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## ***ABOUT US***

WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal provided dedicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

# **CONCEPT OF SOCIAL SECURITY**

AUTHORED BY - NAVEEN.N

## **Abstract:**

Social security is a dynamic and evolving concept that adapts according to the socio-economic development and needs of different nations. It is recognized globally—both in developed and developing countries—as an indispensable element of national programs aimed at combating poverty, unemployment, and disease. Traditionally focused on workers, the scope of social security has expanded with the rise of the welfare state, emphasizing protection for all vulnerable sections of society. The aspiration for security from want and distress is age-old, though its modern implementation is shaped by advances in technology, economic progress, and heightened social awareness. While earlier methods like private savings, commercial insurance, and joint family systems provided limited support, they proved inadequate for addressing widespread contingencies such as sickness, old age, and unemployment. The employer's liability system in industrial settings addressed only a narrow spectrum of risks. The modern concept of social security thus emerged as a comprehensive solution to ensure stability and protection against life's uncertainties, marking a significant milestone in the journey toward achieving the ideals of a welfare state.

## **Keywords:**

Social security, welfare state, poverty alleviation, unemployment, economic development, employer's liability, industrialization, social protection, joint family system, public policy.

## **1.1. INTRODUCTION:**

“Social security is a dynamic concept. Being a dynamic subject, no rigid limit can be laid down for all time to come. It varies from time to time and country to country”. The growth and development of the national economy will profitably affect the social security scheme. Whatever may be the scope of the social security it is now considered in almost all the countries of the world developed and developing indispensable chapter of national program to strike and the root of poverty, unemployment and disease. Social security may provide for the welfare of people who became incapable of working because of old age, sickness and invalidity and are unable to earn anything for their livelihood. It has been considered essential for workers, though

with their development of the idea of welfare state, its scope should be widened to cover all sections of society.

The quest for social security and freedom from want and distress has been a consistent urge of man through the ages. This urge has assumed several forms, according to the needs of the people and their level of social consciousness, the advance of technology and pace of economic development. From its modest beginning in few countries in the early decades of the last century Social security has now become a fact of life for millions of people, throughout the world. Social security measures have introduced an element of stability and protection amid stress and strains of life. It is a major aspect of public policy, and the extent of its prevalence is a measure of the progress made by a country towards an ideal of a welfare state.<sup>1</sup>

Freedom from “want” maybe a modern slogan but the aspiration for such a freedom is an ancient as mankind itself. The degree of success achieved in reaching this goal has varied from time to time and country according to the means available and adapted. Private savings, commercial insurance in the joint family system have all been tried at different times and in different places but achieved very limited success. Everyone does not have the capacity or the foresight to carry out a wisely devised plan of saving or insurance. Moreover, individual members of small means can hardly provide effective security against their contingencies like sickness, maternity, invalidity, employment injuries, unemployment, old age, death and other emergencies expenses. Joint family system thus provides security to a certain extent

In the industrial field the concept of employer’s liability was pressed into service to help workers to achieve the same aim i.e the security. This implies that an employer who brought out dangerous machinery on his premises must be held responsible for the consequences flowing from the use of such machinery. In the event of accident, he should be made liable to compensate his workman. This however conferred security only in the event of accidents at work. In other respects, the worker continued to be unprotected. The growth of industrialized communities made it evident that most people must depend on the capacity to work in a day’s work to meet their needs for the day and that whatever they are to be at work, for any reason, whatever they faced privation ad hardship. It is to meet these kinds of needs that the concept of social security develops.

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<sup>1</sup> Report of the National Commission on Labour(1969); Page.162

## 1.2. MEANING AND DEFINITION OF SOCIAL SECURITY:

A comprehensive definition of social security has been in ILO report that: -

“Social Security is the security that furnishes through appropriate organisation, against certain risks to which its members are exposed. The risks are essentially contingencies against which the individual of small means cannot effectively provide by his own ability or foresight alone or even in private combination with fellows<sup>2</sup>”.

The aforesaid term has later been redefined by the ILO itself in the following words:

“It is convenient to regard as social security services only as such schemes as provide a citizen with benefit designed to prevent or cure disease, to support him when unable to earn and to restore him to gainful activity.”<sup>3</sup>

In India, the National Commission on Labour has endorsed the ILO definition of social security and observes:

Social Security envisages that the members of a community shall be protected by collective action against social risks causing undue social risks causing hardship and privation to individuals whose prime resources can seldom be adequate to meet them.<sup>4</sup>

ILO Social Security (Minimum Standards) Convention 1952 defines “social security” to mean: “The result achieved by a comprehensive and successful series of measures for protecting the public (or a large sector of it) from the economic distress that, in the absence of such measures, would be caused by the stoppage of earning in sickness, unemployment or old age and after death; for making available to that same public medical care as needed; and for subsidizing families bringing up young children”

An ILO/ Norway National Seminar on Social Security was held in New Delhi from 19th to 30th September, 1977. It was tripartite in character. The seminar redefines the concept of social security as “Social Security is the protection furnished by the society to its members through a series of public measures against the economic and social distress that are caused due to absence of earnings resulting from sickness, maternity/employment injury (occupational diseases). Unemployment, invalidation, destitution, social disability and backwardness, old age and death, and further to provide health care, including prevent measures.”

According to these definition, social security measures would include

- i) Social insurance

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<sup>2</sup> ILO. Approaches to Social Security, 1942, P.83

<sup>3</sup> Definition given by ILO (Source not given) quoted from Hasan N: Social Security system of India, 1972, P.3

<sup>4</sup> Report of National Commission on Labour, 1969, P.162.

- ii) Social assistance
- iii) Family benefits
- iv) Health care and other social services, and
- v) Related social welfare services

Besides, the seminar recommended that provision for the following facilities be made.

- a) Provision of basic needs, essential services, medical care and legal aid.
- b) Work guarantee as an integral part of social security
- c) Adequate and effective measures for rural social security:
- d) The rate of interest paid to the provident fund beneficiaries should be compatible with the rates of the banks.
- e) Long term social security benefits be linked with the cost-of-living index

It is, thus, obvious that the seminar recommended more comprehensive social security measures.

According to Lord Beveridge, the social security “is an attack on five giants- wants, disease, ignorance, squalor and idleness”<sup>5</sup>

Prof. Watkinson defined social security as “the security of an income to take the place of earning when they are interrupted by unemployment, sickness or accident, to provide for retirement through old age, to provide against loss of support by death of another person and to meet exceptional expenditure connected with birth, death or marriage...the purpose of social security is to provide an income upon a minimum and also medical treatment to bring the interruption of earnings to amend as soon as possible”<sup>6</sup>

Friedlander defines social security as “programme of protection provided by society against these contingencies of modern life...sickness, unemployment, old age, dependency, industrial accidents and invalidism – against which the individual cannot be expected to protect himself and his family by his own ability or foresight”<sup>7</sup>

In the encyclopedia of social work, social security has been defined as “the endeavor of the community, as a whole, to afford itself to the utmost extent possible to any individual during

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<sup>5</sup> William Beveridge: Report Of Social Insurance And Allied Services, P6

<sup>6</sup> Watkinson, W.H – How welfare began? Welfare in industry. Ed. Blaney Thomas, 1949, page 19

<sup>7</sup> Seth. B.R Labour Welfare Work – UP Labour Bulletin, June 1942

periods of physical distress inevitable or illness or injury and from the economies distress consequent on reduction or loss of earnings due to illness, disablement, maternity, unemployment, old age or death of the working members.”<sup>8</sup>

Social security may generally be defined as protection provided by the society to its members against providential mishap over which a man has no control. This protection is provided through proper organization. In western countries, it is generally provided to the individual workers by the state and the employer both and as such the term” social security” has come to be associated with them. Thus, social security is the security which society especially the state, and the employers furnish through appropriate organizations to the individual members of the society who are exposed to certain risks.

### **1.3. EVOLUTION OF SOCIAL SECURITY:**

The quest for social security and freedom from want and distress has been the consistent urge of man through the ages. This urge has assumed several forms, according to the needs of people and their level of social consciousness, the advance of technology and the pace of economic development. From its modest beginning in a few centuries in the early decades of the last century, social security has now become a fact of life for millions of people throughout the world. Social security measures have introduced an element of stability and protection amid stress and strains of life. It is a major aspect of public policy, and the extent of its prevalence is a measure of the progress made by a country towards the ideal of a welfare state.<sup>9</sup>

At all times and in every society, at every stage of development, there have been sick people requiring medical aid and care, handicapped and old people unable to work for a living.<sup>10</sup> Quite apart from this there are unemployed and are unable to make both ends meet. According to Sir William Beveridge there are five giants on the road of reconstruction, these are wanted, disease, ignorance, squalor and idleness.<sup>11</sup> The fear created by these giants has crossed the limit where individuals could not have controlled them individually or in small groups.

In early days when human needs were limited and livelihood was based primarily on agriculture, joint families, and craft guilds. Churches, charitable, philanthropic and other

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<sup>8</sup> Encyclopedia of Social Work – Vol.1, Page 280.

<sup>9</sup> Report Of The National Commission on Labour(1969), P.162

<sup>10</sup> Government of India, Report of Committee on Labour Welfare, 1969, P.255.

<sup>11</sup> William Beveridge: Report of Social Insurance and Allied Services, P.6

religious institutions, provided these securities. In some countries poor houses were also established.<sup>12</sup> However, the system based on voluntary charity proved to be inadequate and unsatisfactory later. In some countries these were supplemented with mutual benefit schemes and state aid. Today when the world is passing through an industrial era and life is becoming more and more individualistic, yet complex and complicated because of industrial and scientific advancement, the risks of life have been increased manifold with the introduction of industrialization and the growth of society, it has been increasingly felt that the institution of social security should be established. "The historic sources of social insurance idea are found in the genesis of industrial revolution in the 12<sup>th</sup> century in Europe. Social insurance scheme was also found in the guild benefit societies."<sup>13</sup>

Leaving out underdeveloped countries, the reactions of governments to this new realization varied depending, inter alia, upon the political situation existing in the country and the country's economic development. It is true that all democratically elected governments are under constant pressure from the electorate to extend the scope of their service, but the response of the governments can vary according to their political philosophy. It is interesting that the countries that took the first hesitant step towards social security at this time were under left-wing governments. The Social Reform Act of 1933 of the Social Democratic government in Denmark codified, simplified and extended social insurance and social assistance legislation.<sup>14</sup> It is said that the late Abraham Epstein, the executive secretary of the American Association of Social Security is credited with originating the term 'social security'.<sup>15</sup>

The term 'social security' which originated in the USA, has spread through the world. The term has been used in such variety of ways and so broadly, as to sometimes lose any value as a term of precise meaning.<sup>16</sup> The Labour Government's Social Security Act 1938, in New Zealand provided the most comprehensive interpretation of social security at that time.<sup>17</sup> Today, social insurance has spread throughout the world. It is an integral feature of social democracy. In social insurance may lie the answer to the challenge of totalitarianism.<sup>18</sup>

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<sup>12</sup> See British Poor Law Act, 1601

<sup>13</sup> Government of India, Report of Committee on Labour Welfare, 1969, P.264.

<sup>14</sup> V. George, Social Security: Beveridge and After (1968), pp.1,2.

<sup>15</sup> Haber and Cohen, Readings in Social Security, P.39: Dr. P.C. Srivastava, Social Security in India (1864), P.14

<sup>16</sup> William Haber and Wibur J. Cohen, Social Security: Programmes, Problems and Policies (1960), pp.28,29

<sup>17</sup> V. George, loc, cit, P.2

<sup>18</sup> Sydney H. Ash: Social Security and Related welfare programmes, pp.15-16

Lot of thinking has gone behind the provision of proper social security measures for industrial workers both in the country and in the industrial level. The right of social security is one of the significant rights that have been set out in the Universal Declaration Human Rights, which the general assembly of the UN adopted and proclaimed on December 10, 1948. The declaration proclaimed that everyone, as a member of society, is entitled to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organisation and resources of each state, of the economic, social and cultural rights indispensable for his dignity and free development of his personality.

Earlier in May 1955 was laid down the grand charter of Labour, popularly known as the Declaration of Philadelphia, by the member states of the ILO.<sup>19</sup> Among its aims and objects inter alia, the declaration affirmed “to secure the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care and to make provisions for maternity protection.

A significant milestone in acceptance and promotion of the right of social security was earlier reached with the establishment of the ILO in 1919. ILO played a significant role in evolving universally acceptable principles and standards of social security which guided the development of the field of social security throughout the world. The need for providing social security benefits was recognized by the International labour organization since its inception of the Twenty Eight social security conventions (No.102) concerning minimum standard of social security is significant. It is a comprehensive instrument covering almost every branch of social security and providing for minimum standard in respect of benefits payable in large number of contingencies like sickness, unemployment, old age, death, employment injury, invalidity etc.

In India social security measures to protect industrial workers against sickness, old age, invalidity, unemployment etc., are of recent origin. The workmen's compensation Act is perhaps the first legislation which may be described as a social security measure in a broad sense. The importance of social security has been emphasized by different political leaders, social reformers and economists in different ways.

Sri V. V. Giri has rightly remarked that social security, as currently understood, is one of the

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<sup>19</sup> Government of India, Report of Committee on Labour Welfare, 1969, p.13

dynamic concepts of the modern age which is influencing social as well as economic policy. It is the security that state furnishes against the risks which an individual of small means cannot, today stand up to by him or even in private combination with his fellow countrymen<sup>20</sup> Ways adopted by the various countries may be different, but the purpose is the same everywhere. The concept of social security has united them all. Although the term was made popular on during the 30's of the last century, the philosophy behind the scheme was quite popular before.<sup>21</sup>

Way back in 1931 Royal commission on labour made comprehensive survey of almost all the problems relating to labour (including social security) and made several recommendations for sickness benefits and old age. Though India become independent on 15th August 1947 transfer of power took place in 1946 when an interim government formulated a five-year programme for the welfare of the labour class. The significant features of the programmes were:

- i) Organisation of a health insurance scheme, applicable for workers to start with.
- ii) Revision of workmen's compensation act.
- iii) Central law for maternity benefit; and
- iv) Extension to other classes of workers, or the right, within specific limits, to leave with allowance during the sickness<sup>22</sup>.

Social security received new vigor and strength in the hands of Professor B. P. Adarkar who framed a scheme<sup>23</sup> to provide health insurance to workers. The scheme was later modified by I L O experts, Mr. M. Staok and Mr. R. Rao (who were invited by the Government of India to examine it), which culminated in the enactment of the Employees State Insurance Act, 1948.

Thus, the modern society, being a welfare society, has assumed this responsibility of providing social security against these risks by social insurance supplemented by quasi-social insurance and social assistance or by combination of all or any of these devices.

Social security has now become a fact of life for millions of people throughout the world and its measures "introduce and element of stability and protection in the midst of the stresses and strains of modern life"<sup>24</sup>

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<sup>20</sup> Labour Problems in Indian Industry, 1972,P.269

<sup>21</sup> Dr. Vivek Ranjan Bhattacharya, some aspects of social security measures in India, (1970), PP 1-2.

<sup>22</sup> Report of National Commission on Labour, 1969, p.163

<sup>23</sup> Adarkar, B.P: Social Security plan for India-Planning for Labour, pp.4-5.

<sup>24</sup> Report of National Commission on Labour, 1969, p.162

#### **1.4. CHARACTERISTICS OF SOCIAL SECURITY:**

1. In the first place it is a provision for cash as well as medical relief of certain specified people under certain specified conditions.
2. Benefits are paid as of right. It means that the people who qualify under the provisions of Law to get any sort of relief, they cannot be denied and in the event of non-payment of relief, they are at liberty to sue in the court of law. Really speaking, the traditional moral right of the poor to beg for charity has, now, been converted into the human right of social security<sup>25</sup>
3. Social security benefits are paid by way of relief only. It is relief in so far as it relieves the beneficiary of temporary or permanent pressure of circumstances by enabling him or her to secure a medium of income for meeting the day-to-day expenses of upkeep. It does not afford enough to save from it<sup>26</sup>
4. Stay participation is imperative in modern conditions. The concept of social welfare in the modern world has made it imperative on the part of the state to intervene between employers and employees, first by way of enacting legislation on the subject. Secondly by administrative supervision that the welfare scheme contained therein is properly implemented for the object aimed at and lastly by way of financial contribution towards the benefits. In more developed states the principle of financial participation is well recognized. In the USA and Great Britain majority of the schemes are enshrined with this future. This principle is also contained in labour legislation in India<sup>27</sup>.
5. The amount payable, qualifying conditions for such benefit and procedure for calculating the benefit, liability in case of non-payment etc., or determined by legislative intent expressed under the provisions of any such enactment and scheme contained therein<sup>28</sup>.

However, social security measures vary from country to country but the common characteristics are:

- i) They are established by law.
- ii) They provide some form of cash payment to individuals to replace at least a part of lost income that occurs due to such contingencies as unemployment, maternity, work injury, invalidism, sickness, old age and death.

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<sup>25</sup> Dr. P. C. Srivatsava, Social Security in India (1964), P.13.

<sup>26</sup> Prof. N. Hasan, Loc.Cit. P.4.

<sup>27</sup> Employees Provident Funds Act, 1952.

<sup>28</sup> Prof. N. Hasan Loc. Cit. P.5 Approaches of Social Security, ILO, Geneva, p.84

- iii) The benefits or services are provided in 3 major ways social insurance and social Assistant public service

### 1.5. CONSTITUENTS OF SOCIAL SECURITY:

In view of the above definitions of social security, the constituent of social security may be classified into the following two categories:

- i) Traditional constituent of social security and
  - ii) Modern constituents of social security
- i) Traditional constituents of social security: - The concept of social security as indicated earlier, is the product of 1930's. Before this concept certain security measures were in operation without referring to the term 'social security' as such. The term refers to a set of measures designed to provide medical care and income security to the members of the society entitled to. In actual practice, there are the following two constituents of social security viz Social Insurance and Social Assistance.
  - ii) Social insurance: - The ILO defines social insurance as a scheme that provides benefits for persons of small earnings granted as of in amounts which combine the contribution of the insured with subsidies from the employee and the state. Social insurance protects persons of small earnings. The purpose of social insurance is rendering the wage earner as independent of poor relief as possible on the principal that his wage should include an insurance premium conversion the risk of its involuntary loss, the inability of the State being mere subsidy<sup>29</sup>.

Shri K N Vaid defines social insurance as the "giving, in return for contribution benefits up to subsistence level, as of right and without means test so that an individual may build freely upon it. Thus, social insurance implies that it is compulsory and that men stand together with their fellows<sup>30</sup>.

Social insurance has also been defined as "a cooperative device which aims at granting adequate benefits to the insured on compulsory basis in times of unemployment, sickness and other contingencies with a view to ensure a minimum standard of living, out of a fund created out of the tripartite contributions of the workers employers and state".

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<sup>29</sup> Approaches to Social Security (ILO), 1924, p.21

<sup>30</sup> Vaid K.N. Labour Welfare in Indian-1970, Pg:22

The characteristic of social insurances are:-

- i) A common fund is established by the employer, state and the worked out of which all the benefits in cash or kind are paid.
- ii) The contribution of the workers is nominal, which generally does not exceed their paying capacity, whereas the employer and the state provide the major portion of the finances.
- iii) The object of the benefit is ensuring the maintenance of a minimum standard of living to the beneficiaries during the period of partial or total loss of income.
- iv) Benefits are granted as a matter of right and without any means test thus, they do not touch the self-respect of the beneficiaries.
- v) It is provided on a compulsory basis so that its benefit might reach all the needy persons of the society who are ought to be covered by the scheme.
- vi) Lastly, social insurance reduces the suffering arising out of the contingency faced by an individual. Contingencies which they cannot prevent.

Social assistance: - The ILO defines social assistance scheme as one that provides benefits to people of small means granted as of right in amounts sufficient to meet a minimum standard of need and financed from taxation<sup>31</sup>. Social assistance programs provide benefits sufficient to meet the minimum needs of people of small means. The special characteristic of these measures is that they are financed wholly from general revenues of the state. Thus, it is the state which takes the initiative to adopt these measures for the benefits of common men. Benefits under the scheme of social assistance are given to them as a legal right, provided they fulfill certain conditions. However, the benefits provided, and needs applied differ from country to country. The first risk to be covered was that of old age, but gradually noncontributory benefits were introduced for invalids, survivors and unemployed people as well. Today social assistance programs cover programs like unemployment assistance, old age assistance and national assistance.

Benefits under the social assistance scheme are supplementary to social insurance and, therefore, they both go side by side. Both or integral parts of social security measures. But social assistance is purely a governmental affair, while social insurance is only partly financed by the state. Benefits under the social insurance scheme are granted to those who pay

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<sup>31</sup> Approaches to Social Security, Loc. Cit.p.84

contributions. Whereas social insurance schemes are granted to those who pay contribution. Whereas social assistance is given free. Thus, social insurance is contributory while social assistance is free.

A major feature of most social insurance schemes is that they are financed mainly through contribution by employees and employers, in some cases, subsidies are granted by state. The benefits to insured people are linked to their contributions. Most of these programs are compulsory and specifically defined categories of workers and their employers are required by law to participate in the programs.

Characteristics of social assistance: -

1. Social assistance programs are financed wholly from the general revenues of the state and hence, it is purely a governmental affair.
2. The object of the benefits is to meet the minimum needs of the presence of small means.
3. The benefits are granted as a matter of right.
4. The benefits provided are free of cost, and the provider certain prescribed conditions are fulfilled.
5. The benefits provided and meant tests applied differ from country to country.

Modern constituents of social security: - With the completion of the industrial revolution the traditional institutions of social security have become inadequate on account of numbers of factors. Some of the important factors are:

1. The worker's dependence on money wage became complete because of the alienation from agriculture.
2. The workers who still retained and linked with village had to fight on two fronts because of the divided and scattered family in the village and the town. It resulted in the deterioration in agriculture. But on the whole the tendency was towards the emergence of permanent industrial workers' class.
3. In view of this growth of labour laws, child labour as a source of additional income ceased to be useful institution for the industrial workers.
4. With the growth of industries under capitalism chronic unemployment with periodical accentuation came to stay as the future of the economy.

5. With increased intensification of labour and/or the depletion of plants and inadequate working conditions, an increasing number of industrial hazards and accidents came to be regarded as a common and almost unavoidable risk for industrial workers<sup>32</sup>.

Social security measures have a twofold significance for ever developing countries. They constitute an important step towards the goal of a welfare state, by improving living and working conditions and affording the people protection against the uncertainties of the future. These measures are also important for every industrialization plan, for not only do they enable workers to become more efficient, but they also reduce wastage arising from industrial disputes causing work stopping pages. The man-day lost an account of sickness and disability also constitute a heavy drain on the slender resources of the worker and on the industrial output of the country. Lack of social security impedes production and prevents the formation of a stable an efficient labor force. Social security is therefore not a burden but a wise investment which yields good dividends in the long run<sup>33</sup>.

### **1.6. OBJECTIVE OF SOCIAL SECURITY:**

The aim of all social security measures is to be three- fold in nature. (1) Compensation (2) Restoration and (3) Protection.

Compensation leads to income security for the workers and is based upon the idea that during the spells of risks, the individual both destitution and loss of health, limbs, life or work.

Restoration implies core of the sickness and the invalid re-employment and rehabilitation and in a way, extension of the earlier concepts of the functions of social security.

Prevention is designed to avoid the loss of productive capacity due to sickness, un-employment or invalidity and render the available resources which are used up by avoidable disease and illness and thus increase the material, intellectual and moral wellbeing of the community.

The development of services for prevention and re-habilitation should receive the highest priority in social security policy. Prevention is needed to permeate virtually the Government, the actions of the employers and trade unions, the activities of voluntary bodies and most

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<sup>32</sup> V.B. Singh, Loc.Cit, pp.79-80

<sup>33</sup> V.V. Giri, Loc, Cit, p.271

important of all, the actions of individuals and families. Social security has a wider aim than prevention or relief of poverty. Its purpose is also to give individuals and families confidence that their level of living and quality of life will not in so far as is possible be greatly eroded by any social and economic eventuality, this involves not just meeting needs as and when they arise but also individuals and families to make the best possible adjustment cannot be prevented. In short, its main purpose has been to widen class. Besides, the right to social security has been embodied in the declaration<sup>34</sup> adopted by the United Nation, General Assembly in 1948 and has been granted under numerous national constitutions.

## **1.7 – BENEFITS PROVIDED UNDER SOCIAL SECURITY**

The various benefits normally provided under a social security scheme are as follows:

### **1.7.1 Medical Care:**

Free medical care is provided as and when needed.

### **1.7.3. Sickness Benefit:**

Cash benefit is provided in the event of sickness. This is often conditional which is given on fulfilling certain contribution conditions and is usually limited in duration.

### **1.7.3 Maternity Benefit:**

Cash benefit is paid to insured women or even to the wife of an insured man in the event of confinement. This is usually payable for six weeks before and six weeks after the delivery rates vary from half of the wages to full wages. In some countries some additional lump sum amounts are also paid to enable the family to buy new clothing, toilet equipment and other things for the baby.

### **1.7.4 Accident Benefit:**

Cash benefit is paid for accidents at work. This may be in the form of Temporary Disablement benefit payable while the disablement lasts or it may be in the form of pension for life, the amount of benefit depends on the extent of permanent Disablement. The benefit may also be the form of pensions for varying duration to dependents of deceased insured person.

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<sup>34</sup> Universal Declaration of Human Rights, 1948.

### **1.7.5 Unemployment Benefit:**

The benefit is payable to able bodied workers who are willing and available for employment but are unable to find any work. Entitlement to this benefit is also conditional on having paid a certain contribution and is usually limited to a certain number of day or weeks.

### **1.7.6 Old Age and Invalidity Benefit:**

Pension is also payable in the event of invalidity, retirement or death of the employee, Invalidity and retirement pensions are payable to the worker and the survivorship pension are payable to his dependents. For all these pensions, different qualifying conditions are attached.

### **1.7.7 Family Benefit:**

Lastly, in some of the western countries it is now recognized that it is the responsibility of the state to support the family in bringing up children.

The others benefits are disablement benefit, Survivorship benefit, Dependants benefit, Funeral benefit and Minor benefits.

## **1.8. SOCIAL SECURITY AND INTERNATIONAL LABOUR ORGANIZATION:**

The International Labor Organization was founded in 1919. The primary purpose of this organization was to promote social justice and improving the living and working conditions of workers throughout the world. It made a beginning in this field by emphasizing the importance of comprehensive social security measures in the preamble to its constitution, in which it is promised, “protection of the workers against sickness, disease and injury arising out of his employment the protection of children young person and women, provision for old age and injury”<sup>35</sup>

To implement these measures, the I.L.O. Took certain Steps: (i) It tried to create international standard by way of recommendations regarding the definition of social security. (ii) It collected and spread the information about social security schemes in various countries. (iii) It provided technical assistance and guidance to the member countries so that social security schemes may be properly formulated by them (iv) It promoted social security measures with the help of other social organizations. Till June 1930, 29 out of 132 conventions and 27 out of 136 Recommendation have helped in formulating international standards regarding social

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<sup>35</sup> The National Commission Report on Labour, 1966, Pg.138.

security<sup>36</sup>.

To achieve a comprehensive social security programmers' for workers and bring about coordination in all activities related to all aspects of social security, the I.L.O has worked in close collaboration with United Nations, the World Health Organization the organization of American States, the European Economic Community and the League of Arab States.<sup>37</sup>

The latest regarding the provision of comprehensive social security was brought out by its recommendations on income security and medical care adopted in 1944. This was followed by the adoption of the convention.<sup>38</sup>

Special action has been taken by the International Labor Organization regarding Asian Countries. Recognizing that compulsory sickness insurance provided the best means of constantly and systematically applying provident measures to obvious or make good any loss of the worker's productive efficiency, the international labor conference at its 10<sup>th</sup> session in 1927 adapted two conventions and recommendations on the subject. The Indian Legislative Assembly discussed them in March 1928. The Conclusion arrived at by Government of India at that time was that the introduction of any comprehensive scheme on the lines proposed by the I.L.O was impracticable under the conditions then prevailing in the country. However, the conference<sup>39</sup> held in New Delhi adopted a comprehensive resolution on social security recommending that progress of social security schemes in various Asian countries should be accelerated.

In addition to the formulation of international standards of social security, technical advice was given in forming the employees' state Insurance scheme under the employees' state insurance Act of 1948. It is thus obvious that the ILO has emphasized for making social security provision both inside and outside workplace. Thus, lack of social security measures impedes production and prevents the formation of stable and efficient labour force. Social Security is, therefore, not a burden but a wise investment which yield good dividends in the long run.<sup>40</sup> Thus, the role of I.L.O in promoting social security measures in various countries generally and the less

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<sup>36</sup> Saraswathi Sankaran – Labour Welfare Unions and Industrial Relations, Pg-133.

<sup>37</sup> Saraswathi Sankaran – Labour Welfare Unions and Industrial Relations, Pg-133.

<sup>38</sup> Social Security (Minimum Standards) Convention, 1952.

<sup>39</sup> Preparatory Asian Regional Labour Conference, 1947

<sup>40</sup> V.V.Giri-Labour Problems in Indian Industry, P.27

developed countries like India has been very significant.

Considering the Importance of Social Security, the international social security Association rightly said, “*No peace without social justice and no justice without social security*” shown favors or helped.<sup>41</sup> Whereas Kautilya had identified eight calamities i.e., fire, floods, disease, (Epidemic) famine, rats, wild elephants, serpents and evil spirits (demons) and adds that in all such cases the king should favour the afflicted people. “The Dharmasatra lays down that it is the duty of the King (Sovereign in modern concept) to see that none in his realm perishes through hunger, disease, extreme heat, or cold or of set purpose. It has been viewed the Ancient India jurists like Brihaspati, Yagnavalkya, Vishnu etc., had framed extensive laws regarding wages and conditions of work, technical and vocational training women and child labor, regulation of industrial relations etc., These scripts bear testimony to the fact that social structure in those days was so involved, and codes so designed as to provide security.”<sup>42</sup>

The importance of social security in developmental plans, particularly in the context of present employee and employer relations, need not be exaggerated. It is a novel concept in the field of business management and industrial administration. In rudimentary form however, social security was not unknown in ancient India. Today the worker gets all his facilities as of right; decades ago, he got them engratis. This is true for all countries although there is no denying that social security, today, embraces a wider field than ever before. In addition to labour welfare and economic protection of workers it covers also socio-economic progress and development of the weaker class the so called backward and scheduled castes, scheduled tribes and the welfare of children, the aged and the handicapped.<sup>43</sup>

It would be desirable to give briefly social security measure adopted in ancient India. The structure of Hindu society in ancient India was by itself a great security against economic calamities. It has been very aptly observed that, in ancient India joint Hindu family was the unit of social organisation and was also the original cell for security, prototype and analogous to the further institutions. The reciprocal obligations of the parents to support the child in infancy and of the son to support the parents in old age were represented in social insurance by the solidarity of generations. The paternal responsibility was further illustrated across the

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<sup>41</sup> N.C. Bandhopadhyaya, Kautilya, P.173

<sup>42</sup> M. Chandrasekar, Loc, Cit, P.19

<sup>43</sup> Dr. V.R. Bhattacharya, Lov. Cit, (Auditors Note, P.XI)

ancient Indian history in the relationship of the master to his servants and as such it survives even today in a variety of legal obligations of the employer to protect his workers, and in the manifold welfare schemes setup voluntarily the employers.<sup>44</sup>

In ancient India there were economic groups living together the form of modern guilds, specialising in different branches of economic. Dr. R.C. Majumadar gives a list of about thirty such groups.<sup>45</sup> In the 18th century sukrachariya makes special provisions for social security particularly regarding sickness benefits, pensions and the oldage benefits, family pensions and maintenance allowance. He made it clear that when a servant was ill and could not work temporarily, the master should make no deduction from his salary<sup>46</sup>. However, in medieval India there was hardly any progress in the field of social security. Among the mughal rulers, Akbar the great made certain provisions for the learned Shajahan made liberal grants to spiritual guides, literary men and musicians. The motive of charity was religious rather than safeguarding the economic interests of the poor.

Labour legislation was initiated in India by the British rulers under pressure of jealous Lancashire and Dundee in 1881. Their jealousy and pressure were mainly responsible for most Indian Labour Laws till 1912. After the First World War Labour movement started in our country with the establishment of the Madras Labour Union in 1918 to redress the distress caused by post-war rise in prices not followed by rise in wages. Similar bodies sprang up in other industrial centres. Labour aimed for higher wages. There was a series of strikes in the jute mills in Calcutta, in Jamshedpur, in Coal fields and in Cotton mills of Bombay and Ahmadabad. There were also strikes of employees in Railways, Docks in the postal department etc.

In such circumstances the social security measures were taken in India under the provisions of various social security enactments. It may be recalled that the british rulers generally modelled Indian Labour Laws on the British Legislations such as the Factories Act, The Workman's Compensation Act and The Trade Unions Act. In the meanwhile, the Indian Labour movement become linked with the International Labour Movement. In 1929 a Royal Commission on Labour, presided over by J.H. Whitley was appointed. Its report and recommendations became

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<sup>44</sup> M. Chandrasekar, Social Insurance for Indian Working Class, P.1

<sup>45</sup> Cooperative Life in Ancient India Dr. V.R. Bhattacharya, Loc. Cit, PP.1-2.

<sup>46</sup> M. Chandrasarkar Loc. Cit, Chapter II.

the foundation of labour legislation in India till the advent of congress ministry in a number of provinces of the British India in the middle of 1937. Some of the Indian states had also undertaken humane labour legislation.

Free India adopted generally Mahatma Gandhi's ideas as far as practicable and made laws to regulate labour demands in the country. Equally important were the thoughts of Pt. Jawaharlal Nehru who remarked in 1953. I think every employer should realise the terrible time labourer has had for generations, how they were crushed.<sup>47</sup> Same thoughts were repeated by Sardar Vallabhai Patel in forceful words in 1948; like Gandhiji I want to make the capitalists also understand which way their true duty lies.<sup>48</sup>

These thoughts were written into the Constitution of India and the labour laws made by the parliament and state legislatures in free India. The authorities must also constantly bear in mind the Directive Principles of State Policy enumerated in part IV of the Constitution of India.<sup>49</sup> Thus the Constitution of India under this chapter IV embraces principles and policies pertaining to social security measures which are to be followed by the state in future when it would think expedient, just and proper to legislate for working class in our country. It would be desirable to mention here pertinent principles of state policy as contained in our Constitution.

## **THE CONSTITUTION OF INDIA, GUARANTEES SOCIAL SECURITY**

### **IN THE FOLLOWING WORDS:**

The State shall, direct its policy towards securing:

- a) "Shall strive to promote the welfare of the people by securing and protecting as effectively as it may, a social order in which justice, social, economic and political shall inform all the institutions of the national life".<sup>50</sup>
- b) "Strive to minimise the inequalities in income, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different avocations".<sup>51</sup>
- c) "Right to an adequate means of livelihood".<sup>52</sup>

<sup>47</sup> Jawaharlal Nehru's Speeches, Vol.3, PP.65-66.

<sup>48</sup> Speeches of Sardar Patel "For a United India", P.138 Quoted by Mr. Justice G.N. Vaidya.

<sup>49</sup> Hon'ble Mr. Justice G.N. Vaidya: Foreword to G.M. Kothari's Labour Demands and their Adjudication, 1972.

<sup>50</sup> Constitution of India, Article 38(1).

<sup>51</sup> Constitution of India, Article 38(2).

<sup>52</sup> Constitution of India, Article 39(a).

- d) “The state shall within the limits of its economic capacity and development make effective provisions for securing public resistance in case of unemployment, old age, sickness, disablements and other cases of underserved wants”.<sup>53</sup>
- e) “Direct the State, it shall make provision for securing just and humane conditions of work and for maternity relief”.<sup>54</sup>
- f) “The State shall endeavour to secure to all workers agricultural, industrial or otherwise work, a living wage, conditions of work ensuring or decent standard of life”.<sup>55</sup>

The Social Security legislations in India suffer from such defects as uneven scope, inadequacy of benefits, duplication and overlapping provisions and different administrative authorities for implementation and enforcement. This anomaly is especially observed in the enforcement of E.S.I benefits. The dual administration of Central Government (for payment of Benefits) and the State Government (Administration) have held to a lot of confusion and lack co-ordination. The study group (1957-58) appointed by the Government of India has recommended for integration of various social security measures with a unified scheme, or a common code and uniform administration and contribution, providing medical care and coverage against sickness, maternity, employment injury, old age and death etc Besides, the statutory social security measures in India serve only a small segment of the population, smaller industries and establishments are excluded from the benefits of the schemes. A vast majority of working force is the un-organised and Agricultural sector are beyond the benefits of the present social security programmes.

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<sup>53</sup> Article 41

<sup>54</sup> Constitution of India, Article 42.

<sup>55</sup> Constitution of India, Article 43.

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