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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

SOCIAL SECURITY IN THE U.S.A AND INDIA: A COMPARISON

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ABSTRACT

Social security is an important device for the upliftment of workforce in any country as well as raising the level of productivity of the labour force thereby providing them with mental satisfaction on the other hand. It is of grave need for any country to provide the basic facets of social security measures to its workforce. The study entitled 'Social Security in the U.S.A and India- A comparison' tries to unfold the differences in Social Security System between the two countries, one being a developed nation and the other being its counterpart- a developing nation. The study throws light on the system of social security in the U.S.A- its policies and benefits thereby putting stress on the various policies practiced in India. The study points out the differences between the two countries in policy formulation and implementation.

KEYWORDS
Social security, International social security agreement, Disability, Retirement benefit.

MEANING OF SOCIAL SECURITY
A Social Security System (SSS) is one whereby the state provides various benefits to those who are unable to provide the same for themselves. Such a system is generally meant to serve the socially deprived conditions, such as poverty, old age, disability, and unemployment, etc. The most important forms of social security system are retired-worker benefits, and dependents' benefits. Therefore, SSS is a means of living independently during the old age and supporting the dependents in the family. Individuals while working are expected to set aside a part of their income as long term savings to take care of their needs in post-retirement years. Apart from the increased cost of living, the steeply rising cost of medical treatments in recent times and the need for personalized services in the old age, there are always apprehensions that the savings made during the working life will be inadequate unless some institutional arrangements are in place.

Social security programmes are often described as the most successful programme of the modern welfare states. But its long term future is now in doubt. International Social Security Association finds that, while globalization is likely to erode the pension income of the older persons, it will enhance their wealth and income from capital, leaving their overall spending power slightly improved. The working age population, which earns lower wages as a result of having less capital to work, is an unambiguous loser from the globalization process. The situation is different from country to country. As a result of these dire predictions, there are proposals to reshape the social security system abound.

The introduction of social security programmes in developing countries is a difficult task given that capital and insurance markets are typically underdeveloped, budget restrictions are high and developing countries are usually characterised by traditional labour structures and large levels of poverty, which would require social programmes to achieve a magnitude that few governments in developing countries are able or willing to implement. In addition, governments in those countries have, in general, less capacity to collect taxes, implement complex programmes of social protection or correct market failures, due to their low levels of income, education and infrastructure. Furthermore, political pressure against the implementation social security policies is also often high in developing countries as such policies may imply some form of redistribution (Radian, 1980; Newbery and Stern, 1987).

OBJECTIVES OF SOCIAL SECURITY MEASURES
Most social protection policies in developing countries will almost certainly be concerned with reducing vulnerability and unacceptable levels of deprivation. The extent of poverty and destitution in most developing countries would, however, make typical post-shock social security benefits of the type implemented in industrialised countries too costly to put into practice in poor economies. The role of social security policies in developing countries must, consequently, be extended not only to that of a 'safety-net', but, more importantly, to 'prevention' against increases in deprivation and the 'promotion' of better chances of individual development (Guhan, 1994). In this sense, social protection policies would not only address negative outcomes of development but would also promote more equal opportunities amongst all population groups, thereby reducing the likelihood of negative outcomes. The focus of social security policies in developing countries should thus be on the reduction and mitigation of structural forms of vulnerability and on the implementation of ways of coping with all types of risk (Norton, Conway and Foster, 2001; Kabeer, 2002) and be integrated within the overall development strategy of the country rather than implemented as individual programmes (Kabeer, 2002). Social security policies in developing countries should aim thus at the protection and promotion of both human and physical capital. Policies that protect human capital include better access to clinics and hospitals, better nutrition, better health support, health insurance policies, improved access to schools, universal primary education and so forth. Physical capital can be protected by policies aimed at employment creation, promotion of rural development, research and incentives to encourage labour-intensive investments, better access to housing and land, improved infrastructures, reduction of remoteness of some population groups, measures to eliminate biases against women and other vulnerable groups as producers and consumers (minimum wages, measures against discrimination), improved access to capital through financial sector reforms of micro-credit schemes, implementation of employment support schemes, provision of secure ownership of key assets, crop insurance measures, etc.

OBJECTIVES OF THE STUDY
The study is undertaken with the following objectives:
- To make a study of the various social security measures in the U.S.A and India.
- To make a comparative analysis of the social security measures available in both the countries.
- To suggest measures to bridge the gap that has been left.

IMPORTANCE OF THE STUDY
India as a developing giant is in the requirement of adapting certain strategies to get the optimum utilization of its labour force in order to rise to its desired position. The study is conducted with the purview that U.S.A is a developed country providing social security to its workforce in a very efficient manner to curb up optimum utilization of its workforce.

Social security is an important factor in any country to be provided to its workforce. The study shall be pointing out to certain social security measures practiced in the U.S.A whereby there has been no implementation of the same in India.

SOCIAL SECURITY IN UNITED STATES

Social security program in US began in limited sphere as a measure to implement "social insurance" during great depression of 1930s. The idea behind the programme was to offer economic security to Americans. The industrial revolution has changed the family structure and multiple generations of one family were no longer living together. After stock market crash in 1929 and the ensuring depression, Americans needed protection from financial worries. In the beginning the Social Security Act when passed by FDR (Federal Intervention), the retired workers and the unemployed workers were the two groups covered by the programme. Within a few years Congress added benefits for surviving dependants of deceased workers. Later it has become the largest government programme in the world.

The basic nature of social security in US is social insurance programme funded through payroll tax. i.e., a 'pay as you go' system (PAYGO System). It is formally known as Old Age Survivors and Disability Insurance Program (OASDI program). The OASDI Programme is administered by the Social Security Administration (SSA). The SSA is in the process of re-engineering the disability process in order to restore public confidence in its programme and ensure a nurturing environment for its employees. Originally, in US the social security system included unemployment insurance. However the term is now used to mean only three benefits, i.e., benefits for retirement, disability and death.

ELIGIBILITY STATUS

To become eligible for the benefits for family members or survivors, a worker must earn a minimum number of credits based on work in covered employment or self-employment. These credits are described as Quarters of Coverage (QC). Eligibility for most types of benefits requires that the worker is fully insured. A fully insured worker usually has a number of QCs at least equal to the number of calendar years elapsing between the age of 21 and the year in which he/she reaches the age of 62, becomes disabled or dies, whichever occurs first. For workers who become disabled or die before the age of 62, the number of QCs needed for fully insured status depends on their age at the time when worker becomes disabled or dies. A minimum of 6 QCs is required regardless of age for entitlement of benefits.

RETIREMENT BENEFITS

The largest component of OASDI is the payment of retirement benefits. In US throughout a worker's career, the social security administration keeps track of his or her earnings. The amount of the monthly benefit to which the worker is entitled depends on that earning record and upon the age at which the retiree chooses to begin receiving benefits. The earlier stage at which the benefits are payable is 62 years and full retirement benefits are dependent on a retiree's year of birth.

SPOUSE BENEFITS

In US any current spouse is eligible and divorced or former spouses are eligible generally if the marriage lasts for at least 10 years. The spousal benefit is half the Primary Insurance Amount (PIA) of the worker. Only after the worker applies for retirement benefits the non-working spouse can apply for the spousal retirement benefits.

DISABILITY

A worker who has worked long enough and recently enough to be covered can receive benefits upon becoming totally disabled, regardless of his or her age. The eligibility formula requires a certain number of credits based on earnings to have been earned overall, and a certain number within the ten years preceding the disability, but with more lenient provisions for younger workers who become disabled before having had a chance to compile a long earnings history.

The worker must be unable to continue in his or her previous job and unable to adjust to other work, taking into account the worker's age, education and work experience. The disability must be long term lasting 12 months resulting in death, or expected to result in death. As with the retirement benefit, the amount of disability benefit payable depends on the worker's age and record of covered earnings. Supplemental Security Income (SSI) uses the same disability criteria as the insured social security disability program, but SSI is not based up an insurance coverage. But a system of means-testing is used to determine if the claimants' income and net worth fall below certain income and asset thresholds after the claimants establish disability.

Severely disabled children may qualify for SSI. In addition, disabled minor children of disabled or deceased workers may receive survivor's benefits. A programme called Disabled Adult Child.

Insurance Benefits (DACIB) provides benefits for the disabled adult children of disabled or deceased workers. For disability determination at the Social Security Administration has created administrative courts in the US depending on the state of residence. A claimant whose initial application for benefits is denied can request reconsideration or having before Administrative Law Judge. It involves a re-examination of evidence and an opportunity for hearing before disability hearing officer. The hearing officer then issues a decision in writing, with reasons for his findings. If claimant is again denied at the reconsideration stage, he can request hearing before Administrative Law Judge. In some states SSA is implemented as a pilot program that eliminates the reconsideration steps and allows claimants to appeal an initial denial directly to an Administrative Law Judge. Since the number of applications for social security is very high the time for hearing is limited to 90 days of the request of the claimant.

After hearing, the Administrative Law Judge issues decision in writing. The decision can be fully favourable (the claimant is disabled); partially favourable (the claimant is disabled in source point and not in certain others as claimed) or unfavourable (not disabled at all). In case of the last two decisions, the claimant can appeal to Social Security's Appeals Council and it accepts no hearings but written briefs. If the claimant disagrees with the Appeal Council's decision he can appeal the case in the federal district court. As in most federal court cases an unfavourable district court decision can be appealed to the appropriate appellate circuit courts and an unfavourable appellate court decision can be appealed to the United States Supreme Court.

SURVIVOR'S BENEFIT

If a worker covered by social security dies, a surviving spouse or children can receive survivor's benefits. In several instances, survivor's benefits are available even to a divorced spouse. Survivor's benefits to non-disabled children are upto 18 years of age or the child graduation from high school, whichever is later. The earliest age for a non-disabled widow(er) benefit is 60 years. The benefit is equal to the worker's full retirement benefit for spouses who are at or older than survivor's normal retirement age (if the worker dies when the survivor is younger, there is an actuarial reduction).

RESHAPING THE SOCIAL SECURITY LAW

The Social Security Act was passed in the year 1935. It is otherwise known as Old Age Pension Act. This Act provided benefits to the retirees and the unemployed and a lump sum benefit at death. Payments to current retirees are financed by a payroll tax on current worker's wages, half directly as payroll tax and half paid by the employer. Though the constitutionality of the Act was challenged in many cases, the courts affirmed its validity. The original 1935 Act paid retirement benefits only to the primary worker. Many types of people were excluded, like farm workers, the self employed and anyone employed by an employer of less than 10 people. These exclusions intended to exclude those, as it would be difficult to monitor compliance, and covered approximately half of the civilian labour force in the US. The 1935 Act also contained the first national unemployment compensation program aid to the states for various health and welfare programs and the Aid Dependent Children Program. The initial tax rate was 2.0% of the first $3000 of the employees earning shared equally between the employee and the employer. The tax rates were increased by amending Federal Insurance Contribution Act generally in three important ways. They are-

(i) The widowed non-working spouse of someone entitled to an old age benefit also entitled to an old age benefit.
(ii) Survivors (widows and orphans) became eligible for a benefit.

(iii) Retirees who had never paid any FICA taxes became eligible for old age benefits.
In 1956, the tax was raised to 4.0% (2% for employer and 2% for employee-equal contribution) and disability benefits were added. In 1961 also the tax rate was increased to 6%. Medicare was added in 1965 by Social Security Act of 1965. Supplementary Security Income benefits, though not exactly social security benefit but welfare benefit prolonged to immigrants who had never paid into the system even when they reached 65 years of age. In the early 1980s there was concern about the long-term prospects for social security because of demographic considerations. A commission chaired by Alan Green Space made several recommendations. Under the 1983 Amendments to social security, the payroll tax rate was increased, additional employees were added to the system, and the full age retirement age was slowly increased and up to half of the value of social security benefit was made potentially taxable income. As a result of these changes, the social security system began to generate a large surplus of funds intended to cover added retirement cost. Congress invested these surpluses into special series, non-marketable US Government bonds which are held by social security trust fund. Under the law, the government bonds held by social security are backed by the full faith and credit of the US government. The special series non-marketable bonds currently held in social security trust fund are off-balance sheet and are excluded from the US National Debt Calculation. These bonds simply represent a promise to pay the trust fund later, whether by increasing taxes, cutting benefits or simply borrowing some money.

SOCIAL SECURITY TAX ON WAGES AND SELF EMPLOYMENT INCOME

Benefits are funded by taxes imposed on wages of employees and self employed persons. In case of employment, the employer and employee are responsible for one half of the social security tax with the employees half being withheld from the employees' pay check. In the case of self employed persons too, independent contractors the person himself is responsible for the entire amount of social security tax. A separate payroll tax of 1.4% of an employees' income paid directly by the employer and an additional 1.45% deducted from the employees' pay check, yielding an effective rate of 2.9%, funds the Medicare program. This program is primarily responsible for providing health benefit to retirees. The combined tax rate of these two federal program is 15.3%. Social Security taxes are paid into the Social Security Trust Fund maintained by US Treasury. Current year expenses are paid from current social security tax revenues. A Social Security Number (SSN) is issued in pursuant to section 205(c) (2) of the Social Security Act14 is provided with. A multitude of US entities use the social security number as a personal identifier.

LEGISLATIVE CHANGES FROM 1996

Contract with America Advancement Act of 1995 made a change in the basic philosophy of the disability programme. By this Act New applicants for the Social Security or SSI disability benefits could no longer eligible for benefits if drug addiction or alcoholism is a material factor to their disability.
The Personal Responsibility and Work opportunity Reconciliation Act of 1996 is called as "welfare reform" legislation. Previously lawfully admitted aliens could receive SSI if they met other factors of eligibility. From the date of enactment no new non-citizens could be added to the benefit rolls and all existing non-citizens beneficiaries, even the children eligible under old law, would be removed from the rolls.
Ticket to work and Work Incentives Improvement Act of 1999 made a most significant change in the disability policy. This law creates a Ticket to Work and Self -Sufficiency Programme which will provide disability beneficiaries with a ticket they may use to obtain vocational rehabilitation services and other support services from an employment network of their choice. The new provisions provide a number of safeguards to the beneficiaries to protect their benefits and health. Law also provides for incentive payments to providers for successful rehabilitation in which the beneficiary returns to work. Altogether the Ticket to Work initiative seeks to shift the emphasis in the disability programme away from mere maintenance of benefits to more toward rehabilitating the disabled and assisting them in returning to productive work. The Senior Citizen's Freedom to Work Act of 2000 eliminated the Retirement Earnings Test which is provided under Social Security Act, with effect from January, 200018.

THREE MODELS OF U.S. SOCIAL SECURITY REFORM

Recently the Government offers three alternative plans (Model I,II &III) for reforms. They are as follows:
Model I allows workers to invest up to 2 % of their taxable income in to a personal account. Traditional benefits if received would then be set off from the personal account contributions.
In Model II the workers could contribute up to 4.5% of their taxable income. Social Security benefits would be set off from the contributions, but the additional interest of 2% of the workers contribution, compound over the worker's career.
Model III involves a 2.5% contribution from payroll taxes, plus a 1% additional contribution by the employee, up to 1000 dollars maximum. Benefits then are set off from the account of the contributions but the additional interest rate reduction under this model would be 2.5 %.
Under all these three models there are changes in the way that benefits are calculated. In the current system benefits are indexed to current wages but here the benefits would be indexed to prices.

COMPARISON WITH PRIVATE PENSIONS

Although social security is sometimes compared to private pensions, the payment of disability benefits distinguishes social security from most private pensions. A private pension fund accumulates the money paid into it, eventually using those reserves to pay pension to the workers who contributed to the fund. Social security on the other hand is fundamentally a wealth transfer system. A private system can refund because it does not try to cover everybody, so they can be net savers and net borrowers; on the other hand, social security system operates as a pipeline through which current tax receipts from worker are used to pay current benefit to retirees, survivors and the disabled. Although there is a social security trust fund that holds the cumulative excess of taxes withheld over benefits paid, unlike a private pension plan, the social security trust fund does not hold any substantial marketable assets to secure worker's paid-in contributions.
Two broad categories of private pension plans are:
(1) Defined benefit pension plans;
(2) Defined contribution pension plans.
Out of these, social security is more similar to defined benefit pension plan in which benefits ultimately received are based on some sort of pre-determined formula. Defined pension plans generally do not include separate accounts for each participant. But in a defined contribution pension plan each participant has a specified account in the funds put into that account by employer in the participant or by both. Here the ultimate benefit is based on the amount in that account at the time of retirement. Private pension are governed by *Employee Retirement Income Security Act*, which requires minimum level of funding. The purpose is to protect workers from corporate mismanagement and outright bankruptcy. In terms of financial structure, social security would be analogous to an underfunded pension, i.e., where savings are not enough to pay future benefits without collecting future tax revenues. On February 2, 2005 President George Bush in his Statement of the Address described the social security system as "headed for bankruptcy" and outlined in general terms, a proposal based on partial privatization. Critics responded that privatization would worsen the program's solvency outlook and would require huge new borrowing.

INTERNATIONAL SOCIAL SECURITY AGREEMENTS

In today's global environment, people often relocate from one country to another, either permanently or limited time basis. This poses challenges to business, governments and individuals seeking to ensure future benefits or having to deal with taxation authorities in multiple countries. The President is authorized to enter into international Social Security Agreements to coordinate the U.S. Old Age, Survivors and Disability Insurance (OASDI) with comparable programmes of other countries. To that end the U.S. has signed treaties, often referred to as 'totalization agreements' with other social insurance programs of various foreign countries.

International Social Security agreements have two main purposes for U.S. First they eliminate dual social security coverage and the second is to help in filling gaps in benefit protection for workers who have divided their careers between the U.S. and the other country. They eliminate dual social security taxation when a worker from one country works in another country and is required to pay social security taxes to both countries on the same earnings. Those who divided their careers may fail to qualify their social security benefits from one or both countries because they have not worked long enough to meet the criteria. Under an agreement these workers and their family members may qualify for a partial U.S. benefit based on totalized credits from both countries.

SOCIAL SECURITY IN INDIA

The general frame work of social security legislations in India includes Employees' Provident Fund, Gratuity, Employee's Insurance, Employee's Pension Scheme and National Social Assistance Programme. Social Security to the workers in the organized sector is provided through five Central Acts, namely, the Employees State Insurance Act, the Employees Provident Fund & Miscellaneous Provisions Act, the Workmen's' Compensation Act, the Maternity Benefit Act, and the Payment of Gratuity Act. In addition, there are a large number of welfare

Funds for certain specified segments of workers such as beedi workers, cine workers, construction workers etc. The types of programmes in India include Provident Fund with Survivor (Deposit Linked) Insurance and pension fund, gratuity schemes for industrial workers and social assistance system. In 2004, a voluntary old age, disability and survivors benefits scheme introduced under unorganized sector social security scheme for employees and self employed persons between the age of 36 to 50 having a monthly income Rs. 6500/- or less. This means that India is having a lot of social security benefits under different heads. Moreover, a single benefit is provided under many heads also. For example old age benefits are provided by provident fund, pension scheme, gratuity scheme and old age pension under social assistance also. Likewise permanent disability benefit is provided by provident fund scheme, pension scheme and gratuity scheme. The survivor's benefits are provided through provident fund, survivor (deposit-linked) insurance scheme, pension scheme (widow(er)'s pension, orphan's pension, other eligible survivor's pension), gratuity scheme, funeral grant and survivor grant under social assistance. Generally the coverage comes under social assistance and social insurance. Relevant amendments are proposed in the EPF and MP Act as also in the ESI Act. The consultation process is on with reference to the amendment suggestions received in case of the Maternity Benefit Act and the Workmen's Compensation Act. Innovative measures are proposed in the running of the Social Security Schemes of Employees' Provident Fund Organisation and Employees' State Insurance Corporation. This includes flexible benefit schemes tailored to the specific requirements of different segments of the population.

FINDINGS OF THE STUDY

Social security systems in the U.S.A are linked to wage employment. In India, the situation is entirely different from that existing in U.S.A. The key differences are:

- India does not have an existing universal social security system;
- India does not face the problem of exit rate from the workplace being higher than the replacement rate. Rather on the contrary lack of employment opportunities is the key concern;
- 92% of the workforce is in the informal sector which is largely unrecorded and the system of pay roll deduction is difficult to apply.

SUGGESTION AND CONCLUSION

The new trend in all countries is that the State is trying to withdraw from its responsibility to provide security benefits to their workers. They do it either by privatizing or through converting assistance to contributory insurance. In United States, the government is trying to increase pay roll tax rates and promote rehabilitation programmes which enable workers to return to work. International social security agreements with other countries by U.S. to enable the workers who divide their career between U.S. and other countries is a good initiative to be taken into consideration.

As the social, economic and political situation in India is highly different from other nation states, India has to find out solutions for maximum social security coverage in tune with its own resources and needs. The position in India with regard to social security can be differentiated mainly on three grounds.

- **Lack of effective grievance redressal mechanism**: - In India the social security benefits are under different legislations and under different schemes. Some legislations provide for redressal forum and some do not. Many of the benefits under schemes are not a matter of legal rights to get adjudicated under a court of law.
- **Lack of comprehensive coverage**: - The system prevailed under other countries are providing coverage irrespective of any classification for coverage. All are legally entitled to one benefit scheme or other benefit scheme. But in India majority are outside the legally covered social security programmes.
- **Constitutional Mandate**: - Unlike any counterpart Indian Government is constitutionally bound to provide social security to its citizens.

Apart from this, in the contemporary world, the domestic legal scenario is highly influenced by international agreements and sovereignty of nation is said to be re-defined. This influence has made a sweeping change in India too. Hence it is highly necessary to understand the labour and trade law relationship and how it affects the states' welfare measures for labour force.

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