

# A STUDY ON “EFFICACY OF SOCIAL SECURITY MEASURES ”WITH SPECIAL REFERENCE TO PATSPIN INDIA LTD , KANJIKODE , KERALA

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## **ABSTRACT**

*Social security measures have two-fold significance for a developing country like India. They constitute an important step towards the goal of a welfare state, by improving the living and working conditions and guarding people against the uncertainties of the future. These measures are also important for every industrialisation plan, because not only do they enable workers to become more efficient, but they also reduce wastages arising from industrial disputes. The man-days lost on account of sickness and disability also constitute a heavy drain on the slender resources of the worker as well as on the industrial output of the country. Lack of social security hinders production and prevents the formation of a stable and efficient labour force. Social security is, therefore, not a liability, but a wise investment, which yields good dividends in the long run. The Social security provides protection to the working class against contingencies like retirement, illness, maternity, aging, death, disablement and similar conditions. We are ensuring social security through different social security legislations like Employee Compensation Act 1923, Employees State Insurance Act 1948, Employees Provident Funds and Miscellaneous Provisions Act 1952, Maternity Benefit Act 1961, and Payment of Gratuity Act 1972. In this paper the authors make an attempt to study the employee satisfaction with regard to social security measures that exists in Patspin India Ltd, Kanjikode, Palakkad,, a leading cotton yarn manufacturing industry in Kerala.*

**Keywords: Social Security Legislations, ESI, Provident Fund, Retirement, Gratuity.**

## **I. INTRODUCTION**

Social security is essentially a term of the Trans-Atlantic origin. It was in 1935 that the term was authoritatively used for the first time when the U.S. Social Security Act was passed and a Social Security Board was established to govern and administer the schemes of unemployment, sickness and old age insurance. Three years later in the year 1938, the same term was adopted by New Zealand when it created for the first time a comprehensive social security system - a measure of income security for all citizens. In 1941, the Atlantic Charter contemplated the fullest collaboration between all nations in the economic field with the object of securing for all, improved labour standards, economic advancement and social security.

In the Encyclopaedia of social work, social security has been defined as “the endeavour of the community, as a whole, to afford itself to the utmost extent possible to any individual during periods of physical distress inevitable on illness or injury and from the economic distress consequent on reduction or loss of earnings due to illness, disablement, maternity, unemployment, old age or death of the working member.”

The International Labour Organisation (1942) defines social security as “the security that society furnishes, through appropriate organisations, against certain risks to which its members are exposed. These risks are essentially contingencies against which the individual of small means and meagre resources cannot effectively provide by his own ability or foresight alone, or even in private combination with his fellows these risks being sickness, maternity, invalidity, old age and death. It is the characteristic of these contingencies that they imperil the ability of the working man to support himself and his dependents in health and decency.” According to this definition, all State policies may have large number of security services but all of these cannot be regarded as social security schemes. Only such schemes, which provide the citizen with benefits, designed to prevent or cure diseases, to support when unable to earn, and to restore him to gainful activity may rightly be regarded as schemes of social security.

An ILO/Norway national seminar on social security defined the concept of social security as “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 or substantial reduction or stoppage of earnings resulting from sickness, maternity or employment injury, unemployment (including absence of employment) and under employment, invalidity, destitution, social disability and backwardness, old age and death, and further to provide health care, including prevention measures.” According to this definition social security measures would include social insurance, social assistance, family benefits, health care and other social services, and related social welfare services.

Watkinson (1949) defined social security as, “the securing 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 an end as soon as possible.”

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

## II. AN OVERVIEW OF SOCIAL SECURITY LEGISLATIONS IN INDIA

### 2.1 Employees State Insurance Act 1947

The Employees State Insurance Act 1948 provides for medical, sickness and maternity benefits as well as benefits for work injuries resulting in disablement and death on the basis of the principles of social insurance. Subsequently, funeral benefit was added to the list of benefits. Till the enactment of the Act, there was no

legislation in the country providing neither for the health insurance and the medical treatment of industrial workers nor for the payment of wages or benefit during periods of sickness. Whatever schemes were in operation in individual concerns were voluntary in nature. Maternity Benefit Acts existed and compensation for work injuries resulting in disablement and death was available under the Workmen's Compensation Act 1923. The Employees State Insurance Act 1948 brings all these benefits - medical benefit, sickness benefit, disablement benefit, dependants' benefits and funeral expenses under one integrated scheme. Major amendments in the Act were introduced in 1951, 1966, 1975, 1984 and 1989.

## 2.2 The Employees Provident Funds and Miscellaneous Provisions Act 1952

In India, measures for the protection of workers against loss of income due to old age and invalidity were initially confined to the efforts of private employers. Later some government undertakings attempted to solve the problem by providing schemes of provident fund, gratuity and pension on an adhoc basis. The first legislation relating to provident fund was the Provident Fund Act 1925 enacted by the central government. The Act applies to government departments, railway administration, local authorities and certain other services, provides for the creation of provident funds and lays down rules for the protection of compulsory deposits. The Act does not deal with provident funds in private industries.

It was in 1952 that the PF Act was enacted to provide for the institution of compulsory provident fund for the employees working in factories and other establishments. The act has been amended several time to incorporate various other benefits which includes family pension scheme, deposit linked insurance scheme, employees pension scheme etc.

## 2.3 Payment of Gratuity Act 1972

Prior to the enactment of the Payment of Gratuity Act, the Working Journalist (Conditions of Service) and Miscellaneous Provisions Act, 1955 and two state laws namely, Kerala Industrial Employees Payment of Gratuity Act 1970 and West Bengal Employees Payment of Gratuity Act 1971 were in operation in the country. Gratuity was also paid by some employers to their employees under awards, agreements and standing orders. Since the enactment of the Kerala and West Bengal Acts some other state governments have also voiced their intention of enacting similar measures in their respective states. It has become necessary, therefore to have a central law on the subject so as to ensure a uniform pattern of payment of gratuity to the employees throughout the country

The proposal for enacting a central legislation on gratuity was discussed in the labour ministers conference held on August 24 and 25, 1971 and subsequently, in the Indian Labour Conference held on October 22 and 23, 1971. There was a general consensus at these conferences that a central legislation should be undertaken as early as possible. Accordingly, a bill was drafted on the lines of the West Bengal Act with some modifications suggested in the Indian Labour Conference. The bill was passed as the Payment of gratuity Act in August 1972 which came into force on 16<sup>th</sup> September 1972. Gratuity is a retirement benefit which is paid by an employer to an employee in consideration of his past services at the time of his retirement or after his death.

## 2.4 Payment of Gratuity

Under this Act gratuity is payable to an employee if has rendered continuous service of five years. An employee covered under the Act is entitled to gratuity on the termination of his employment a) on his superannuation or b)

on his retirement or resignation or c) on his death or disablement due to accident or disease. In case of employee's death, gratuity is to be paid to his nominee or the guardian of the nominee or the legal heir.

### **III. OBJECTIVES OF STUDY**

- To find out whether ESI benefits satisfactorily meet the medical expenses of the employees working at Patspin India Limited
- To find out whether employees are satisfied with the retirement benefits under provident fund and gratuity schemes

### **IV. METHODOLOGY**

The present study was conducted at Patspin India Limited, Kanjikode, Palakkad a leading cotton yarn manufacturing industry in Kerala. The source of data collection is primary in nature. Convenient sampling is used as the sampling design tool for collecting data. The data was collected through structured questionnaires and was administered to 50 employees from different categories. The data is analyzed with the help of SPSS and based on that conclusion is drawn.

### **V. HYPOTHESIS OF THE STUDY**

#### **Hypothesis 1**

H0: There is no significant association between experience and ESI satisfaction of employees

H1: There is significant association between experience ESI satisfaction of employees

#### **Hypothesis 2**

H0 : There is no significant association between age and retirement benefit satisfaction of employees

H1: There is significant association between age and retirement benefit satisfaction of employees

#### **Hypothesis 3**

H0 : There is no significant association between experience and retirement benefit satisfaction of employees

H1: There is significant association between experience and retirement benefit satisfaction of employees

**VI. ANALYSIS OF DATA & INTERPRETATION**

**6.1 Demographic Profile of Employees**

**Table 1**

<b>Sl. No</b>		<b>Frequency</b>	<b>Percentage</b>
<b>01</b>	<b>Designation</b>		
	Jobber	14	28.0
	Spinning Sider	10	20.0
	Electrician	8	16.0
	Doffing Men	6	12.0
	Autoconer Sider	12	24.0
<b>02</b>	<b>Age</b>		
	20-30	4	8.0
	31-40	15	30.0
	41-50	15	30.0
	51-60	11	22.0
	Above 60	5	10.0
<b>03</b>	<b>Experience</b>		
	1-10	10	20.0
	11-20	14	28.0
	21-30	8	16.0
	31-40	9	18.0
	above 40	9	18.0

**Table 1 shows the demographic profile of employees**

6.2 Employee Satisfaction with Regard to ESI Benefits (Summated Data)

Table 2

Statistics

N	Valid	50
	Missing	0
Mean		16.0200
Median		16.0000
Mode		16.00
Std. Deviation		3.03376
Minimum		10.00
Maximum		22.00

Chart1

Histogram

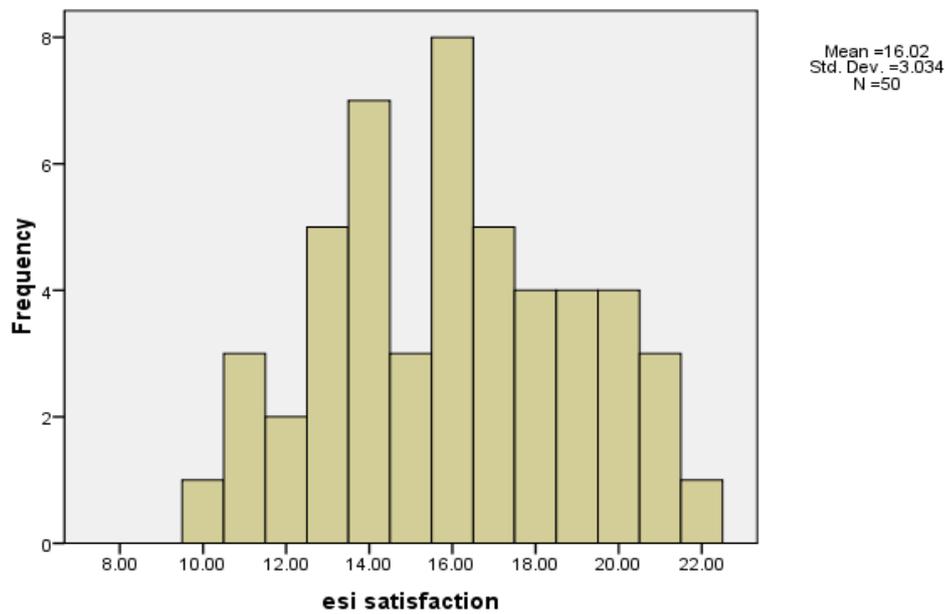


Table 2 shows the summated value of overall satisfaction of ESI benefits. Chart 2 clearly indicates that employees are not satisfied with ESI benefits since the mean value is 16.02 which is below average.

6.3 Employee Satisfaction Regarding Retirement Benefits (Summated Data)

Table 3

N	Valid	50
	Missing	0
Mean		16.3600
Median		14.5000
Mode		10.00
Std. Deviation		5.42391
Minimum		10.00
Maximum		28.00

Chart 2

Histogram

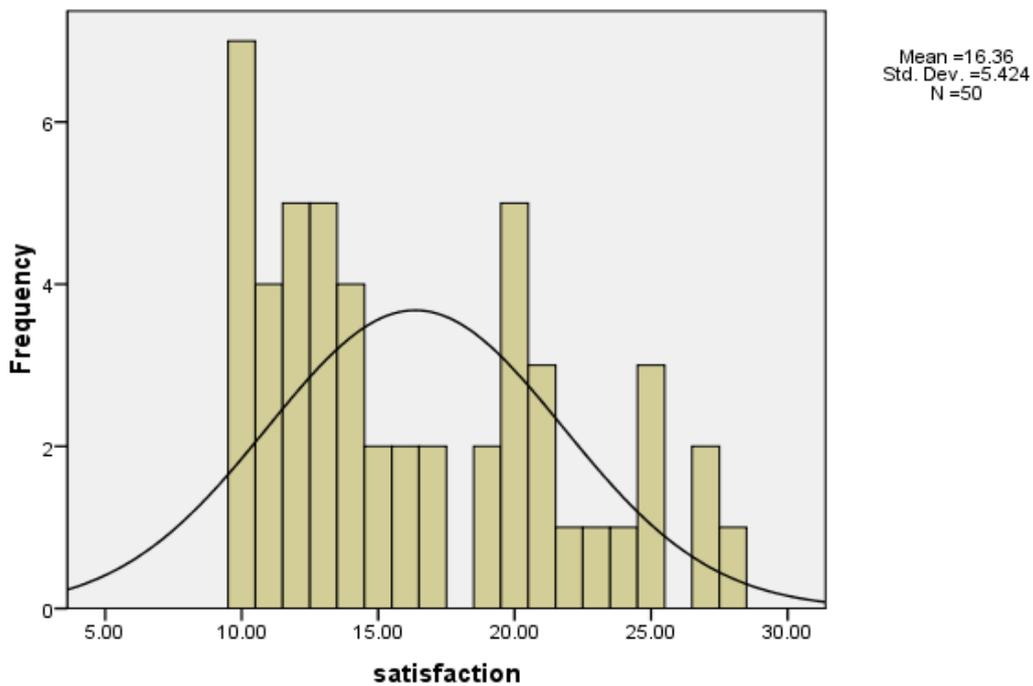


Chart 2 shows the summated data of employee satisfaction towards retirement benefits. It shows that employees are not satisfied with the retirement benefits since the mean value 16.36 is below average

**Table 4 Chi square  
Experience & ESI Satisfaction**

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	53.438 <sup>a</sup>	56	.572
Likelihood Ratio	54.014	56	.550
Linear-by-Linear Association	2.717	1	.099
N of Valid Cases	50		

a. 75 cells (100.0%) have expected count less than 5. The minimum expected count is .16.

Table 4 shows that the chi-square value for this set of data is greater than .05 hence the null hypothesis H<sub>0</sub> need to be accepted and reject H<sub>1</sub>, so there is no association of experience and ESI satisfaction

**Table5 Chi- Square  
Age & Retirement Benefit Satisfaction**

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	73.647 <sup>a</sup>	64	.192
Likelihood Ratio	71.529	64	.242
Linear-by-Linear Association	.910	1	.340
N of Valid Cases	50		

a. 85 cells (100.0%) have expected count less than 5. The minimum expected count is .08.

Table 5 shows that the chi-square value for this set of data is greater than .05 hence the null hypothesis H<sub>0</sub> needs to be accepted and reject the H<sub>1</sub>, so there is no association between age and retirement satisfaction.

**Table 6  
Chi-Square  
Experience & Retirement Benefits Satisfaction**

**Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	67.889 <sup>a</sup>	64	.346
Likelihood Ratio	68.451	64	.329
Linear-by-Linear Association	1.444	1	.230
N of Valid Cases	50		

85 cells (100.0%) have expected count less than 5. The minimum expected count is .16.

Table 6 shows that chi square value for this set of data is greater than .05, hence the null hypothesis H<sub>0</sub> need to be accepted and H<sub>1</sub> need to be rejected , so there is no association between experience and retirement satisfaction

## **VII. SUGGESTIONS AND RECOMMENDATIONS**

### ➤ **Enhance the Awareness regarding the schemes**

Steps should be taken to enhance the level of awareness among the employees and the employers about the retirement as well as ESI benefits & schemes.

### ➤ **Improve the Quality of Medical Care**

With regard to ESI the Corporation has to take the necessary measures to improve the quality of medical care provided by the ESI dispensaries and hospitals. The Corporation can adopt a policy whereby the insured persons can seek treatment from the hospitals of their choice, at least, in some cases requiring specialist care, ensuring reimbursement by the Corporation.

### ➤ **Relax the Eligibility Conditions and Simplify the Formalities**

Relax the eligibility conditions and simplify the formalities for claiming the benefits so as to enable the employees to avail it easily.

### ➤ **Hike in the amount of Cash Benefits**

It is proposed that cash benefits in case of ESI as well as in case of retirement must be enhanced. ESI benefits must be enhanced with full wages to the insured persons who are unable to work due to sickness. Compensation for disablement & maternity benefits may also be increased considerably.

### ➤ **Timely Payment of Cash Benefits**

Take the necessary steps to avoid the delay in payment of benefits. Proper guidance should be given to the employees about the formalities for claiming the benefits.

### ➤ **Enhancement of pension**

The pension calculation under employee pension scheme had to be revised as the pension is quite inadequate. An employee who had retired after 40 years of service will receive only an amount of Rs 3700/- as pension as per the present calculation which is miserably very low in the present living condition.

### ➤ **To raise the Interest Rate**

For the past so many years the interest rate applicable to the Provident fund were in the range of 8.00% to 8.50%. It has to be raised to a decent level to a minimum of 10%

### ➤ **Change the Attitudinal Orientation of the Personnel**

It is observed that a large number of employers are not satisfied with the working of the Inspectors and the attitude of officials of ESI and PF due to their hostile attitude. The attitudinal orientation of the officers towards the employers needs a marked change. They can be more sympathetic, and courteous towards the employers. Their positive attitude and proper understanding will go a long way in the successful implementation of the ESI & PF Schemes.

### ➤ **Financial Assistance from the Central Government**

The benefits under Social security schemes are contributory in nature. The fund is generated with the contribution of employer and employees and government is contributing anything to the fund. It should be designed in such a way to have a proportionate contribution by Central Government.

## VIII. CONCLUSION

Social security is a dynamic concept that aims at upholding human dignity through participatory approach and collective social action in the event of economic distress and physical suffering arising from death, disease and disablement. The system is based on the principle of pooling smaller resources for larger individual and collective social gains. Thus, while taking care of the welfare of individuals, the social security systems protect and preserve the social usefulness of productive manpower – a pre requisite for achieving higher or better levels of productivity.

Social security measures have two-fold significance for a developing country like India. They constitute an important step towards the goal of a welfare state, by improving the living and working conditions and guarding people against the uncertainties of the future. These measures are also important for every industrialisation plan, because not only do they enable workers to become more efficient, but they also reduce wastages arising from industrial disputes. The man-days lost on account of sickness and disability also constitute a heavy drain on the slender resources of the worker as well as on the industrial output of the country. Lack of social security hinders production and prevents the formation of a stable and efficient labour force. Social security is, therefore, not a liability, but a wise investment, which yields good dividends in the long run.

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