CHAPTER-II

SOCIAL SECURITY: HISTORICAL PERSPECTIVE

2.1 Introduction

Development is a comprehensive economic, social, cultural and political process, which aims at the constant improvement of the well-being of the entire population and of all individuals on the basis of their active, free and meaningful participation in development and in the fair distribution of benefits resulting therefrom.

The human being is the central subject of the development process and that development policy should therefore make the human being the main participant and beneficiary of development.¹

India has fully recognized the importance of the development policies of which Social Security constitutes a significant part and hence it is accordingly taken up definite strategies to realise the goal of ensuring economic security of every individual. Social development was viewed as the primary goal with economic growth being only a means to achieve it. The alleviation of poverty and raising the standards of living of poor people, promoting education and employment and making the citizens self-sufficient through the accelerating of development along with growth and social justice has been the major plank of

development strategies since India became independent. These objectives received utmost priority in all the Five Year Plans. In fact the planning to achieve these goals was started before India got its independence. In 1931 at Karachi, the Indian National Congress passed a landmark resolution on Fundamental Rights and Economic and Social change, the provisions of which have been regarded as the antecedents of the Directive Principles in the Constitution. The Resolution reads as under:

“In order to end the exploitation of masses, political freedom must include the real economic freedom of the starving millions.” The state was to safeguard “the interest of industrial workers”, ensuring that “suitable legislation” should secure them a living wage, healthy conditions, limited hours of labour, and protection from “the economic consequences of old age, sickness and unemployment.”

Later in 1938, the Indian National Congress constituted a National Planning Committee under the chairmanship of Pandit Jawaharlal Nehru, emphasizing the importance of planning in realizing social and economic objectives. The Committee declared that the social objective should be “to ensure an adequate standard of living for the masses, in other words, to get rid of the

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The appalling poverty of the people.”\[^3\] The twin targets of the Committee were the attainment of national self-sufficiency for the country as a whole, and the doubling of the standard of living in ten years.\[^4\] The economic planning was emphasized by the ‘Bombay Plan’ in 1944\[^5\] in order to achieve these targets. The report of the Plan reads as under:

> "The State should play a positive role in the direction of economic policy and the development of economic resources. It is from this angle that we approach the problem of determining the place of the state in a planned economy in India."\[^6\]

This objective was further reiterated by the high-level panel set up under Jawahar Lal Nehru by the All India Congress Committee to prepare an economic Policy report. The report was finalised in January 1948 and it laid down two main objectives:

i. To create a political system and a social structure that will “provide an alternative to the acquisitive economic of private capitalism and the regimentation of a totalitarian state”, and

\[^4\] Ibid, p.33.
\[^5\] In 1944, Eight Leading Industrialists, Shri P. Thakuradas, G.D.Birla, J.R.D. Tata, Ardeshir Dalal, Sri Ram, K. Lalbhai, A.D. Shroff, and John Mathai prepared a brief Memorandum Outlining a Plan of Economic Development in India.
ii. To assure a national minimum standard in respect of “all the essentials of physical and social well-being” to every family within “a reasonable period of time”. This was to be the practical goal of all schemes of development.

The development strategy to realize these objectives was to be based on “full employment Growth (for providing the minimum standard of living and full employment) and equitable distribution of existing incomes and wealth.”

These initial developments took a concrete shape later in the form of a detailed statement of welfare rights and the kind of egalitarian state India seeks to adopt, enshrined in the Constitution of India.

2.2 Definitions of Social Security

The term Social Security though defined by many persons and institutions throughout the world does not suit the present needs of the world. Earlier Sir William Beveridge in the Report on Social Insurance and Allied Services defined the term Social Security as an attack on five giants’ viz., want, disease, ignorance, squalor and idleness. This definition widely and broadly covered the insecurities of an individual in those days. But now the individuals are exposed to many new types of insecurities for which there is no law and which the state or society has not visualized. Let us also examine some of the other definitions on Social

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Security and how far they are suitable to the needs or requirements of the present society.

The International Labour Organisation which made the first systematic effort to define the term Social Security explained it as, “The security that society furnishes through appropriate organisation against certain risks to which their members are exposed. These risks are essentially contingencies against which the individual of small means and meagre resources cannot effectively provide by his own ability or foresight or even in private combination with his fellows, these risks being sickness, maternity, invalidity, old age and death. It is the characteristic of these contingencies that imperil the ability of the working man to support himself and his dependents in health and decency.”

William Beveridge, father of the British Social Security System, defines Social Security as follows:-

“The term Social Security is used to denote the securing of an income to take the place of earnings when they are interrupted by unemployment, sickness or accident; to provide for retirement through age; to provide against loss of support by the death of another person, and to meet exceptional expenditures such as those connected with birth, death and marriage. Primarily, Social Security means security of income up to a minimum, but the provision of an income should be associated with treatment

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designed to bring the interruption of earnings to an end as soon as possible.”

According to Jean Dreze and Dr. Amatya Sen, “The basic idea of Social Security is to use social means to prevent deprivation and vulnerability to deprivation.” Robin Burgess and Nicholas Stern summarises the objective of Social Security as “The prevention by social means of very low standards of living irrespective of whether these are the results of chronic deprivation or temporary adversity.”

The Encyclopaedia Britannica defines Social Security as ‘the main purpose of any plan for Social Security in insurance against interruption and destruction of earning power and for special expenditure arising at birth, marriage or death. This definition mainly focus as on interruption in earning capacity and expenditure arising at birth, marriage or death but no mention about sickness, disablement maternity, unemployment etc., The kinds of interruption in earning capacity have not been specified clearly. The interruption may be of above contingencies.

W.A. Robson defines “Social Security is a way of ensuring freedom from want of or poverty which is one of the formidable obstacles in the way of progress

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9 Ibid.
Social Security implies insurance against those misfortunes to which an individual remains exposed even when the condition of society as whole improves”.

Maurice Stack defined the term security that we understand a programme of protection provided by the society against those contingencies of life such as sickness unemployment old age, expediency, industrial accident and invalidity against which the individual cannot be expected to protect himself and his family by him own ability or foresight. This definition is very narrow and it is not covering all the contingences lead by present man such as birth, maternity interruption in income or destruction and death etc.,

Friedlander defines Social Security as a programme of protection provided by society against these contingencies of modern man like sickness, unemployment old age, dependency, industrial accidents and invalidity against which the individual cannot be expected to proceed himself and his family by him own ability or foresight. The definition of Friedlander is similar to Maurice Stack covering sickness, unemployment, old age, industrial accident etc., This definition is also not clear and filed to point out the various other contingencies faced by the present man though Sir William Beveridge broadly defined Social Security as want disease, ignorance, squalor, and idleness he subsequently clarified the meaning of the term Social Security as the securing of an income to the place of earnings when they are interrupted by unemployment, sickness on

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accident to provide for retirement benefits during old age, to provide against loss of support by the death of another person, and to meet exceptional expenditure such as those connected with birth, death and marriage.\textsuperscript{15}

Mathew has correctly stated that as a concept Social Security had come to be accepted as the protection furnished by the society to its members through a series of public measures against the economic and social distress that otherwise would be caused by stoppage or substantial reduction of earnings, resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death and to provide for medical care and to subsidies families with children.

Many of the above definition are not suitable and systematic to provide full protection in all the contingencies faced by any individual in the present day’s insecurity and injustice.

The contingencies such as sickness, unemployment old age, industrial injury, etc., are common. The definition of Beveridge was suitable to the people of those days. The definite of Robson does not include the various measures improving the condition of society full employment minimum wages factory laws, public health, education and so forth. The definition provides insurance against those misfortunes to which an individual remaining exposed, but what the misfortunes are and when they occur in the life of a man cannot be predicted Robson’s definition is vague and not specific.

Mathew’s opinion about Social Security appears to be somewhat reasonable is which the society provides protection to its members through a series of public measures against economic and social distress caused by stoppage or reduction of earnings resulting from certain contingencies. Some participate of the Seminar on Social Security and National Development held in India in the year 1977\textsuperscript{16} fell that it was necessary to redefine the concept of Social Security in order to include within its scope the basic needs of the people, basic needs should include protection against hunger, sickness, natural, calamities and miseries some others felt that shelter (housing) clothing and employment guarantee should constitute part of the basic needs that should be guaranteed the by Social Security programme.\textsuperscript{17} The attempt of this seminar to redefine Social Security was a welcome step and praiseworthy.

The ILO has made a more systematic attempt in defining the concept of Social Security. The definition of ILO on ‘Social Security’ makes the society responsible to give protection through certain organizations to its members who face certain risk or contingencies because of which they cannot get security either with small means or in private combination with others. The definition directs the State to perform its duty for the welfare of the citizens and to promote Social Security to the utmost confidence and satisfaction of everyone. However, these definitions seem to be incomplete that they have failed to encompass all the

\textsuperscript{17} Report of a National Seminar held in India on Social Security and National Development, 1977, p.12.
problems of the present society. Some foreign authors describe, Social Security schemes as deliberately designed to promote transfers from larger or smaller incomes. The ILOs Social Security Reports published in 1970 give the following definition of the aim of Social Security. The mechanics of modern Social Security measures consist in counteracting the blind injustice of nature and economic activities by rational, planned justice with a touch of benevolence to temper it.\textsuperscript{18}

The definition and object of Social Security differs from author to author, deviates from country to country varies from scheme to scheme and discriminates from contingency to contingency depending upon the nature of their Constitutions such as capitalist Countries, Umbrella Democracies Socialist Societies and Communist States. Some of the definition to a certain extent, reflect the actual situation in Capitalists Countries.

The nature and attitude of some of the countries differ in their Social Security policies, Social Security under capitation, both in theory and practice, constitutes an attempt to limit the scale of poverty and relieve the catastrophic consequences of unemployment, illness, disability and old age for the workers and their families. In fact, these are not the goals but a means to an end, to alleviate the contradictions of capitalism in a socialist society; the main aim of Social Security is to provide means of subsistence for those who are unable to work, and

\textsuperscript{18} ILO Geneva, an Introduction to Social Security, \url{http://www.indialabourarchives.org} visited on 10.06.2012.
to create the appropriate conations for developing their physical and mental capabilities.

Social Security is a comprehensive universal protective policy and programme translated by legislative measures and organized through right for a decent and dignified human living; and not a charity with the twin measure prongs of Social Insurance and Social Assistance methods launching an attack poverty, hunger disease, disability, society, child, women or old person whether working or not whether belonging to organized sectors, whether in rural areas or in urban areas.

2.3 Social Security System in Ancient, Medieval and Modern India

The traditional and informal mode of Social Security in rural India was embedded in various social institutions like family, religion, caste, village etc since time immemorial though the origin of the concept of Social Security in its formal and present form is relatively recent. A historical study would enable not only to trace the growth and development of any system but also helps to focus on the merits and demerits there by giving scope to the improvement of the system. The Social Security system in India that is been prevailing since ancient times up to the present day can be studied in two different stages viz., i) The of Social Security and ii) Social Security in rural India

2.3.1 The History of Social Security
The history of Social Security can be classified under the following three different stages:

a. Social Security in Ancient India
b. Social Security in Medieval India
c. Social Security in Modern India

a. Social Security in Ancient India

Social welfare and Social Security in ancient Indian jurisprudence was the concern of ‘Dharmā’ which has an ultimate aim, a characteristic feature and that ultimate aim is to remove the miseries of the people. The emphasis in ancient India was more on duties of the individual rather than on their rights. In the society, the organizational unit, everything was done and every person lived for the society, its welfare and improvement. The King as well as his subjects had their respective duties towards it. Every action, according to the dictates of Dharma was performed with a view to add to the welfare of the society which to a very great extent helped the economic adjustments and re-distribution of various resources. Under the conception of various vratas (self imposed duties or the ones prescribed by the superior authority), it was the duty of the king to work for the welfare of the people- ‘Raja Prakrtiranjanata’. Legislator-philosophers who propounded the law codes were seriously concerned about the welfare of the members of the society and made elaborate rules governing the society with regard to religion, domestic duties and mutual relations between different
members of the society. The Darmasastras, the Epics and various other works point out to these rules.

“Rajadharma required the king to extend all the necessary assistance and encouragement to the people. He was specifically called upon to help orphans, aged people, widows, and those suffering from diseases, handicaps and calamities. Ensuring education, training and employment using the resources of the state, were made obligatory on the part of the king.”

Mahabharatha Shanthi Parva 86, 24-25, states:

Kripanaanathvridhanaa vidvanaa cha yoshithama |
Yogakshema cha vritti cha nithyameva prakrutparet ||
Aashrameshu yathakalaa chailabhajanabhojanam |
Sadaiwoparedraja satkriyabyary manya cha||

(“The King should look after the welfare (Yogakshema) of the helpless, the aged, the blind, the cripple, lunatics, widows, orphans, and those suffering from diseases, and calamities, pregnant women, by giving them food, lodging, clothing and medicines according to their needs”)

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Kautilya also, in his illustrious work ‘The Arthashastra’, mentions about the duties of the king upholding the welfare of his subjects. He points out that, “the State or the Government has a crucial role to play in maintaining the material well-being of the nation and its people. A ruler’s duties in the internal administration of the country are threefold: Raksha or protection of the State from external aggression, Palana or maintenance of law and order within the state, and Yogakhema or safeguarding the welfare of the people”.22

According to Kautilya, Social Security was both a private and state matter. The state had the obligation to provide a safety net and maintain children, the aged, childless women and the helpless. Kautilya mentioning about the responsibilities of the King holds that, “He shall maintain, at state expense, children, the old, the destitute, those suffering from adversity, childless women and the children of the destitute women.”

There is also a mention about compulsory savings and pension and family allowance indicating that a law providing for security of future has been prevailing in ancient India. Sukranitisara, a compilation of rules of Rajadharma and allied topics mentions that 1/6th or 1/4th part of the wages of an employee should be deducted and the said amount should be paid to him (either in full or half) after two or three years (according to his requirements). It also mentions about pension and family allowance. It holds that an employee who had put in a

service of forty years should on retirement be paid a pension throughout his life equal to half his wages and after his death, a family allowance equal to half the amount of his pension, i.e. 1/4\textsuperscript{th} of his original salary should be paid to his wife or the daughter as the case may be, till the employee’s son becomes a major.\textsuperscript{23}

Although these rules point out measures that are to be taken up by the rulers, the Social Security of the people naturally changed with the change of the policy. Over the centuries as the agro-pastoral communities developed gradually into politically effective territories with the establishment of kingdoms, oligarchies and chiefdoms, the nature of the welfare and Social Security of individuals also changed. A study of the changes that took place in the polity in ancient India over the centuries and the changes in the economic conditions therein helps in the understanding the position of an individual as to his economic security at that point of time. Hence a brief assessment of the political and economic changes and the impact of them on the Social Security of the people at that time can be made under the following periods:

i. The Vedic Periods (1700 – 600B.C.)

ii. The Age of Imperial Unity (600B.C. – 320 A.D.)

iii. The Classical Age (320-750 A.D.)

iv. The Age of Imperial Kanauj (750-1000 A.D.)

v. The Struggle for Empire (1000-1206 A.D.)

i. The Vedic Period (1700-600 B.C.)

In the early Vedic period the primitive tribal communities evolved gradually grew from being nomadic tribal groups to civilised tribal settlements and took to agriculture and made use to metals. They prosperity increased with easier access to both iron ore and more land for cultivation. In this communitarian society which functioned like an extended family, everybody’s needs were catered to by every-body. Their life was one of complete mutuality and reciprocal assistance whether the needs were basic or special, generic or arising out of vulnerable situations like disease and external danger. In knowledge and skill, people differed only in quantity and everybody did for others in need what others did for him in similar circumstances. The whole business of helping people in need was everybody’s business mainly handled in a collective way. Thus everybody was principal and agent both on different occasions and for different purposes.

The society was composed of a number of tribes among whom inner-tribal conflicts were a feature of frequent occurrence. As the tribal territories progressed and grew in size through these conflicts, the kingdoms headed by hereditary

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chieftain-kings came in to existence. The fusion of tribes and the extension of authority over increasingly wider areas made possible the emergence of bigger kingdoms than those existing before. The growth of bigger kingdoms was either accompanied with or immediately followed by the concept of paramount authority, the ‘Chakravarti Raj’ simultaneously the duties of the king (Rajakartavyaani) also increased.\(^\text{27}\) The duty to protect the kingdom envisaged the duty to protect the people in every way including giving them protection against external aggression or internal disorder. The main duty of a king, as stressed in all the works was the protection and welfare of his subject.\(^\text{28}\) Since poverty and misery could lead to disaffection among the people and so undermine the security of the kingdom, the king was strongly advised to take preventive measures against these social evils.\(^\text{29}\)

During this period along with the origin of kingship and the polity changing from tribal territory to a centralised kingdom or empire, the growing population and the prosperity led to the emergence of cities and class system. The Varna (Class) System was based on the work done by the people. People got categorised into 4 classes – the teaching class as Brahmins; the ruling class as Kshatriyas; the business class as Vyshyas; the hard working class as Shudras. In this manner the Varnashrama Dharma was established with well defined duties.

In the process of growth coupled with social changes and with the concept of private property gaining significance a different classification of people began in the terms of their economic prosperity – the Rich and the Poor, the haves and have-nots, the privileged and under privileged, the dominant and the oppressed class.

The concept of property appeared due to increase in commerce and that inevitably led to hierarchical social ratification. This in turn gave rise to the concept of charity.\(^\text{30}\)

The identification of the people by their richness gave room for threat to the property possessed by the rich at the hands of the few egoistic, lazy and cunning people belonging to the poorer class that gave rise for the first time to Security Concerns. On the other hand the increasing gap between the people on economic criteria gave rise for the concept of Dhana i.e., Assistance.

“Earlier when there was common ownership of property by the tribe, Dana was a protection as of right, against starvation, for the sick the aged, the maimed and the weak, who had the first claim on social property. But when private property and class rule came across (during the late Vedic period and after), Dana was converted from an instrument of social insurance to a privilege of the ruling class. Dana became now a voluntary virtue and charity of the kings and Kshatriyas. It also lost the character of an equal and general distribution.”\(^\text{31}\)


The purpose of gift giving (Dana) was said to be threefold: as a magico-religious function of propitiating the super natural; a mutual conferring of status; and as means of exchanging and redistributing economic wealth. But gradually by the time of the later Vedic period, Dana not only became institutionalized but it also acquired the characteristics of charity with religious ideology as a sanction behind it. Though the notion of exchange and redistribution remained central, the donor acquired merit (Punya) in return by donating tangible wealth.

The Vedic period thus marks a gradual change from communitarian society where weaker and vulnerable people were given protection not for their disabilities but as of a right, to group and class establishments where they had to depend on the charity of the powerful thereby institutionalizing the concept of charity from the earlier notion of economic redistribution.

ii. The Age Of Imperial Unity (600 B.C-320 A.D)

The sixth century B.C. is significant in the history of ancient India in the terms of politics and economics. The period witnessed new economic forces at work, invigorated through rapidly expanding commerce, increase in the number of artisan-population, organization of sirens or guilds. Also, the development of groups and institutions based on kinship, occupation and neighbourhood led to full establishment of the joint family system, the caste system and the village community by the beginning of this period. These self-evolved institutions

became prominent in catering to the needs of the needy people among themselves. Social Security, mutual aid and collective endeavour had developed around these institutions.

The joint family system offered the paternal protection and gave a sense of security to the aged and handicapped members. The village elders exhorted youngsters who abdicated their duties and the youngsters for the fear of being criticized by the community would fulfil their obligations towards other members of the family who are in need. It was an important institution which determined the social order amongst Hindus in ancient India and it served as a useful devise for taking care of the needy and destitute members; it protected child widows, the physically and mentally retarded and unemployed members of the family. The family income was distributed among all the members without any consideration of the individual.  

35 It provided the universal insurance against unemployment.36

Guilds in ancient India were thus regarded to be important corporate organizations which performed a variety of economic and welfare functions. By the time of seventh century B.C., they played a dominant role in the economic sphere of the society. “Sreni Dharma (usages of the guilds) gradually acquired the force of law and guild was recognized as a ‘definite part of state fabric’. Apart from the contributions of individual members, these guilds derived their income from the gifts of the king, the profits earned by the corporate undertakings of the

36 Supra Note 1, p.54.
individual members and the income by the levying of octroi and other duties.”

These guilds have provided Social Security to their members in addition to performing a variety of political and economic functions for the benefit of their members. Some part of the funds of the guilds was utilised for the relief of deserving persons such as the distressed, diseased, blind and infirm, orphans and helpless women.

These efforts by the community were strengthened if an efficient ruler took over the reins of the kingdom. During the Mauryan period, employment was also provided to the agriculturists through public works such as constructing or repairing the forts and water tanks. People working in such projects were supplied with food. During natural emergencies like floods and famines, the king distributed food and grains freely to the needy people. The king was to keep half the grains collected from the people during normal times as an insurance fund against famines. If all these measures failed to take care of poverty only then, the state provided maintenance to the poor and needy in charitable institutions. The managers of these charitable institutions were made accountable to the village officer (Gopa) or city officials (Nagaraka or sthanika).

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Emperor Ashoka (reigned 273 B.C - 246 B.C.) was famous for his humanitarian and administrative measures which contributed immensely to the welfare of the masses. He encouraged acts of charity for the relief of the poor and the distressed and employed officers of superior ranks to organise and supervise public acts of charity. The high commissioners of charity (Dhamma-Mahamattas) were involved with the overall charge of the welfare activities in addition to the recording of charitable donations by the royal family and the regulation of charity. The emperor developed a very comprehensive system of social welfare which included women’s welfare, rehabilitation of prisoners, rural development, free medical care and provision of public utilities. “the empire under Ashoka’s rule with a prospering economy leading to the generation of surplus social wealth; a high rate of taxation to redistribute some of this surplus wealth from the classes where it tended to concentrate; implementation of a comprehensive scheme of social welfare meant for all the people and in particular to the poorer sections of the society, and using it as a means of social integration and social control; a sprawling bureaucracy particularly for the administration of welfare; and a liberal political- social ideology, was considered as early proto-type of the welfare state and can be compared with the present century’s most developed and affluent nations.”

43 Ibid.
44 Ibid.
Thus, the communities efforts coupled with the King’s support gave the much needed protection to the weaker and vulnerable sections of the society. But, there seems to be no consistency in rendering this support as much was depended on the generous nature of the king who was ruling at that point of time. In addition to this, the frequent wars that overthrew dynasty after dynasty also contributed for not getting the required support and people suffering from social miseries.

iii. The Classical Age (320-750 A.D)

During this period, the glorious Guptha Empire flourished and this period is referred to as the ‘Golden Age’. Chandra Guptha I (reigned 320-335), Samudra Guptha (335-375) and Chandra Guptha II (375-415) of Guptha dynasty, Harshavardhana, the King of Kannauj (reigned 606-647) in the north and Pulakesin (610=642) of the Chalukya dynasty in the south were powerful kings who improved the economic system of their times and also undertook welfare measures. The traditional Indian economy was characterized by small-scale production in family units of peasants and artisans. Land and labour as factors of production were abundant, and the third factor, capital was not required and when it is required the shreni’s or guilds rendered the needed support. Guilds continued to offer status and a sense of security by providing socio-economic

45 Ibid.
support. The Kings of Gupta dynasty made serious efforts to restructure the existing agrarian economy by giving land grants to individuals there by encouraging the conversion of the wasteland. Initial grants with respect to the areas beyond the River Ganges and with the irrigation facilities provided or improved either by the grantee or with the state’s aid brought many areas under cultivation giving rise to a larger agrarian economy.

However, crystallization of the Varna system, the existence of slavery in various forms and the practice of un-touchability, the prevailing social evils made the lower caste people suffered without any support either from the community or from the Ruler. Bana, the illustrious Sanskrit poet, in his work ‘Harsha Charitha’, the Biography of Harsha, describes the plight of the poor people. He refers to the poor people of villages garnering the grain left in the camp of the king after the soldiers have moved away; he also describes that the “king’s elephants trampling on the hovels of the poor who are thereby left homeless, and all they can do is to pelt the soldiers with clods of earth”.

iv. The Age Of Imperial Kanauj (750-1000 A.D)

This period is marked with different dynasties ruling different parts of India. The Rashtrakuta, Pala, Eastern Chalukya, Chandella and Kalachuri dynasties and Pallavas, Pandyas and the Cholas in the south extended their

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48 Ibid.
49 Quoted by Romalia Thapar, (2003), Supra Note 33, p. 303.
empires.\textsuperscript{50} During this period, there seems to be no significant changes with respect to the economic aspects or the welfare of the people. The Joint family system, the caste system and the village community continued to play a major role in providing the security.

The poor and the needy people depended on the charity and the philanthropic activities of the generous people. In fact, throughout the history of India, the village community played a tremendous role in every aspect of life of an individual, be it social, cultural, religious or his welfare in general or with regard to his survival during financial emergencies.

Lord Metcalfe aptly described the power and the strength of the villages in India all throughout the centuries witnessing the dethronement of various dynasties and new dynasties reigning in. He remarks:-

\begin{quote}
“The village communities are little republics, having nearly everything they want within themselves, and almost independent of any foreign relations. They seem to last where nothing else lasts. Dynasty after dynasty tumbles down; revolution succeeds to revolution; Hindu, Pathan, Mughal, Maratha, Sikh, English, are masters in turn but the village communities remain the same.”\textsuperscript{51}
\end{quote}

\textbf{v.} The Struggle For Empire (1000 A.D-1206 A.D)

\begin{flushleft}
\textsuperscript{50} Ibid.
\textsuperscript{51} J. W. Kaye, papers of lord Metcalfe, 1885.
\end{flushleft}
Historians refer to this period as ‘Dark Age’ as all over the northern India, the dynasties could not sustain themselves. The Palas, Eastern Chalukyas continued to rule for some time during this period. All over the north, the Hindu kings gradually lost sovereignty. Conflict, confusion and uncertainty were to be found nearly everywhere except in the extreme south.\(^5^2\) In Rajasthan since the post Gupta period, Rajputs belonging to various families like Gujara, Pratihara, Guhilavamsa, Cahanama etc have ruled over a period ranging from seventh century to 1320 A.D.\(^5^3\) but were deeply divided by clan feeling and chiefs rivalry.\(^5^4\) In the south Cholas emerged as the dominant power and reigned up to 1300 A.D. and Kakatiya dynasty also flourished. When the political scenario is turbulent, it would definitely have an impact on the economic conditions and ultimately the people would be left without much support. By the end of twelfth century, the long reign of Hindus states had been broken in north, by the reign of Muslim Turks.

b. Social Security in Medieval India

The Muslim sultans of Perso-Afghan-Turkish decent ruled approximately for three and quarter centuries. During the sultanate period, sultan and his nobles with their retinue of personal attendants and entertainers occupied the top strata of the society with a few dependent middle classes. And at the bottom were the large mass of oppressed peasantry along with a few artisans and workers struggling

\(^{53}\) Brajudulal Chattopadhyaya, The Making of Early Medieval India,1994, Oxford University Press: New Delhi,pp.57-88
\(^{54}\) Supra Note 38, at pp.1-2.
with their livelihood.\textsuperscript{55} The duties of the Sultan were generally limited to the maintenance of peace, protection from external attacks, levying of taxes for purposes of administration, and providing strict and impartial justice to the people without discrimination between the classes. Beyond these limited secular functions, the rulers seem to have taken little interest in promoting the general welfare of the masses. However, during famines, revenue taxes were generally not collected. The food grains, stored in the royal granaries were distributed to the poor.

Charity was emphasized during the sultanate rule also. There were two types of charity, institutionalized and organised charity which included charitable actions by the ruler and the religious institutions; and secondly, the charitable actions of well to do individuals. In keeping with the injunctions of the Islam religion, wealthy noblemen distributed alms to the poor. The religion emphasized austerity, equality and public welfare and also pronounced social and philanthropic character. It professed community living. Hence social services was performed as a matter of religious principle or unintentionally and incidentally.\textsuperscript{56} The sultanate was extending its rule except in Rajasthan where Rajputs held their power and in the south beyond the dividing river of the Krishna, the Hindu empire of Vijayanagar was established in the early fourteenth century and lasted for more than 300 years.

The Vijayanagar Empire was a wealthy state with the commercial activities in spices and cotton. Krishna Deva Raya was the greatest ruler of this kingdom who reigned from 1509-1529 who was known for his courage and integrity and his period was considered to be ‘golden Age’. Emperor Akbar (1542-1605) was another great ruler of medieval period whose rule was exemplary in many ways. He introduced substantial reforms in the state grants for charitable purposes the power confer cash grants or revenue free land (madad-i-maash) was vested in the office of Sadr-Us-Sudar (Ministry for Charity and Chief of Religious Affairs).

These grants were made to four categories of persons, Scholars, Ascetics, the Weak and the Poor, and the Disabled persons. In addition subsistence allowances were paid in cash and to control beggary he constructed three settlements, Dharampura for Hindus, khyr-pura for Muslims and Jogipura for religious mendicants.\textsuperscript{57} But the frequent famines (with no efforts made to control and prevent them) made people particularly the rural poor suffer and many died from starvation. Though during the famines, relief measures like the remission of land revenue and the opening of the royal granaries for the distribution food grains and feeding the poor are taken up, the poor system of transport and communications impeded the relief measures from reaching the rural poor in time.\textsuperscript{58}


\textsuperscript{58} Supra Note 42.
On the whole it can be said that the state provided very few benefits for the population. During normal times as well as during calamities, the benefits are said to have been enjoyed by special classes of population living in particular localities and the common people are left to themselves. They generally turned to traditional social institutions like the kinship, caste and the village community.59 After the death of the Akbar, the social policy was continued without any significant change by his successors.60

c. Social Security during the Modern India

The need and utility of an appropriate ‘Social Security System’ for rural population in India is well established in view of their changing life styles and living conditions, disintegration of joint family system, socio-economic condition, increasing, increasing probability of accidents and occupational diseases consequent upon adoption of mechanised farming and use of agricultural pesticide and also the crop failure due to vagaries of nature, and at the same time the absence of a formal and regular agency to provide Social Security to them. Conceptually, the system of Social Security is to provide against the social risks, like thickness death, accident, old age and involuntary unemployment, etc in India, there is legally-oriented system of Social Security covering wage earners in the industrial sector.

60 Supra Note 42.
2.3.2 Social Security in Rural India

The rural population engaged particularly in agriculture is out of the pale of present system partly because of their unorganized character and partly because of certain imbibing factors for the application of the system like irregular and seasonal character of agriculture work; non-cash element in remuneration of agriculture labour or agriculture being a non-monetary calling; non-maintenance of proper regular accounts; absence of institutional bases for the processes of registration, collecting contribution and payment of ‘benefits’; and heterogeneous character of employment, i.e., same labour works with different employers on different dates.

However, the existing Social Security law is applicable in certain areas of activities in the rural sector. The Workman’s Compensation Act, 1923 is applicable, inter alia, to workers employed in farming by tractors or other contrivances driven by steam or other mechanical power or by electricity. Section 1(5) of the E.S.I. Act, 1948 authorizes the appropriate Government, in consultation with the Corporation or the Central Government, as the case may be, to extend the provision of the Act to any other establishment or class of establishments including agriculture. The power to extend the Maternity Benefits Act, 1961 to agriculture has been conferred on the State Governments by section 2 of the Act.
The Payment of Gratuity Act, 1972 applies to workers employed in certain plantations. But the application of various provisions of Social Security legislation is almost at zero level. Thus, the rural sector has to satisfy certain minimum conditions in terms of adoption of modern production, management and accounting techniques in order to take advantage of the present system.

Our rural sector faces certain additional social risks, apart from normal ones, such as rehabilitation of released bonded labour and income interruptions caused by crop failure and involuntary unemployment or idleness. Though the Government could not protect them against the social risks, yet in the name of rural development and alleviation of rural poverty some Social Security was provided to them in the indirect and incidental manner. It is worthwhile to make mention of them in short. As a part of overall strategy for helping weaker section of the population through special programmes, agriculture labourers were given special assistance. These programmes were designed to provide social justice to them. Small Farmers Development Authority (SFDA) and the agency for Marginal Farmers & Agriculture Labourers (MFAL) were created at the district level which acted as appropriate channels to provide credit and other facilities, including technical guidance or inputs, to property identified small and marginal farmers or to various ‘special target groups’ amongst the weaker and poor sections of the rural society.

The crash scheme for Rural Employment was also started in 1971 for the creation of rural employment. Again under the Minimum Needs Programme
arrangements are made for house-sites for homeless, rural health services, environmental improvement of slums and the nutrition for the under nourished. All these programmes can be said to be forerunners of ‘Integrated Rural Development programme’ (to be called IRDP hereafter) initiated with the object of improving the conditions of those living in rural section below poverty line, IRDP is not only a frontal attack on poverty but incidentally also an important step in the direction of rural Social Security, keeping in view the social-economic profiles of the population there and infrastructural profit of the rural sector. The programme is implemented in 5011 development blocks in the whole country.

In the 7th Five Year Plan the IRDP is expected to assist nearly 20 million poor families. In order to alleviate the rural poor; the number of other programmes are also being implemented. The important are National Rural Employment Programme (NREP), the Rural Landless Employment Guarantee Programme (RLEGP), the Training for Rural Youth for Self-Employment (TRYSEM), the Drought Prone Area Programme (DPAP) and Desert Development Programme (DDP) and the Special Livestock Programme (SLP) and Development of Women and Children in Rural Area (DWCRA).

These Programmes are expected to make Considerable headway in the coming year For example, NREP is expected to generate over 300 million man days in the year 1986-87 as against 253 million in 1985-86. Its outlay has been stepped up from Rs. 320 crores in 1985-86 to Rs. 443 crores in 1986-87. RLEGP is estimated to have generated employment of 264 million man-days in 1985-86.
Its outlay has been increased from Rs.400 crores in 1985-86 to Rs.633 crores in 1986-87. Crop Insurance was also introduced in 1979 on area approach to cover the logo of production due to drought, excessive rain, hail & frost sect plant disease and other unavoidable causes of losses due to adverse weather.

Again the measure of great importance relates to the abolition of bonded labour system. The System has been abolished by an ordinance throughout the country with effect from 26th October, 1975 which was later replaced by the Bonded Labour System (Abolition) Act, 1976. The Act envisages release of bonded labourers from the bondage and simultaneous liquidation of their debts. The incidence of the bonded labour system has been reported from 12 States, viz, Andhra Pradesh, Bihar, Gujarat, Rajasthan, Karnataka, Kerala, M.P., Maharashtra, Orissa, Haryana, Tamil Nadu and U.P.

According to the latest reports received from the State Governments the total number of bonded labourers identified and freed, as on 31-12-1985 were 1,93,197 out of which 1,46,230 have been re-habilitated. An outlay of 15 crores has been provided in the 7th Five years Plan. There is also a scheme for grants in-aid to the voluntary agencies for identification and rehabilitation of bonded labour.61

The Supreme Court of India also in the case of Neerja Chaudhary V. State of M.P.62 stressed the need of rehabilitation of released bonded labour as follows:

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62 A.I.R.1984 S.C. 1099
“It is not enough merely to identify and release bonded labourers but it is equally perhaps more important that after identification and release, they must be rehabilitated, because without rehabilitation, they would be driven by poverty, haplessness and despair into serfdom once again. Poverty and destitution are almost perennial features of Indian rural life for large numbers of unfortunate ill-starred humans in this country and it would be nothing short of cruelty and heartlessness to identify and release bonded labourers merely to throw them at the mercy of existing system which denies to them even the basic necessities of life such as food, shelter and clothing.”

Thus the endeavour of the Government has been to improve the social and economic conditions of the unorganized Rural Workers in the country through a number of measures I.L.O. Convention No.141 concerning Rural Workers Organisation was ratified by India on 18th August, 1978. Since then there has been a sustained effort on the part of the State and the Central Governments to identify the different categories and sub-categories of unorganized rural labour for ensuring that steps are taken for their socio-economic upliftment.

Notwithstanding the fact that all these programs are primarily development-oriented or poverty alleviation-oriented, they have their bearing on Social Security for rural population. In fact, to provide the cover of Social Security to rural sector new techniques are to be explored as the existing ones or those meant for organized industrial sector will not work well because of certain administrative and financial constraints.
2.4 The Evolution of the Modern Social Security systems across the world

The British Parliament in the year 1601 enacted the Poor Law Act and imposed duty on the local parishes to provide for the sick, the needy and the homeless with the means of subsistence. The Gilbert’s Act 1782 distinguished those who could work and those who are not able-bodied and the people who were able bodied and could work were shown employment while for those who could not work, food and shelter was provided. In 1795, a new system, the ‘Speenhamland’ system was introduced providing relief in the form of cash payments varying with the cost of living. The emerging industrialization, and urbanisation as an outcome of it in the late eighteenth and nineteenth century, exposed a large number of workers to new risks and insecurities as well as to the lack of protection that was extended by the traditional sources of support such as local community and religious institutions.

As the process of industrialisation and urbanisation gathered momentum, a growing protection of the labour force came to depend upon wage employment for their subsistence needs. The workers sought to achieve greater economic security by forming trade unions and mutual aid societies and were also supported by political action initiated by working class organisations and political rights and improving living standards and economic security of the working class. These efforts contributed significantly to the gradual improvement in working conditions of the labour force of Social Security. The initial emphasis in most countries was on occupational accidents, sickness and pensions. As economic insecurity among
workers in the highly industrialized countries spread, an increasing number of Social Security programmes were started.

The first Social Insurance scheme was introduced in Germany by Chancellor Otto Von Bismarck in 1883 covering sickness and old age with the contributions from the employer and the worker and later in the year 1889 the compulsory old age insurance, the cost of which was shared by the employee, employer and the government was adopted. During 1891-1894 the Nordic Countries (Denmark, Norway and Sweden) introduced the major social insurance laws. Sweden introduced the sickness insurance law in 1891 and provided state subsidies for voluntary sickness benefit societies. Denmark Introduced old age pension law in 1892 and an Employer’s Liability Act in 1898. Norway laid down an accident insurance law in 1894. France introduced the first unemployment insurance scheme in 1906.

In 1909 Norway became the first country in the world to extend the benefit of sickness insurance to the spouse and the children of the employee without the payment of an extra premium. In 1911 Germany consolidated three compulsory insurance laws (for sickness consolidated accident and invalidity and old age) into a single uniform National Insurance Code. In Great Britain, the National Insurance Act was passed in 1911 followed by a compulsory unemployment insurance programme as well as old-age insurance and sickness insurance programmes and also adopted a survivors insurance programme in 1925.
While Germany passed the unemployment insurance legislation in 1927, France made insurance plans for old age and sickness mandatory in 1928. Meanwhile diverse Social Security programmes were adopted throughout Europe, varying from country to country, as to the kinds of insurance instituted, the categories of working eligible, the proportions paid by employee, employer and the government, the conditions for receipt of benefits and the amount of the benefits. In 1924 Chile became the first Latin American country to adopt a Social Security programme.

In U.S.A. the Social Security Act was passed in 1935 which paid retirement benefits to the workers. Later survivor benefits and benefits for the retiree’s spouse and children, and then disability as well as health insurance were added to the nation’s Social Security programme. The Beveridge Report on ‘Social Insurance and Allied Services’ in 1942 brought about substantial reforms in United Kingdom. The suggested seven different kinds of cash benefits namely; unemployment and sickness benefits; disability benefits; and old age pensions among others and recommended that the benefits should be flat rate and not graduated according to income.

The Social Security Act of 1935 in the United States and the Beveridge Report in the United Kingdom are regarded to have influenced the development of Social Security system in the other industrialised countries in the post-war period.
2.5 Salient Features of Modern Social Security Systems

The International Labour Conference at its 89th session held at Geneva in June 2001 in its conclusions concerning Social Security held that, there is no single right model of Social Security, it grows and evolves ever time. There are schemes of Social Assistance, universal schemes, Social Insurance and public or private provisions. Each society must determine how best to ensure income security and access to health care. These choices will reflect their social and cultural values, their history, their institutions and their level of economic development.

The State has a priority role in the facilitation, promotion and extension of coverage of Social Security. All system should conform to certain basic principles. In particular, benefits should be secured and non-discriminatory; schemes should be managed in a sound and transparent manner, with administrative costs as low as practicable and a strong role for the social partners. Public confidence in Social Security systems is a key factor for their success. For confidence to exist, good governance is essential.

The Social Security programmes in the world differ from one country to another, but all are the result of government legislations and schemes which are designed to provide some kind of monetary payment to compensate a loss of or a deficiency in income on account of unemployment, old age or sickness. The extent of Social Security coverage in a country is of system and the degree of
economic development. The Social Security programmes of the country may provide coverage for the entire country or to some sections of the workforce.

Many countries have modelled their Social Security systems either along the lines of Bismarckian approach or on the Beveridgean approach or have adopted a mixture of both types. The Bismarckian approach, also known as Continental approach determines provision of benefit on contributions paid while in employment and does not seek to provide Social Security benefits to all as the main aim of the approach is to maintain individual’s income levels in the event of contingencies and therefore tends to be earning-related and hence is exclusively based only on Social Insurance. This approach has a limited role for state provision of Social Security, with an assumption that private Social Security provision allied to family and voluntary agencies can provide support for other groups in financial need.

In contrast, the Beveridgean approach (Also known as Atlantic Approach) bases Social Security provision on Social Insurance which is primarily financed by compulsory contributions of the work force and also is supplemented with other forms of finance such as general taxation. Benefits tend to be paid at a flat rate whereby all recipients receive the same amount of benefits and are aimed at providing a minimum standards if income protection for the entire population. In this model, benefits are also available to people who have not made the relevant financial contributions and for the employees who have made contributions tend to receive the benefits at the flat rate available to all and also those benefits
available exclusively to them due to their contributions. Based on these approaches, Social Security system generally possesses three components.

a) Social insurance programmes that collect flat-rate or percentage contribution on income from employment of all insured persons and their employees in a contractual exchange for benefits as of right for those insured and for their dependents.

b) Universal tax-financed benefit schemes (usually flat rate) for all residents of a particular social category determined by age. Disability or the other qualifying conditions.

c) Social Assistance schemes that provide minimum benefits of income for those below poverty line or qualifying on the test of means.

2.5.1 Features of Social Security Schemes

The different features of Social Security Schemes are as under:

a. Employment-Relationship

b. Universality

c. Means-Tested

a. Employment-Relationship

Employment-related programmes (commonly referred to as Social Insurance programmes) are based on the length of employment to be eligible for pensions and other periodic payments. The amount of the benefits in the event of
unemployment, sickness, work injury or old age is related to the level of earnings before any of these contingencies caused regular earnings to cease.

The programmes are financed entirely or largely from the contributions (usually a percentage of earnings) made by employers, workers, or both and are in most instances compulsory for defined categories of workers and their employers.

b. Universality

Universal programmes provide flat-rate benefits to all residents or citizens without consideration of income, employment or means. The programmes include old-age pensions; pension for disabled, windows and orphans; and family allowances and are financed from general revenues.

Most Social Security system incorporating a universal programme also has a second-tier of earnings related programme. Some universal programmes although receiving substantial support from income taxes are also financed in part by contributions from workers and employers.

c. Means-Tested

Means-tested programmes established eligibility for benefits by measuring individual or family resources against calculated standards based on subsistence needs. Benefits are limited to applicants who satisfy a means test. Generally the beneficiaries under the means-tested programmes are the persons who are not in covered employment or whose benefits under employment-related programmes,
together with other individual or family resources are inadequate to meet subsistence needs. The specific character of means, needs or income tested, as well as the weight given to family resources differ considerably from country to country.

The government is the ultimate guarantor of Social Security benefits in all countries though there are differences in the approach and the mode of financing that is adopted. The two principal financing methods are Social Insurance and general revenue. In many countries, the government participates in the financing of employment-related programmes along with other Social Security programmes. The government may contribute through an appropriation from general revenues based on a percentage of total wages paid to insured workers, finance part or all of the cost of a programme or pay a subsidy to make up any deficit of an insurance fund.

In some cases, the government pays the contributions on behalf of low-paid workers. These arrangements are separate from the obligations the government may have as an employer under programmes that cover government employees. In some countries, Social Security contributions and other earmarked income is kept in a fund generally known as Social Security fund or social fund.

2.6 Scope and Concepts of Social Welfare

‘Social Welfare’ is a nebulous terms which has been received differently by different people. No definition has as yet received universal recognition. The
Oxford Dictionary defines Social welfare as “efforts to make life worth living for workmen”. The *Encyclopaedias of Social Sciences* defines Social welfare as the “Voluntary efforts of the employers to establish, within the existing industrial system, working and sometimes living and cultural conditions of the employees beyond what is required by law, the custom of industry and the conditions of the market.”

The Royal Commission on Labour (1931) understood Social Welfare “As one which is necessarily elastic, differing from country to country, according to different social customs, degree of industrialization and the level of educational development.”

N.M. Joshi felt that Social welfare “covers all the efforts which employers make for the benefits of their employees over and above the minimum standard of working conditions fixed by the Factory Act and over and above the provisions of social legislation providing against accident, old age, unemployment sickness.”

Moorthy holds the “Social welfare has two sides, negative and positive. On the one side it is associated with the counteracting of the harmful effects of large-scale industrialisation on the personal, family and social life of the worker while

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on the other positive side, it deals with the provision of opportunities for the worker and his family for a socially and personally good life.”

The Committee on Socio-Labour Welfare set up by the Government of India in 1969, in its report defined labour welfare to “include such services, facilities and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities arrangements for travel to and from work and for the accommodation of workers employed at a distance from their homes and such other services, amenities and facilities including Social Security measured as contribute to improve the conditions under which workers are employed.”

The International Labour Organisation also observed that the terms are one which lends itself to various interpretations, and it has not always the same significance in different countries. Sometimes the concept is a very wide one and is more or less synonymous with conditions of work as a whole. It may include not only the minimum standard of hygiene and safety laid down in general labour legislation, but also aspects of working life as Social Insurance schemes, measures for protection of women and young workers, limitation of hours of workers, paid vacations etc.

“In other cases, the definition is much more limited, and welfare, in addition to general physical working conditions, is mainly concerned with the

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day-to-day problems of workers and the social relationship at the place of work.”

Again, “In some countries the use of welfare facilities provided are confined to the workers employed in the undertaking concerned, while in other the workers families are allowed to share in many of the benefits which are made available.”

It is, thus obvious from the above analysis that the scope of labour welfare has been described by writers and institutions of different shades, in different ways. However it is a dynamic concept and rigid limits cannot be laid down for scope of labour welfare for all industries and for all times.

However it is also concluded that Socio-Labour Welfare Service should Enable workers to live a richer and more satisfactory life; Contribute to the productivity of labour and efficiency of the enterprise; Raise the standard of living of the workers by indirectly reducing the burden on their purse; Be in tune and harmony with similar services obtaining in a neighbouring community where an enterprise is situated; Be based on an intelligent prediction of the future needs of industrial work, and be so designed as to offer a cushion to absorb the shock of industrialization and urbanization on workers; and Be administratively viable and essentially development in outlook.

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69 Ibid., p.3.
70 Ibid., p.3.
The scope of welfare needs to be considered pragmatically, and has to be both dynamic and elastic. Statutory welfare measures in industry may stem from the direct concern for efficiency and productivity. But, to the extent these measures are employee-oriented, they should be considered to fall within the scope of Socio-labour welfare. Non-statutory measures or those developed in response to the demands of technology also fall in the same category. Several extra-mural services such as company, housing and schools, recreation and community centres, sports and other cultural activities fall within the purview of Social Welfare. Thus, it would be clear that we are inclined to regard all extra and intramural as well as statutory and non-statutory welfare measures of employers, government, and trade unions as falling within the scope of term labour welfare. Till the community can afford to have a comprehensive Social Security scheme can afford to have comprehensive Social Security scheme, such measures can legitimately be considered as Socio-labour welfare.  

2.7 The difference between the Concepts of Social Welfare and Social Security

The development of Social Security to workers would sooner or later find themselves social welfare in the employment, as a result of economic growth. However, the experience of developing countries—and more recently of the transition and developed countries. Even in countries with high economic growth, increasing numbers of workers find themselves in less secure employment, e.g.,

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the self-employed, casual and home-workers. In many developing countries, structural adjustment policies have contributed to a decline in the small percentage of the working population in the formal economy. Successive waves of structural adjustment programmes have also led to wage cuts in both public and private sectors, thereby eroding the financial base of statutory social insurance schemes. At the same time some of these schemes have suffered from bad management and poor governance, both factors that have often seriously reduced members trust.

Furthermore, structural adjustment programmes have often resulted in severe cuts in social budgets. While in some Asian countries there is universal health insurance coverage (e.g. in the Republic of Korea) in most (low-income) developing countries, governments cannot guarantee access to free health and education. As a result, there is greater demand for community arrangements to finance and organize these social services. It is often more efficient to be part of a community-based insurance of financing schemes than to have to face health and possible also education costs individually.

As a result of structural adjustment, socio-economic changes and low levels of economic development, there has been an emergence of large vulnerable groups who cannot contribute to social insurance schemes and who-if they fall into poverty—must in principle rely on tax-based social benefits. These people generally subsist outside the labour force they are the disabled and the elderly
who cannot count on family support, and who have not been able to make provision for their own pensions.

The basic reason for exclusion from statutory Social Security coverage is that many workers outside the formal economy are unable or unwilling to contribute a relatively high percentage of their income to financing Social Security benefits that do not meet their priority needs. In general, they give greater priority to their more immediate needs such as health and education, notably because structural adjustment measures have reduced or eliminated access to free health care and primary education. When it comes to the various pension benefits, they opt for survivors and disability schemes, rather than old-age schemes. In addition access to the statutory Social Security schemes is restricted by a host of factors such as legal restrictions, administrative bottlenecks, and problems with compliance.

2.7.1 The Concept of Social Security

ILO research on the informal sector has demonstrated that a broad perception of Social Security is required in order to respond to the realities faced by informal economy workers, who constitute the majority of the world’s labour force. The goal and concept of decent work match this broader concept of Social Security. In his first report to the International Labour Conference, the ILO’s Director-General, Juan Somavia, introduced the Decent Work for All strategy, which established as the primary goal of the ILO to promote

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opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. This strategy takes a broad approach to the concept of work, this including not only employment, but also work at home so as to take gender roles into consideration.

An essential feature of the decent work approach is that everybody is entitled to basic Social Security-a right moreover already laid down in article 9 of the United Nation International Covenant on Economic Social and Cultural Rights. A decent work strategy therefore aims at universality of coverage, which is also reflected in the consensus on Social Security that was reached by the International Labour Conference in 2001.

Social Security is defined in this article as “benefits that society provides to individuals and households-through public and collective measures to guarantee them a minimum standard of living and to protect them against low or declining living standards arising out of a number of basic risk and needs. The first element in this definition establishes that people derive individual rights and entitlements from Social Security. The second element defines the social element in Social Security that it is provided within the context of public or collective-and often voluntary-not for-profit arrangements. The third element makes it clear that the aim of Social Security is protection, and thus that its role should not be confused with policies promoting employment and the company. Finally, it makes the point that Social Security is concerned not only with a limited range of

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contingencies, but also with reducing the impact on household budgets of expenditure on basic needs such as medical care, education, housing and food.

People cannot contribute to society and to their own well-being unless they have the capacity to earn and meet their basic needs. This fact justifies government involvement in and providing health and education services, as well as in food and housing. Social Security mechanisms can play an important role in the financing of-and provision of access to these services. Social insurance often plays an important part in the financing of health care, and government subsidies can improve access to food, education and housing. The main function of Social Insurance is to make provision for various capacity deprivations (contingencies), to avoid getting into debt, and to render household expenditure more predictable.

2.7.2 The Concept of Social Welfare

A Social Security scheme is built around four constituent parts viz., coverage, benefits, financing and administration. Each of these has certain components for which indicators can be established. All these components influence how effectively Social Security can be extended.

There are various ways of measuring efforts to extend the personal coverage of Social Security schemes. In the case of Social Insurance, the most common way is to calculate the number of actually contributing and insured persons as a percentage of the legally targeted population.
In most of the cases of social insurance schemes their effectiveness and success can be measured by knowing the number of beneficiaries. The beneficiaries’ rate can be defined as the percentage of the legally entitled target group that actually receives benefits. In the case of tax financed social benefits, effectiveness can be defined as the number of actual beneficiaries as a percentage of those who in principle fulfil the criteria for obtaining benefits. It could also be useful to assess the percentage of the poor who do not receive tax financed social benefits (poverty incidence), as well as the amount of money needed to lift everybody, within a certain group, out of poverty (the poverty gap).

2.7.3 Social Security Coverage

The extent and scope of Social Security that is being provided by the government and other agencies have been examined with the object of knowing its success. Examples of successful approaches and practices adopted in the extension of Social Security are also considered. Policy issues for three key programmes are social health insurance, contributory pensions and tax financed social benefits. Unemployment insurance are being provided in developing countries where a large part of the labour force works in urban areas and belongs to lower middle-income category in the formal economy.

In extending social health insurance most developing countries followed the strategy of gradual implementation. This meant that compulsory coverage was limited according to various criteria such as geographical area, size of undertaking
category of dependent and type of medical benefit. Generally speaking no more than 5 percent of the labour force is covered by statutory social health insurance in low income countries. In most of these countries, government do not provide free or subsidized access to basic health care, and this has contributed to the emergence of community and area based health insurance schemes. The main advantage of these schemes is that they improve health expenditure efficiency (the relation between quality and costs of health services). The success of these schemes has depended on the characteristics of the bodies (based on occupation, sex, area or religious affiliation, for example), on scheme design and on the context in which they operate.

State accepting that under the general umbrella of compulsory affiliation-people can choose to affiliate to either a state initiated scheme, the national Social Security fund or the national health insurance system, or to a certified health insurance scheme. This would have various advantages, for instance -

- Formal-sector employees would provide greater income stability to certified health insurance schemes;
- There would be greater competition between schemes over quality and costs;
- A wider network of health insurance schemes would provide the opportunity for greater use of different health provides all over the country.

Of course, such an approach would require the State to keep track of the
active affiliation of all the workers concerned and to set up a rigorous certification and quality control process.

The different possible forms of government support for providing Social Security is as under:

- Promotion of health insurance through recommendations concerning design (benefits package, affiliation and administration) and the establishment of a management information system.
- Monitoring the performance of community-based schemes, possibly within the context of legislation on the efficient and transparent administration schemes.
- Undertaking and organizing training based inter alia on the promotion and monitoring activities mentioned under the two points above; and
- Co-financing access by low-income groups to health insurance, possibly through subsidies (for instance, capitation fees) or matching contributions.

2.8 Constituents and Significance of Social Security, ILO, Reports of NCL and NCL Recommendation on Social Security System

The International Labour Organization

The International Labour Organization (ILO) is the tripartite UN agency that brings together governments, employers and workers of its member states in
common action. The overall objectives of the ILO is to seek social justice worldwide through the promotion of decent work for all and one of its principal means of action to achieve this goal is the setting of international labour standards. The standards serve as guidelines for the adoption of national social policies and when a member state has ratified an international labour convention, it undertakes to make the standards set in the convention, binding under national law. In accordance with the mandate laid down in its Constitution in 1919, the ILO has always attached considerable importance to Social Security issues.

The preamble to the Constitution declares that the ILO mandate is to improve conditions of labour through the prevention of unemployment and by protecting the worker against sickness, disease, and injury arising out of his employment and securing a provision for old age and injury. In the Declaration of Philadelphia in 1944, the International Labour Conference recognised the 1944, the solemn obligation of the International Labour Organisation to further among the nations of the world programmes which will achieve the extension of Social Security measures to provide a basic income to all in need such protection and comprehensive medical care. The resolution and conclusions concerning Social Security, adopted at the 89th session of the Conference in 2001, have confirmed the dedication of ILO member states to promote Social Security as a basic human right.

The ILO has adopted many Conventions and Recommendations on Social Security including the flagship Convention on Social Security, the Social Security
(Minimum Standards) Convention, 1952 (NO.102). The standards set in the Conventions and Recommendations have significantly influenced the development of modern Social Security system across the world. ILO prepares International Labour Conventions and Recommendations which after adoption by the member states at the International Labour Conference is considered as a code of guidance and advice and as a model for the formulation of national policies and for the preparation of national legislation on Social Security.

The ILO came into existence by the way of a settlement in the year 1919, having Constitution which brings together at the annual International Labour Conference tripartite delegations of its member States-workers, employers and governments, projecting views with an equal voice on problems of common interest. These problems of Social Security include, in the words of the Constitution. The protection of the worker against sickness, disease and injury arising out of his employment provision for old age and injury, protection of the interest of workers when employed in countries other than their own. The ILO takes the highest position amongst the specialized agencies which together are often referred to as the United Nations Family.

In 1919, few member States had Social Security schemes which are insurance based, ILO a devoted mainly in promoting the idea of workers protection through Social Insurance and after 1944, ILO broadened and diversified its view of Social Security. The Income Security Recommendation, 1944 (No.67) of ILO containing guiding principles and suggestions for their
application in the several contingences, focused that income security should be organized as for as possible on the basis of compulsory Social Insurance and that the maintenance of children and the needs of invalids, old people and others who did not come within the Social Insurance area should be provided for under Social Assistance arrangements. Another important recommendation called Medical Care Recommendation, 1944 (No.69) was also passed proposing that medical care service should cover all members of the community whether or not gainfully occupied thus, underlining the universal right of access to health services and an organized society.

The ILO is a decision making organization following certain principles far are these decisions and principles of ILO transforming no action? This is varying from the setting of defined standards as targets for achievement. One is by studies and conducting research and second is by giving technical assistance and third is by organizing seminars and training courses in co-operation will national authorities and other international organization. Although the recommendations have a persuasive affect on the Member State and are not binding at they proved to be an effective instrument in guiding the members on various labour issues including Social Security benefits. The ILO refined and refashioned the content of the income Security Recommendation, 1944 (No.67) though Security (Minimum Standard) Convention consolidated the previous international research work of ILO can be divided into three branches, policy and standards the in depth examination of particular subjects and the preparation of training oriented
publication. ILO has co-operation with the international *Social Security Association* (SSA). ISSA is not an association of member States but rather of practitioners in Social Security matters. Every three years ISSA holds its.

The ILO in its endeavours passed series of conventions and recommendations on Social Security laying down international standards for workmen’s compensation sickness benefits, unemployment benefits old-age benefits and family benefits. The ILO is fully engaged in providing Social Security to the members of the organized working class and advised the member countries to corporate the provisions of protection in their legislation. But systematic and more attempts have not been done to provide Social Security benefits to the organized workers in rural areas. Now the present trend is to cover the rural people under Social Security scheme and “efforts were also being made by certain countries in Asia to evolve appropriate programmes of Social Security for rural workers”.

The ILO has conducted a study and conceded that institutional Social Security measures were not suited to the informal sector particularly because of irregular employment, difficulty in assessment of earnings incapacity to contribute and inadequacy of infra-structures facilities. So it was necessary to devise other means of providing social protection to large masses of the work force which were outside the ambit of the institutional Social Security system. It was recommended for establishment of a single united agency for co-ordination and rationalization of various Social Security and welfare programmes.
The National Commission on Labour

The National Commission on Labour (NCL) has recommended for formulation of unemployment insurance schemes to help the people who are unemployed involuntarily. Further, it recommended for evolving an integrated Social Security scheme and creation of a separate Social Security fund to finance various security measures. However, no efforts have been made so far in this direction.

The working group noted that the Second National Commission on Labour has been constituted by the Government to suggest rationalisation of existing laws relating to labour in the organised sector and suggest umbrella legislation for ensuring a minimum level of protection to the workers in the un-organized sector.

The Second National Commission on Labour was asked to take note of the developments that have followed liberalization and globalization, the demands that they make, and the effects on working class, our industry, Government and all sections of the society; and to make recommendations on the law and systems that we need to offer protection and security measures of our working population, to increase the economic efficiency and competitiveness in the industry.

Further, the Second National Commission on labour has asked the following:
- Rationalization of existing laws relating to the workers in the un-organized sector
- Umbrella legislation for ensuring a minimum level of protections to the workers in the un-organized sector.  

The commission submitted its report to the Government on 29th June 2002.

The commission has made few recommendations for introduction of changes in Industrial Disputes Act and Trade Unions Act. And also proposed for enactment of new legislation called Labour Management Relations Act-2002, by consolidating Industrial Disputes Act, 1947, Trade Unions Act, 1926 and Industrial Employment (Standing Order) Act, 1946, and made applicable to establishment or undertaking wherein 20 or more workers are employed. Further the Commission recommended that all the establishments employing less than 20 workers would be taken out of the purview of the general labour laws and brought within the ambit of a separate legislation called “The Small Enterprises (Employment Relations) Act, 2002 to cover all aspects of employment including wages, Social Security, safety, health etc.

Further, the suggestions emerged in the symposium on Social Security for workers in the unorganized sector, conducted by Social Security Association of India, New Delhi are significant and worth considering for extension of Social Security to the workers in the unorganized sector. These suggestions are that a

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cess be levied on all manufactures and the proceeds and be utilized for meeting the Social Security needs of the workers in the unorganized sector. The other suggestion was that awareness should be created among the workers.

The Social Security net was one of the agenda item during 38th Session of the Indian Labour Conference held in September 2002 at Delhi. A Committee under the Chairmanship of Hon. Minister of State for Labour deliberated the issue and made following recommendations.

1. Establishment of National Security Authority under the Chairmanship of Prime Minister with adequate representation to all social partners.

2. All labour legislation’s relating to Social Security should be consolidated and one comprehensive Social Security law needs to be enacted.

3. The existing Social Insurance schemes should be modified and made more effective.

4. The workers covered by the Social Security schemes must be provided with unique Social Security No and identity card.

5. An insurance scheme should be introduced to provide minimum financial assistance to those who lose employment till they find alternative employment.

6. Administration of welfare funds, both at the Central level, at State level should be improved and holistic approach is to be evolved in
consultation with the State Government for an effective delivery mechanism to avoid duplication.

7. Employment generation should be prime objective of the Government in co-ordination with all social partners.

8. Skill development of the workers should be given priority.

Stress should be given on confidence building among the workers in the unorganized sector. These are some of the recommendations and suggestions made by various bodies for promotion of Social Security to the workers in the unorganized sector.

2.9 Conclusion

Social Security is universal concept and the meaning of Social Security is defined by various people across the world. Though the concept is same, but explained differently in different periods. In ancient, medieval and modern India the concept of Social Security is what the society is going to provide to its members at large and later on due to development of agencies as well as organisations, the classes of the society has come into existence and few classes have been provided Social Security benefits and few classes have started imitating and provided themselves.

The thought of the Social Welfare has become universalised and adopted by many societies. In modern society, the enforcement and implementation of Social Security programmes gradually decreased due to improper execution by the
Government. The I.L.O. should encourage such ventures by providing expert assistance, fellowship grants, group study sources and making availability of technical phenomena. The I.L.O. and NCL should play the role of a ‘Catalysts’ or the promoters social security measures.