

## **SOCIAL SECURITY SCHEMES IN INDIA AND ITS AWARENESS AMONG GOVERNMENT AND PRIVATE SECTOR EMPLOYEES IN INDIA**

Dr. Rinkoo Shantnu<sup>1</sup> and Dr. Monali Ray<sup>2</sup>

<sup>1</sup>Associate Professor, Department of Business Economics

<sup>2</sup>Associate Professor, Department of Accountancy

Pillai College of Arts, Commerce and Science (Autonomous), New Panvel, Maharashtra, India

DOI: 10.46609/IJSSER.2021.v06i11.009 URL: <https://doi.org/10.46609/IJSSER.2021.v06i11.009>

Received: 18 Nov. 2021 / Accepted: 30 Nov. 2021 / Published: 5 Dec. 2021

### **ABSTRACT**

Social security is a human right which responds to the universal need for protection against certain life risks and social needs. Effective social security systems guarantee income security and health protection, thereby contributing to the prevention and reduction of poverty and inequality, and the promotion of social inclusion and human dignity. It reinforces social cohesion and therefore contributes to building social peace, inclusive societies and a fair globalization by ensuring decent living conditions for all. This paper is an attempt to identify the awareness among government and private sector employees and gender gap about social security schemes in India. Men and women in the age group of 30 to 60 years employed in government and private sector in Mumbai and Navi Mumbai region were taken as the respondents of the study. Inferential analysis was done by using non-parametric Mann-Whitney test and Kruskal-Wallis test.

**Keywords:** Social security, government sector employees, private sector employees, Employees Provident Fund, Gratuity Fund, Maternity Benefit, Employees Compensation Act.

### **Introduction**

Social security is defined by the International Labour Organization (ILO) as ‘the protection which society provides for its members, through a series of public measures to prevent the social and economic distress that would otherwise be caused by the stoppage or substantial reduction in earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old

age and death; the provision of medical care and the provision of subsidies for families with children (ILO, 1942). Social security helps in reduction of poverty and inequality and therefore support inclusive growth through enhancing human capital and productivity. It indirectly also influences domestic demand and facilitates growth of an economy. Social security schemes are mainly of two types. The first being unfunded and second is funded. An unfunded scheme is one in which there is no creation of fund specified for the purpose of social security. The benefits are paid directly from the taxes and financed from government budgets. Funded scheme refers to the amount of accumulated assets that have been set aside for the payment of retirement benefits. The present study is to understand the awareness about social security schemes in India among the organised sector. It also looks into the differences in understanding due to gender, educational attainment, income and sectors.

### **Conceptual Framework**

- **Employees Provident Fund**

Employees Provident Fund under Employees Provident Fund & Miscellaneous Provisions Act, 1952 is a welfare scheme for the benefits of the employees. Under this scheme both the employee & employer contribute their part but whole of the amount is deposited by the employer. Employer deducted the employee share from the salary of the employee. The interest earned on this investment is also credited in PF account of the employees. At the time of retirement, the accumulated amount is given to the employees, if certain conditions are satisfied.

- **Gratuity Fund**

Gratuity Fund under The Payment of Gratuity Act, 1972 is provided as a lump sum payout by a company. In the event of the death or disablement of the employee, the gratuity must still be paid to the nominee or the heir of the employee. It directs establishments with ten or more employees to provide the payment of 15 days of additional wages for each year of service to employees who have worked at a company for five years or more.

- **Maternity Benefit**

The Maternity Benefit Act 1961 protects the employment of women during the time of her maternity and entitles her of a 'maternity benefit' i.e. full paid absence from work to take care for her child. The act is applicable to all establishments employing 10 or more

employees. The Maternity (Amendment) Act 2017 includes the provision on crèche facility (Section 111 A) shall be effective from July 1, 2017.

▪ **Compensation**

Employees Compensation Act, 1923 is one of the important social security legislation. The act aims to provide financial protection to employees and their dependents through compensation in case of any accidental injury occurs during employment which results in either death or disablement of the worker. The Employee's Compensation (Amendment) Act 2017 is expected to reduce the number of litigation cases arising over compensation to workers and their dependents in the event of accidental injury at the workplaces.

**Review of Literature**

A number of researches relating to social security schemes have been done from time to time. A study found out that there is a strong need for viewing social security systems as an integral part of the overall economic, social, human resources and political management in India. There should be effective application and management of social security schemes in India after taking into consideration the financial viability of the pension and health care schemes (Mukul G. Asher, 2010). A research was undertaken to examine the extent of awareness among textile workers about the Social Security Legislations. The analysis revealed that awareness of different provision of social welfare legislations has not percolated down to praxis level in the real sense. The level of awareness of workers in case of disablement, dependent and funeral benefits is very low. (Ashwany Kumar Sharma, Darshan Singh 2013). A study concluded that new social security schemes enhanced the welfare of people in the unorganised sector. It recommended the need for a properly crafted universal scheme for social security to achieve wider coverage (Singh Charan, Sanyal Ayanendu and Bharati Kanchan, 2015). The awareness about the newly launched social security schemes was high as compared to the previous schemes launched by the Government. The awareness of rural population is affected by age, gender, literacy status and socio economic class of people. Though awareness is high but enrolment of the rural population is low. (KB Vidhate and Ritesh Kundap, 2016). The empirical Study pointed that Government of India has launched different types of social security schemes for the betterment of the people like Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri MUDRA Yojana and Atal Pension Yojana. This paper identified six factors such as financial literacy, financial enclosure, financial upliftment, economic development, saving enhancement and banking advancement for creating awareness among the self-help group members. (Ruhela Sandhya and Prakash Ajai 2017). A study conducted

reflected that awareness about social security welfare schemes among elderly persons in Delhi, India were high. Most of the participants were utilising atleast one of the social security schemes. (Anil Kumar Goswami, S.Ramadass, Mani Kalaivani, Baridalyne Nongkynrih, Shashi Kant and Sanjje Kumar Gupta, 2019). A study on government employees came up with a model Scrumban on pension scheme to facilitate and guide the accreditation of pension process. The approach can be used to increase the pace of completion of pension accreditation process in India. (Athulya Mohan, Devisree A S, C V Prasanna Kumar 2019).

### **Research Gap**

It is observed from the various studies that there is research gap in organised sector about specific social security schemes in India. So the present study is to understand the awareness about specific social security schemes in India in relation to gender, educational attainment and income. The research will help in identifying the specific areas where awareness is less.

### **Limitations**

- 1) The study is restricted to awareness about social security schemes among government and private sector employees.
- 2) The primary data has been collected from Mumbai and Navi Mumbai region.

### **Objectives**

- 1) To study the gender gap in the awareness about social security schemes in India.
- 2) To analyse the gap in awareness about social security schemes among government and private sector employees.
- 3) To study the impact of income on understanding social security schemes.
- 4) To analyse the impact on understanding social security schemes among people with different education levels.

### **Hypotheses**

1. There is no gender gap in the awareness about social security schemes in India.
2. There is no gap in awareness about social security schemes among government and private sector employees.
3. There is no impact of income on understanding social security schemes.
4. There is no impact on understanding social security schemes among people with different education levels.

## **Research Methodology**

### **Class of respondents**

The people employed in government and private sectors were the respondent for the study. The selected sample of respondents was assessed for their awareness about social security schemes in India among the organised sector. The respondents were both men and women in the age group of 30 to 60 years.

### **Sampling method**

For collection of primary data non-probability convenience sampling method was used.

### **Method of data collection**

Primary data was collected from people employed in government and private sector both men and women, in the age group of 30 to 60 years in Mumbai and Navi Mumbai region through structured questionnaire. 100 respondents were taken for the study. The questionnaire had 6 sections:

Section 1 had questions relating to socio-economic parameters of the respondents.

Section 2 had questions relating to Employees Provident Fund

Section 3 had questions relating to Gratuity Fund.

Section 4 had questions relating to Maternity Benefits

Section 5 had questions relating to compensation.

Secondary data was collected from books, journals, websites, newspapers, research reports and like.

### **Technique of analysis of data**

Descriptive analysis on the basis of primary data. Inferential analysis by using non-parametric test Mann-Whitney test and Kruskal-Wallis test.

### **Descriptive analysis**

1. 41% of the respondents are males and 59% are females in the study.

2. 48% of the respondents are post graduate, 19% of the respondents are graduate followed by 17% professionals and 16% doctorates in the study.
3. The study includes two sectors of employment public and private. 72% of the respondents taken are working in private sector and 24% are working in public or government sector. The study includes both males and females working in both the sectors.
4. 38 % of the respondents are in the monthly income of less than Rs 50,000, 28% of the respondents are having monthly income between Rs 50,001 to Rs 1,00,000. 9% of the respondents are having annual income between Rs 1,00,001 to Rs 1,50,000 and 25% are having annual income more than Rs 1,50,001.
5. 71% of the respondents are aware about social security schemes of Government of India and 29% are unaware about it.
6. 83% of the respondents are aware about that and Pension and Employees' Provident Fund (EPF) are different social security schemes. 67% of the respondents are aware about minimum 20 employees' requirement for implementing Employees' Provident Fund (EPF). 71% of the respondents are aware that deduction of Employees' Provident Fund can be claimed under Section 80C. 73% of the respondents are aware that interest on Employees' Provident Fund at the time of retirement is non-taxable. 60% of the respondents are aware that 12% of the employee's salary goes towards the EPF. 77% of the respondents are aware that Universal Account Number (UAN) is related to EPF. 27% of the respondents are aware that in the union budget 2018, the EPF contribution rate for the newly recruited female employees has been reduced from 12% to 8%.
7. 79% of the respondents are aware that in India, gratuity is a type of retirement benefit cum welfare scheme for the benefit of the employees. 60% of the respondents are aware that gratuity shall be payable to an employee on termination of employment after he has rendered continuous service for not less than 5 years in a single organization. 56% of the respondents are aware that under gratuity scheme only employer contributes 66% of the respondents are aware that under gratuity scheme the amount of deduction is deposited by the employer.
8. 68% of the respondents are aware that under the Maternity Benefit Amendment Act 2017, has increased the duration of paid maternity leave available for women employees to 26 weeks. 56% of the respondents are aware that the Maternity Benefit Amendment

Act 2017, has introduced a provision relating to ‘work from home’ for women, which may be exercised after maternity leave period. 68% of the respondents are aware that the Maternity Benefit Amendment Act makes crèche facility mandatory for every establishment employing 50 or more employees.

9. 61% of the respondents are aware that the Employees Compensation Act, 1923 aims to provide financial protection to employees and their dependents through compensation in case of both death or disablement and occupational diseases. 39% think that it is for either of the two provisions. only 31% of the respondents are aware that Under the Employee's Compensation (Amendment) Act 2017 if an employer fails to inform the new employees about his rights is liable to pay a penalty of minimum Rs. 50,000 to maximum Rs. 1,00,000. It shows that majority of the respondents are unaware about it.

**Inferential analysis**

**1. There is no gender gap in the awareness about social security schemes in India.**

<b>Hypothesis Test Summary</b>				
	Null Hypothesis	Test	Sig.	Decision
<b>1</b>	The distribution of Score of Awareness is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.085	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

To test the hypothesis Mann-Whitney U Test was applied. The p value is .085 at 5% level of significance which shows the null hypothesis is accepted. It implies that there is no gender gap in the awareness about social security schemes in India.

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of EPF is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.017	Reject the null hypothesis.
2	The distribution of Gratuity is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.266	Retain the null hypothesis.
3	The distribution of Maternity Benefit Act is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.585	Retain the null hypothesis.
4	The distribution of Employee Compensation Act is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.677	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

The awareness about different social security schemes among male and female were tested. It was observed that there is no difference in awareness level about social security schemes of gratuity, maternity benefit and employee compensation between male and female. It was also observed that there is a difference in awareness level between male and female about employee provident fund.

**2. There is no impact on understanding social security schemes among people with different education levels.**

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Score of Awareness is the same across categories of Education.	Independent-Samples Kruskal-Wallis Test	.000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.



To test this hypothesis, Kruskal-Wallis Test was applied. The p-value is .000 at 5% level of significance which shows the null hypothesis is rejected. It implies there is a difference in understanding social security schemes among people with different education levels.

	<b>Null Hypothesis</b>	<b>Test</b>	<b>Sig.</b>	<b>Decision</b>
<b>1</b>	The distribution of EPF is the same across categories of Education.	Independent-Samples Kruskal-Wallis Test	.012	Reject the null hypothesis.
<b>2</b>	The distribution of Gratuity is the same across categories of Education.	Independent-Samples Kruskal-Wallis Test	.010	Reject the null hypothesis.
<b>3</b>	The distribution of Maternity Benefit Act is the same across categories of Education.	Independent-Samples Kruskal-Wallis Test	.011	Reject the null hypothesis.
<b>4</b>	The distribution of Employee Compensation Act is the same across categories of Education.	Independent-Samples Kruskal-Wallis Test	.327	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

The awareness about different social security schemes among educational levels was tested. It was observed that there is a significant difference in awareness level about social security schemes of gratuity, maternity benefit and employee provident fund among different educational levels. It was also observed that there is no difference in awareness level about Employee Compensation Act.

**3. There is no gap in awareness about social security schemes among government and private sector employees.**

<b>Hypothesis Test Summary</b>				
	<b>Null Hypothesis</b>	<b>Test</b>	<b>Sig.</b>	<b>Decision</b>
<b>1</b>	The distribution of Score of Awareness is the same across categories of Sector.	Independent-Samples Mann-Whitney U Test	.629	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

To test the hypothesis Mann-Whitney U Test was applied. The p value is .629 at 5% level of significance which shows the null hypothesis is accepted. It implies that there no gap in awareness about social security schemes among government and private sector employees.

<b>Hypothesis Test Summary</b>				
	<b>Null Hypothesis</b>	<b>Test</b>	<b>Sig.</b>	<b>Decision</b>
<b>1</b>	The distribution of EPF is the same across categories of Sector.	Independent-Samples Mann-Whitney U Test	.972	Retain the null hypothesis.
<b>2</b>	The distribution of Gratuity is the same across categories of Sector.	Independent-Samples Mann-Whitney U Test	.698	Retain the null hypothesis.
<b>3</b>	The distribution of Maternity Benefit Act is the same across categories of Sector.	Independent-Samples Mann-Whitney U Test	.737	Retain the null hypothesis.
<b>4</b>	The distribution of Employee Compensation Act is the same across categories of Sector.	Independent-Samples Mann-Whitney U Test	.400	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

The awareness about different social security schemes among government and private sector employees were tested. It was observed that there is no difference in awareness level about social security schemes among government and private sector employees.

**4. There is no impact of income on understanding social security schemes.**

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Score of Awareness is the same across categories of Monthly Income.	Independent-Samples Kruskal-Wallis Test	.073	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

To test this hypothesis, Kruskal-Wallis Test was applied. The p-value is .073 at 5% level of significance which shows the null hypothesis is accepted. It implies there is no impact of income on understanding social security schemes.

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of EPF is the same across categories of Monthly Income.	Independent-Samples Kruskal-Wallis Test	.490	Retain the null hypothesis.
2	The distribution of Gratuity is the same across categories of Monthly Income.	Independent-Samples Kruskal-Wallis Test	.030	Reject the null hypothesis.
3	The distribution of Maternity Benefit Act is the same across categories of Monthly Income.	Independent-Samples Kruskal-Wallis Test	.468	Retain the null hypothesis.
4	The distribution of Employee Compensation Act is the same across categories of Monthly Income.	Independent-Samples Kruskal-Wallis Test	.041	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

The awareness about different social security schemes among different income levels wastested. It was observed that there is a significant difference in awareness level about social security schemes of gratuity and employee compensation among different income levels. It was also observed that there is no difference in awareness level about social security schemes of EPF and maternity benefit.

### **Conclusion**

There is no gender gap in overall awareness about social security schemes in India but it was observed that there is a difference in awareness level between male and female about employee provident fund. It was found that there is a difference in understanding social security schemes among people with different education levels. It was observed that there is a significant difference in awareness level about social security schemes of gratuity, maternity benefit and employee provident fund among different educational levels. There is no impact of income on understanding social security schemes but there is a significant difference in awareness level about social security schemes of gratuity and employee compensation among different income levels. The study concludes that there is no gap in awareness about social security schemes among government and private sector employees in India. The research can be extended to other newly introduced schemes and their impact on unorganized sector.

### **References**

1. Asher M. G., Bali A.G. (2010). Social Security Reform and Economic Development: The Case of India, *Reforming Pensions in Developing and Transition Countries*, 158-186.
2. Sharma A.K., Singh D. (2013). Awareness of Social Security Legislations among Textile Industrial Workers- A Study of Auro Spinning Mills, *International Journal of Advanced Research in Management and Social Sciences*, 2(3), 14-33.
3. Singh C., Bharati K., Sanyal A. (2015). Ageing in India: Need for universal pension scheme, *Economic & Political Weekly*. 50(18), 40-46.
4. Vidhate K.B., Kundap R. (2016). Awareness about Newly Launched Social Security Schemes among Rural Population in India, *National Journal of Community Medicine*, 7(12), 918-921.
5. Ruhela S., Prakash A. (2017). Factors that Contribute to Raising Awareness about Social Security Schemes among Self Help Group Members: An Empirical Study, *Al-Barkaat Journal of Finance & Management*9(2), 124-133.

6. Goswami, A. K., Ramadass S., Kalaivani M., Nongkynrih B., Kant S., Gupta S.K. (2019). Awareness and utilization of social welfare schemes by elderly persons residing in an urban resettlement colony of Delhi, *Journal of Family Medicine and Primary Care*, 8(3) 960-965.
7. Athulya M., Devisree A. S., Prasanna Kumar C. V. (2019). Rationalized Scrumban Based Methodology for Improving the Slackening Pension Scheme of Employee Sectors in India, *International Journal of Recent Technology and Engineering*, 8(1), 1525-1530.
8. <https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/social-security/lang--en/index.htm>
9. [https://india.unfpa.org/sites/default/files/pub-pdf/ThematicPaper1\\_2.pdf](https://india.unfpa.org/sites/default/files/pub-pdf/ThematicPaper1_2.pdf)
10. <https://www.issa.int/en/topics/understanding/introduction>
11. <https://www.orfonline.org/research/44173-social-protection-to-mitigate-poverty-examining-the-neglect-of-indias-informal-workers/>
12. <https://www.nber.org/aginghealth/2011no3/w17287.html>