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ANALYSING THE CONCEPT OF SOCIAL SECURITY IN INDIA AND UK

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ABSTRACT

Social security is a crucial element of a country's welfare system, intended to offer financial protection and assistance to individuals in need. The idea differs from one nation to another, with the United Kingdom and India implementing unique methods based on their socio-economic contexts. In the UK, social security is mainly funded by the state and functions through a comprehensive welfare system that encompasses universal healthcare (NHS), unemployment benefits, state pensions, disability allowances, and child support. The system is sustained through taxes and National Insurance contributions, providing a thorough safety net for citizens and residents. Conversely, India employs a mixed strategy, integrating both state-funded initiatives and employer-based contributions. Social security in India consists of schemes such as the Employees' Provident Fund (EPF), Employee State Insurance (ESI), Pradhan Mantri Jan Dhan Yojana, and various pension and healthcare programs aimed at unorganized sector workers. Given India's large population and economic inequalities, the government emphasizes social assistance programs to support marginalized communities. Although both countries strive to deliver financial security and social welfare, the UK's system is more organized and universal, while India's approach is developing with a stronger focus on enhancing coverage and accessibility. Analyzing these systems reveals the influence of government policies, economic conditions, and social structures in shaping social security systems. In this article we are going to cover about the concept of social security in India and UK. It fully covers about the social security benefits of both the countries.

KEY WORDS: Social security, Universal credit, Maternity benefits, Medical benefits, Pension credit.

INTRODUCTION:

India's social security framework consists of several schemes and programs that are distributed across different laws and regulations. It is important to remember, though, that the government-managed social security system in India pertains to merely a limited segment of the population. India's social security schemes includes Pension, Health Insurance and Medical Benefit, Disability Benefit, Maternity Benefit and Gratuity. In addition, the social security framework in India encompasses not only an insurance premium payment into government funds (similar to China) but also one-time employer responsibilities. Social security benefits in the UK were developed gradually during the early 20th century, primarily following the contributory principle. The National Insurance system, which was first introduced in 1912, was significantly expanded as part of the post-Second World War welfare system, based on the model suggested by William Beveridge. According to the Beveridge plan, eligibility for benefits was intended to be largely determined by NI contributions, without (it was hoped) the necessity for means-testing to play a major role. Nevertheless, the share of total working-age social security expenditure represented by means-tested benefits and tax credits – aimed at households with low incomes and savings – has increased substantially since the 1970s. In contrast, this trend has not occurred in pension-age provisions, where contributory State Pensions represent over four fifths of social security assistance.

UK:

INCOME SUPPORT:

For those with low incomes in the UK, income assistance is an income-related benefit. Certain additional benefits, such as Housing Benefit and assistance with council taxes and medical expenses, may be available to Income Support claimants. Savings exceeding £6,000 have an impact on the amount of Income Support that can be obtained, and individuals with savings beyond £16,000 are not eligible for it. Claimants must work fewer than 16 hours a week, be between the ages of 16 and state pension age, and provide a justification for their inactivity, such as illness, disability, child care, or an ailing family member.Income Support claims submitted prior to that date remain unaffected. In the upcoming years, Universal Credit will take the place of Income Support.

JOBSEEKERS ALLOWANCE:

The primary unemployment compensation in the UK for those without jobs who are actively looking for work is called Jobseekers Allowance. The age range for claimants must be between 18 and the State Pension age. Jobseeker's Allowance comes in two varieties: income-based and contribution-based. Income-based programs will be replaced by Universal Credit. Claimants must complete a Jobseeker's Agreement form and appear at a New Jobseeker interview to demonstrate that they are actively looking for work in order to be eligible for JSA. In addition, they have to "sign on"—that is, attest that they are still actively looking for work—at a job center on a regular basis. To make sure they are ready and skilled for employment, long-term JSA claimants must participate in the employment Programme, which consists of intense work placement activities.A claimant's Jobseeker's Allowance may be halted under specific circumstances. If an individual decides to stay unemployed in the event that a position becomes available, they must provide a "good reason" for their decision; otherwise, their money will be withheld. Additionally, if a claimant is not actively looking for work, does not show up for a Jobcentre appointment, quits their job willingly, or declines to participate in a required program, sanctions may be applied.

EMPLOYMENT SUPPORT ALLOWANCE:

On October 27, 2008, the Employment and Support Allowance was implemented. The benefit took the place of Severe Disablement Allowance (SDA), Income Support (IS) given due to a disability or sickness, and Incapacity Benefit (IB). At first, it only replaced new claims; existing claims were not migrated until the spring of 2011. Contributory or income-related ESAs are both possible. Claimants may receive contributory ESA for a maximum of one year (if they get the work-related activity component) or eternally (if they receive the support component) if they meet the requirements of national insurance. A means test and additional requirements apply to income-related ESA. They can receive income-related ESA to supplement their contributing ESA if they fulfill both sets of requirements.The key difference from Incapacity Benefit is that the previous Personal Capability Assessment (PCA) has been substituted with a Work Capability Assessment (WCA), which provides a clearer understanding of the claimant's capacity to engage in some type of work.Typically, a claimant's Employment and Support Allowance (ESA) remains unaffected if they work and earn up to £20 weekly or engage in work earning up to £101 weekly as part of a treatment program or under the supervision of a local council or voluntary organization. This is referred to as 'permitted work.' ESA will eventually be incorporated into Universal Credit.

PENSION CREDIT:

Pension Credit offers extra financial support to individuals who have attained state pension age and whose earnings are below a defined threshold. It consists of two components:

1. The Guarantee Credit is an income-related benefit that is provided if the combined income of the applicant and

their partner (including an assumed income from savings) is beneath a predetermined level. The earliest age to make a claim is increasing as the state pension age rises.

2. Savings Credit is a means-tested benefit that operates inversely; individuals with greater private pension income receive higher Savings Credit payments, up to a certain threshold. This benefit becomes available when the applicant or their partner turns 65. The purpose of Savings Credit is to "reward" those who have saved for their pension throughout their work life. As a result, it offers extra financial support to retirees who may not be affluent but possess savings or a personal pension, and might not be eligible for the full Guarantee Credit.

The worth of Guarantee Credit and Savings Credit is automatically adjusted each year according to inflation, similar to the basic State Pension and Second State Pension (S2P). However, they are adjusted using different inflation metrics: The Government plans to substitute Pension Credit and the State Pension with a single flat-rate pension.

PERSONAL INDEPENDENCE PAYMENT:

Personal Independence Payment is a benefit that helps cover costs arising from a health condition or disability. It is not means-tested, not contributory, and can be received regardless of whether the individual is working. PIP is determined by how a condition impacts a person rather than the condition itself. PIP was established in 2013 through the Welfare Reform Act 2012 and took the place of the Disability Living Allowance (DLA) starting from 8 April 2013 for individuals aged 16 to 64, and it is gradually being implemented for all adults over the subsequent few years. PIP takes the place of the Disability Living Allowance.

UNIVERSAL CREDIT:

Universal Credit is a recent benefit in the United Kingdom that aims to replace six of the primary means-tested benefits and tax credits. The Government is rolling out UC from 2013 to 2017. UC combines current means-tested benefits and tax credits into a single monthly payment which, in contrast to certain current benefits, like Income Support, that have a 100% withdrawal rate, will be slowly tapered off, allowing individuals to accept a part-time job and retain some of the money they earn.

INDIA:

MEDICAL BENEFIT:

India possesses a national health service; however, this does not entail free medical care for the entire population. The Employees' State Insurance (ESI) Act of 1948 established a fund aimed at providing medical care for employees and their families, alongside cash benefits during maternity and sickness, as well as monthly compensation in the event of death or disability for individuals employed in factories and establishments with 10 or more employees. (As of March 31, 2019, the total number of beneficiaries of the ESI program exceeded 130 million, with coverage reaching over 120,00,000 factories and business entities). Coverage under the ESI program has been broadened to include hotels, shops, cinemas and preview theaters, restaurants, newspaper businesses, and road-motor transport operations. The program has also been expanded to cover private educational and medical institutions that employ 10 or more workers. This is relevant only in specific states and union territories. Sickness benefit under ESI coverage amounts to 70 percent of the average daily wage and is available for a maximum of 91 days per year. To be eligible for sickness benefit, the insured employee must contribute for 78 days during a contribution period of six months. There are provisions for prolonged sickness benefits and related eligibility requirements. ESI also offers disablement benefit, which becomes effective from the first day of entering insurable employment for temporary disablement benefit. For permanent disablement benefit, it is disbursed at a rate of 90 percent of wage as a monthly allotment, based on the degree of loss of earning capacity as determined by a Medical Board. In addition to sickness and disability payments, the ESI supports dependents' benefits (DB). The DB provided is at a rate of 90 percent of the wage issued as a monthly payment to the dependents of a deceased insured individual – in situations where the death occurred as a result of employment injury or occupational hazards.

DISABILITY BENEFIT:

The Employee's Compensation Act, 1923, previously referred to as the 'Workmen's Compensation Act, 1923', mandates that employers compensate employees or their families in instances of job-related injuries that lead to death or disability. Additionally, workers in specific occupations face the risk of developing certain diseases that are unique and intrinsic to those fields. A worker who contracts an occupational disease is considered to have experienced an accident occurring in the course of employment, making the employer responsible for providing compensation for this. Injuries that result in permanent total and partial disablement are enumerated in parts I and II of Schedule I of the Employee's Compensation Act, whereas occupational diseases are specified in parts A, B, and C of Schedule III of the Employee's Compensation Act.

Compensation calculations are based on the circumstances of occupational disability:

(a) Death

50 percent of the monthly salary multiplied by the applicable factor or a sum of INR 120,000, whichever is greater.

(b) Total permanent disablement

60 percent of the monthly salary multiplied by the applicable factor or a sum of INR 120,000, whichever is greater.

MATERNITY BENEFIT:

The Maternity Benefit (Amendment) Act, 2017 was implemented on April 1, 2017, and enhances some of the essential benefits established by the previous Maternity Benefit Act of 1961. The revised law grants women in the organized sector a paid maternity leave of 26 weeks, an increase from 12 weeks, for their first two children. For the third child, the maternity leave provided will be 12 weeks. India now ranks third in the world for maternity leave, following Canada (50 weeks) and Norway (44 weeks). The Act also guarantees 12 weeks of maternity leave for mothers who adopt a child under three months of age, as well as for commissioning mothers (biological mothers) opting for surrogacy. The 12-week duration in these situations will be calculated from the date the child is delivered to the adoptive or commissioning mother. In other provisions, the law requires that every establishment with more than 50 employees must offer crèche facilities within a reasonable distance, which the mother may visit up to four times daily. For compliance reasons, companies must be aware that this specific provision will take effect from July 1, 2017. The 1961 Act stipulates that in cases of miscarriage or medical termination of pregnancy, the employee is entitled to six weeks of paid maternity leave. Employees are also entitled to one additional month of paid leave if complications arise due to pregnancy, delivery, premature birth, miscarriage, medical termination, or a tubectomy operation (two weeks in this scenario). Moreover, the 1961 Act specifies that no company shall require its female employees to perform arduous tasks or tasks that necessitate extended periods of standing or which may potentially interfere with her pregnancy or the normal development of the fetus, or are likely to result in her miscarriage or otherwise negatively impact her health.

NATIONAL PENSION SCHEME:

The National Pension Scheme (NPS), created by the Government of India, functions as a long-term investment option designed to deliver retirement income to its participants. Established under the oversight of the Pension Fund Regulatory and Development Authority

(PFRDA), which was founded on October 10, 2003, NPS officially began its operations on January 1, 2004. At first, it was available only to newly appointed government employees (with the exception of armed forces personnel), but as of May 1, 2009, it was made accessible to all citizens, including those working in the unorganized sector, on a voluntary basis.

NPS is available to every Indian citizen aged between 18 and 60. This encompasses persons from the public, private, and unorganized sectors. Additionally, Non-Resident Indians (NRIs) can also participate in the scheme. Important eligibility requirements include:

Must be an Indian citizen (either resident or non-resident) or an NRI.

Age must fall between 18 and 60 years.

Adherence to Know Your Customer (KYC) regulations.

Legal capacity to enter into a contract according to the Indian Contract Act.

CONCLUSION:

Social security is a specialized program. In India, the government develops and oversees social security to support Indian citizens at each stage of development. Social security is straightforward to comprehend. In India, the social security number is referred to as the Aadhar Card. This social security number consists of 12 digits. Each number is distinctive. Social security signifies protection against discrimination, insecurity, instability, and injustices. Sick leaves, medical benefits, and sick pay are included in the social security pension system in India.

The UK's social security system, despite encountering difficulties and changing, serves an essential function in offering a safety net and assisting citizens dealing with different life situations, including unemployment, disability, and retirement.

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