*

**Key Words:** Social Security, Growth, Development.

### Introduction

The concept of social security has evolved out of mankind's quest for protection from social insecurity. It is a quest for protection from the hazards arising out of vagaries of nature and from the living conditions in modern societies. "With the advent of industrial revolution in Europe a new class of "workers" emerged. Broken away from their families and villages, they were totally dependent on wages for subsistence. In due course, a comprehensive social security system was developed, covering all eventualities from conception and birth till death like pre-natal and maternity benefits, paid leave, medical care, pensions, unemployment benefits, family allowances and old age pensions, etc." So, the European industrial revolution has promoted social security, under which foundation, the notion has arrived today's position. French revolution, where realizations of social security were made, with the declaration of rights of man, which later went to

serve as a preamble of the French Constitution had also contributed to the development of the concept. Thereafter, the treaty of Versailles, under which International Labor Organization was established, referred the need for the workers providing them the right to social security. Later on, in a declaration adopted by ILO in 1944, along with other Nations of the World, social security measures covered. After this declaration, in Article 22 of UDHR, declared in 1948, the question of social security was floored. The UDHR states that "Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation, and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality." Article 25 and 26 of the UDHR also covers the ideas of social security.

Since its inception, ILO has been adopting resolutions, recommendations and conventions on different perspectives of social security. However, it was in 1952, a comprehensive convention (No.102)

concerning Minimum Standards of Social Security was adopted. This Convention includes provisions for Medical Care, Sickness Benefit, Unemployment Benefit, Old Age Benefit, Invalidity Benefit, and Employment Injury Benefit, family Benefit, Maternity Benefit and Survivor's Benefit. Thereafter, the concept of social security has been further widened, encompassing the provisions for housing, safe drinking water, sanitation, health, educational and cultural facilities and also a Minimum wage, which can guarantee workers a decent life and formulated a number of Conventions and Resolutions amplifying and extending the scope of various Social Security measures and the concept. In 1994, in UNDP Human Development Report, the importance of Social Security was narrated and a broader concept of social security was drawn.

## Human security

How individuals regard security depends very much on their immediate circumstances. Here are some views of security gathered from around the world, through a special sample survey by UNDP field offices.

*Primary school pupil in Kuwait*

"I feel secure because I am living with my family and I have friends. However, I did not feel secure during the Iraqi invasion. If a country is at war, how are people supposed to feel secure?"

*Woman in Nigeria*

"My security is only in the name of the Lord who has made heaven and earth. I feel secure because I am at liberty to worship whom I like, how I like, and also because I can pray for all the people and for peace all over the country."

*Fourth-grade schoolgirl in Ghana*

"I shall feel secure when I know that I can walk the streets at night without being raped."

*Man in Namibia*

"Robberies make me feel insecure. I sometimes feel as though even my life will be stolen."

*Woman in Iran*

"I believe that a girl cannot feel secure until she is married and has someone to depend on."

*Public administrator in Cameroon*

"Security for me means that my job and position are safe and I can continue to provide for the needs of

my family and also have something for investment and friends."

*Secondary school pupil in Mongolia*

"Before, education in this country was totally free, but from this year every student has to pay. Now I do not feel very secure about finishing my studies."

*Woman in Paraguay*

"I feel secure because I feel fulfilled and have confidence in myself. I also feel secure because God is great and watches over me."

## Social Security in India

India, due to its geographical area and diversity bears a complex character of Social Security. The history of political economy in both colonial and post-colonial periods has designed the country in a way that it has produced such a kind of social security model. "We cannot simply borrow a social security policy design that has been successful in some other developed or developing country. We need to critically evaluate the experiences of both developed and developing countries in order to gain insights into the nuances and interplay of different factors within the overall design of their social security schemes." But it can be generalized from the complex nature that, India's social security model is a formal system of social security which is sponsored by the state. It is both need based and right based security, which is viewed as an integral part of the development process.

The Indian Constitution in the Preamble, Fundamental Rights, and in many parts, directly or indirectly, has made provisions for social security. It is listed in the Concurrent List of Indian Constitution, signifying the responsibility of both the Centre and States in this sphere. In the Constitution, Item number (23) of 'Concurrent list' and in point number (h) of 'Additional powers of the North Cachar Hills Autonomous Council and the Karbi Anglong Autonomous Council' mention that "Social security and social insurance; employment and unemployment", wherefrom constitutional arrangement for providing social security can find out. Apart from these, the Constitution of India under the "Directive principles of State Policy

(DPSP)" in article 41 provides that "the State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness & disablement, and in other cases of undeserved want." There are two more Articles in DPSP mentioning about social security in Indian constitution. "Article 42 and 43 provide for endeavoring to secure for workers a living wage, humane conditions of work, maternity relief, a decent standard of life and full enjoyment of leisure and social and cultural opportunities."

Concentrating on the reforms and developments of social security in India, we can broadly categorize it in two large phases, the pre-liberalization period and the post-liberalization period. The pre-liberalization period was the period of 1947 to 1990, when the state occupied a central figure in providing security to the people. The post-liberalization period started in 1991, with the adoption of Liberalization, Privatization and Globalization policies by the state, which has curtailed the role of state in ensuring welfare and social security to the fellows.

## Social security in Pre-Liberalization period

The post independent period, the Nehruvian model of economy, has experienced a mix character of social security, which continues till the adoption of new economic policies in 1991. This phase witnessed the investment in social security schemes by the state. In this period, several steps towards social security, especially social security in the context of organized sectors. However, these measures were limited only to organized sectors, leaving the majority of the work force to earn wages through unorganized labor markets. The social security measures in India in that phase were partially addressed, as the Government of India has incorporated or continued various Acts like:

- ✚ Employment State Insurance Scheme, 1948;

- ✚ For measures for Old Age, Invalidity and Death: Coal Mines Provident Fund Bonus Scheme, 1948;
- ✚ Safety Health and Welfare of Dock Workers (The Dock Workers Regulation of Employment Act, 1948);
- ✚ For measures for Old Age, Invalidity and Death: Employees Provident Fund Act, 1952;
- ✚ The Lay-off and Retrenchment Compensation (Industrial Dispute Act, 1947 with amendment in 1953);
- ✚ Maternity Benefit Act, 1961;
- ✚ The Old Age Pension Scheme (The Family Pension Scheme, 1964).
- ✚ For measures for Old Age, Invalidity and Death: The Assam Tea Plantation Provident Fund Act, 1965;
- ✚ For measures for Old Age, Invalidity and Death: The Seamen's Provident Fund Act, 1966.
- ✚ The Survivorship Pension Scheme, 1971;
- ✚ For measures for Old Age, Invalidity and Death: Employees Family Pension Scheme, 1971;
- ✚ Social Security Measures under consideration:
- ✚ Gratuity Trust Funds
- ✚ Unemployment Insurance
- ✚ Integrated Social Security Scheme

These Acts and schemes from time to time have been discussed and amended as per as needed. Apart from these, a social security division, under the Ministry of Labour and Employment, has also been set up, which mainly focuses on framing policies for social security for the workers of organized sector. Besides these, many more schemes encompassing the larger context of social security was adopted in this phase.

## Social security in Post-Liberalization phase

After looking the developments since 1947, it can be seen that along with several welfare programs of social security, India has also reformed many Acts in favour of providing social security. This trend continues till 1980s. But the economic reform in 1991 has changed the picture of social security in India. The adoption of liberalization, privatization and globalization has downsized the role of state which has resulted in decline of social security investments. So it is seen that in formal social security arrangements, which covers healthcare, accidents and old age benefits, covers only 8% of the workforce and another 6% of workforce is believed to be covered under sort of social security mechanism. In his keynote address, titled 'Expanding social security in the neo-liberal world: India's tryst with rights-based approach,' Professor Ravi Shankar Srivastava of JNU's Centre for the Study of Regional Development delivered at Guelph University, discussed the lack of social security in India, more so for the poor. He said, "India's social security expenditure is a relatively small part of GDP and total public expenditure - approximately 3.6 to 4.8 percent in the former case and 12 to 16 percent in the latter - depending on the items one chooses to include in the rubric of social security, In the last decade of twentieth century, India had able to gallop in case of economy where Gross Domestic Production (GDP) raised up to 10%. But this model of development failed to include the common masses. This has led people to question the development model and neo-liberal policies of the Indian state. On the backdrop of such criticism and dissatisfaction among the Indian mass, social security and social welfare policies such as National Rural Employment Guarantee Act (NREGA), National Rural Health Mission (NRHM) etc. were adopted by the government

In the earlier phase till 1990s, the Indian discourse on expansion of social opportunity was not rights-based. But this phase has experienced some rights based approach to social security. In this

phase, many rights based initiatives were taken towards social security. Right to Education, right to health care under NRHM, right to employment under NREGA are few instances for right based social security programs in India

Broadly, in this phase the following are the priority areas of investment in social security. D Rajasekhar, in his presentation titled 'Social Security in India: Status, Issues and Ways Forward', presented at International Conference on Social Security System in Developing and Newly Industrializing Countries: Utopia or Strategy for Keeping Peace and Fighting Poverty, Germany in September, 2007 highlighted categories of social security programs in India. To him Promotional social security, Protective social security, Social Assistance, Health and Social Insurances are major categories of social security investment.

## Initiatives

In post reform era, especially in twenty first century governments have made some reforms. These reforms include economic security, food security, health security, environmental security, personal security, community security and political security which UNDP Human Development Report, 1994 has identified as core areas for social security. These reforms have resulted in programs like-National Rural Health Mission, *Pradhan Mantri Swasthya Suraksha Yojana*, *Rashtriya Swasthya Bima Yojana* for the unorganized sector poor, Universalizing rural sanitation, Affordable essential drugs etc. for health security. Expansion of education outlay, program on school education for all under *Sarva Shiksha Abhiyan*, access to higher education etc. are designed for providing educational security.

Apart from these, Inclusive agenda for minorities like Prime Minister's new 15-Point programs for the Welfare of Minorities, Institutional strengthening for minorities, empowerment of women, caring for senior citizens are taken in this phase. MGNREGA, welfare of workers in the unorganized sector, *Aam Admi Bima Yojana*, *Rashtriya Swasthya Bima Yojana*, Indira Gandhi

National Old Age Pension Scheme, Rajiv Gandhi *Shilpi Swasthya Bima Yojana*, are also some steps towards social security. *Bharat Nirman*, agricultural development, national food security mission are some steps for economic security. Unorganized Sector Social Security, Protection of environment and climate change, water conservation, Disaster Management Act of 2005, rehabilitation and

reconstruction activities also reflect the social security indicators mentioned in UNDP report.

Besides these, the Employees' Pension Scheme, 1995 is also a contribution to social security. This scheme provides freedom from want after retirement to the service persons. All these policies and programs have tried to provide some sort of social security in India in this century.

Table 1: Few major social security initiatives

| S.No | Policies/Acts  | Year |
|------|--|------|
| 1    | Employees' Pension Scheme, 1995                            | 1995 |
| 2    | Sarva Shiksha Abhiyan                                      | 2001 |
| 3    | NRHM   | 2005 |
| 4    | NREGA/MGNREGA  | 2005 |
| 5    | Unorganised Sector Social Security Bill,                   | 2007 |
| 6    | The Right of Children to Free and Compulsory Education Act | 2009 |

Sources: UPA Government Report to the people, 2004-08, 2009-2010.

#### General Budget 2011-2012 and Some Social Security Investments:

- ✚ Allocation for social sector in 2011-12 (₹ 1,60,887 crore) increased by 17 per cent over current year. It amounts to 36.4 per cent of total plan allocation
- ✚ Allocation under Rashtriya Krishi Vikas Yojana increased from 6,755 crore to 7,860 crore
- ✚ National Food Security Bill to be introduced in the Parliament during the course of this year
- ✚ Allocation for Bharat Nirman program proposed to be increased by ₹ 10,000 crore from the current year to ₹ 58,000 crore in 2011-12.

- ✚ Allocation for education increased by 24 per cent over current year.
- ✚ 21,000 crore allocated to SSA, which is 40 per cent higher than Budget for 2010-11.
- ✚ Plan allocations for health stepped-up by 20 per cent.
- ✚ Investments in environment protection

Thus from the above discussion, we can say that India has given importance to social security throughout its planning and so in budgets. There has been a continuous effort made by government to bring social security in India. But these investments are not constant and a diminishing curve can draw in India's social security investments in last few years. The following table portrays the actual picture of India's social security picture and its graph.

**Table 2:** Investment in social security programs since 2005-06

| Sector                             | 2005-06              | 2006-07              | 2007-08              | 2008-09              | 2009-10              |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Agriculture                        | 7,690.15 = 1.5%      | 9,675.14 = 1.72%     | 10,845.3 = 1.59%     | 14,632.04 = 1.95%    | 12,255.83 = 1.19%    |
| Manufacture                        | 5,012.52 = 1%        | 6,359.32 = 1.12%     | 7,376.65 = 1.08%     | 9,353 = 1.25%        | 15057.31 = 1.46%     |
| Defence                            | 83,000 = 16.14%      | 89,000 = 15.78%      | 96,000 = 14.06%      | 1,05,600 = 14.06%    | 1,41,703 = 13.78%    |
| Service                            | 40,806 = 7.93%       | 4,564.39 = 8.03%     | 78,298.21 = 10.43%   | 1,26,166.82 = 16.8%  | 1,15,045.4 = 11.19%  |
| .Interest payment & debt servicing | 1,33,944.86 = 26.04  | 1,39,822.6 = 24.79%  | 1,58,994.93 = 23.36% | 1,90,807.47 = 25.41% | 2,25,510.86 = 21.94% |
| Infrastructure                     | 18,471 = 3.59%       | 28,505.61 = 5.05%    | 48,223.78 = 7.09%    | 38,375 = 5.11%       | 39,771 = 3.87%       |
| Social                             | 65,584 = 12.75       | 1,16,127.47 = 20.59% | 1,06,970 = 15.72%    | 1,22,358.5 = 16.3%   | 1,91,830.77 = 18.66% |
| Railways                           | 7,996 = 1.56%        | 7,878.29 = 1.4%      | 32,597 = 4.79%       | 10,081.59 = 1.34%    | 15,800 = 1.54%       |
| Subsidies                          | 47,424.46 = 9.22%    | 46,213.52 = 8.19%    | 54,557.89 = 8.02%    | 71,430.6 = 9.51%     | 1,11,275.88 = 10.82% |
| Others                             | 1,04,257.53 = 20.27% | 75,180.02 = 13.33%   | 94,320.14 = 13.86%   | 62,098.07 = 8.27%    | 1,59,849.08 = 15.55% |
| Plan total                         | 1,72,500             | 1,72,728             | 2,05,100             | 2,43,385.5           | 3,39,398             |
| Non-plan total                     | 3,70,847             | 3,91,263             | 4,75,420.51          | 5,07,498.03          | 6,88,634             |
| Grand total                        | 5,14,344             | 5,63,991.13          | 6,80,520.51          | 7,50,883.53          | 10,28,032            |
| Bharat Nirman                      | 12,160 = 2.36%       | 18,696 = 3.31%       | 2,460 = 3.62%        | 31,280 = 4.17%       | 45,356 = 4.41%       |

Figures shown in the table are in crore in Indian rupee and percentages

## Challenges

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The initiatives for social security, both in constitutional level and non-constitutional level in India, have tried to bring social security in India. But these efforts have not succeeded in ensuring social security as it has faced several challenges. Circumstances like control of global financial aid and control over social security investments through SAP, the un-sustaining nature of investment, adoption of market economy, capitalist mode of production, plurality of needs etc. have challenged the social security programs in India. Diminishing nature of budget in social security, gross scale corruption, inadequacy of rectifying agency also has put forward challenges in maximizing social security to people.

Another challenge in providing social security is the organized work sector. In organized work sector, the problems are of aged and the aging population. The increasing nature of aged population, mainly dependent on other aged group of the population is a challenge to social security. Madhava P Rao in a report stated that, "While the increasing labor force in the country and the decrease in the organized labor in proportion to the growth is a major challenge to the social security systems in the country, the growth of the aged population which is either dependant on the young or unemployed or working for food during the evening years of their life is another challenge to the social security systems in the country."

Economic reforms and ad vocation of private intervention in social security has also posed threat in bringing social security in India. The result of economic reform has just not downsize the state, nor even disinvestment, but simply deregulates certain areas which stand as challenge to social security. Again, the ratio between traditional and non-traditional security investment, where the former occupies a superior position than its necessity also emerged as a challenge to social security. Investment in traditional defense security leads to disinvestment in non-traditional social security. The table 4 indicates this very clearly.

To briefly sum-up, these are the experiences of challenges that India is witnessing in social security. This is more so in the post reform era, where threats are more viable due to minimal state strategy. The challenges in this period, due to less attention by the state, have affected the poor people of the nation as they lost their state shelter. But the positive changes of coalition government have brought some rays of hope in this new century. 'The Congress led UPA government, as a part of its Common Minimum Program, has introduced several programs and policies which have elevated the role of state. And it has also increased the state attention in social welfare and social security.

## Conclusion

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From the above discussion it can be sum up that the concept of Social Security has originated long before. The French revolution, Treaty of Versailles, UDHR, ILO declarations, UNDP Human Development Reports, etc have contributed in the emergence of the concept of social security. In India, the Constitution of India especially in the Preamble, Fundamental Rights, Directive Principles of State Policies and in concurrent list made provisions for social security. In implementation of these provisions, Indian experiences can be categories in two phases, the first in pre reform era, when state as a welfare state contributed to social security. In the second phase, the liberalization of economy has downsized the role of state in social welfare and social security. But in the twenty first century, the state and governments with Common Minimum Program resumed the social security investments. Despite of all these initiatives, there are still some challenges posing threat to social security, and they need timely intervention so as to maximize social security outcomes of the state.

Regarding social security, Amartya Sen has said, "If you have social security properly entrenched, social security in terms of education and health, that way you will have more efficient and productive workforce. In other words, good social development can eventually be very positive for

economic growth. Thus, there is a strong need for social security in India, but with a holistic and progressive approach along with proper implementation.

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