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Management

AN ANALYTICAL STUDY ON SOCIAL SECURITY MEASURES FOR THE EFFECTIVE UTILIZATION OF HUMAN RESOURCES IN INDIAN INDUSTRIES

KEY WORDS: Social Security – Organized Structure – Legislative Measures – Luddism.

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ABSTRACT

The researcher made a enormous effort to bring out a real picture of the Human Resources in Indian Industries through social security measures. The social security schemes in India cover only a small segment of the organized work-force, which may be defined as workers who are having a direct regular employer-employee relationship within an organization. The social security legislations in India derives their strength and spirit from the Directive Principles of the State Policy as contained in the Constitution of India. These provide for mandatory social security benefits either solely at the cost of the employers or on the basis of joint contribution of the employers and the employees. While protective entitlements accrue to the employees, the responsibilities for compliance largely rest with the employers.

INTRODUCTION ON SOCIAL SECURITY

The principal social security laws enacted for the organised sector in India are:

- The Employees' State Insurance Act, 1948;
- The Employees' Provident Funds & Miscellaneous Provisions Act, 1952 (Separate provident fund legislations exist for workers employed in Coal mines and tea plantations in the state of Assam and for seamen);
- The Employee's Compensation Act, 1923;
- The Maternity Benefit Act, 1961;
- The Payment of Gratuity Act, 1972

ADMINISTRATION OF SOCIAL SECURITY ACTS

The provisions of the Employee's Compensation Act, 1923 are being administered exclusively by the State Governments. Cash benefits under the Employees' State Insurance Act, 1948 are administered by the Central Government through the Employees' State Insurance Corporation (ESIC), whereas the State Governments and Union Territory Administrations are administering medical care along with ESIC under the Employees' State Insurance Act, 1948. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is administered by the Government of India through the Employees' Provident Fund Organisation (EPFO). In mines and circus industry, the provisions of the Maternity Benefit Act, 1961 are being administered by the Central Government through the Chief Labour Commissioner (Central) and by the State Governments in factories, plantations and other establishments. The Payment of Gratuity Act, 1972 is administered by the Central Government in establishments under its control, establishments having branches in more than one State, major ports, mines, oil fields and railway companies and by the State Governments and Union Territory Administrations in all other cases. This Act applies to factories and other establishments.

THE EMPLOYEE'S COMPENSATION ACT, 1923

The Employees' Compensation Act, 1923, earlier known as "Workmen's Compensation Act" is an old but an important enactment, as it introduced a kind of social security scheme for the workers of this country. It enable an employee, and in case of death of an employee, his dependents, to get, at the cost of his employer compensation for employment injury.

The object of the Act is to provide for the payment of compensation by employers to their employees for injury caused to them by accident while in employment. If an employee contracts an occupational disease while in employment, it is also treated under the Act as injury caused by accident.

The compensation has been enhanced to Rs.1, 20,000/- in case of death and Rs.1, 40,000/- in case of disablement resulting from injury. The amount of funeral expenses has been enhanced to Rs.5,000/-. Wage ceiling for calculation of compensation is Rs.8,000/-p.m. w.e.f. 31.5.2010. Through the amendment carried out in the Act w.e.f. 18.01.2010, a clause has been inserted in the

Act to enable the Government to raise the compensation, funeral expenses and wage limit by notification in the official Gazette. A new Section 25A has been added for the Commissioner to dispose of the matter relating to compensation under this Act within a period of three months from the date of reference and intimate the decision.

As per the Employee's Compensation (Amendment) Act, 2017, Section 17A has been added. Now, "Every employer shall immediately at the time of employment of an employee, inform the employee of his rights to compensation under this Act, in writing as well as through electronic means, in English or Hindi or in the official language of the area of employment, as may be understood by the employee". Further, under Section ISA, penalty for contravention of Act has been increased from present Rs.5,000/- to Rs.50,000/- which may extend to one lakh rupees. As per Section 30, the amount of dispute has been revised to go for an appeal from Rs.300/- to Rs.10,000/- or such higher amount notified by the Central Government, so as to reduce litigation.

THE EMPLOYEES' STATE INSURANCE ACT, 1948 COVERAGE

The Employees' State Insurance Act, 1948 applies to factories employing 10 or more persons. The provisions of the Act are being brought into force area-wise in stages. The Act contains an enabling provision under which the "appropriate government" is empowered to extend the provisions of the Act to other classes of establishments' industrial, commercial agricultural or otherwise. Under these provisions, the State Governments have extended the provisions of the Acts of shops, hotels, restaurants, cinemas including preview theatres, road motor transport undertaking, newspaper establishments, educational and medical institutions employing 10 or more employees. Employees of factories and establishments covered under the Act drawing monthly wages up to Rs. 21,000 per month are covered under the Scheme. Earlier, persons with permanent disabilities earning upto Rs.25,000/- per month were covered under ESI Scheme but now, there is no monthly wage ceiling for coverage under ESI Scheme for persons with permanent disabilities. The ESI Scheme is now operated in 33 States/Union Territories. As on 31.3.2017, 3.19 Crore insured persons and 12.40 Crore beneficiaries are covered under the Scheme. The number of factories and establishments covered by the end of the year had gone up to about 8.98 lakh,

ADMINISTRATION

The ESI Scheme is administered by a statutory body called the Employees' State Insurance Corporation (ESIC), which has members representing Employers, Employees, Central and State Governments, Medical Profession and the Parliament. The Union Minister for Labour & Employment is the Chairman. A Standing Committee, constituted from among the members of the Corporation, acts as the executive body for a d m i n Administration of the Scheme and is chaired by the Secretary, Ministry of Labour & Employment. There are M Regional Boards and 244 Local Committees. The Director General Is the Chief

Executive Officer of the Corporation and is also an ex-officio member of the Corporation as well as its Standing Committee. The Hqs. of the ESI Corporation is located at Delhi. The Corporation has 66 field offices - 24 Regional Offices, 40 Sub-Regional Offices, 2 Camp Offices throughout the country. Besides, there are 630 Branch Offices and US Pay Offices for administration of cash benefits to Insured Persons, Besides above, there are 30 Union Offices. For Inspection and coverage of new factories/Establishment, 401 Inspection Offices are also set up across the Country.

INVESTMENT

All contributions received under the ESI Act and all other money belonging to the funds which are not immediately required for defraying day to day expenses are invested in the manner prescribed under ESI (Central) Rules. As on 31/10/2017, the total investment of fund was Rs. 67,069.16 crore. Out of this, an amount of Rs. 13,445.89 crore was invested in the Special Deposit Account with Central Government and the balance amount of Rs. 53,623.27 crore was invested in fixed deposits with public sector banks.

ARREARS OF ESI DUES

A sum of Rs. 2362.84 crores was in arrears as on 31/03/2017 on account of default by the employers of covered factories/ establishments. Out of this, an amount of Rs. 1263.27 crores was not recoverable, for the present, due to various reasons, such as factories having gone into liquidation, whereabouts of employers not known, recovery having been disputed in Courts, etc. Rs.121.79 crores dues are in respect of the sick industries registered with BIFR for sanction of rehabilitation scheme/declared sick and rehabilitation scheme sectioned. The balance, amounting to Rs. 977.78 Crores, represented recoverable arrears. The Corporation has been taking necessary recovery action through Recovery Machinery, Legal and penal actions, under various provisions of the Employees' State Insurance Act, 1948 and under Indian Penal Code for recovery of ESI Dues.

HEALTH & CASH BENEFITS UNDER ESI SCHEME

Besides from medical care, the beneficiaries under the ESI Scheme are also provided an array of cash benefits. It is payable in times of physical distress due to sickness, temporary or permanent disablement resulting in loss of earning capacity, confinement in respect of insured women etc. Dependents of insured persons who die due to employment injury caused by accident or occupational disease are entitled to monthly payments called the dependents benefits.

Cash benefits payments are made to the Insured Persons and their beneficiaries through direct bank transfer (DBT) by the Branch Offices and Pay Offices set up by the Corporation in areas where the Scheme is in operation. The list of Cash Benefits provided under the ESI Scheme are as following:-

1. SICKNESS BENEFIT

- Sickness Benefit
- Enhanced Sickness Benefit
- Extended Sickness Benefit

2. DISABLEMENT BENEFIT

- Temporary Disablement Benefit
- Permanent Disablement Benefit

3. DEPENDANT'S BENEFIT

4. MATERNITY BENEFIT

5. MEDICAL BENEFIT

6. UNEMPLOYMENT ALLOWANCES (RGSKY)

7. OTHER BENEFIT

- Confinement Expenses
- Vocational Rehabilitation
- Physical Rehabilitation
- Skill Upgradation Training under RGSKY
- Funeral Expenses
- Medical facility to Retd. IP and his spouse for Primary &

Secondary care (excluding SST) within ESI Medical Institutions.

MEDICAL CARE

The Scheme provides reasonable medical facilities from primary health care to Super specialty treatment in respect of the Insured Persons and their family members. The medical care under the scheme is administered by the State Governments, except In Delhi and Noida (UP). The Corporation also directly run 42 Hospitals as on 31.03.2017 including 5 ODC Hospitals In various States as per details given In Table 1 working in factories and other establishments. The Act aims at providing social security and timely monetary assistance to Industrial employees and their families when they are in distress and/or unable to meet family and social obligations and to protect them in old age, disablement, early death of the bread winner and in some other contingencies.

Presently, the following three Schemes are in operation under the Act through the Employees' Provident Fund Organisation (EPFO):

- Employees' Provident Funds Scheme, 1952
- Employees' Deposit Linked Insurance Scheme, 1976

MISCELLANEOUS PROVISIONS ACT, 1952

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is a welfare legislation enacted for the purpose of instituting provident funds, pension fund and deposit linked insurance fund for employees. Presently, the Act is applicable to 197 specified industries/classes of establishments as is specified in Schedule I of the Act or any activity notified by the Central Government In the Official Gazette and employing twenty or more persons. Apart from the provision for compulsory coverage, provision also exists under section 1(4) of the Act for voluntary coverage. As on 31.03.2017, there were 10,24,188 establishments and factories covered under the Act with a membership of 1933.91 lakh under EPF Scheme, both in the Exempted and Un-exempted sectors. With effect from 01-09-2014, an employee, on joining the employment in a covered establishment and getting wages upto Rs.15,000/- Is required to become a member of the fund.

ARREAR MANAGEMENT

The arrears under all the schemes as on 31' March 2017 were of the order of Rs. 7,079.02 crore. Out of this 65.74% pertains to not immediately realizable category being the amount locked in courts and where stay has been granted by the courts. In order to recover the arrears, the EPF Organisation takes various actions under the provisions of Section 8 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. It takes steps to get the stay orders vacated to recover arrears under the not realizable category. It also launches prosecution against the defaulting employers under Section 14 of the Act and prosecutes employers under section 406/409 of the Indian Penal Code in case they deduct employee's share of contribution but do not remit the same to the Fund. During the year 2016-17, arrears amounting to Rs. 2,275.76 crore were realized out of a total workload of 9,362.22 crore under both unexempted and exempted sector of establishments.

A member of the Employees Provident Fund Scheme is entitled to withdraw the amount lying in his account together with interest on quitting service. During the year 2016-17, 55.93 lakh EPF claims were settled. The scheme also provides for partial withdrawals from the Provident Fund Account to meet contingencies like illness, invalidation and also to provide financial assistance to discharge their social responsibilities like marriage of self, children or higher education of children and construction of dwelling house. At the end of a financial year a member is also entitled to receive annual statement of account indicating his balances. During the year 2016-17, 1,971.73 lakh annual statement of accounts were issued.

EMPLOYEES DEPOSIT LINKED INSURANCE SCHEME, 1976

Employees Deposit-Linked Insurance Scheme, 1976 (EDU) is applicable to all factories / establishments with effect from 1* August 1976. All the employees, who are members of the Employees' Provident Fund Scheme, are required to become members of this Scheme. Employers are required to pay

contributions to the Insurance Fund at the rate of 0.5 percent of pay i.e., basic wages, dearness allowance including cash value of food concession and retaining allowance, if any. The benefit under para 22 of this Scheme on the death of an employee has been further increased by 20% in addition to the benefits already provided therein. During the year 2016-17, 32,688 EDLI claims were settled. At the end of 2016-17, the EPFO had cumulative investments of Rs. 20,282.05 crore under this Scheme.

THE MATERNITY BENEFIT ACT, 1961

The Maternity Benefit Act, 1961 regulates the employment of women in factories, mines, the circus industry, plantation units and shops or establishments employing 10 or more persons except the employees covered under the Employees State Insurance (ESI) Act, 1948 for certain period before and after birth and provides for maternity and other benefits. It extends to the whole of India. It also provides for maternity leave and payment of certain monetary benefits to women workers subject to fulfillment of certain conditions during the period when they are out of employment on account of pregnancy. The services of a woman worker cannot be terminated during the period of her absence on account of pregnancy except for gross misconduct. As per amendment of Section 5 of the Maternity Benefit (Amendment) Act, 2017, maximum period for which a woman can get paid maternity benefit is twenty-six weeks upto two surviving children. For adopting/ commissioning mothers and for more than two surviving children, 12 weeks of paid maternity leave is also available. A medical bonus of Rs.3,500/- is being provided from 19.12.2011 under the Act. The creche facility has also been provided by the Maternity Benefit (Amendment) Act, 2017 after insertion of new Section 11A, according to which every establishment having fifty or more employees shall have the facility of creche within such distance, as may be prescribed, either separately or along with common facilities.

LIST OF ESIC RUN HOSPITALS

Table 1

Sl.No.	State	Place
1	Assam	Beltola
2	Bihar	Phulwarisharif, Patna
3	Chandigarh UT	Ramadarbar, Chandigarh
4	Delhi	Basaidarapur
5	Delhi	Jhilmil
6	Delhi	Okhla
7	Delhi	Rohini
8	Gujarat	Bapu Nagar, Ahmedabad
9	Gujarat	Naroda
10	Gujarat	Ankeleshwar
11	Gujarat	Vapi
12	Haryana	Gurgaon
13	Haryana	Manesar
14	Haryana	Faridabad
15	Himachal Pradesh	Baddi
16	Jammu & Kashmir	Bari Brahmana, Jammu
17	Jharkhand	Namkum, Ranchi
18	Jharkhand	Adityapur
19	Karnataka	Rajajinagar, Bangalore
20	Karnataka	Gulbarga
21	Karnataka	Peenya
22	Kerala	Asramam, Kollam
23	Kerala	Udyogmanda!
24	Kerala	Ezhukone
25	Kerala	Pari pally
26	Madhya Pradesh	Nanda Nagar, Indore
27	Maharashtra	Andheri, Mumbai
28	Odisha	Rourkela
29	Punjab	Ludhiana
30	Rajasthan	Jaipur
31	Rajasthan	Bhiwadi
32	Tamil Nadu	Coimbatore
33	Tamil Nadu	KK Nagar, Chennai
34	Tamil Nadu	Tirunelveli

35	Telangana	Nacharam, Hyderabad
36	Telangana	S.S. Sanathnagar, Hyderabad
37	Uttar Pradesh	Noida
38	Uttar Pradesh	Jajmau, Kanpur
39	Uttar Pradesh	Sahibabad
40	Uttar Pradesh	Sarojini Nagar, Kanpur
41	Uttar Pradesh	Vara nasi
42	West Bengal	Joka, Kolkata

Table 2

Pension claims (all benefits) settled by the Employees' Provident Fund Organisation during the year 2016-17	
Category of Claims	Number of Claims Settled
Monthly Pension Benefits	3.39 lakh
Other than Monthly Pension	48.15 lakh
TOTAL	51.54 lakh

CONCLUSION

The Acts are enforced both by the Central and State Governments. Section 3 authorizes the appropriate government to appoint any officer as a controlling authority for the administration of the Act. Mines, major ports, oilfields, railway companies and establishment owned or controlled by the Central Government and establishment having branches in more than one State are controlled by the Central Government. The remaining factories and/ establishments are looked after by the State Governments. The Central/State Governments appoint the Controlling Authorities and Inspectors for different areas, to ensure that the provisions of the Act are complied with. The Central/State Governments also frame rules for administration of the Act. In Maharashtra, the labour courts in different localities are notified as Controlling Authority for the administration of the Act.

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