A. The Concept of Social Security

Social Security is one of the "bed-rock ideas" embodying the social philosophy for minimising and eradicating the socio-economic evils, the working class population has generally been engulfed with all the world over. This aspect has been emphasised in the various important pronouncements of the United Nations Organisation, bearing upon the Four Freedoms. For the vast majority of the work people of the world, it is the Freedom from Idleness which is the most significant in the socio-economic sphere; and the Atlantic Charter resolves to achieve it: "Signatories desire to bring about the fullest collaboration between all nations in the economic field, with the object of securing, for all, important labour standards, economic advancement and Social Security."

An American Committee of experts has defined the contents of Social Security and enumerated them as below:

"Security for employment (education, employment offices, resettlement, and soil-conservation programmes); security in the availability of employment; security of reasonable standards of working conditions, security of some income while unemployed; security of retirement income; of recreation; of self-improvement;"
of medical and hospital assistance; security of one's family in case of one's accident, invalidity, ill-health, or death”.¹

Sir William Beveridge has defined the import of social security thus:

"Organization of social insurance should be treated as one part only of a comprehensive policy of social progress. Social insurance fully developed may provide income security; it is an attack upon Want. But Want is one only of five giants on the road of reconstruction and in some ways the easiest to attack. The others are Disease, Ignorance, Squalor and Idleness.”²

This attack upon five giants has been explained by Geoffrey Crowther in the following words:

"The 'National Minimum' (as Social Security has come to be called in England) involves that the citizen of a democracy should be guaranteed, as of right, enough food to maintain him in health. He should be assured of a minimum standard of shelter, clothing and fuel. He should be given full and equal opportunities of education. He should have leisure and facilities for enjoying it. He should be secured against the risk of Unemployment, ill-health and old age. Above all, the presence of children should not be allowed to bring with it misery for the parents, deprivation for the children, and poverty for all. All these things inhere in the individual as his citizen's right.”³

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² Report on Social Insurance and Allied Services, Para 8.
³ Quoted by Prof. B.P. Adarkar, Health Insurance for Industrial Workers, Page 12.
The above definitions and expressions indicate how comprehensive the term Social Security is and what items it includes. Security, however, does imply some sort of insurance. There can be Social Insurance covering most of the items enumerated above, which though desirable, is difficult of complete fulfilment in many countries at least in the less developed countries of today. Unemployment Insurance is just a small part of Social Insurance which can and should form the first step towards the goal of full Social Insurance.

B. The Need of Unemployment Insurance

Attempts have recently been made in some countries of the world to conceive a better ordering of human society based on social and economic stability and equality by moulding and transforming the free play of unsocial forces released perhaps by the concept of Laissez Faire that account for social insecurity and economic instability. It has been envisaged in these attempts and schemes to guarantee fuller, richer and freer life than it had hitherto been possible for the working classes. It is now realized that an edifice of an enduring economic and social order can be built only on the solid and broad-based foundation of Justice, Peace and Security. Such an economic and social order should eliminate the existing appalling poverty and unemployment, rampant in many under-developed countries.

The need of Unemployment insurance in India is as great as anywhere else. The problem of unemployment in our country is of gargantuan proportion. In India poverty is so wide-spread and the misery and destitution caused by unemployment, under-employment and casual employment are so patent that no special
mention needs be made thereof. As India is advancing on the road of industrialization and as the industrial worker is coming to depend more and more exclusively on the factory wage and is losing his connection with the rural areas where he had his roots, the need of unemployment insurance is increasing. The industrialist of our country as perhaps of other countries also, is generally blind to the amenities and securities that the industrial labour, not only deserves, but needs in the interests of the industrialist himself and follows the short-sighted policy of immediate profits. Under these circumstances Government intervention in bringing about necessary reforms and legislation is essential and the item of unemployment insurance deserves the first consideration. The callousness which the Kanpur Textile Industrialists are showing to their labour in the name of "Rationalisation" (May-July 1955) is a proof, if any is required, of what non-intervention or indifference on the part of Government amounts to.

From the national point of view, unemployment is a waste of productive resources. "From the human stand point - that of the individual worker - unemployment means something more personal and catastrophic. It makes a complete stoppage of his regular income, and unless there is a substitute for this, will usually mean a drastic reduction in his standard of living and that of all persons who are dependent upon him. In addition, it can seriously impair the morale of the worker by making him feel that society no longer has need of his services."¹ Unemployment not only ruins the lives and shatters the happiness of the workers

it condemns to idleness, but it also proves to be an incubus for workers who are employed, as they are likely to be haunted and obsessed by the threat of the sack.

C. The Problem of Unemployment Insurance in India

Unemployment insurance is of prime importance to both the labour and the industry in which he is employed. Unfortunately, however, it has not been incorporated in the "Employees' State Insurance Scheme" which was launched in the state in which provisions exist for compulsory state insurance of all the workers employed in perennial factories against sickness, maternity, disablement, dependent's benefit and medical benefit only. It is clear that the "Employee's State Insurance Act" only applies to workers employed in organized industries, and covers only a small fraction of the working population. We need not go into the factors that have been responsible for this limited legislation and that have exercised considerable influence against unemployment insurance scheme. What is important from our standpoint, however, is that during the past few years the current of events in India has swept over many seeming difficulties which were the main hinderances in the way of introducing an unemployment insurance scheme.

As the unemployment insurance would call for a contribution from the workers as well, it would enable them to be saving something from their income and would thus give them a sense of self help. Also the Government and the Industry would have to plan in a manner that the guarantee against unemployment may not have to be involved very often and would thus encourage planning. The scheme is thus in the interest of all the parties concerned.
D. Difficulties

It has been stated that the difficulties in the way of introduction of an unemployment insurance scheme are great and certain specific objections are also advanced by the critics of unemployment insurances. We propose to consider them dispassionately below. It has, of course, to be borne in mind that unemployment insurance for the working population is good for the community as a whole in the long run only and that, in the final analysis unemployment insurance itself is a means to an end, that end being the raising of the people to higher standards of living.

The objections generally advanced are discussed below-

1. Inopportune time - It has been objected that an unemployment insurance scheme would be inopportune in the existing conditions of industries and labour in the country. If the scheme is introduced, a slight financial burden will fall upon the industry and it is argued that that will hinder the progress and expansion but in view of the profits which the industry has been earning, and in view of facilities for new industries the employers' contribution to unemployment insurance is not going to be burden at all. As regards the condition of labour, although the very backwardness of labour is a condemnation of its employers, yet his willing co-operation in the limited Employees' State Insurance Scheme makes it abundantly clear that he will whole-heartedly co-operate by contributing his share for insurance against unemployment.

2. Character of the Indian Labour - It is stated that Indian labour is migratory in character and is not suitable
for unemployment insurance. There are two answers to this objection: In the first place, the floating and migratory character of labour is itself a consequence of the absence of social and economic security. If the rural areas, the spring-head of migration appear devoid of the proportionate distribution of economic resources, such an economic disequilibium only points towards the maladjusted economy rather than to any defect of character of the labour. Secondly, we now see that the industrial labour is in fact settling down in urban areas and has no intention to return to his native habitat.

3. Non-availability of unemployment statistics - It has been suggested that the inadequacy of statistics of unemployment and its unpredictable nature are great hurdles in the introduction of a scheme of unemployment insurance in India. From the actuarial standpoint, the availability of unemployment statistics could be of great help. But with statistically designed Sample Surveys it seems now possible for the sponsors of the unemployment insurance scheme to secure data which can approximate to the actuarial level. In several countries like United Kingdom, the United States of America, Australia, etc. the schemes of unemployment insurance had to be launched without the help of prior regular unemployment statistics. According to Beveridge, "We can only get statistics of sickness by having a health insurance scheme, just as we can only get unemployment statistics by having unemploy-
4. Unemployment not an Insurable Risk - It is argued that since it is unpredictable in its volume being dependent on diverse factors, it may be difficult to insure it. Difficulties, of course, there may be but the object is worth more than giving a trial. Mr. Paul H. Douglas (in his Standard of Unemployment Insurance, Page 110) states that its beginnings were tentative and there was at first no vision of what the completed whole might be. According to him "the economic objection to unemployment insurance is that we cannot foretell its volume and hence cannot fix the needed premium rates ........... There is indeed no practical way of accumulating adequate actuarial experience without instituting such a system and as in every other form of insurance, the system can buy experience, as it goes on."

5. Large Extent of Labour Turn-over - The size of labour turn-over has also been cited as a great difficulty in the way of the scheme. The large extent of labour turn-over should not present any insuperable difficulty, specially in a well established industry. When insurance is the method of dealing with unemployment, it is needless to be frightenened by the size of the unemployed working population. An unemployment insurance applies only to that section of the working

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population which is employed and which has paid its contribution to the common Fund. Thus a scheme of unemployment insurance has only a limited sphere.

E. Certain Fundamental Principles

The unemployment insurance scheme is based upon certain important principles which have been accepted by insurance institutions in several countries of the world. These principles, regarded as fundamental in their significance to the framing of an unemployment insurance scheme, are stated below:

1. The Scheme must be a Compulsory one - It is now universally recognized that the modern State, as a guardian of public welfare, has the right to make insurance compulsory in the good bonafide of public interest. The voluntary insurance movement has been found insufficient, and it has become clear that the only way to secure adequate protection against the risk of unemployment is to make unemployment insurance compulsory. "The weakness of voluntary insurance has always been that the groups most in need of insurance protection, namely those with the lowest wages, the most irregular employment and the least savings, cannot afford to purchase protection unaided." 1 Most countries, however, have preferred to dispense with the voluntary insurance either because the social conditions for its success were inadequate or because the State was not ready to provide the subsidy required.

The compulsory principle reaches, through the employer, the whole employed population, including unskilled workers.

2. **The scheme must be a contributory one, as far as possible** -
   The contributory principle has been recognized as an essential feature of an unemployment insurance scheme and it has attained tremendous popularity in some countries. Sir Walter Kinnear observes: "It is now almost universally agreed that a National Social Insurance Scheme must be on a contributory and compulsory basis. The contributory principle has a value apart from financial considerations, in that it increases self-respect amongst insured persons, encourages thrift, and by establishing an 'Insurance right' to benefits does away with the necessity for irritating tests as to means and periods of residence."

3. **The scheme must be simple and financially sound** -
   Simplicity and straightforwardness should be the main features of any unemployment insurance scheme. The scheme must be based upon certain well defined and well conceived objectives in the beginning. The scheme should be framed in such a way as to give it the maximum financial stability.

4. **Rehabilitation and Training Services** - The benefits paid in the case of unemployment could be cash benefits associated with rehabilitation and training service so

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that a displaced worker may be trained for some other work for which there is a demand for labour, as would be revealed by the records kept at Employment Exchanges. Obviously the main object of unemployment insurance is "not the entire abolition of unemployment, but the lessening of the evil effects that result from it."

5. Apropos to the above is the need for an over-all planning to seek avenues of employing the surplus population in new industries or local and cottage industries in the country-side itself.

2. The Scope of the Scheme

A. Industries and Occupations to be covered - We consider three industries for introduction of unemployment insurance in the first instance, viz., Textile Industry (including cotton textiles, jute textiles, and woollen textiles), Sugar Industry and the Building Trades. It is clear that the classification of Textile Industry and the Sugar Industry as perennial and seasonal respectively is not a matter of any serious consideration as far as the classification of these industries is concerned. Building and Construction industries have been designated as seasonal industries. These industries are certainly subject to seasonal fluctuations and cyclical movement in building operations. But the seasonal variations are never too great to be given much weight.

The objection to seasonal industries in framing of an unemployment insurance scheme, is that the worker's contribution will not be regular in such industries owing to lack of continuous employment throughout the year. The problem of seasonality is
discussed in the following paragraph.

B. Seasonal Industries:--

Mr. Seymour E. Harris (in his Book, Economics of Social
Security, Page 263) has suggested three alternative methods for
dealing with the problem of seasonality under unemployment
insurance. He observes:

"These alternatives under unemployment insurance are
(1) exclusion of seasonal industries (agriculture, for example); (2) special treatment under merit
rating, i.e. higher contribution rates; (3) inclusion
under pooled scheme which cautiously defines periods
of coverage and provides ungenerous benefit formulas,
etc. Under (3) for example, benefits might be limited
to the active season."

The workers employed in seasonal industries are generally
a group of low wage earners. If higher contribution rates are
postulated, a heavy financial burden will fall upon the workers.
The average monthly wages of temporary and casual workers are
ridiculously low. By imposing a higher rates of contribution,
the purchasing power of the workers will be drastically curtailed.
Therefore, it is not desirable. The other alternative that
"benefit might be limited to the active season" is quite reason-
able. Maintaining the basic principle of avoidance of hardships
to the contributing parties, we consider this suggestion as
feasible. The insured workers, therefore, in seasonal industries
will be entitled for unemployment benefit only during the
"active season."
It is not possible to accept the suggestion that the unemployed worker should be allowed to contribute and keep his right to benefits alive for a non-active period. If it is accepted, there will be difficulty about the employer's contribution. It will be an unnecessary tax upon him during the off-season. Even if the worker volunteers to pay his contribution, it is doubtful if he can go on doing so for long in his unemployment period. There will be even greater difficulty of collecting the contributions. The employer will be the right agency to collect his employees' contributions by deducting the same from wages. Direct contribution by the employees to the fund may not be feasible. But vigilance will have to be kept that no indiscriminate deductions are made in the name of these contributions.

C. Types of Workers:-

It has been proposed in the present scheme to have five types of workers according to the duration and regularity of their work. Operatives\textsuperscript{1} have been classified (in the Annual Review of Activities, Department of Labour, U.P. 1953, Page 667) as follows:-

1 "A 'Permanent' operative is one who has completed a probationary period of two months in the same occupation in the mill and is employed on a permanent post.

\textsuperscript{1} The Employer's Association of Northern India (Standing Orders for Operatives) have defined operatives in the following words: "Operative" means all workmen, male or female employed directly or indirectly in the Mill or in the Mill Premises whether for payment or not, who do any skilled or unskilled manual labour and whose names and Ticket Nos. are included in the Mustar Roll maintained by the Management and includes Head Mistries, Jobbers, Mistries Motor Vehicles Staff and Cartmen but excludes Technical Assistants, Supervisors, Clerks and Watch and Ward Staff.
2 A "Temporary" operative is one who is engaged for work of an essentially temporary character.

3 A "Substitute" (casual) is one whose name is entered in the Register of Substitutes and who is employed on the post of a permanent operative or probationer who is temporarily absent on leave or otherwise.

4 A seasonal worker is one who works only during the crushing season (he may be retained for off-season operations after or before the season) and is discharged as the season ends.

5 A contract labour (in Textile, Sugar and Building and Construction industries) is one who puts in unskilled manual labour under a contractor of a sub-contractor.

The employment and economic status of the substitute or casual workers has created a very tough problem. The casual worker is a preponderant element in the large mass in the migratory labour generally drawn from our landless agricultural labour. He is the product of the Industrial system as it has existed in the country so far and hence cannot be excluded from an unemployment insurance scheme. If it is done more and more casual labour will be employed to evade the employer's contribution and the whole purpose of the scheme will be defeated. The inclusion of the casuals is, therefore, very significant, both for his own sake and for the sake of the stability of unemployment insurance scheme.

The position of the various classes of workers is considered below:
1. If a worker, (permanent, temporary, casual, contract labour or seasonal) goes back to his native place for agricultural operations, if any, on leave without pay, he will be treated as employed for the purpose of the scheme.

2. The casual worker will be eligible to the scheme only after fulfilling conditions regarding specified period of service to be put in.

3. A worker on leave with pay will be regarded as employed and he will make contributions and receive benefits.

4. If a worker is dismissed or played off, he will be treated as unemployed.

5. During sickness (leave without pay) a worker will be treated as unemployed and will be entitled for unemployment benefits. Under the scheme the following types of sickness will be excluded for the purpose of benefits:

   (i) Certain chronic diseases, such as tuberculosis, leprosy, etc.

   (ii) If sickness is self-inflicted.

   (iii) If it is attributable "to the misconduct of the insured person (the term mis-conduct including poisoning, foolhardiness or wilful mutilation)."

D. Income Limit:

There will be an upper limit of over all income at Rs. 100/- per month in the scheme. This income may consist of basic salary, including dearness allowance, bonuses, etc., consolidated (as in

1. According I.L.O. "sickness" has been defined as any "abnormal condition which prevents the individual from working at a remunerative occupation and entails medical treatment."
the Sugar Industry) or 'bare wages as in the case of contract labour.

3. Contributions

A. The Basic Principles - Unemployment insurance is characterised by certain well marked features which will be pointed out here. It involves the establishment of a common monetary fund out of which the benefits are paid and which is generally built up out of the contributions of workers, employers and the State. Keeping in view the guiding principle for fixing the shares of the contributing parties, the rates should be fixed in such a way as the incidence of contribution may be equitable and it should not cause any financial hardship to any of the parties. The contribution of workers is more or less nominal and is kept at a low level so as not to exceed their paying capacity, whereas employers and the State provide the major portion of the finances.

The basic principles adopted in the scheme will be as follows:

1. Whatever be the type of worker, whether permanent, temporary or casual and seasonal or contract labour, the employer's contribution in respect of him will be the same.

2. There will be no non-contributory class and only three wage-groups will be desirable, viz., (a) workers whose monthly income is Rs. 60/- or more, (b) those whose monthly income is Rs. 40/- or more, (c) the workers whose monthly income is below Rs. 40/-.  

3. For the purpose of the scheme, the same definition of "Wages" consisting of basic wage as well as other monetary payments like Bonuses and Allowances provided
The provision for the worker's contribution will be similar to that of the employer's contribution.

C. Time of Contribution - On the first day of a calendar month following the one during which the worker has been employed, the employer and the worker will be liable for payment of their respective contributions. The responsibility of collecting contributions is of the employer and he is charged for both the contributions.

As the worker may be employed on a daily basis, and may have employment at any time during the month, therefore, it will be convenient to deduct his contribution from the first day's wage.

The actual time for payment of contribution will be when wages are paid. If wages are paid weekly, the contribution will be made at the time of the first weekly payment in the month. If wages are paid fortnightly the contribution shall be made at the time of the first fortnightly payment in the month. If, however, wages are paid daily, the payment of contribution shall be completed at the time of the first daily payment in the calendar month.
D. The Structure of Contributions - There will be three classes of workers according to the daily remuneration: Class (A) consisting of workers whose income is Rs.2/- or more; Class (B) consisting of workers whose daily income is Rs.1/- or more but less than Rs.2/-; and Class (C) consisting of workers whose daily income is less than Re.1/-.

The respective rates of monthly contributions for employer and worker are postulated in the table below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Class A</th>
<th>Class B</th>
<th>Class C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer's contribution</td>
<td>Rs.1 - 4 - 0</td>
<td>Rs.1 - 4 - 0</td>
<td>Rs.1 - 4 - 0</td>
</tr>
<tr>
<td>Worker's contribution</td>
<td>Re.1 - 0 - 0</td>
<td>Re.0 -12 - 0</td>
<td>Re.0 - 8 - 0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>Rs.2 - 4 - 0</td>
<td>Rs.2 - 0 - 0</td>
<td>Rs.1 -12 - 0</td>
</tr>
</tbody>
</table>

In the present scheme, a flat rate of contribution at Rs.1/4/- is suggested for the employer and a variable rate, viz., Re.1/-, annas twelve, and annas eight respectively for the three classes of workers.

The incidence of the burden of the contributions, as has been postulated under the scheme is not much upon the workers as compared with the benefits, they would be entitled to during protective period. The average monthly earnings of permanent, temporary and casual workers are about Rs.70/-, Rs.55/- and Rs.35/- respectively. The purchasing power of permanent and temporary workers will be curtailed by about 2.5 per cent in the case of the former and by about 1.3 per cent in the case of the latter.
Employer's contribution consists of As.5 per worker per week. The incidence of contribution comes to about 1.25 pies per working hour, thus increasing the monthly wage bill by about 2.8 per cent where the worker's monthly income comes to about Rs.45/-. 

E. Agency For Collecting Contributions - The employer will be required to collect the contributions. He will pay his own and the worker's contribution to fund by deducting it from his wage at the time of payment of wages. In the case of contract labour, the principal employer will be held responsible for the contributions and not the intermediate employers.

4. Benefits

The specific risk dealt with by unemployment insurance is wage loss caused by lack of employment. Beneficiaries must be involuntarily unemployed, capable of work and available for work.

The primary objective of unemployment benefits is to afford to insured workers a sense of economic security during the spells of unemployment. The benefits must, therefore, be adequate and sufficient to support a standard of living not much below the usual one. Adequacy of benefits is a matter of prime importance for unless it is assured, the income maintenance, which unemployment insurance scheme seeks to establish, cannot be fully realized and misery and degradation will defeat the very basic objectives of the scheme.

A. The Basic Principles - The basic principles adopted in the present scheme will be as follows:-

1. As far as possible the benefits obtainable by a worker must be related to the contributions paid by him in the past.
2. The benefits must be paid partly according to the needs of the worker and partly according to the financial resources of the Fund.

3. The main objective of the scheme is the maintenance of a minimum standard of living;

and 4. The scheme also adheres to the basic principle of making a provision for the means of subsistence during the distress.

B. Rate of Benefit - Two main procedures have been adopted in the different countries of the world where unemployment insurance schemes had been launched in determining unemployment benefit rate for different classes of recipients: (a) The flat rate principle and (b) the graduation of benefits in relation to past wages or contributions. An I.L.O. publication (International Survey of Social Security, Geneva, 1950, Page 47) indicates the countries where in general the flat rate principle is adopted. The countries are: "Australia, Belgium, France, Ireland, Italy, Luxembourg, New Zealand, Norway, and the United Kingdom."

Among countries in which unemployment benefits are paid as a prescribed fraction of prior average or aggregate earnings are "Austria (Wages Classes) Bulgaria (66\(\frac{2}{3}\) % maximum), Greece (42 to 50 per cent), the Netherlands (60 to 80 per cent) Switzer-

land (55 to 85 per cent), the Union of South Africa (Wage Classes) and the United States (3.8 to 5.0 per cent of highest quarterly earnings). Canada and Sweden scale benefit amounts by reference to past contribution payments."¹

C. Cash Benefit - There is a vital need for Cash benefit in a scheme, because it will maintain the welfare of our workers during short spells of unemployment.

In determining the structure of cash benefit, certain basic principles have been kept in view.

The flat-rate principle is adopted in regard to payment of cash benefit as well as in regard to worker's contribution, subject to the element of gradation present in the classification of the insured workers. Adequacy of benefit has been proposed in the scheme as it arises from the close affinity between benefit rates, contribution rates and wage rates. It is, however, necessary to bear in mind that in adherence to the principle of adequacy the rate of daily cash benefit should be short of the daily earnings of the workers. Adequacy, a little short of the daily income as is proposed in the scheme, will prove as deterrent incentive to malingering.

D. Qualifying Period - Six monthly contributions, either continuous or intermittent is proposed as the qualifying period under the scheme. An insured worker will not be entitled to any benefits until and unless he has contributed six monthly contributions to the Fund.

E. Scale of Cash Benefit - The insured worker will not be entitled to any cash benefit until he has paid his first six contributions. He will be entitled to only partial unemployment benefit from the time he has paid six contributions and until he has paid his 24 contributions. After he has paid his 24 contributions, the worker will be entitled to full benefit. Once a worker becomes entitled to full benefit, he will always remain so, in spite of interruptions in his subsequent contributions due to unemployment. This is in consonance with the basic principle that worker's membership of the Fund continues, even though he did not contribute
or receive benefit at intervals. He will enjoy his full rights of his benefits only after the payment of 24 contribution.

The structure of cash benefits is given in the table below:

<table>
<thead>
<tr>
<th>Period</th>
<th>Class A</th>
<th>Class B</th>
<th>Class C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Until the first six contributions are paid</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>2. After six contributions and up to the 24th contribution</td>
<td>Re.0 -12 - 0</td>
<td>Re.0 - 9 - 0</td>
<td>Re.0 - 6 - 0</td>
</tr>
<tr>
<td>3. After payment of the 24 contribution</td>
<td>Re.1 - 8 - 0</td>
<td>Re.1 - 2 - 0</td>
<td>Re.0 -12 - 0</td>
</tr>
</tbody>
</table>

**F. Duration of Benefit** - Generally the unemployment benefit schemes in most of the countries of the world place a minimum limit on the length of the period. The time limit varies from three months to one year. In some countries no specific time limit is prescribed and unemployment benefits usually continue for an indefinite period until suitable employment can be offered to the insured worker.

The unemployment benefit schemes, including those of 'Australia, Belgium, Czechoslovakia, France and New Zealand', do not specifically limit the length of the period during which the benefits are received. The other schemes which prescribe a maximum time limit, include 'Bulgaria (12 weeks), Switzerland and Denmark (90 days), Norway (15 weeks), the United States (range of
from 12 to 26 weeks under State Laws with Medical limit, 20 weeks) and the United Kingdom (30 weeks or 52 weeks if five years of insurance)."

A reasonable time limit can serve as an effective measure for alleviating a substantial part of the economic effects of unemployment on workers. The benefits which are payable may be received during the specific time limit. Adequate benefit rate, extended for a reasonable period, enable an insured worker to satisfy at least his basic requirements during the spells of unemployment to which he is ordinarily exposed.

The time limit adopted in the scheme may be stated below:-

(i) A permanent worker, who has contributed 24 monthly contributions, will get a 75 days' cash benefit, provided he has paid not less than six monthly contributions within the previous twelve calendar months.

(ii) A temporary worker, (seasonals and contract labour may fall in this category) who has paid the prescribed contributions, will get a maximum of 45 day's cash benefit, provided that he has paid not less than three monthly contributions in previous six months.

(iii) A casual worker, who has paid six monthly contributions during the qualifying period, will be entitled to 30 day's cash benefit.

G. Waiting Period - Virtually all unemployment insurance schemes, launched hitherto in the different countries of the world, provide for the lapse of a brief period between termination of employment and initial eligibility for benefits. In the present scheme, there will be a waiting period of three days.
5. Financial Organization

A. Nature of Financial Organization - From the stand points of unemployment insurance centralised financial organization will be the best one. A large fund is a great and effective measure in pooling of the risks and diminishing them. If unemployment insurance funds are segregated regionally, industry-wise, etc. the very fundamental principle of insurance organization is over-run.

When the finances are controlled by a single authority the administrative expenses will be lower and large reserves on sound footings can be built up.

There has been a universal trend in favour of centralisation of finances and grand experiment has been proposed in the Beveridge Report. It would be inaccurate and unwise to put arguments in favour of decentralised Insurance Funds. In unemployment insurance, the case of decentralization is definitely untenable.

If funds are organized on decentralized basis, a tremendous problem will crop up. One industry will be marked off from another, and the distribution of unemployment according to geographical areas rather than on industrial basis will be a hard nut to crack.

B. General Resources of Revenue - Existing unemployment insurance schemes are financed through diverse combinations of contributions from insured workers, employer contributions and State subsidies. The most common method used is tripartite financing from all three sources.

C. The Contributing Parties - Generally speaking unemployment finance is shared amongst insured persons, employers and the State. This tripartite method for financing the unemployment insurance scheme springs from the growing conviction that the employers and the State have an obligation to advancing the social and economic
welfare of the working population.

There are notable exceptions. In America, the unemployment insurance schemes are financed by employers only; in France, partial unemployment is financed by the State; and Italian unemployment scheme is financed by workers and employers only.

D. The Shares of Contributing Parties:

1. **Worker's Share** - In no case should a scheme impose on insured person a contribution higher than his paying capacity. It is expedient, therefore, to fix a lower limit for the contributions so that it may avoid hardship and at the same time may provide a substantial basic component of the prescribed amount. His share must be based on the minimum rate of earnings.

2. **Employer's Share** - The financial participation of employers in unemployment scheme is based on the increasing responsibility of the industry in promoting welfare of its workers. His share, therefore, must be substantial. Sir William Beveridge observes on the employer's share in the following words:

"What he (employer) pays as insurance contribution is part of the cost of his labour - from his point of view an addition to wages. At whatever reasonable point employer's insurance contribution is fixed, it is a small part of his total bill for labour and costs of production; it is the sign of an interest which he should feel and does feel in the men who work under his control."¹

3. **State's Share** - The State is held responsible for the residual cost of the scheme which is left uncovered by insured persons and employer's contributions. The participation of the

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¹ Social Insurance & Allied Services, Para 297.
State is most imperative by the inadequacy of the financial resources obtained from the contributions of the workers and the employers. The seemingly large amounts which the State must contribute to the fund are, according to Sir William Beveridge (Social Insurance and Allied Services, para 299) "not large in relation to the total national income and the Plan for Social Security is only a means of redistributing national income so as to meet openly the needs which must be met in one way or another."

6. The Administrative Machinery

The leading tendency in the countries of the world which have undertaken unemployment insurance schemes, is towards a centrally coordinated administrative machinery. In Australia, the scheme is administered by a Director General of Social Services, under the Minister for Social Services. The directorate of Social Services has been established in each State and the country has been divided into different regions, having regional offices, and registrar's in each region. In the United Kingdom, unemployment scheme is administered by the Ministry of National Insurance. There are National and Local Advisory Committee on which employers, workers and friendly societies are represented. Federal-State scheme in the United States of America is administered by the Secretary of Labour through Bureau of Employment Security. Individual State schemes are administered by State Employment Security agencies. Commissions and boards have tripartite representation.

The administrative machinery as the present scheme proposes, is a Central Board of Unemployment Insurance under the Ministry of Labour. Below the Central Board of Unemployment Insurance, there will be Regional Board and Local Committees on which employers and workers will be represented.
A standing Committee under the control of the Central Board will act as an Executive Body for the administration of the scheme. It will have tripartite representation. A Benefit Council consisting representatives of employers and employees will advise the Central Board on benefit questions.

Conclusion - To sum up, we can say that the need of unemployment insurance in our country is great on account of certain uneconomic and social reasons. During the past few years the current of events in India appears to have eliminated seeming difficulties in the way of introducing an unemployment scheme. Industrial organization which yields rent, interest, and profits on a stupendous scale, fails to provide a decent livelihood and tolerable conditions of life for the working class population. Employees' State Insurance Scheme lends protection against Sickness, Maternity, and Disablement and not against unemployment to industrial worker.

This brings us to the question whether unemployment insurance scheme should be introduced by the State. Industrial worker in our country is very frequently exposed to the spells of unemployment. During the period of unemployment his economic living levels are reduced to far below the margin of bare subsistence. Industrial labour in India is entitled not merely to a reasonable living standard while on job, but to maintain at least a bare physical standard while unemployed as well. Viewed in this context, Unemployment Insurance should be regarded as a step in the right direction.