

A STUDY ON SOCIAL SECURITY IN INDIA THROUGH VARIOUS INSURANCE SCHEMES

Manish Kalwani*

ABSTRACT

Economic security, which is a vital aspect of our society, can be defined, "as a state of mind or a sense of well being by which an individual is relatively certain that he or she can satisfy basic needs and wants, both present and future". If a person is not happy, unable to satisfy his wants, depressed, psychologically comfortable, experiencing fear etc. it means he is insecure. If large number of people are placed in this situation it certainly requires government intervention. In India the government has launched several social insurance schemes. All these have been developed and implemented through nationalized insurance organizations.

KEYWORDS: *Landless Agricultural Labourers and Group Insurance Scheme, Rural Group Life Insurance Scheme, Janashree Bima Yojana, Shiksha Sahayog Yojana.*

Introduction

History and Philosophy of Social Security Scheme

Social security became a major area of concern in many countries of the world when society was slowly shifting from agro-based economy to an industrial economy. People started moving to cities from villages in order to satisfy their economic needs and to get some security. This change came about in Europe for the first time during the 19th century. This development, which later came to be known as industrial revolution had its own advantages and disadvantages. It resulted in inappropriate living conditions for the migrant population and created friction between the upper and lower classes in the society. This happened first in Europe and later in USA. In order to deal with this situation the governments in these countries came up with the idea of providing "social security" through various schemes to the weaker section of the society which consisted mainly of the migrant population working in the industries, the industrial revolution had given birth to. The intention of the German chancellor Otto von Bismarck, who introduced social security, was to provide benefits to the workers. The basic idea behind this scheme was to help the retired workers through the contribution of the present workers. This led to development of social security measures (accident insurance, disability and old age insurance), which were adopted in the 20th century. In USA, during the time of depression, the government felt the need for social security legislation. It became vital to support the employees who lost their jobs due to the depression. Necessary legislation was passed in 1935 and it later became effective in 1937.

Social Security in India

The study relating to developmental issues mentions that it is not easy for developing countries to pay for social security systems. This assumption has to be challenged. Studies by UNICEF and World Bank prove that the success of social security programs depend on the support of the public. In India social security is still in the early stage of development while in reality a large number of people are in need of social security support. Since these people live below the poverty line just earning enough to

* Research Scholar, Business Administration, Maharshi Dayanand Saraswati University, Ajmer, Rajasthan, India.

make both ends meet through agricultural operation their livelihood depends on the vagaries of weather. When they are hit by natural calamities such as drought, cyclone, failure of monsoons etc. they have no choice except to look to the government for relief and support. The need for social security support is also felt when the breadwinner of the family dies and especially when it is a premature death.

The situation with regard to regular workers in the industrial sector is a lot better as they enjoy many social welfare benefits as employees. However there is large number of seasonal workers in the industry whose situation is no better than the agricultural workers particularly in times of industrial depression when they have to face unemployment for long period. They are forced to join during such times, the unorganized sector in urban areas. Thus the need for social security support is felt most by people in two categories: the agricultural worker in the villages and the labourers belonging to the unorganized sector in the urban areas. Since the number of people involved who need social security support is huge, finding resources is the major issue for the government. However the government has made a beginning by affording some form of social security to these people through social insurance. In India the government has launched several social insurance schemes. All these have been developed and implemented through nationalized insurance organizations.

Social security in India through life insurance schemes

The following are some of the social insurance schemes introduced through Life Insurance Corporation of India:

- Landless Agricultural Labourers and Group Insurance Scheme
- Group Insurance Scheme for beneficiaries of the Integrated Rural Development Programme.
- Rural Group Life Insurance Scheme.

Landless Agricultural Labourers Group Insurance Scheme (LALGI)

This is a free group insurance scheme often described as the largest group insurance scheme in the world. The then Prime Minister, Rajiv Gandhi introduced this scheme. However, this scheme has since been withdrawn.

The Scheme

- Covers all landless agricultural labourers
- No premium needs to be paid
- Life assured must be head of the family
- Age group between 18-60 years
- Death risk cover Rs. 2,000/-

Settlement of Claims - Requirements - Role of officials

Claim form consists of four parts to be completed as detailed below:

- Part I: To be completed by Claimant
- Part II: To be completed by VAO
- Part III: Discharge voucher on Re.1/- Revenue Stamp executed by MRO & Claimant as per instructions
- Part IV: By MRO

Xerox copy of ration card duly attested

Death certificate issued by MRO

In case of delayed submission of claim forms, after one year from the date of death, it is to be certified by Collector/RDO/ any official authorized by Collector.

Designated LIC Branch at District Headquarters processes the application and settles the claim.

Group Insurance Scheme for Integrated Rural Development Program (IRDP) Beneficiaries

A free group insurance scheme

The Scheme

- All IRDP beneficiaries between the ages 18-60 years are covered
- No premium needs to be paid

- Insurance cover Rs. 5,000/-
- In case of accidental death Insurance coverage Rs.10, 000/-
- Duration of coverage: 5 years from the date of the loan or up to 60 years of age, whichever is earlier?

Settlement of Claims - Requirements – Role of Officials

Claim form consists of 4 parts to be completed as detailed below:

- Part I: To be completed by Claimant
- Part II: To be completed by Gram Panchayat
- Part III: To be completed by MPDO
- Part IV: Discharge voucher on Re.1/- revenue stamp by claimant duly attested by Gram Panchayat

Certificate from the bank that disbursed the loan under IRDP.

Death certificate issued by MRO.

Accidental death: 1. Post mortem report, 2. Police inquest report.

In case of delayed submission of claim forms after one year from the date of death- to be certified by project Director DRDA apart from MPDO. Designated LIC branch at district headquarters processes the application and settles claim.

Social Security Schemes

A scheme of insurance with 50% premium, a subsidy from the social security fund is created by the government.

The Scheme

- Applicable to 24 occupational groups identified and notified by Central Government.
- Age group between 18-60 years
- Flat yearly premium Rs.50/- per member. But 50% subsidy is available
- Uniform insurance coverage payable on death: Rs. 5,000/-
- In case of accidental death: Rs. 25,000/-
- In case of total permanent disability: Rs. 25,000/-
- Loss of 2 eyes or two limbs or one eye and one limb: Rs. 25,000/-
- Loss of one eye or one limb: Rs. : 12,500/-
- No extra premium for accident benefit
- A single master policy will be issued in favor of nodal agency or association or union Minimum membership as per rules

This scheme covers persons who belong to one of the following 24 groups

1. Beedi workers 2. Brick kiln workers (Jalandhar) 3.Carpenters 4.Cobblers 5. Fishermen 6. Hamals 7. Handicraft artisans 8. Handloom weavers 9. Handloom & khadi weavers 10. Lady tailors 11. Leather & tannery workers 12. Papad workers attached to self employed women's association 13. Physically handicapped self-employed persons 14. Primary milked producers 15. Rickshaw pullers/auto rickshaw drivers 16. Safai karmacharis 17. Salt growers 18. Tendu leaf collectors 19. Scheme for the urban poor 20. Forest workers 21. Sericulture 22. Toddy tappers 23. Power loom workers 24. Women in remote rural hilly areas.

Rural Group Life Insurance Scheme (RGLIS)

Objective

To provide the life insurance protection, to rural people, at a low premium.

Features

- Eligibility age 20 to 50 years.
- Insurance (death) cover: Rs. 5,000/- each member.
- Types of schemes: 1.General 2. Subsidised.

General Scheme**Premium per year****Category. 'A'**

(between ages 20 to 40 years)

Rs. 60/-

Category 'B'

(between ages 40 to 50 years)

Rs. 70/-

Subsidized Scheme

Those who are below poverty line are eligible. For such cases, only one person from each household can be covered.

Category 'A'

(between ages 20 to 40 years)

*Rs.30/-year

Category 'B'

(between ages 40 to 50 years)

*Rs.35/-year

*Balance premium subsidised by state and central governments equally.

Role of different officials at various levels - for implementation of scheme

VLO

Canvass the scheme - enroll members - obtain data-collect premium according to category-maintain record as per annexure - Form I.

Prepare list of members admitted to the scheme in triplicate (Form II) - separate list for two types of schemes (General -subsidised) category wise (Category A and B) - Two copies of the lists to intermediate level Panchayat (MPDO) along with premium remitted by members.

MPDO

Consolidate the data received as above in Form II A and submit to the designated LIC branch along with one copy of Form II and premium (including share of state government). Separate consolidation for each type of scheme category wise as well.

Designated LIC Branch

After receiving the premium along with consolidated statement LIC branch will arrange for issue of master policy in favour of MPDO.

The Scheme

Operative from 15th August to 14th August following year.

Settlement of RGLIS Claim - Flow Chart

Claim form (Form III) to be completed by beneficiary and submitted to village Panchayat Officer along with Death Certificate. Village Panchayat Officer has to certify that the deceased is a member of the scheme and paid the premium up to date.

(Forward to MPDO)

Executive officer of the intermediate level of Panchayat i.e., MPDO has to certify the bonafides of the claim- sign the discharge voucher.

(Forward to designated LIC branch at district headquarters)

After processing the papers LIC settles the claim amount in favour of nominee/ beneficiary.

Shiksha Sahayog Yojana 2001: the scheme is designed to provide at no additional cost, an educational allowance of Rs. 300/- per quarter to students studying in classes 9th to 12th (including I.T.I. courses) whose parents are below the poverty line and are members of Janashree Bima Yojana.

Janashree Bima Yojana

The latest social security insurance scheme from Life Insurance Corporation Janashree Bima Yojana was introduced by life insurance Corporation for people living below the poverty line. This new policy targets people living in towns and villages concentrating more on the weaker or poorer sector of the society. The Prime Minister introduced this policy on 10th August, 2000. This policy is applicable to people belonging to the approved occupations. The list of approved occupations consist of forty-eight categories. Registered bodies like cooperatives, associations and self-help groups are considered as

nodal agencies with a minimum of twenty-five members. Every member, society, organisation, association etc. shall contribute half of the annual premium (annual premium Rs. 200) i.e. Rs. 100/- will be paid. This will be payable either on the entry date or on annual renewal date. This scheme will be managed with subsidy from the social security fund administered by the LIC.

The object of this scheme is to provide insurance protection to the rural and urban poor below the poverty line or marginally above it. 50% of the premium is subsidized from the Social Security Fund maintained by LIC and the remaining 50% is contributed by members / Nodal Agency / State Government. Persons aged between 18 and 59 years are covered for an amount of Rs.30,000/- each under this scheme. In case of death or total disability (including loss of 2 eyes / 2 limbs of use) due to accident, a sum of Rs. 75,000/- and in case of partial permanent disability (loss of 1eye / 1 limb of 1 use) due to accident, a sum of Rs. 37,500/- is payable to the nominee / beneficiary. The corporation may modify the rates and premium of the assurance provided they give three months notice to the nodal agency on the basis of the annual renewal rate.

Eligibility

A person (male or female) who has completed 18 years of age and has not crossed more than 60 years is eligible for this scheme. He or she must mention the occupation and should also mention whether he is a member of a society, association or a union. The person should be in the poverty line or slightly above that to be acceptable under the scheme.

Benefits

If the insured member dies before the terminal date, then the Rs. 20,000 will be paid by the nodal agency as benefits to the insured member.

On natural death	Rs. 20,000/-
Death due to accident	Rs. 50,000/-
Permanent total disability	Rs. 50,000/-
Loss of 2 eyes or limbs	Rs. 50,000/-
Loss of 1 eye or 1 limb	Rs. 25,000/-

Administration of the Scheme

The benefits in case of accidents will not be applicable to the policyholders who are physically handicapped even before taking the policy. Nodal agencies must fill and send the Master Proposal Form (Annexure I) and the details of the members (Annexure IV). Annexure III containing the details of members and their signatures must be kept with nodal agencies. They must be submitted to the LIC in case of death claims along with other forms. Definitions, terms and conditions are mentioned in the policy in English. This policy is meant to provide the insurance benefits for one year only. However refund, surrender, maturity value and others are not applicable to this policy. Later every year premium has to be paid according to the details provided by LIC through renewal notice.

Functions of Nodal Agency

The nodal agency will perform all functions on behalf of the insured members, with regard to the schemes. The nodal agency will provide the corporation with information such as entry of new members, death of insured member and other related particulars. It is the responsibility of the nodal agency to gather evidence from the members with regard to the age at the time of joining to satisfy the corporation. The nodal agency can anytime discontinue the scheme provided it gives 3 months notice to the corporation before the annual renewal date. All claim payments will be made by LIC to the nodal agency, which in turn will pay the same to the named beneficiary as per their records.

Social security in India through General insurance schemes

The government has come up with several schemes and policies for small farmers and workers. All these schemes and policies have been categorized under Integrated Rural development programme. Central and state governments on equal basis fund IRDA. The objective is to support the rural people financially for better living. Some of the schemes are as follows:

- Cattle Insurance
- Sheep and goat insurance
- Poultry insurance
- Aqua culture (shrimp/prawn) insurance

- Sericulture (silk worm) insurance
- Animal driven cart insurance
- Failed well insurance
- Salt works insurance

Given below are those schemes, which require some explanation:

- Gramin personal accident insurance
- Hut insurance
- Agricultural pump set policy
- Personal accident social security scheme

Let us discuss them here:

Gramin Personal Accident Insurance

This policy provides the following benefits in case of accidents.

Death or loss of two eyes

Two limbs Rs.10,0000

Permanent disability

Loss of one eye or one limb Rs.5, 000

The premium of the policy is Rs.5 and the minimum and maximum age for entry is 10 years and 70 years.

Hut insurance

Hut insurance emerged with funds given by banks, financial institutions and cooperatives. This policy was initiated in rural areas to insure against fire, earthquakes etc. The maximum coverage was Rs. 6,000 (Rs. 5,000 for structure and Rs. 1,000 for contents). This policy covers upto two hundred huts in a single area, with Rs.3 rate per thousand. The state government covers rural and semi rural areas under this policy. The following risks are covered:

- Fire
- Lightning
- Flood
- Cyclone
- Terrorism
- Landslide
- Impact by rail/vehicles or animals

Agricultural Pump Set Policy

This policy is given to centrifugal pump sets both electrical and diesel up to 25 HP.

The risks covered under this policy are:

- Burglary
- Fire and lightning
- Mechanical and electrical breakdown
- Flood risk (extra premium)
- Terrorism, strike and riot

The following are the exclusions:

- Dismantling cost while in transport
- Faults during the making of the policy

The sum insured must be equal to 100 per cent of the new replacement value

The premium rates however would differ according to the type of pump set. e.g. Oil and electricity.

Personal Accident Social Security

This scheme was launched in 1985 especially for providing benefit to the poor families. According to the policy poor families include landless labourers and traditional craftsman whose annual income is not more than Rs.7,200.

This scheme provides a benefit of Rs.3,000, for an individual who dies due to accident and is an earning member of the family, belonging to the age group of 18 to 60 years. The beneficiaries under this policy are as follows:

- Surviving spouses
- If not the wife, the amount will be equally shared by the children
- If not the children, then the amount will be payable to dependent surviving parents

The procedure is as follows:

An application has to be made to the claims enquiry and settlement officer for the purpose of compensation. The claims enquiry and the settlement officer will perform the following duties:

- To receive the applications from the claimants
- To enquire into the claims if required
- To ask reports from police and the medical authorities
- To select and pay the right claimant

Once the amount payable is authorised, the state government would pay the beneficiaries from its funds. The amount will be reimbursed again from the insurance company officer to whom the reports are sent.

Significance of the study

This paper discusses about the Government Social Security Schemes relates to Insurance Sector. This study also strives to Social security is a protection and a preventive barrier against distressful situations, which a society as a whole provides to each of its members. The society acts as a guardian and a caretaker of its member based upon the needs of the individuals and the resources available within the society. Social security is an assurance pertaining to basic amenities such as pension, gratuity, disability benefits, maternity benefits, health insurance, etc. It emphasises on the relationship between the society and its members as an integral part of the society. This evolution of the society is possible only through collective efforts and this is the result of the effort of the society to give equal opportunities and basic amenities to all its members. It is based on the principle that all the members in a society are interdependent on each other and their harmonious existence is possible only if they respect the needs of each other. Social security can be evaluated on various parameters, but there are certain basic characteristics of this system. The presence of these bare essential components within the society promotes a sense of belongingness and confidence among the members of a society or nation.

Research Methodology

The present study is descriptive in nature. The present paper is primarily based on secondary sources of data. The information and data for the research has been collected from government publications, published articles, journals, newspapers, reports, books, and official websites of IRDA, GIC, LIC OF INDIA.

Review of Literature

Review of literature paves way for a clear understanding of the areas of research already undertaken and throws a light on the potential areas which are yet to be covered. The reviews of some of the important studies are presented below.

- **According to OASIS Committee Report:-**Traditionally governments and societies have been providing security to people in the older age group through pension provisions. This had helped in reducing the problems of these people to a considerable extent. But if the number of people in this category is high and keeps increasing as in our country then definitely it would be a very big expenditure to the government. Finding resources to tackle this matter is a serious problem for the government today.
- **According to IRDA (2014):-** Insurance companies have to fix a nominal premium to cover the risk of the account holders in case it is not done the state owned LIC may batter with financial losses.

Conclusion

This study concludes with briefs us about the history and philosophy of social security. Social security has become a vital need. This concept first started in the western countries during the 30's at the time of depression. In one way we can say that social security emerged as result of economic insecurity.

Social security in India has not developed truly to meet the need of the target group. This is due to two reasons: scarcity of funds and large numbers involved. Earlier when people used to get injured while working, the company in the absence of any law was compelling them to meet the medical expenses on their own. Today the worker in the organized sector has the necessary legislation in place to ensure that the employer does not run away from his responsibility of providing relief to the injured or disabled worker. But one has to admit that India has a long way to go to meet its social security obligation to its citizens in full and therefore social security will continue to be a pipe dream for a long time to come for many a citizen in dire need.

References

- ❖ OASIS report.
- ❖ [http://www.india.gov/social security schemes](http://www.india.gov/social%20security%20schemes)
- ❖ <https://www.oecd.org/finance/financial-education/48303408.pdf>
- ❖ www.GIC.gov.in
- ❖ www.Google.com
- ❖ www.IRDA.com
- ❖ www.lic.org.

