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LABOUR ADMINISTRATION AND EMPLOYEE WELFARE

M.A (H.R.M), Semester – II, Paper-II

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FOREWORD

Since its establishment in 1976, Acharya Nagarjuna University has been forging ahead in the path of progress and dynamism, offering a variety of courses and research contributions. I am extremely happy that by gaining 'A' grade from the NAAC in the year 2016, Acharya Nagarjuna University is offering educational opportunities at the UG, PG levels apart from research degrees to students from over 443 affiliated colleges spread over the two districts of Guntur and Prakasam.

The University has also started the Centre for Distance Education in 2003-04 with the aim of taking higher education to the door step of all the sectors of the society. The centre will be a great help to those who cannot join in colleges, those who cannot afford the exorbitant fees as regular students, and even to housewives desirous of pursuing higher studies. Acharya Nagarjuna University has started offering B.A., and B.Com courses at the Degree level and M.A., M.Com., M.Sc., M.B.A., and L.L.M., courses at the PG level from the academic year 2003-2004 onwards.

To facilitate easier understanding by students studying through the distance mode, these self-instruction materials have been prepared by eminent and experienced teachers. The lessons have been drafted with great care and expertise in the stipulated time by these teachers. Constructive ideas and scholarly suggestions are welcome from students and teachers involved respectively. Such ideas will be incorporated for the greater efficacy of this distance mode of education. For clarification of doubts and feedback, weekly classes and contact classes will be arranged at the UG and PG levels respectively.

It is my aim that students getting higher education through the Centre for Distance Education should improve their qualification, have better employment opportunities and in turn be part of country's progress. It is my fond desire that in the years to come, the Centre for Distance Education will go from strength to strength in the form of new courses and by catering to larger number of people. My congratulations to all the Directors, Academic Coordinators, Editors and Lesson- writers of the Centre who have helped in these endeavors.

Prof. P. Raja Sekhar

Vice-Chancellor (FAC)

Acharya Nagarjuna University

LABOR ADMINISTRATION AND EMPLOYEE WELFARE

SYLLABUS

UNIT – I

Social Welfare. Labour Welfare: Concept, Scope and Philosophy of labour Welfare; Principles of Labour Welfare; Role of Welfare in Commitment and Structuring of labour force; Indian Constitution and labour Welfare;;

UNIT – II

Historical Development of Labour Welfare in India; Impact of ILO on Labour Welfare in India; Agencies of Labour Welfare and their roles, State Management, Trade Unions and voluntary

UNIT – III

Labour Welfare Programmers: Statutory and Non-Statutory, Extra Mural and Intra Mural; Canteen, Creche, Housing, workers Education Scheme, Financing of Welfare Programmers; welfare officer; role Status and functions

UNIT-IV

Social Security: Concept and Scope; Social Assistance and Social Insurances; Development of Social security in India; Social Security Measures for Industrial employees; Towards a Comprehensive Social Security System in India.

UNIT – V

Labour Administration; Central Labour Administrative machinery in India; Labour Ministry; Labour Secretary; Chief Director General of Employment and Training; Director General of Factory Advice Service; Provident fund Organisation; ESI Schemes; Labour Administration in A.P.

Case Analysis: The Question Paper shall have a compulsory question on case analysis.

Prescribed Books:

1. Moorthy, M.V .Principles of Labour Welfare, Oxford & IBH Publishing Co., New Delhi .
2. BVaid, K.N. Labour Welfare in India , Sree Rama Centre for Industrial Relations and Human Resources, New Delhi .
3. Sharma, A.M.Aspects of Labour Welfare and Social Security, Himalaya Publishing House, Mumbai.
4. Ram Chandra P. Singh, Labour Welfare Administration in India , Deep & Deep Pub., New Delhi .
5. Punekar, S.D.Deodhar S.B., Sankaran, Saraswathi, Labour Welfare, Trade Unionism and Industrial Relations, Himalaya Pub. House, Mumbai.
6. Pant, S.C., Indian Labour Problems, Chaitanya Pub. House, Allahabad.
7. Saxena R.C., Labour Problems and Social Welfare, K. Nath and Co., Meerut .
8. Bhogiliwar, T.N. Economics of Labour & Industrial Relations, Sahitaya bhavan Pub., Agra .
9. Memoria, C.B.Dynamics of Industrial Relations in India , Himalaya Pub. House, Mumbai.

CONTENTS

	LESSON	Page No.
1	SOCIALWELFARE-LABOURWELFARE - AN OVERVIEW	1.1 – 1.9
2	PRINCIPLES OF LABOUR WELFARE ADMINISTRATION	2.1 – 2.8
3	INDIAN CONSTITUTION AND LABOUR WELFARE	3.1 – 3.6
4	HISTORICAL DEVELOPMENT OF LABOUR WELFARE IN INDIA	4.1 – 4.6
5	HISTORICAL DEVELOPMENT OF LABOR WELFARE IN INDIA	5.1 – 5.10
6	IMPACT OF ILO ON LABOUR WELFARE IN INDIA	6.1 – 6.9
7	AGENCIES OF LABOUR WELFARE AND THEIR ROLES	7.1 – 7.8
8	STATE MANAGEMENT, TRADE UNIONS AND VOLUNTARY	8.1 – 8.7
9	LABOUR WELFARE	9.1 – 9.12
10	EXTRA MURAL AND INTRA MURAL WELFARE	10.1 – 10.11
11	FINANCING OF LABOUR WELFARE	11.1 – 11.12
12	WELFARE OFFICER, ROLE STATUS AND FUNCTIONS	12.1 – 12.10
13	CONCEPT AND SCOPE OF SOCIAL SECURITY	13.1 – 13.11
14	SOCIAL INSURANCE AND SOCIAL ASSISTANCE	14.1 – 14.19
15	DEVELOPMENT OF SOCIAL SECURITY	15.1 – 15.14
16	COMPREHENSIVE SOCIAL SECURITY IN INDIA	16.1 – 16.16
17	LABOUR ADMINISTRATION IN INDIA	17.1 – 17.11
18	EMPLOYEE PROVIDENT FUND	18.1 – 18.17
19	EMPLOYEE STATE INSURANCE	19.1 – 19.9
20	LABOUR ADMINISTRATION IN INDIA	20.1 – 20.16

LESSON -1

SOCIAL WELFARE-LABOUR WELFARE - AN OVERVIEW

Objectives

- ✓ To discuss the Scope and concept of Social Welfare
- ✓ To understand the Concept, scope and content of labor welfare
- ✓ To learn the relation between social welfare and Labour Welfare.
- ✓ To know Concept of Philosophy and Deferent types of Philosophies of labour welfare

Structure

- 1.0 Introduction
- 1.1 Social Welfare
- 1.2 Meaning of Labour Welfare
- 1.3 Definition and Concepts of Labour Welfare
- 1.4 Total concept of Welfare
- 1.5 Social Concept of Welfare
- 1.6 Relative Concept of Labour
- 1.7 Scope of Labour Welfare
- 1.8 Concept of Approach to Philosophy of Labour Welfare
- 1.9 Different types of Philosophies
- 1.10 Summary
- 1.11 Key words
- 1.12 Self Assessment Questions
- 1.13 Suggested Reading

1.0 Introduction

Human Resource Management deals with acquisition, development compensation, industrial relations, maintenance and separation of employees at the organizational level. One of the functional areas of Human Resource Management is Labour Welfare which is included in the broad functions of compensation and maintenance of human resources. This introductory Unit makes an attempt to explain the concept of labour welfare in the perspective of social policy, social development and social welfare.

1.1 Social Welfare

"Social Welfare is the organised system of social services and institutions designed to aid individuals and groups to attain satisfying standard of life and health and

personal and social.

relationships which permit them to develop their full capacity and to promote their well being in harmony with the needs of their families and the community (Friedlander). In a broad sense it is well being of larger member of people in the society including their physical, mental emotional, spiritual and economic needs.

Social Welfare programmes aim at enabling the deprived sections of the population to overcome their social, economic and physical problems and to improve challenged their quality of life. They supplement the developmental programmes in general in dealing with the problems of poverty and unemployment and are meant in particular to assist the most disadvantaged groups below the poverty line, especially children from poor families, women, the handicapped and the down-trodden etc.

Pigou defined it as "that part of general welfare which can be brought directly or indirectly into relation with measuring of many." He however, recognised the limitation of his definition and said that the elements of welfare were states of consciousness and probably their relations.

Social Welfare assists weaker sections, prevents poverty and destitution, and establishes satisfactory conditions of human living. Such an approach to social welfare brings within its fold social reform, social legislation, social services, social action and social work. Considered narrowly, 'Social welfare' aims at the well being of people- by helping them make better adaptation to the existing social structures. It seeks to raise the human level of life culture, economic and psychological.

The welfare state is a system of social responsibilities for certain minimum standards of individual and community welfare. Under Social welfare sector, preventive, developmental and rehabilitative services are provided to the vulnerable and weaker sections of the society.

1.2 Meaning of Labour Welfare

Labour Welfare has been defined in various ways but unfortunately no single definition has received universal acceptance. The Oxford Dictionary defines labour welfare as "efforts to make life worth living for workmen". The encyclopedia of social sciences defines labour welfare as the voluntary efforts of the employers to establish, within the existing industrial system, working and sometimes living and cultural conditions of the employees beyond what is required by the customs of the industry and the conditions of the market. Further J. Tadd defined labour welfare as "Anything for the comfort and improvement, intellectual and social, of the employees over and above the wages paid, which is not a necessity of the industry". At the ILO session (SEA) held at New Delhi, in 1947, Worker's welfare was understood, "as meaning of such services, facilities and amenities, which may be established in, or in the vicinity of the undertaking to enable persons employed there in surroundings and to provide them with amenities conducive to good health and good morale". The Royal commission on labour (1931) understood labour welfare "as one which is necessarily elastic, differing from country to country, the degree of industrialisation and the level of educational development".

The Reginald Committee, in its report submitted to the Government of India in 1946, said, "We prefer to include under welfare activities anything done for intellectual, physical, moral and economic development of workers, whether by employer, government or other agencies, over and above provided by law or under some contract and what is naturally expected as a part of the contract for service". The committee on labour welfare set up by the government of India in 1969, in its report defined labour welfare to "include such services, facilities and amenities as adequate canteens, rest and recreation

5 facilities, sanitary and medical facilities, arrangements for travel to and from place of work and for the accommodation and such other services amenities and facilities including social security measures as contribute to improve the conditions under which workers are employed".

5 From all these definitions, It is apparent that none is complete or comprehensive. There is no precise, definite outline or demarcation in this subject. However, what is definite is that labour welfare promotes the well-being of workers in a variety of ways.

27 1.3 Definition and Concept of Labour Welfare

The term Welfare is derived from the French phrase Welfare which means to Fare Well. The chamber's dictionary defines the term welfare as "a state characterised by happiness, Well-being or prosperity". Thus, in its broader connotation, the term welfare refers to the state of living of an individual or a group in a desirable relationship with total environment - ecological, economic and social. However, the environment not only shows perceptible differences from place to place but also undergoes metamorphoses over time. Similarly, the "desirable relationship" may also vary among individuals and groups as well over time. These variations impart dynamism to the concept of welfare. It is because of this dynamism that the concept of welfare defied a precise definition and renders its measurement different. To begin with, let us briefly discuss the main concepts or, rather the general meaningful ideas which have been evolved about it so far.

1.4 Total Concept of Welfare

Welfare is a total concept. It is a desirable state of existence comprehending physical, mental, moral and emotional health or well-being. Unless, a person is physically well off, has sound health, he cannot be described to be faring well. Illness, ailments and physical disabilities to which the flesh is heir to, do actively interfere with the enjoyment of welfare. A man may be mentally brilliant, morally reliable and even emotionally stable, but as long as his physical health is poor and neglected, his welfare could be described as incomplete. Indeed, such a man may be in danger of lapsing into a state of ill fare. We may now restate that a person's welfare depends on his physical, mental (intellectual) moral and emotional health. For purposes of discussion these four aspects of the individuals' personality are separately mentioned, but they really constitute one whole, integrated factor. Indeed, one aspect is inseparably bound up with, and has its roots in the other. Physical, mental, moral and emotional health are the four pillars; or better still, fourfold foundation on which the structure of welfare is built. It is in this sense that welfare is described as a total concept.

1.5 Social Concept of Welfare

While Welfare is thus based on the well-being of the total man, it is also a three dimensional concept implying the welfare of the family and the community, in addition to that of the man himself. A man is a member of his family. He derives his mental nourishment, his moral sentiments and emotional content from his family. All his activities are conditioned by and centered in his family. As the family, so the person, at least in his earlier days. A family is not an isolated unit. It is related to other families and to the neighborhood. The community is the legitimate, natural and intimate setting in which the family lives and has its being. A family cannot be happy if the community is miserable and if the community does not, or cannot, provide conditions for desirable states of existence for the family. Welfare of families and of individuals is determined by the resources of the community of which the former are parts. If the community should be described as faring well, it should enable its

constituent parts to attain and maintain desirable conditions of existence.

1.6 Relative concept of Welfare

Welfare is also a relative concept, relative in time and place. A century ago our ideas of welfare were different. The content of welfare, too, differed. Man accepted comparatively less convenient and less sumptuous conditions of existence; for, science and technology had not yet made possible better amenities. We today have better facilities in all spheres than our ancestors. Welfare is growing and dynamic.

Welfare is relative in space too. That is, in its meaning and content it differs from country to country or region to region. What, according to our capacity, we consider welfare may not be fully so to more advanced communities in more progressive countries.

1.7 Scope of Labour Welfare

It is somewhat difficult to accurately lay down the scope of labour welfare work, especially because of the fact that labour is composed of dynamic individuals with complex needs. Hence it can be interpreted in different ways by different countries, with varying degrees of economic development, political outlook and social philosophy. Accordingly, the labour welfare work can be divided into statutory and non-statutory or voluntary or into intra-mural welfare work or extra-mural welfare work. Statutory welfare measures in industry may stem from the direct concern for efficiency and productivity. But, to the extent these measures are employee-oriented they could be considered to fall within the scope of labour welfare. Such measures consist of those provisions of welfare work which depend on their implementation on the coercive power of the government. That is, through the law. Every country is increasing gradually its statutory control over labour welfare. Non-statutory welfare measures include all those activities which employers and unions undertake on a voluntary basis.

ILO classified the welfare measures into intra-mural and extra-mural. Intra-mural are those welfare amenities which are provided within the precincts of the establishment such as latrines and urinals, washing and bathing facilities, creches, rest shelters, canteens, drinking water, health services safety measures, uniform and protective clothing, shift allowance, etc. Extra-mural are those welfare amenities which are provided outside the establishment like maternity benefit, social insurance measures including sports, cultural activities, library and reading room, holiday homes, leave travel facilities, consumer cooperative stores, fair price shops, vocational training for the dependents of workers transport to and from the place of work, etc.

According to Valid, there are certain requirements which labour welfare should meet. It should enable workers to live a rich and more satisfactory life, contribute to the productivity of labour and efficiency of the enterprise, be in time and harmony with similar values obtaining in the neighbourhood community, where the enterprise is situated, etc. Thus, labour welfare is very comprehensive and embraces a multitude of activities of employers, state, trade unions and other agencies to help workers and their families in the context of their industrial life.

1.8 Concept of Approaches To Philosophy of Labour Welfare

Philosophy is a study of fundamentals relating to concepts, events or phenomena. It deals with the origin, purpose and destiny of anything. Philosophy is a rational system of beliefs. It is a theory or complex of theories relating to existence, being, purpose, activity or behaviour etc.,

It is necessary for everyone to have a philosophy, his own or, derived from others. For, it is one's philosophy that determines one's values of life. It shapes one's patterns' of behaviour, influences one's reactions and relations to others, moulds attitudes and thinking, inspires ambition or anxiety, compromise or cunning. In short, philosophy lays the path for the way of life.³.

1.9 Different Types of Philosophies

¹ Constituting the conceptual frame work of labour welfare, M. V. Murthy has outlined seven approaches to the philosophy or theory of labour welfare. These are

- ¹⁸ i) The Policing theory of labour welfare.
- ii) The Religious theory of labour welfare.
- iii) The Philanthropic theory of labour welfare.
- iv) The Paternalistic theory of labour welfare or the trustee ship theory of labour welfare.
- v) The Placating theory
- ¹⁸ vi) The Public relations theory of labour welfare
- vii) The Functional theory of labour welfare.

The Policing theory of Labour Welfare

According to this theory, a majority of the people tend to do evil. Man is full of self interests, and does not hesitate to further his own ends at the cost of others welfare. ¹ Particularly if he is placed in an advantageous position, exploiting those under him. According to this theory, managers and owners of industrial undertakings get many opportunities for this kind of exploitation. The welfare state has therefore step into prevent this kind of exploitation and coerce industrialists to offer a minimum standard of welfare to their workers. Such interference is in the interest of the progress and welfare of the state as well. Laws are enacted to compel managements to provide minimum wages, congenial working conditions, reasonable hours of work and social security. The policing theory, therefore, leads to :

- ²⁰ (a) the passing of laws relating to the provisions of minimum welfare for workers
- (b) periodical supervision to ascertain that these welfare measures are provided and implemented
- (c) punishment of employers who evade or disobey these laws. In this theory, the emphasis is on fear and not on the spirit of welfare which should be the guiding factor.

The Religious theory of Labour Welfare

This is based on the concept that man is essentially a religious animal. Even today, many acts of man are related to religious sentiments and beliefs. Employers as well as employees as human beings, do subscribe to the religious sentiments and beliefs. These religious feelings some times prompt employer to take-up welfare activities in the expectation of future benefit, either in this life or in some future life. According to this theory, any good work is considered an investment, both the benefactor and beneficiary are rewarded. We came across many trusts and charitable institutions in India which function on the basis of this belief. Another aspect of the religious theory is the 'atonement' aspect. Some people take up welfare work in a spirit of atonement for their sins. This is why the benevolent acts of welfare are treated either as an investment or atonement. According to this theory, man is primarily concerned with his own welfare only and secondarily with the welfare of others.

The Philanthropic theory

This theory is based on man's love for mankind. In Greek, Philos means 'loving' and anthropos means man. So, philanthropic means "loving mankind". Man is believed to have an instinctive urge by which he strives to remove the sufferings of others and promote their well-being. When some employers have compassion for their fellowmen, they may undertake some welfare measures for the benefit of the workers. In India, Mahatma Gandhi was one of the eminent philanthropist who strive for the welfare of labour.

Paternalistic or Trusteeship Theory of Labour Welfare

According to this theory, the industrialist or the employer holds the total industrial state, properties and profits accruing from them in trust. In other words, he uses it for himself, but also for the benefit of his workers and also for society. Workers are like minors. They are ignorant because of lack of education and are not able to look after their own interests. Employers, therefore have the moral responsibility to look after the interest of their wards, who are the workers. The main emphasis here is on the idea that employers should provide, out of their funds under their control, for the well-being of their workers. Here too, labour welfare depends on the initiative of the top management. Since it has no legal sanction its value is based on the moral consciences of the industrialist. Also, this theory treats workers as perpetual minors and industrialists as eternal guardians.

The Placating theory of Labour Welfare

This theory is based on the fact that workers are becoming more conscious about their rights and privileges. They are welding themselves into personal groups. Their claim for higher wages and better standards of living can no longer be ignored. According to this theory, timely periodical Acts of Labour Welfare can appease the workers. Workers are like children. As crying children are pacified by sweets, so workers should be pleased by welfare workers. This is a necessary show of kindness and friendly gesture. This is also the best way of securing the worker's Cooperation.

The Public Relations theory of Labour Welfare

This theory provides the basis for an atmosphere of goodwill between labour and management and also between the management and public. Labour Welfare programmes, under this theory, work as a sort of an advertisement and help the industrialist to build up good and healthy public relations. This theory is based on the assumption that the Labour Welfare movement may be utilised to improve

relations between management and labour. An advertisement or an exhibition of a Labour Welfare programmes may help an industrialist to project to the public a good image of his company. His sales as well as industrial relations may improve as a result a two fold benefit.

The Functional Theory of Labour Welfare

This is also called the efficiency theory. Workers are described as operatives. They are the productive group in the industry. They work strenuously in difficult environments. Really speaking, it is the workers who deliver the goods. Here, welfare work is used as a means to secure, preserve and develop the efficiency and productivity of labour. It is obvious that if an employer takes good care of his workers, they will tend to become more efficient and will thereby increase production. But, all this will depend on a healthy collaboration between union and management and their mutual concern for the growth and development of industry. Higher production is of benefit to both management and labour. The latter will secure better wages and perhaps a share in the profits. This is the functional aspect of welfare having efficiency as its object, which increases productivity. This will encourage worker's participation in Welfare programmes.

1.10 Summary

The above Survey of the labour welfare movement reveals that there are schemes of two types in the development of labour welfare. First, a movement through voluntary effort by some of the employers and secondly, the legislative movement. In the field of labour welfare the government is now playing a tripartite role-that of a legislation, administration and promoter. In spite of all these efforts, the welfare work in India is still considerably below the standard set up when confined to other countries. However, it has come to stay as an accepted feature of employment conditions and is bound to make rapid progress in the years to come.

This unit presented you the concepts of social policy, Social Welfare and labour welfare. Social Welfare attempts to deal with well being of weaker sections in the Society. Labour, being considered as one of the weaker sections. Special attempts are made for their well being, as a part of larger social welfare programme. Thus labour welfare becomes a part of social welfare.

We have outlined above seven approaches to the building up of a philosophy of Labour Welfare. It is not suggested that any one approach is exclusive of other approaches. In India, it is said, the industrial system clings largely to the paternalistic approach. Some managements, however try to achieve results through police control. Either way workers start expecting too much from employers as a result of which employers provide welfare measures in some what half hearted manner. In the long run it is better to get on the basis of the functional theory of Labour Welfare, for it works more effectively by reason of an intelligent and willing participation of workers.

1.11 Key words

Labour welfare- labour welfare as the voluntary efforts of the employers to establish, within the existing industrial system, working and sometimes living and cultural conditions of the employees beyond what is required by law, the customs of the industry and the conditions of the market

The Policing theory of Labour Welfare- According to this theory, a majority of the people tend to do evil. Man is full of self interests, others welfare-particularly if he is placed in an advantageous position, exploiting those under him.

The Religious theory of Labour Welfare This is based on the concept that man is essentially a religious animal. Even today, many acts of men are related to religious sentiments and beliefs. Employers as well as employees as human beings, do subscribe to the religious sentiments and beliefs.

The Philanthropic theory- A theory of philanthropy explicitly articulates how and why a foundation will use its resources to achieve its mission and vision.

Paternalistic or Trusteeship Theory of Labour Welfare- In this theory it is held that the industrialists or employers hold the total industrial estate, properties and profits accruing from them in trust for the workmen, for him, and for society.

The Placating theory of Labour Welfare- This theory is based on the assumption that appeasement pays when the workers are organised and are militant. Workers' demand for higher wages and better working conditions cannot be left unattended. Therefore, some welfare measures need to be taken so as to bring peace.

The Public Relations theory of Labour Welfare- This theory provides the basis for an atmosphere of goodwill between labour and management, and also between management and the public, labour welfare programmes under this theory, work as a sort of an advertisement and help an organization to project its good image.

The Functional Theory of Labour Welfare The welfare facilities are provided so as to make the workers more efficient. The workers will work efficiently if they are treated kindly if they are provided with clean and safe working conditions, good canteens etc.

1.12 Self Assessment Questions

1. Bring out the relation between Social Welfare and Labour Welfare
2. Define Labour Welfare and explain its concept.
3. Define the term "Labour Welfare" and explain how no single definition has been accepted universally and give a comprehensive and accurate meaning to this term?
4. Discuss the scope of labour welfare?
5. Describe the various theories of Labour Welfare?
6. Compare the trusteeship theory vis-a-vis the functional theory of Labour Welfare.
7. State with reasons as to which theory can be most suitably applied today in Indian Industries?

1.3 Further Readings

1. Moorthy, M.V. Principles of Labour Welfare, Oxford & IBH Publishing Co., New Delhi .
2. BVaid, K.N. Labour Welfare in India , Sree rama Centre for Industrial Relations and Human Resources, New Delhi .
3. Sharma, A.M.Aspects of Labour Welfare and Social Security, Himalaya Publishing House, Mumbai.
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Dr. Nagaraju Battu

LESSON -2

PRINCIPLES OF LABOUR WELFARE

ADMINISTRATION

Learning Objectives

- ✓ Understand the nature of labor welfare administration at the plant level
- ✓ Familiarize with the principles of labor welfare administration at plant level; and
- ✓ Apply the principles at the plant level

Structure

2.0 Introduction

2.1 Labour Welfare work at plant level

2.2 Labour Welfare Administration at plant level

2.3 Principle of Labour Welfare Administration

2.4 Principle of Social Responsibility

2.5 Principle of Adequacy of wages

2.6 Principle of Efficiency

2.7 Principle of Re-presentation

2.8 Principle of Totality of Welfare

2.9 Principle of Totality of Employees

2.10 Principle of Social concept of welfare

2.11 Principle of Timeliness

2.12 Principle of Authority

2.13 Principle of Responsibility

2.14 Principle of Accountability

2.15 Principles of Participation

2.16 Principles of Coordination

2.17 Principles of Self help

2.18 Principles of Evaluation and Assessment**2.19 Summary****2.20 Key words****2.21 Self Assessment Questions****2.22 Suggested Readings****2.0 INTRODUCTION**

Labour is understood as “any work, whether manual or mental, which is undertaken for a monetary consideration”. Eg. a man working in a building construction activity is doing manual labour. Whereas a man doing accounting work in an office is an example of mental labour. Similarly we can segregate different activities done by people into manual and mental labour. However, a housewife doing household chores in a manual as well as mental labour. The only difference in that she does not get paid for the same. The term “labour” is more appropriate for people who solely depend on their mental or physical labour for livelihood. Labour does not have any other adequate source of livelihood. The labour today includes both the skilled or trained people those who get salary as well as the manual workers, getting ways on daily, weekly or monthly basis. The term labour at times is used to denote those who work for a living. It separates those people who are not supposed to work for living eg. children, old people, housewives. The notion of labour keeps on changing in accordance with the ideology dominating the particular time. Labour was conceived as commodity, when it was affected by the law of supply and demand in regard to its price (wages). Employers considered workers as operating organism as similar to a complex machine, thereby resulting in impersonal attitude towards labour. In later stage, the employers acknowledged the impact of working and living conditions on the commitment and efficiency of labour. For this reason there was shift from impersonal to paternalistic approach towards labour. Every effort was made to provide better living and working conditions. However, this approach did not serve the purpose for long. Workers were suspicious about reasons for which employers were safeguarding their interests.

As the good will concept failed to make any mark in labour management relationship, the employers followed humanitarian concept of labour. This concept recognized labour as human beings and gave due importance to the inalienable rights of workers as human beings. It emphasized on respecting human dignity. In the recent times, workers are viewed as industrial citizens where there is the importance attached in consulting them in regard to the terms and conditions under which they are supposed to work. This approach has paved way for industrial democracy which implies selfgovernment in relation to employer-employee relations. The various concepts of labour originating in different time had reflection of the societal make up and mindset. Till now some fraction of all those concepts are visible in every sphere of work life. These concepts overlap with each other in different circumstances. Importance of Labour In a production or services sector, labour holds the upper position. It is only due to labour that other factors of production or services can be utilized at their best. Better the workforce, better is the organization. In any organization, there are men, machine, money and materials. The man or the work force is the only factor which can think and take steps as required to do a thing. The rest factors need to be operated, regulated and managed by man.

Therefore to make an organization function properly, man has the ultimate responsibility and capability to do it. That is why, it is important to take care of the requirements, aspirations and motivation of the work force. If people are managed, systematically they will manage the organization in a better way. It can be said that the role of labour in the ultimate development of nation is now being realized by one and all. Therefore, the action and the thoughts of employers is getting changed since last few decades

¹ **Labour welfare** is defined as “efforts to make life worth living for workmen”. It is also defined as “the voluntary efforts of the employers to establish, within the existing industrial system, working and sometimes living and cultural conditions of employees beyond what is required by law, the customs of the industry and the condition of market. ILO says, labour welfare means “such services, facilities and amenities which may be established outside or in the vicinity of undertakings, to enable employees to perform their work in healthy and congenial surroundings and to provide them with the amenities conducive to good health and high morale.

Labour Welfare in India

It has taken two distinct routes. One is that of legislation formulated by the Government for the larger benefit of the society and the other is the voluntary movement by the employers and trade unions.

The labour legislations mainly ¹⁶ The Factories Act, 1948; the Plantations Labour Act, 1951; the Mines Act, 1952; the Motor Transport Workers Act, 1961 and Contract Labour (Regulation and Abolition) Act, 1970 are some of the important enactments which ³⁷ ensure various welfare amenities to the workers. These acts provide for facilities like washing, storing, drying of clothes, sitting, canteen, crèches, rest rooms, first aid appliances etc. To ensure the provisions under the acts, there is also a mechanism called welfare officer appointed under the enactments. The welfare measures mentioned in the different labour legislations are binding on the part of the employers. These are called as statutory welfare measures. ⁷ On the other hand, the employers and the trade unions or the association of employers as well as employees give out welfare to the employees/workers/ labours on voluntary basis. In the following paragraphs, the voluntary welfare facilities provided on behalf of the employers and their counterparts have been highlighted.

Welfare by employers –

Educational facilities, medical facilities transport facilities, recreational facilities, housing facilities, consumer co-operative societies are the welfare facilities commonly provided by the employers for their employees benefit. Apart from these, if the employers financial health permits, they can give out measures like free of cost supply of newspapers, internet connection, landline phone, water and electricity at subsidized rates.

Welfare by Workers Organizations –

The trade union have their funds collected from subscription fees of the members, donation from the public and political allies as well as some philanthropic organizations. These funds are utilized for the benefit of the member of the trade union. The facilities provided usually consists of adult literacy programme and leadership training, hospitals, schools, housing recreational clubs, students, Scholarships, vocational training for women and girls, setting up of libraries, allocation of funds to help the members and their family during sickness, disability, retirement and death, formation of cooperative societies etc.

Now-a-days the trade union are more into activities like conducting general awareness programmes on the benefits of gaining knowledge about technological advancements, work life balance, safety at workplaces, different legislations available at their disposal for the larger benefit of its members

2.1 LABOUR WELFARE WORK AT THE PLANT LEVEL

Washing facilities, storing facilities, sitting facilities, first aid appliances, shelters, rest, lunch rooms, canteen and creches are the statutory welfare facilities to be provided to the workers under the Factories Act 1948). In addition to these facilities, the organisation has to implement various social security legislations such as the Employees State Insurance Act 1948 the employees provident funds and miscellaneous provision act 1952, the payment of gratuity act 1972 etc.

Beside the statutory welfare and social security measures the organisations may undertake numerous welfare facilities for the benefits of workers and their family members. These include transport facilities, educational facilities for the workers and their children, housing facilities, cooperative stores, cooperative and credit societies, recreation facilities, community development programmes etc.

The number and nature of these welfare programmes depend upon the organizations philosophy towards the employees, pressure of trade unions and an agreement between the management and workers of the plant.

2.2 LABOURWELFARE ADMINISTRATION AT PLANT LEVEL

As mentioned earlier, the structure and functions of labour welfare administration depend upon the total work force size and nature of welfare work undertaken at the plant level. Again, this nature of welfare work depends upon the organisation's personnel philosophy and the unions.

If the organisation believes in traditional and conservative values and considers welfare as barren liability, it confines its welfare work to the statutory welfare provisions only. If the organisation has broad based outlook and believes in employee well being, automatically it undertakes many voluntary welfare measures for the benefit of the employees and their family members. This type of organisation establishes a broad based administrative set up and employs the qualified, competent and committed personnel who are given required autonomy in discharging their multi innovative welfare functions. A general structure of labour welfare administrative set up of a large organisation which believes in employee welfare is shown in figure2.1

Figure 2.1

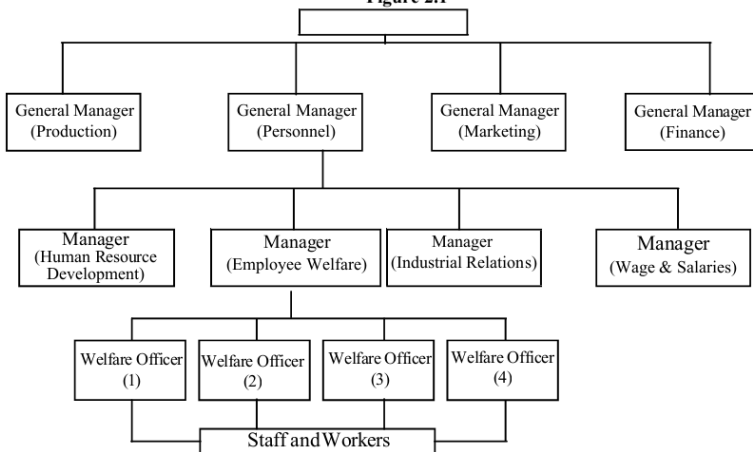


Figure 2.1 shows the structure of labour welfare administration set up of a large organisation established on the basis of functional division. As shown in the figure General Manager (Personnel) who reports directly to the chief executive of the organisation heads the personnel division. One of the wings under his control is employee welfare which is headed by a Manager. Under this Manager four welfare officers are there who are given different responsibilities relating to welfare. The division of functions of these welfare officer may be:

- Welfare Officer (1): In-charge of all statutory welfare measures
- Welfare Officer (2): In-charge of administration of welfare programmes
- Welfare Officer (3): In-charge of cooperatives, medical facilities and other voluntary welfare work.
- Welfare Officer (4): In-charge of Community Development and related functions.

The Manager (Employee Welfare) coordinates the functions all of the welfare officers who are working under his control and reports to General Manager (Personnel). This administrative set up implements various welfare programmes with the support of chief executive of the organisation and with the assistance of staff and workers keeping in view certain principles of labour welfare administration at the plant level.

2.3 PRINCIPLES OF LABOR WELFARE ADMINISTRATION

The success of welfare administration of the organization depends on the extent to which certain basic principles are observed. Here an attempt is made to discuss certain principles of welfare work, which must be kept in mind and properly followed for successful implementation of welfare programmes.

2.4 PRINCIPLE OF SOCIAL RESPONSIBILITY

According to the principle of social responsibility, the organization has social obligation to provide welfare facilities to its employees. The constitution of India particularly, the Directive Principles of State Policy emphasizes the social responsibility of the industry towards labor welfare by directing the state policy towards enactment of suitable legislation for the welfare of workers.

2.5 PRINCIPLE OF ADEQUACY OF WAGES

According to this principle, welfare work is not a substitute for wages. Wages should be paid as per the policy and procedures and the trade Unions have the right to demand adequate wages. The workers should be paid reasonable and fair wages which consummate their qualifications, service and the efforts they put in. Welfare programmes should be designed and implemented keeping in view the welfare of workers and their family members but not on the basis of wages. What the workers get apart from this, there should not be any wage reduction simply on the ground that more welfare activities are undertaken by the organizations.

2.6 PRINCIPLE OF EFFICIENCY

According to this principle, welfare work is a means of securing, preserving and increasing the affluence of workers. Efficiency results in increased production and the productivity which ultimately benefits the organization, the workers and the society. Hence the organization has to provide welfare facilities to the workers to secure, preserve and increase the efficiency of the workers. While designing and administering the welfare programmes at the organizations level this particular principle also must be kept in mind.

2.7 PRINCIPLE OF RE-PERSONALIZATION

According to the principle of re-personalization, the aim of the labor welfare should be

counter acting the baneful effects of industrial system. Therefore, it is necessary to plan and administrate labour welfare programmes both inside and outside the factory which are helpful to the workers in re-personalization.

2.8 PRINCIPLE OF TOTALITY OF WELFARE

Labour welfare is a total concept. It is a desirable state of existence comprehending physical, mental, moral and emotional well being to the employees, Therefore, labour welfare programmes must aim at total well being of the employees. According to this, while planning and implementing the welfare programmes at the plant level, total concept of the employee welfare must be taken into consideration.

2.9 PRINCIPLE OF TOTALITY OF EMPLOYEE

Employees are spread in the organization at different levels; one can see a human hierarchy in the organization right from shop floor workers to chief executive. According to the principle of totality of employees, the labor welfare activities should pervade the entire hierarchy of the organization. The planning and administration of welfare programmes and services must accommodate all employees of the organization.

2.10 PRINCIPLE OF SOCIAL CONCEPT OF WELFARE

According to the Principles of social concept of labor welfare, in planning and implementing labor welfare programmes and services, the individual alone should not be taken into consideration. A man is a member of his family and a family is related to other families and to a community. As such the welfare of the employees not only depends upon welfare work undertaken for the individual alone, but also upon the welfare of his family and community. Hence besides the employee, his family and his neighborhood also must be taken into consideration in organizing the welfare work.

2.11 PRINCIPLE OF TIMELINESS

According to the principle of timeliness, when a need is felt for a particular type of welfare work, then that should be done. The timeliness of any welfare work helps its success. Discovering what kind of help is required to the workers and providing this help are necessary in planning and implementing labor welfare programmes.

2.12 PRINCIPLE OF AUTHORITY

Authority means a legitimate right to do or assigning someone else to do the work. It implies delegation of authority. According to the principle of authority, in the structure of welfare administration the officers concerned should have legitimate right to do welfare work and to delegate their authority in the welfare filed to the persons and committees connected to labor welfare. There should be adequate resources made available for the authorized people of welfare

2.13 PRINCIPLE OF RESPONSIBILITY

Responsibility is one's obligation to do the particular work. According to this principle, the welfare administration at plant level should make certain officers responsible for certain welfare programmes. For instance one of the welfare officer may be given the responsibility of running industrial canteen. Responsibility succeeds when it is combined with authority and resources. Further when responsibility is shared by different groups labor welfare work becomes simple and easier. Therefore various committees such as canteen committee etc, are constituted with the groups of workers representative and management representatives and the related authority and responsibilities are given to them.

2.14 PRINCIPLE OF ACCOUNTABILITY

Accountability refers to one's answerability for his performance relating to his assigned work. According to this principle, in the administration of welfare activities, certain persons or groups must be made answerable to the management on their work. The persons or groups who are given authority and responsibility of certain welfare programmes are answerable to the higher authority of the organization.

2.15 PRINCIPLE OF PARTICIPATION

According to this principle employees should have a say in planning and administering of welfare activities. Work with the individual is the motto of this principle. Welfare work aimed at the time work workers and if it is for the workers or in other words to ensure the success of welfare programmes, they are to be designed and administered in consultation, collaboration and association of the workers. This implies that works though their representatives should be informed and taken into confidence at various stages regarding the welfare programmes and their implementation. The basic aim of constituting joining committee such as housing committee canteen managing committee, workers to participate in planning and administering of welfare programmes and services.

2.16 PRINCIPLE OF CO-ORDINATION

According to the principle of self help the welfare programmes and services of an organization must aim at helping the employees to help themselves in the long run. Taking into consideration of this principle certain welfare programmes may be provided to the employees by themselves. The organization and implementation of these welfare programmes shall be the responsibility of employees themselves this principle enables the workers to become more responsible and more efficient.

2.17 PRINCIPLE OF SELF-HELP

According to the principle of self-help the welfare programmes and services of an organization must aim at helping the employees to help themselves in the long run. Taking into consideration of this principle certain welfare programmes may be provided to the employees by themselves. The organization and implementation of these welfare programmes shall be the responsibility of employees themselves this principle enables the workers to become more responsible and more efficient.

2.18 PRINCIPLE OF EVALUATION AND ASSESSMENT

According to this principle, it is necessary to periodically look back and evaluate the welfare measures in terms of their utilization and satisfaction levels of employees. This evaluation and assessment gives the required feedback about the welfare work to the management. Based on this feedback, the welfare programmes and services may be altered or deleted or added to suit the requirements of the target group i.e., the workers and their family members.

2.19 SUMMARY

In the administration of welfare work at the plant level, the principles of timeliness, authority, responsibility, accountability, participation, coordination evaluation and assessment and self-help principle must be taken into consideration.

In this unit you have been exposed to labor welfare administration at the plant level and you have also come across different principles of labor welfare and their application in labor welfare administration at the plant level. In planning the welfare work at the plant level the principles of social responsibility, adequacy of wages, efficiency, re-personalization, total concept social concept

and the principles of self help must be taken into consideration.

2.20 KEY WORDS

Welfare by employers –Educational facilities, medical facilities transport facilities, recreational facilities, housing facilities, consumer co-operative societies are the welfare facilities commonly provided by the employers for their employees benefit

Welfare by Workers Organizations –The trade union have their funds collected from subscription fees of the members, donation from the public and political allies as well as some philanthropic organizations. These funds are utilized for the benefit of the member of the trade union

Labor Welfare Work at The Plant Level –Washing facilities, storing facilities, sitting facilities, first aid appliances, shelters, rest, lunch rooms, canteen and creches are the statutory welfare facilities to be provided to the workers under the Factories Act 1948).

2.21 SELF-ASSESSMENT QUESTIONS

1. Explain the principles of labor welfare administration?
2. Discuss the structure of labor welfare administration?
3. Explain the principle of totality in labor welfare

2.22 SUGGESTED READINGS

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LESSON - 3

INDIAN CONSTITUTION AND LABOUR WELFARE

Learning Objectives

- ✓ To Learn about the Indian Constitution
- ✓ To Understand the Directive Principles of State Policy
- ✓ To Discuss the various articles in Indian Constitution

Structure

- 3.0 Introduction
- 3.1 The Indian Constitution
- 3.2 The directive Principles of State Policy
- 3.3 The Directive Principles of State Policy and Labour Welfare
- 3.4 Article 38—Promotion of Welfare of People, Article 42—Just and Human conditions of work- relevant laws.
- 3.5 Article 39—Equal Pay for Equal work, Protection of Childhood
- 3.6 Article 41—Public Assistance in case of unemployment, old age, sickness and disablement
- 3.7 Summary
- 3.9 Self Assessment Questions
- 3.10 Further Readings

3.0 INTRODUCTION

The proceeding unit has presented you the concept of Social Policy, social Development social welfare and this unit will provide you information on Directive Principles of State Policy as incorporated in the Indian constitution and the impact of them on labour welfare.

3.1 THE INDIAN CONSTITUTION

The preamble of Indian Constitution provides the framework within which the labour policies and labour welfare can be formulated in India. The preamble of the constitution is that :

We the people of India, having solemnly resolved to constitute into a severing, socialist, secular, democratic republic and to secure to all its citizens :

JUSTICE	-	Social, economic and political :
LIBERTY	-	of thought, extension, belief, faith and worship
EQUALITY	-	of status and of opportunity: and to promote among them all
FRATERNITY	-	assuring the dignity of the individual and the unity and integrity of the Nation.

The 42nd Amendment of the Indian constitution specifically included the expression 'Socialist' to transform the country from a feudal exploitative slave to a vibrant, socialist welfare society. In conformity with the objectives of the constitution stipulated in its preamble, part III of the constitution lays down fundamental rights of the citizens, which include right to equity, right to freedom, right against exploitation etc. Part IV of the constitution lists the directive principles of state policy.

3.2 THE DIRECTIVE PRINCIPLES OF STATE POLICY

The constitution enunciates the directive principles of State Policy which are not enforceable by any court. But the principles are fundamental in the governance of the courts and it's the duty of the State to apply these principles in making laws from time to time. The need for labour welfare is emphasised in the following directive principles of State Policy.

ARTICLE 38 : The State shall strive to promote the welfare of the people by securing and practicing as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life.

ARTICLE 39 : The State shall, in particular, direct its policy towards securing :

- (a) that the citizens, men and women equally, have the right to an adequate means of livelihood;
- (b) that the ownership and control of the natural resources of the community are so distributed as best to sub serve the common good;
- (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment;
- (d) that there is equal pay for equal work for both men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength;
- (e) that childhood and youth are protected against exploitation and against moral and material abandonment.

ARTICLE 41 : The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement and in other cases of undeserved want.

ARTICLE 42 : The State shall make provision for securing just and human conditions of work and for maternity relief.

ARTICLE : The State shall endeavors to secure, by suitable legislation or economic organization or in any other way, to all workers agricultural, industrial or otherwise a living wage, conditions of work ensuring a decent standard of life and full employment of leisure and social and cultural opportunity and, in particular, the state shall endeavor to promote cottage industries on an individual or cooperative basis in rural areas.

3.3 DIRECTIVE PRINCIPLES OF STATE POLICY AND LABOUR WELFARE

The Government made attempts to adopt and enforce the directive principles of state policy after the constitution came into force. It is significant to note here that even before the constitution came into force, the independent India started working in this direction. The following legislations are enacted before the constitution came into force. 1) The Minimum Wages Act (1948), 2) The Factories Act (1948) and 3) The Employees State Insurance Act (1948).

The Minimum Wage Act (1948) provides for fixing minimum rates of wages in certain employments which ensures decent standard of living. The Factories Act (1948), provide for the health, safety, welfare, leave with wages and other aspects of workers welfare in factories. The Employee's State Insurance Act (1948) provides for grant of cash benefits to the employees in the contingencies of sickness, maternity and employment injury. It also provides for medical benefit, in kind to the employees and their family members. To what extent these principles of state policy have been adopted and enforced after the constitution came into force is an interesting one. There are certain legislations passed to adopt and enforce the directive principles. They include :

1. The Plantation Labour Act, 1951.
2. The Mines Act 1952.
3. The Employee's Provident Fund and Miscellaneous Provisions Act, 1952.
4. Lay Off and Retrenchment Compensation under the Industrial Disputes (Amendment) Act, 1953.
5. The Working Journalists and other News Paper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955.
6. The Merchant Shipping Act, 1958.
7. Motor Transport Workers Act, 1961
8. The maternity benefit Act, 1961.
9. Beedi and Sigar Workers (Conditions of Employment) Act, 1966.
10. Beedi Workers Welfare Cess Act, 1976
11. Beedi Workers Welfare Fund Act, 1976
12. Child Labour (Prohibition and Regulation) Act, 1986.
13. Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981
14. Cine- Workers Welfare Cess Act, 1981
15. Cine-Workers Welfare Fund Act, 1981.
16. Contract Labour (Regulation and Abolition) Act, 1970.
17. Dock Workers (Safety, Health and Welfare) Act, 1986.
18. Equal Remuneration Act, 1976.
19. Iron Ore Mines, Managane Ore Mines and Chrome Ore Mines Labour Welfare Fund Act, 1976.
20. Iron Ore Mines, Manganese Ore Mines and Chrome Ore Labour Welfare Cess Act, 1976
21. Limestone and Dolomite Mines Labour Welfare Fund Act, 1972.

The directive principles of state policy mentioned earlier, are instrumental in making the above legislations. A look at these legislations reveals that the different sectors of employment are covered under the legislations, In other words, the welfare of workers employed in the factories, mines, plantations, docks, motor transport, Cinema industry,

Beedi and Cigar industry etc., is covered in these legislations. In what follows, an attempt is made to discuss briefly the objectives of some of the important legislations which are made in accordance with the spirit of directive principles of State Policy.

3.4 ARTICLE 38 - PROMOTION OF THE WELFARE OF PEOPLE AND ARTICLE 42 - JUST AND HUMAN CONDITIONS OF WORK -RELEVANT LABOUR WELFARE LAWS

As mentioned earlier, Article 38 of the Indian Constitution stipulates that the state shall strive to promote the welfare of the people and article 42 directs the state to make provisions for securing just and human conditions of work. Apart from the Factories Act enacted before adapting the constitution, the Government passed numerous laws by adopting these directive principles of State Policy.

49 The Plantation Labour Act, 1951

The main objective of the Plantation Labour Act (1951) is to make provisions of health, welfare, safety, proper working conditions and leave with wages with a view to promote welfare of plantation labour and to make just and human conditions of work. According to this Act canteen should be provided in the plantations employing 150 or more workers. Creche should be provided in plantations employing 50 or more women workers. The other provisions include housing facilities, recreational facilities and educational facilities for the children of plantation workers.

7 The Mines Act, 1952

According to the Mines Act, 1952 the main obligations of the mine owners regarding health and welfare of their workers include maintenance of creches for the use of children of women, provision of shelters, canteen, maintenance of first aid boxes and provision of (a) Pit head baths equipped with shower baths, (b) sanitary latrines; and (c) Lockers separately and for men and women. The Just and human conditions of work should be provided to the mine workers as per the Mines Act, 1952.

5 The Motor Transport Workers Act, 1961

The Motor Transport undertakings are required to provide certain welfare and health measures like canteen of prescribed standard, if employing 100 or more workers, clean ventilated well- lighted and comfortable rest rooms at every place wherein motor transport workers are required to halt at night, uniforms, rain coats to drivers, conductors and line checking staff for protection against rain and cold, washing allowances and medical facilities at the operating centres and halting centres.

25 The Merchant Shipping Act, 1958

The provisions of the Merchant Shipping Act, 1958 relating to welfare and human conditions of work cover crew accommodation, supply of sufficient drinking water, supply of necessities, medical stores, and provisions of surgical and medical advice, maintenance of proper weights and measures on board and grant of relief to distressed seamen aboard a ship.

The Contract Labour (Regulation and Abolition Act, 1970)

The contract labour (Regulation and Abolition) Act, 1970 imposes obligations to provide a canteen, rest rooms or other suitable alternative accommodation, supply of wholesome

5 drinking water, sufficient number of latrines and urinals, first aid 25 boxes etc. The Act imposes liability on the principal employer to provide these amenities to the contract labour employees in his establishment if the contract fails to do so.

Thus the state made various labour welfare laws to provide welfare and just and human conditions of work as stipulated in Article 38 and Article 42 of the Constitution.

3.5 ARTICLE 39-EQUAL PAY FOR EQUAL WORK, PROTECTION OF CHILDHOOD

31 Article 39 (D) of the Indian Constitution stipulates that the State shall, direct its policy for equal pay for equal work for both men and women and for the protection of child 15 hood. The State made attempts to adopt and enforce these principles by enacting: Equal Remuneration Act, 1976, and The Child Labour (Prohibition and Regulation) Act, 1986. The objective of the Equal Remuneration Act is to provide for the payment of equal remuneration to men and women workers and for the prevention 31 of discrimination, on the ground of sex against women in the matters of employment. The Child Labour (Prohibition and Regulation) Act, 1986 prohibits the engagement of children in certain employments and to regulate the conditions of work of children in certain other employments.

3.6 ARTICLE 41-PUBLIC ASSISTANCE IN CASE OF UNEMPLOYMENT, OLD AGE, SICKNESS AND DISABLEMENT

66 According to the Article 41 34 of the Indian Constitution the State shall direct its policy for public assistance in cases of unemployment, old age, sickness and disablement and other cases of underserved want. In other words, the state shall provide for social security to the citizen. In the field of labour, before adopting the constitution, the 66 workmen's Compensation Act and the Employee 34 State Insurance Act, were enacted to provide social security in case of contingencies. The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, lay-off and retrenchment compensations under the Industrial Disputes (amendment) Act, 1953 and the payment of Gratuity Act, 1972 are the legislations to implement this directive principle.

3.7 SUMMARY

This unit provided you information on the Directive Principle of State Policy and Labour Welfare. These principles are guidelines to the 32 Central and State Governments to make suitable legislation. Article 38 directs the State 38 for the promotion of welfare of the people and Article 42 states the just and human conditions of work. Numerous labour 58 laws are passed for the welfare and just human conditions 66 of work. Article 39 provides for equal pay for equal work and protection of child hood. The Equal Remuneration Act and the Child Labour (Prohibition and Regulation) Act, were enacted keeping in view this Article. Article 41 provides for 37 social security measures. A good number of social security laws are passed for the benefit 32 of workers and their dependents. Thus labour welfare in India is heavily influenced by the Directive Principles of State Policy.

3.8 KEY WORDS

Indian Constitution- The preamble of Indian Constitution provides the frame work within

which the labour policies and labour welfare can be formulated in India.

⁴⁹ The Plantation Labour Act, 1951- The main objective of the Plantation Labour Act (1951) is to make provisions of health, welfare, safety, proper working conditions and leave with wages with a view to promote welfare of plantation labour and to make just and human conditions of work.

The Mines Act, 1952 - According to the Mines Act, 1952 the main obligations of the mine owners regarding health and welfare of their workers include maintenance of crèches for the use of children of women, provision of shelters, canteen, maintenance of first aid boxes.

³⁴ Article 39 (D)-of the Indian Constitution stipulates that the State shall, direct its policy for equal pay for equal work for both men and women and for the protection of childhood.

3.9 SELF-ASSESSMENT QUESTIONS

1. Examine the impact of Directive Principle of State Policy on Labour Welfare in India.
2. State the objectives of the following labour laws;
 - a. The Mines Act, 1952.
 - b. The Equal Remuneration Act, 1976.
 - c. The Merchant Shipping Act, 1958.
 - d. The Plantation Labour Act, 1951

3.10 SUGGESTED READINGS

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LESSON -4

HISTORICAL DEVELOPMENT OF LABOUR WELFARE IN INDIA

Learning Objectives

- To understand Labour Welfare before Independence
- To know Labour Welfare after Independence
- To identify Factors influenced origin and growth of Labour Welfare.

Structure

4.0 Introduction

4.1 Labour Welfare before Independence

4.2 Labour Welfare after Independence

4.3 Factors influenced origin and growth of Labour Welfare.

4.4 Summary

4.5 Key words

4.6 Self Assessment Questions

4.7 Suggested Readings

4.1 INTRODUCTION

In the earlier stages of industrialization the conditions of labour were miserable. Long working hours, bad sanitary conditions, absence of safety and welfare provisions, exploitation of child labour etc., were the regular features of factory life. During this period some efforts were made by social workers, philanthropists and other religious leaders for labour welfare; we can study the origin and growth of Labour Welfare in India before Independence and after Independence.

4.2 LABOUR WELFARE BEFORE INDEPENDENCE

As a matter of fact labour welfare in India was originated before Independence. Welfare efforts were started voluntarily by some generous employers without any statutory stipulation. Before Independence also there was certain labour welfare legislation particularly regulating the employment of children and women and safety rather than improving conditions of work, health and welfare?

The Apprentices Act 1850

This is the first legislation in the Labour Welfare in India. Its Objective is to help the poor and orphaned children to learn various crafts and trades.

The Fatal Accidents Act 1853

Its aim is to provide compensation to the families of workmen who lost their life as a result of

actionable wrong.

The Merchants Shipping Act 1959:

It was enacted to regulate the employment of seamen and to provide health and accommodation facilities to them.

Indian Factories Act, 1881:

It is the first factory legislation in India. It made certain provisions to protect the child labour, but no provision was made to the welfare of adult workers.

N.M. Lachine's Contribution

N.M. Lachine is founder of Bombay Mill Hand's Association. He brought workmen together and succeeded in getting weekly holiday for the workers.

²⁸ The Factories (Amendment) Act 1891

It regulated the working hours of child and women labour. ²³ Provisions relating to ventilation, cleanliness and for preventing over loading in factories were also made.

Factory Commission 1907

The Government of India appointed a Commission to study the working conditions of labour in 1907. Based on the recommendations of the Commission, ²⁸ the Factories Act was amended in 1911. In the Act certain provisions were made regarding health and safety of workers.

Voluntary Efforts

Some voluntary efforts were made for labour welfare during this period. ²⁸ The Amalgamated Society of Railway Servants of India and Burma (1897), the Printer's Union, Calcutta (1905), The Bombay Postal Union (1907), The Kamgar Hitavardak Sabha (1910) started labour welfare activities like friendly benefit schemes, mutual insurance schemes, night schools, educational stipends etc, which helped the workers in many ways.

The Factories (Amendment) Act, 1922

As a result of all these developments the Factories Act was amended and made certain provisions regarding women and child labour and appointment of inspecting authorities. It provided for 60 hours work per week. One weekly off was made compulsory.

³⁰ H. Whitely Commission 1929

The Royal Commission under the Chairmanship of J.H. Whitely was appointed by Government of British India to study the conditions of labour and suggest measures to improve their conditions. The Commission made an in depth study of working and living conditions of workers and submitted its report in 1931. It recommended for enactment of a number of legislations relating to payment of wages in time, minimum wages, need for health insurance for industrial workers and improvement of working conditions of plantation workers.

The Factories Act 1934

Based on the recommendations of the Royal Commission, the factories Act was again amended and brought certain changes in the conditions of labour. For the first time welfare measures like rest shelters and creches made compulsory in big factories.

Rege Committee 1944

Another milestone in the labour welfare movement in India is the appointment of Labour

Investigation Committee under the Chairmanship of Rege. The Committee stressed the importance of welfare measures for workers in improving their social and economic life. It also emphasised the need for strengthening the enforcement machinery.

4.3 LABOUR WELFARE AFTER INDEPENDENCE

After Independence the labour welfare movement acquired new dimensions. It was realised the labour welfare had a positive role to play in increasing productivity and reducing industrial tensions. The state began to realise its social responsibilities towards weaker sections of the society. The emergence of different central trade union organisations like INTUC (1947), HMS (1948), UTUC (1949), BMS (1955), CITU (1970), NLO (1969), gave a further filip to the growth of labour welfare movement.

Factories Act 1948

Based on the recommendations of the Rege Committee, Government of India enacted the Factories Act 1948 with the following objectives.

1. Wider coverage of factories
2. Appointment of inspecting staff
3. Provisions of health, welfare and safety
4. Regularisation of hours of work for adult and women workers.
5. Provisions of leave with wages.

In fact it is a comprehensive labour welfare legislation.

The Indian Constitution 1950

The need for Labour Welfare is emphasized by the constitution of India in its Directive Principles of state policy particularly in the following articles.

Article 38 : The State shall strive to promote the welfare of the people.

Article 39 : a) The state shall direct its policy towards securing that the citizens, men and women equally have the right to an adequate means of livelihood.

b) Health and safety of the workers shall be safeguarded.

c) Equal pay for equal work

Article 41 : Effective provisions for securing right to work, equal public assistance in case of unemployment, disablement etc.

Article 42 : The State shall make provisions for securing just and human conditions of work and for maternity relief.

The First Five Year Plan (1951 - 1956)

It paid more attention on the welfare of the working class. During this period the plantation Labour Act, 1951, The Mines Act 1952 and The Provident Funds Act 1952 were enacted. A subsidised housing scheme for industrial workers was also evolved in 1952.

The Second Five Year Plan (1956-1961)

In this period the importance of better working conditions was recognised. Greater stress was laid on industrial democracy. New enactments were made during this period. The coverage of E.S.I. Scheme was extended. The Dock workers (safety, health and welfare) schemes was

drawn up in 1961. The plantation Employee's Welfare Fund Act was passed by Government of Assam in 1959. Various other States made certain legislations to regulate the working conditions of employees during this period.

²⁸ The Third Five Year Plan (1961-1966)

It stressed the need for more effective implementation of various statutory welfare provisions. The plan recommended to set up cooperative credit society and consumers stores for industrial workers. Maternity Benefit Act³⁶ Apprentice Act and Iron ore Mines Labour Welfare Cess Act were passed in 1961. The payment of Bonus Act was passed in 1965.

³⁹ The Committee on Labour Welfare (1966)

It was set up in 1966 by the Government of India under the Chairmanship of R.K. Malaviya. It reviewed the various statutory and non-statutory labour welfare programmes in various industries and made comprehensive recommendations for improvement.

National Commission of Labour (1966)

It also covered several aspects of welfare activities in different industries and made suggestions for improvement under the Chairmanship of Gajendra Gadkar.

²⁸ The Fourth Five Year Plan (1969-1974)

It provided for the expansion of the E.S.I. Scheme to cover medical facilities for the family members of the insured person. The Contract Labour (Regulation & Abolition) Act, 1970. The Payment of Gratuity Act 1972, and the Employees Family Pension Scheme 1971 were passed during this period. The Plan directed that programmes for welfare centres should be included in the State Plans for labour welfare programmes a provision of Rs. 37.11 crores was made in this Plan.

²⁸ The Draft Fifth Five Year Plan (1974-1979) :

It stressed the importance of industrial safety. An amount of Rs.57 crores was provided for Labour Welfare in this Plan.

⁵⁶ The Sixth Five year Plan (1980-1985)

It also stressed the importance of labour welfare and implementation of enactments pertaining to labour welfare. An outlay of Rs.161.9 crores was proposed for labour and labour welfare for this plan period.

²⁸ The Seventh Five Year Plan (1985-1990)

The seventh Five Year Plan emphasized on labour welfare and improvement in working and living conditions of labour. According to the Plan, "effective implementation of the existing legislation would greatly improve matters for the unorganised Urban workers". The workers should be trained to upgrade the skills and they should be educated on the legal provisions available to them. It also focused on better working conditions for child and women labour.

The Eight Five Year Plan (1992-1997) :

This Plan laid stress on strategic improvement in the quality of labour, productivity, skills and working conditions and provision of welfare and social security measures. Promotion of industrial and mines safety, workers education, enforcement of labour laws especially those relating to women, and Child labour and unorganised labour etc., are also emphasised in the Eighth Five Year Plan.

Labour Administration	4.5	Historical Development...
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Ninth Five Year Plan (1997-2002) :

The Ninth five year plan emphasise the need to create conditions for improvement in labour productivity and for provision of social security. The plan envisages priority to agriculture and rural development. Special programmes will be implemented to develop skills, enhance technological levels and provide marketing channels for people engaged in traditional occupations.

4.4 FACTORS INFLUENCED THE ORIGIN AND GROWTH OF LABOUR WELFARE

The above description of historical development of labour welfare in India indicates that the immediate factor that affected the origin and growth of labour welfare is evil effects of industrialisation.

Nature of un-industrial employment, humanitarian considerations of some of the generous employers, trade unionism and the continuous and active involvement of State are the important influences of labour welfare in India. The first World War and the formation of I.L.O. in 1919 changed the situation. The reports submitted by the Royal commission on labour, the Labour Investigation Committee, the Committee on Labour Welfare and National Commission of Labour are also influenced the development of labour welfare. It is not an exaggeration to state that the constitution of India, particularly its preamble and Directive Principles of State policy moulded and strengthened the labour welfare in India.

4.5 SUMMARY

This Unit offered job of description of origin and growth of labour welfare in India. The origin of labour welfare can be traced before Independence. Some attempts were made to regulate employment conditions in factories by enacting and amending the Factories Act from time to time. After Independence, in conformity with the Constitution of India so many labour welfare legislations were enacted. Trade Unionism, humanitarian aspects of employers, State intervention and recommendations of various labour enquiry committees contributed to the growth of labour welfare in India.

4.5 KEY WORDS

Labour welfare- Labour welfare relates to taking care of the well-being of workers by employers, trade unions, governmental and non-governmental institutions and agencies. Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages.

NCL- National Commission on Labour (NCL) recommended consolidation of central labour laws. It observed that there are numerous labour laws, both at the centre and in states.

Five year plans- The first Indian prime minister, Jawaharlal Nehru, presented the First Five-Year Plan to the Parliament of India and needed urgent attention. The First Five-year Plan was launched in 1951 which mainly focused in the development of the primary sector.

4.6 SELF ASSESSMENT QUESTIONS

Trace the historical development of labour welfare in India.

“The labour welfare in India is largely spearheaded by Government action and controlled by legislation” comment.

4.7 FURTHER READINGS

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LESSON-5

HISTORICAL DEVELOPMENT OF LABOR WELFARE IN INDIA

Learning Objectives

- ✓ To study the Labor welfare
- ✓ To understand the Pre Independence- and Post-Independence Period
- ✓ To Learn the Five-year plan and Labor Welfare

Structure

5.0 Introduction

5.1 Labor Welfare

5.2 Pre Independence Era

5.3 Post Independence period

5.4 Five year plan and Labor welfare

5.4.1 During First five Year plan (1951-56)

5.4.2 ³²Second five Year plan (1956-61)

5.4.3 ³²Third five Year plan (1961-66)

5.4.4 Forth Five year plan (1969-74)

5.4.5 ²¹Fifth Five year plan (1974-79)

5.4.6 ²¹Sixth Five Year plan (1980-85)

5.4.7 Seventh Five Year plan (1985-89)

5.4.8 ²¹Eighth Five Year plan (1992-97)

5.4.9 Ninth Five Year plan (1997-02)

5.4.10 ⁷⁴Tenth Five Year plan (2002-07)

5.4.11 ⁷⁴Eleventh Five Year plan (2007-12)

5.4.12 Twelfth Five Year plan (2012-17)

5.5 Government Interventions through welfare Measures

5.6 Welfare Legislations and Provisions in Factories Act (1948)

5.6.1 ⁷Section 42 Washing Facilities

5.6.2 Section 43 Facilities for storing drying, clothing

5.6.3 Section 44 Facilities for sitting

5.6.4 Section 45 First Aid appliances

5.6.5 Section 46 Canteen

5.6.6 Section 47 Shelter, Restrooms, Lunchrooms

5.6.7 Section 48 Creches

5.7 Summary

5.8 Key words

5.9 Self Assessment Questions

5.10 Suggested Readings

5.0 INTRODUCTION

The term “Welfare” refers to a staff of living of an individual or a group in the context of his physical, social and psychic environment. The concept of labour welfare has undergone considerable change. Social and economic development of the country has to be towards the enactment of labour welfare and labour protective legislations. An individual's adjustment to his environment is required for his existence in the industrial world. A worker is paid for the types of his services but payment depends on nature of work, his efficiency, capacity of the industry to pay and significance of his work in that particular industry. A worker has to maintain balance at workplace. He has to adjust with the physical working conditions as well as with type of supervision, co-workers, etc. The acceptance, respect, goodwill, attention and recognition, which a worker gets from his work group, community, family and neighborhood forms an integral part of the modern concept of labour welfare. Capacity of the worker to satisfy his physiological needs like food, clothing and shelter from his pay packet refers to physical concept of labour welfare.

5.1 LABOUR WELFARE – MEANING

Labour welfare relates to taking care of the well-being of workers by employers, trade unions, governmental and non-governmental institutions and agencies. Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages.

Welfare helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. Employee welfare includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families.

According to ILO, labour welfare can be defined as a term, which is understood to include such services, facilities, and amenities as may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy, congenial surroundings and to provide them with amenities conducive to good health and high morale.

Oxford dictionary- “Labour welfare is efforts to make life worth living for workmen.” The need for providing such services and facilities arise from the social responsibility of industries, a desire for upholding democratic values and a concern for employees. Welfare

¹ includes anything that is done for the comfort and improvement of employees and is provided over and above the wages.

Labour **welfare** is an important program aiming at improving the lot of labour and ⁷ creating congenial life and work environment of comfort for ⁸² this section of population. Labour is the most important ⁴¹ factor in any scheme of production. In a developing country like India, labour plays and will **continue to play, a pivotal role in the development of** economy. Productivity and development, therefore, are closely linked with the well-being of the working class. The scope of the activities contributing to the well-being of the work force has been widening with the changes ⁴⁷ outlook and awareness among the working community. It is, therefore, not easy to define ⁵ the concept of labour welfare and limit the scope of such activities which may be termed as labour welfare. The concept of 'labour welfare' is flexible and elastic and differ widely with time, region, industry, country, social values and customs, **degree of industrialization, the general socio-economic development of the people and the political ideologies prevailing** ³⁶ at particular moments. The Royal Commission on Labour¹ observed that it is a term which must necessarily be elastic, bearing somewhat different interpretations in one country from another, according to the different social customs, the ³⁶ degree of industrialization and the educational development of the worker. Broadly speaking, it refers to the measures and activities, undertaken by the state, employers and associations of workers for the improvement of workers' standards of life and ⁶¹ for the promotion of their economic and social well-being.

¹ In India, labour welfare programmers are evolved through philanthropist, religious leaders, social workers and voluntary organizations. With the inception of industrial revolution, large-scale industries were established in big cities. Workers migrated from villages to cities. They were attracted by higher wages, comforts and recreation of city life; but they were exposed to bad working conditions, long hours of work, low wages, health ⁴² hazards, and absence of safety measures and unsatisfactory working and living conditions. The Government of India appointed a committee to review the conditions of industrial labour in 1907. On the basis of the recommendations of the committee a more comprehensive Act, the Indian factories Act of 1910 was introduced for all seasonal factories. The hours of work for adult male workers were specified to 12 per day. Today it is 8 hours a day; some voluntary efforts in the interest of welfare of workers were made by the amalgamated society of Railway servants of India and Burma. The Printers Union, Calcutta (1905) and the Bombay Postal Union (1907) introduced mutual insurance schemes, night schools, educational stipends, funeral allowances, etc.

5.2 PRE-INDEPENDENCE ERA

¹ The First World War 1914 led to new developments. The number of factories and the number of persons employed therein increased. Wages did not keep pace with the rising prices and profits. The establishment of the International Labour organization in 1919 was a landmark in the history of labour movement. ILO created a conciseness and unity amongst workers. All India Trade Union Congress (AITUC) was established in 1920. The Indian Factories Amendment Act of 1922 was passed. It was applicable to all factories employing not less than 20 persons. Children below the age of 12 and 14 were not allowed to work for more than 6 hours a day. Children and women were not employed between 7.00 p.m. and 5.30 a.m.

The Royal Commission on labour was appointed in 1929. It made an exhaustive survey of conditions of workers. Its observation led to the enactment of a number of legislations like Payment of Wages Act, Minimum Wages Act, etc. In 1949 Labour Investigation Committee (Rage Committee) was appointed. The committee made a detailed survey of working conditions, housing, slum, education of workers, etc.

5.3 ²³ POST INDEPENDENCE PERIOD

After independence, the labour welfare movement acquired new dimensions. It was realized that labour welfare had a positive role to play in the increasing productivity and reducing industrial tensions. The emergence of different central trade union organizations – INTUC (1947), HMS (1943), BMS (1955), CITU (1970), NLO etc. gave a further fillip to the growth of labour welfare movement. Mainly on the basis of the recommendations of the Rage Committee, the Government of India enacted the Factories Act 1948. To draft this important piece of legislation the services of Sir Wilfred Garrett were utilized. Thus, the Factories Act of 1948 came into effect from 1st April 1949.

¹ All the Five Year Plans have protected the interest of workers. The National Commission on Labour was introduced in 1960-69. It has dealt with labour problems most comprehensively.

5.4 THE FIVE YEARS PLAN AND LABOUR WELFARE

5.4.1 ¹⁷ during the First Five Year Plan (1951–1956)

Government did considerable amount of work for the welfare measures of the labour classes of society. During this period important Act such as the Plantations Labour Act, 1951, the Employees Provident Fund Act, 1952 the Mines Act, 1952 were enacted. A subsidy was provided for housing scheme for worker was documented and implemented in 1952. Various state governments also formulated and implemented various Acts as legislation on housing for labour class, i.e., the Bombay Housing Board act, 1948, the Madhya Pradesh Board Act, 1950, the Hyderabad Labour Housing Act, 1952, etc.

5.4.2 The Second Five Year Plan (1956–1961)

It provided impetus for further more welfare measures and legislation for labour. New laws were also established to ensure welfare measure for merchant seamen and motor transport workers. The employee's state insurance scheme, 1948 was implemented and to cover more employees in the factories. A comprehensive scheme of Dock workers (safety, health and welfare) scheme was formulated in 1961. In 1959, the state government of Assam passed an act labour working in tea plant known as the Assam Tea Plantation Labour Employee's Welfare Fund Act. In April 1956, a New Plantation Labour Housing Scheme was enacted which has provision of a certain amount of loan to be provided for construction of houses for labours. The second five-year plan period also witnessed quite a large number of enactments in accommodation and housing by various state governments as labour welfare measures.

5.4.3 The third five-year plan (1961-66)

Emphasized the requirement of more efficient and effective implementation of various statutory labour welfare provisions and legislation. The plan also talked about establishment of co-operative credit organizations and consumer's stores for industrial workers, and stressed on the role of trade unions and voluntary organizations in managing

such co-operatives organizations. There has been enactment of the legislative provisions during this plan period which include the Apprentices Act, 1961; Iron-Ore Mines Labour Welfare Cass Act, 1961; Maternity Benefit Act, 1961 And Payment of Bonus Act, 1965. During this period, co-operative housing organization also started to make amends gradually.

5.4.4 The Fourth Five Year Plan (1969–1974)

Was more about the expansion and implementation of the Employees' State Insurance (ESI) Act to provide health related facilities to the families of insured worker as well as labourers working in shops and commercial establishments? To protect the contract labour from exploitation government passed, the Contract Labour Regulation and Abolition Act of 1970. Provision of this Act compels contractors to undertake welfare activities for of contractual workers. In 1972 Government enacted an important statute as the Payment of Gratuity Act, 1972 (bonuses) for the welfare of retiring industrial employees.

5.4.5 The Fifth Five Year Plan (1974–1979)

Witnessed the additional provisions for labour welfare in a number of areas. For encouraging the provision of industrial safety, safety cells were established in various states of the country. This five year plan period also covered: (1) new additional requirements for the most of the existing training institutions, such as the Central Training Institutes for Instructors, the Foreman Training Institute, and Central Staff Training and Research Institute; (2) strengthening and expansion of the Advanced Training Institute throughout the country; (3) Extension of the Apprenticeship Training Programmed; (4) Development and establishment of Vocational Training in Women's Occupations; and (5) all other kinds of schemes related to research, surveys and studies to be undertaken by various organizations and institutes.

5.4.6 ¹⁷ The Sixth Five Year Plan (1980–1985)

It was more about effective implementation of the welfare measures of prior legislative enactments, and extension of coverage of Act such as the Employees Provident Fund, Employees' State Insurance Scheme and the Family Pension Scheme. Special scheme also were developed and implemented by State Governments for the welfare of agricultural labour, artisans (skilled craftsmen), leather workers, fishermen, handloom weavers and other unorganized sector workers.

5.4.7 The Seventh Five Year Plan (1985–1989)

It focused on enhancement in working conditions of informal sector worker both in the rural areas and also in the urban areas. This plan period witnessed certain major initiative for working women. Thus during this period the stress was on improvement in capacity development, efficiency and productivity.

5.4.8 The Eighth Five Year Plan (1992–1997)

Witnessed government stressing on the importance of reforms in industrial and trade policies. This five year plan put great emphasis on resource mobilization from public enterprises. In this period, the great work had been on the aspect of enhancement for the quality of labour work, productivity, skills development, working conditions, provisions for welfare measures and the social security, especially to those working in the unorganized

sectors without any socio-economic security.

5.4.9 The Ninth Five Year Plan (1997–2002)

Emphasized the enhancement of labour welfare measures, increasing productivity through skills development, and also the adequate provisions were taken for social security of workers. Governmental institutions and resources were directed towards skill development, knowledge sharing on new job opportunities, monitoring and evaluation of working conditions for labour class, creation of industrial harmony through development of infrastructure for better industrial relations, and insurance policy for labour against illness, injury and unemployment and their families.

5.4.10 the Tenth Five Year Plan (2002–2007)

Given more weight on improving the working conditions, better industrial relations, proper enforcement of Labour Legislations and welfare measures, and also launching various schemes for the welfare activities for all industrial workers and their families. The Labour Department (Goo) worked on implementation mechanism of about two dozen of labour statutes. Their goal was not only in terms of economic benefits (such as minimum wages, overtime, bonuses, etc.) to workers, but also to provide them adequate health and safety facility at workplace.

5.4.11 the Eleventh Five Year Plan (2007–2012)

Talked about unemployment and underemployment issue, the promotion and generation of regular wage employment opportunities and addressing the continuing problems of workers employed in unorganized sector all over the country.

5.4.12 the Twelfth Five Year Plan (2012–2017)

Is more about skill building as an instrument to improve the effectiveness and contribution of labour to the overall production? It has also made skill development as an important agenda for the Governments at Centre as well as States. In this regard, various challenges on skill development identified. Enactments and scheme such as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)⁷, Swarnjayanti Gram Swarozgar.

5.5 GOVERNMENT INTERVENTIONS THROUGH WELFARE MEASURES

Both Central and State Governments have also laws enacted and schemes established for providing social security and welfare of specific categories of worker. The most significant social security laws enacted are the following:

- The Workmen's Compensation Act, 1923.
- The Employees State Insurance Act, 1948.
- The Employees Provident Funds and Miscellaneous Provisions Act, 1953.
- The Maternity Benefit Act, 1961.
- The Payment of Gratuity Act, 1972.

5.6 WELFARE LEGISLATIONS AND PROVISIONS IN 'FACTORIES ACT, 1948'

The Factories Act provides for the health, safety, welfare, service conditions and other aspects of workers in factories. The Act is enforced by the State Government who frame rules that ensure that local conditions are reflected in enforcement. Section 42 to 50 deals with the welfare provisions listed in the Factories Act, 1948. Following are some of the legal provisions:

The Factories Act provides for the health, safety, welfare, service conditions and other aspects of workers in factories. The Act is enforced by the State Government who frame rules that ensure that local conditions are reflected in enforcement. Section 42 to 50 deals with the welfare provisions listed in the Factories Act, 1948. Following are some of the legal provisions:

5.6.1 Section 42: Washing facilities

In every factory

- i. Adequate and suitable facilities for washing shall be provided and maintained for the use of the workers therein;
- ii. Separate and adequately screened facilities shall be provided for the use of male and female workers;
- iii. Such facilities shall be conveniently accessible and shall be kept clean.

5.6.2 Section 43: Facilities for storing and drying clothing

The State Government may, in respect of any factory or class or description of factories, make rules requiring the provision therein of suitable places for keeping clothing not worn during working hours and for the drying of wet clothing.

5.6.3 Section 44: Facilities for sitting

In every factory suitable arrangements for sitting shall be provided and maintained for all workers obliged to work in a standing position, in order that they may take advantage of any opportunities for rest which may occur in the course of their work.

5.6.4 Section 45: First Aid appliances

- 1) There shall in every factory be provided and maintained so as to be readily accessible during all working hours first-aid boxes or cupboards equipped with the prescribed contents, and the number of such boxes or cupboards to be provided and maintained shall not be less than one for every one hundred and fifty workers ordinarily employed at any one time in the factory.
- 2) Nothing except the prescribed contents shall be kept in a first-aid box or cupboard.

3) Each first-aid box or cupboard shall be kept in the charge of a separate responsible person who holds a certificate in first-aid treatment recognized by State Government and who shall always be readily available during the working hours of the factory.

4) In every factory wherein more than five hundred workers are ordinarily employed there shall be provided and maintained an **Ambulance Room** of the prescribed size, containing the prescribed equipment and in the charge of such medical and nursing staff as may be prescribed and those facilities shall always be made readily available during the working hours of the factory.

5.6.5 Section 46: Canteen

(1) The State Government may make rules requiring that in any specified factory wherein more than two hundred and fifty workers are ordinarily employed, a canteen or canteens shall be provided and maintained by the occupier for the use of the workers.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for –

- (a) The date by which such canteen shall be provided;
- (b) The standards in respect of construction, accommodation, furniture and other equipment of the canteen;
- (c) The foodstuffs to be served therein and the charges which may be made therefore;
- (d) The constitution of a managing committee for the canteen and representation of the workers in the management of the canteen;
- (e) The items of expenditure in the running of the canteen which are not to be taken into account in fixing the cost of foodstuffs and which shall be borne by the employer;

5.6.6 Section 47: Shelters, Rest rooms and Lunch rooms

(1) In every factory wherein more than one hundred and fifty workers are ordinarily employed, adequate and suitable shelters or rest rooms and a suitable lunch room, with provision for drinking water, where workers can eat meals brought by them, shall be provided and maintained for the use of the workers.

(2) The shelters or rest rooms or lunch rooms to be provided under sub-section (1) shall be sufficiently lighted and ventilated and shall be maintained in a cool and clean condition.

(3) The State Government may –

- (a) Prescribe the standards in respect of construction, accommodation, furniture and other equipment of shelters, rest rooms and lunch rooms to be provided under this section;
- (b) By notification in the Official Gazette, exempt any factory or class or description of factories from the requirements of this section.

5.6.7 Section 48: Crèches

(1) In every factory wherein more than thirty women workers are ordinarily employed there shall be provided and maintained a suitable room or rooms for the use of children under the age of six years of such women.

(2) Such rooms shall provide adequate accommodation, shall be adequately lighted and ventilated, shall be maintained in a clean and sanitary condition and shall be under the charge of women trained in the care of children and infants.

(3) The State Government may make rules –

(a) Prescribing the location and the standards in respect of construction, accommodation, furniture and other equipment of rooms to be provided, under this section;

(b) Requiring the provision in factories to which this section applies of additional facilities for the care of children belonging to women workers, including suitable provision of facilities for washing and changing their clothing;

(c) Requiring the provision in any factory of free milk or refreshment or both for such children;

(d) Requiring that facilities shall be given in any factory for the mothers of such children to feed them at the necessary intervals.

5.6.8 Section 49: Welfare officers

1) In every factory wherein five hundred or more workers are ordinarily employed the occupier shall employ in the factory such number of Welfare officers as may be prescribed.

2) The State Government may prescribe the duties, qualifications and Conditions of service of officers employed under sub-section (1).

5.7 SUMMARY

¹ The concept of labour welfare has undergone considerable change. Social and economic development of the country has to be towards the enactment of labour welfare and labour protective legislations. An individual's adjustment to his environment is required for his existence in the industrial world. A worker is paid for the types of his services but payment depends on nature of work, his efficiency, capacity of the industry to pay and significance of his work in that particular industry. A worker has to maintain balance at workplace. He has to adjust with the physical working conditions as well as with type of supervision, co-workers, etc. The acceptance, respect, goodwill, attention and recognition, which a worker gets from his work group, community, family and neighbourhood forms an integral part of the modern concept of labour welfare. Capacity of the worker to satisfy his physiological needs like food, clothing and shelter from his pay packet refers to physical concept of labour welfare. But economic status governs his social status in modern society; type of food which he can afford, types and quality of dresses which he and his family members wear and nature of house with types of comforts determine his social status. Thus welfare is a physical concept as well as a social concept. Every society has its own moral codes and conduct. A worker has to adhere by its ethical values. There are dos and don'ts of

the society. For example, prohibition may be a state law but it may be a customary practice to provide drinks to the guests on certain social occasions like marriage ceremony, death ceremony, etc

5.8 KEY WORDS

Labour welfare - Labour welfare relates to taking care of the well-being of workers by employers, trade unions, governmental and non-governmental institutions and agencies

Government Interventions - Both Central and State Governments has also laws enacted and schemes established for providing social security and welfare of specific categories of worker.

Factories Act - the Factories Act provides for the health, safety, welfare, service conditions and other aspects of workers in factories

5.9 SELF ASSESSMENT QUESTIONS

1. Define Labor welfare? Briefly discuss the Pre Independence and Post Independence Period of Labor welfare?
2. Describe the Five-year plans and Labor welfare in historical development of Indian economy?
3. Give a detail note on the Government Interventions through welfare Measures?

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LESSON -6

IMPACT OF ILO ON LABOUR WELFARE IN INDIA

Learning objectives

- ✓ To study the ILO
- ✓ To Learn ILO Conference, ILO issues
- ✓ To Understand the Labor welfare Activities, Health facilities, Welfare facilities, General Welfare facilities.

Structure

6.0 Introduction to Labour Welfare Evolution in India

6.1 ILO

6.2 History

6.3 The ILO Constitution

6.3.1 Objectives of ILO

6.4 International labor Conference

6.4.1 Governing Body

6.5 International Labor Office

6.6 ILO issues

6.7 Labor welfare, Welfare facilities, Health Facilities, General Welfare facilities, employee welfare facilities

6.7.1 Health Facilities

6.7.2 General Welfare facilities

6.7.3 Employee welfare facilities

6.8 Holistic Concept of Labor welfare

6.9 Social Concept of Labor welfare

6.10 Relative concept of Labor welfare

6.11 labor welfare Aims and Objectives

6.12 Summary

6.13 Key words

6.14 Self Assessment Questions

6.15 Suggested Readings

6.0 INTRODUCTION TO LABOUR WELFARE EVOLUTION IN INDIA

In India, labour welfare programme evolved through philanthropist, religious leaders, social workers and voluntary organizations. With the inception of industrial revolution, large-scale industries were established in big cities.

Workers migrated from villages to cities. They were attracted by higher wages, comforts and recreation of city life; but they were exposed to bad working conditions, long hours of work, low wages, health hazards, and absence of safety measures and unsatisfactory working and living conditions.

First Factories Act was passed in 1881. At that time it was applicable to factories employing not less 100 workers using power. Today, the Act is implemented in factories employing 10 or more workers with the aid of power and 20 or more workers without the use of power.

The Government of India appointed a committee to review the conditions of industrial labour in 1907. On the basis of the recommendations of the committee a more comprehensive Act, the Indian factories Act of 1910 was introduced for all seasonal factories. The hours of work for adult male workers were specified to 12 per day. Today it is 8 hours a day.

Some voluntary efforts in the interest of welfare of workers were made by the amalgamated society of Railway servants of India and Burma. The Printers Union, Calcutta (1905) and the Bombay Postal Union (1907) introduced mutual insurance schemes, night schools, educational stipends, funeral allowances, etc.

The First World War 1914 led to new developments. The number of factories and the number of persons employed therein increased. Wages did not keep pace with the rising prices and profits.

The establishment of the International Labour Organisation in 1919 was a landmark in the history of labour movement. ILO created a conciseness and unity amongst workers. All India Trade Union Congress (AITUC) was established in 1920. The Indian Factories Amendment Act of 1922 was passed.

It was applicable to all factories employing not less than 20 persons. Children below the age of 12 and 14 were not allowed to work for more than 6 hours a day. Children and women were not employed between 7.00 p.m. and 5.30 a.m. The Royal Commission on labour was appointed in 1929. It made an exhaustive survey of conditions of workers. Its observation led to the enactment of a number of legislations like Payment of Wages Act, Minimum Wages Act, etc. In 1949 Labour

Investigation Committee (Rege Committee) was appointed. The committee made a detailed survey of working conditions, housing, slum, education of workers, etc. In the meanwhile Second World War had its own impact. After independence different central trade unions were established AITUC (1949), HMS (1948), INTUC (1994), BMS (1995), CITU (1990) and NLO.

On the basis of the recommendations of Rege Committee Governments of India enacted the present Factories Act, 1948. The directive principle of state policy of the constitution of India also states that, "The state shall strive to promote the welfare of the people by securing and promoting as effectively as it may a social order in which justice, social, economic and political shall inform all the institutions of national life". All the Five Year Plans have protected the interest of workers. The National Commission on Labour was introduced in 1960-69. It has dealt with labour problems most comprehensively.

- i. Labour class is indeed one of the classes most vulnerable to exploitation. most of the labour legislation in India are pre constitutional
- ii. The credit of various labour legislation must be attributed to the ILO as the guideline issued by the ILO formed the principal on which this legislation was drawn.
- iii. The ILO did have great impact on the labour laws in India
- iv. Many new labour laws were enacted as per the different conventions of the ILO
- v. The setting of ILO also saw the amendments of different acts.
- vi. The positive influence of ILO was seen in the form of recognition of many new kinds of rights that were not available earlier to the labour class
- vii. Labour legislations until 1919 there were no important labour legislation in India .but with the establishment of ILO coupled with trade union pressure in the country has greatly influenced labour legislation in India.

6.1 INTERNATIONAL LABOUR ORGANIZATION

The international labour organization is a united nations agency dealing with labour issues, particularly international labour standards and decent work for all. 1856 of the 193 UN members states are members of the ILO. In 1969 the organization received the Nobel peace prize for improving peace among classes, pursuing justice for workers, and providing technical assistance to other developing nations.

6.2 HISTORY

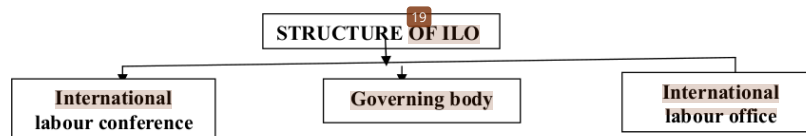
The ILO was founded in april 1919 primarily in response to humanitarian concern over the condition of workers who were being exploited with no consideration for their health, their family lives or their professional and social advancement.

6.3 THE ILO CONSTITUTION

“Whereas universal and lasting peace can be established only if it is based upon social justice...”

6.3.1 Objectives of ILO

- i. Full employment and raising of living
- ii. Protection for the life and health of workers in all occupation
- iii. Provision for child welfare and maternity protection
- iv. Assurance of quality education



6.4 INTERNATIONAL LABOUR CONFERENCE

- The broad policies of the ILO are set by the International Labour Conference, which meets once a year in June, in Geneva, Switzerland.
- i. This annual Conference brings together governments', workers' and employer's delegates of the ILO member States.
- ii. Often called an international parliament of labour, the Conference establishes and adopts international labour standards and is a forum for discussion of key social and labour questions.
- iii. It also adopts the Organization's budget and elects the Governing Body.

In 1998 the 86th international labour conference adopted the declaration on fundamental principal and rights at work this declaration contains 4 fundamental policies

- i. The right of workers to associate freely and bargain collectively
- ii. The end of forced and compulsory labour
- iii. The end of child labour and
- iv. the end of unfair discrimination among workers

6.4.1 Governing body

The Governing Body is the executive body of the International Labour Organization (the Office is the secretariat of the Organization). It meets three times a year, in March, June and November. It takes decisions on ILO policy, decides the agenda of the International Labour Conference, adopts the draft Program and Budget of the Organization for submission to the Conference, and elects the Director-General.

It is composed of 56 titular members (28 Governments, 14 Employers and 14 Workers) and 66 deputy members (28 Governments, 19 Employers and 19 Workers). Ten of the titular government seats are permanently held by States of chief industrial importance (Brazil, China, France, Germany, India, Italy, Japan, the Russian Federation, the United Kingdom and the United States). The other Government members are elected by the Conference every three years (the last elections were held in June 2014). The Employer and Worker members are elected in their individual capacity.

6.5 INTERNATIONAL LABOUR OFFICE

The International Labour Office is the permanent secretariat of the International Labour Organization. It is the focal point for International Labour Organization's overall activities, which it prepares under the scrutiny of the Governing Body and under the leadership of the Director-General.

The Office employs some 2,700 officials from over 150 nations at its headquarters in Geneva, and in around 40 field offices around the world. Among these officials, 900 work in technical cooperation program and projects.

6.6 ILO ISSUES

ILO Fight against:

- a) Fight against forced labour
- b) To protect the right of laborers for fixing minimum wage
- c) Right of migrant workers

6.7 **LABOUR WELFARE –WORKING ENVIRONMENT, HEALTH FACILITIES, GENERAL WELFARE FACILITIES AND ECONOMIC WELFARE FACILITIES**

Welfare service are divided into two groups – (a) Welfare services within the premises of the factory (intra-mural) such as – drinking and washing facilities, bathing, creche, canteen, rest room, shelter, prevention of fatigue and safety devices and (b) Welfare amenities outside the establishment (extra-mural) include social security measures like social insurance, social assistance, recreation, sports, workers' education, etc.

It also includes, cooperative credit societies transportation, housekeeping. Scope of labour welfare takes care of workers' life from cradle to grave as employees' state insurance scheme provides medicine to a worker child and provides funeral benefit to a worker after his last minutes in this world. Scope of labour welfare includes statutory and non-statutory welfare amenities which are also increasing day-by-day and in most of workers' welfare is by and large acceptable to society.

On the whole labour welfare aims at minimizing stress and strains of industrial workers. It observes that workers get clean and neat environment of work. They should get safe working conditions with minimum hazards of work life. They should be able to live a life with dignity, status and self-respect Scope differs from industry-to-industry and country-to-country.

As per 1981 census, women workers constitute about 19 per cent of the total workforce (i.e., 45 million out of 222 million). Out of 45 million a small fraction of about 2 million women workers were employed in the organized sector. They were not covered by any protective labour legislation.

Majority of women are employed in cotton textile, bidi making, garment industries, rice mills, tobacco cutting, Cashewnut, matches, construction work, plantations, and household and small-scale industries. On account of scientific and technological development of the country, there is an increase in the employment of women in electronics industries.

The scope of Labour Welfare is very broad because it covers different industries and activities.

However, the researchers have summarized the scope and listed the following facilities covered in the scope are:

Conducive working environment helps to improve efficiency of workers and includes proper lighting, temperature, ventilation, safety, sanitation, transportation, cleanliness, seating arrangement and canteen facilities. Workplace sanitation and cleanliness is very important for making workplace helpful for workers to work.

Following activities are important to make it conducive for working:

- a. Proper ventilation using cross windows and doors, adequate lighting, controlled temperature, regular cleanliness, seating/standing arrangements for working, etc.
- b. Proper safety measures for lift, elevators, ropes, cranes, electric and dangerous operating.
- c. Sufficient urinals separate for gents and ladies, lavatories and bathing facilities with regular proper cleaning.
- d. Proper gardening with watering facilities and cleanliness of surrounding regularly.
- e. Pure drinking water facilities with purification and cooling facilities.
- f. Well maintained canteen services with good quality of food at nominal rates.

6.7.1 Health Facilities:

Health is wealth. To maintain good health of the workers, the required health facilities should be maintained up to required standard.

It includes the following facilities:

- a. Health centre for regular check-up for workers and their families should be provided within factory or nearest place.
- b. Availability of ambulance service at telephone call itself should be provided in case of emergency.
- c. Free and regular medical check-up of workers and counselling regarding health and diet to workers.
- d. Availability medical staff and of doctors inside the factory for emergency.
- e. Welfare facilities for women and children such as – crèches, checking for pregnancy, etc.
- f. Suitable sports and recreation facilities in the premises.
- g. Schooling, vocational training facilities and library services

6.7.2 General Welfare Facilities:

- a. Housing facilities for workers near to the work facilities.
- b. Cleaning and sanitation facilities in housing facilities.
- c. To and fro transportation facilities for workers and their children going for schools
- d. Sports facilities of indoor and outdoor in the residential location.
- e. Family planning and family care counselling.
- f. Entertainment facilities in the campus for workers and their families.
- g. Transport facilities for tours, picnics and festival celebration.

6.7.3 Economic Welfare Facilities:

- a. Subsidized consumer goods including grains, vegetables, milk, oil and other daily requirements through cooperative stores.
- b. Banking, postal, services and credit facilities through credit society.
- c. Health insurance schemes by employers free of costs.
- d. Regular basis bonus and profit-sharing schemes.

The concept of 'Labour welfare' is flexible and elastic and differs widely with times, regions, industry, country, social values and customs, the degree of industrialization, the

general social economic development of people and political ideologies prevailing at particular moments.

The Committee on Labour Welfare (1969)- "Such facilities and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities arrangements for travel to and from and for accommodation of workers employed at a distance from their homes, and such other services, amenities and facilities including social security measures as contribute to conditions under which workers are employed."

The second report of the LLO- "Labour welfare as, such services and amenities which may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy, congenial surroundings and such amenities conducive to good health, and high morale."

Labour welfare can be described in terms of three dimensions namely the holistic welfare initiatives, social and relative welfare programs taken by the organization.

6.8 HOLISTIC CONCEPT OF LABOUR WELFARE:

The "holistic" concept of labour welfare can be described as the achievement of desirable state of existence involving physical, mental, moral and emotional well-being of the working class. One case could be cited here to illustrate holistic labour welfare.

In the Peenya Industrial Area of Bangalore, the Peenya Industrial Association (PIA) which is a professional body/association comprising of the membership of almost all big/large, medium/small enterprises in the area had catered all feasible initiatives in the Peenya area so as to improve the quality of work life of the enterprises working in this part of the city of Bangalore.

This includes conducting special training and induction programs for workers from various expertise and capabilities, counseling programs, entrepreneurial development programs, providing financial assistance to sick units and needy workers, extending insurance schemes and facilitating loans to needy employees, improving the condition of the roads, drainage, lighting of the roads (done in association with BESCOM and the state Government authorities) and also ensuring the preservation of the greenery of the area.

6.9 SOCIAL CONCEPT OF LABOUR WELFARE:

The social concept of labour welfare involves the wellbeing of an individual and the harmonious relationship established with the community and even his/her own family, working groups, superiors, subordinates etc.

6.10 RELATIVE CONCEPT OF LABOUR WELFARE:

Labour welfare could be considered as a more or less relative term; relative to the time, place and even the individual(s) concerned. Hence taking this into consideration labour welfare should be described in terms of a dynamic and flexible concept. Thus the concept of labour welfare may vary from place to place, industry to industry and even country to country.

6.11 LABOUR WELFARE - AIMS AND OBJECTIVES

Labour welfare aims at total development of workers personality based on humanitarian grounds. It aims at helping the needy, the poor and the most deserving community. Major objective of labour welfare is to minimize exploitation of workers.

Management wants efficient, productive, hardworking, sincere and law abiding workmen, which can be attracted by providing liberal welfare measures. Such measures also improve industrial relations in the industry.

From various studies, the summarized objectives are to:

- (a) Provides social comfort to employees.
- (b) Support overall improvement of employees.
- (c) Provide financial support indirectly to the employees.
- (d) Contribute in developing sense of responsibility and belongingness among employees.
- (e) Improve working conditions at the workplace for employees.
- (f) Maintain and retain the existing workforce.
- (g) Reduce rate of absenteeism from work and labour turnover from job.
- (h) Improve lives of employees comfortable and happy.
- (i) Improve productivity and efficiency of employees at workplace.
- (j) Provide healthy and proper working conditions.
- (k) Ensure betterment of employees and families and society as a whole.

The prominent features of labour welfare¹ are as follows:

1. Addition to wages and salaries – Welfare measures are undertaken in addition to regular wages and other economic benefits provided to the workers under legal provisions and collective bargaining.
2. Functions – Labour welfare program includes various services, facilities and amenities provided to workers for improving their health, efficiency, economic betterment and to enhance social status of the employees.
3. Dynamic – Labour welfare is dynamic in nature. It varies from country to country, region to region and organisation to organisation. Labour welfare activities depend upon the need of the workers, their social status, and social class and so on.
4. Flexible – Labour welfare is a flexible and ever changing concept as new welfare measures are added from time to time to the existing measures. The needs of work force changes with time and the changing social environment.
5. Voluntary and/or mandatory – Some labour welfare measures are provided by laws and mandatory, while some are voluntarily provided by the organisation for betterment of the employees. Welfare measures may be introduced by the employers, government, employees or by any social or charitable agency.
6. Purpose – The basic purpose of labour welfare is to improve the social life as well as work life of the work force.

6.12 SUMMARY

² The productivity of labour is an essential condition for the prosperity of enterprises and the well being of the workers and their families. While the production facilities at workplace and the remuneration are important, attitudes towards work, and the value placed by the society on dignity of labour are equally important in influencing the productivity of labour. The ILO Constitution sets forth the principle that workers must be protected from sickness, disease and injury arising from their employment. Yet for millions of workers the reality is very different. According to the most recent ILO global estimates, 2.78 million work-related deaths are recorded every year, of which 2.4 million are related to occupational

dis-eases. In addition to the immense suffering caused for workers and their families, the associated economic costs are colossal for enterprises, countries and the world.

6.13 KEY WORDS

ILO- The international labour organization is a united nations agency dealing with labour issues, particularly international labour standards and decent work for all.

Labour welfare- 'Labour welfare' is flexible and elastic and differs widely with times, regions, industry, country, social values and customs, the degree of industrialization, the general social economic development of people and political ideologies prevailing at particular moments.

6.14 SELF ASSESSMENT QUESTIONS

1. Give an detailed Introduction to Labor welfare Evolution in India
2. Discuss the ILO Constitution, Objectives?
3. Explain the International Labor conference, Governing, ILO issues
4. Analyse the Labor welfare activities and various concept of Labor welfare

6.15 SUGGESTED READINGS

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LESSON-7

AGENCIES OF LABOUR WELFARE AND THEIR ROLES

Learning objectives

- ✓ To study the Labor welfare main agencies in Labor welfare In India
- ✓ To Understand the types of welfare services

Structure

7.0 Introduction

7.1 labor welfare 5 main agencies in Labor welfare in India

7.1.1 Central government

7.1.2 State Government

7.1.3 Employee

7.1.4 Trade unions

7.1.5 NGO

7.2 Role of Unions

7.3 Type of Welfare services

7.3.1 Economic services

7.3.2 Recreational Services

7.3.3 Facilitative services

7.4 Summary

7.5 Key words

7.6 Self Assessment questions

7.7 Suggested Readings.

7.0 INTRODUCTION

Labour welfare is one of the major aspects of national program towards betterment of the majority of labour creating population. The term 'labour welfare' is very flexible as well as comprehensive. Labour welfare is a part of social welfare, conceptually and operationally. It covers a broad field and connotes a state of well-being happiness, satisfaction, conservation and development of human resources. The Government has in acted various rules and regulations for the betterment of the worker's life. The ideal of the welfare state has added new dimensions to the labour welfare philosophy. The changing scenario has thrown for labour new challenges to cope up in regard to technical skills and know-how etc. This welfare

approach has become necessary because of the social problems that have emerged as a result of industrialization in a capitalistic setting. As against these social problems, many social welfare amenities have been provided for the benefit of the employees in various industrial units. There is an increasing awareness of recognition in developed as well as developing countries of the need for such welfare measures in industrial employment. The significance of labour welfare has been increasingly recognized in the context of economic development and industrialization.

7.1 LABOUR WELFARE 5 MAIN AGENCIES ENGAGED IN LABOUR WELFARE IN INDIA

The main agencies engaged in labour welfare include:

- (a) Central government
- (b) State governments
- (c) Employers
- (d) Trade unions or employees' organisations and
- (e) Non-government organisations (NGOs).

The contribution of these agencies is briefly discussed below:

7.1.1 Central Government:

A central government is the government that is a controlling power over a unitary state. Always equivalent in a federation is the federal government, which may have distinct powers at various levels authorized or delegated to it by its federated levels authorized or delegated to it by its federated states, though the adjective 'central' is sometimes also used to describe it.

The structure of central governments varies. Many countries have created autonomous regions by delegating powers from the central government to governments on subnational level, such as regional, state, provincial, local and other instances. Based on a broad definition of a basic political system, there are two or more levels of government that exist within an established territory and government through common institutions with overlapping or shared powers as prescribed by a constitution or other law.

Common responsibilities of this level of government which are not granted to lower levels are maintaining national security and exercising international diplomacy, including the right to sign binding treaties. Basically, the central government has the power to make laws for the whole country, in contrast with local governments.

The difference between a central government and a federal government is that the autonomous status of self-governing regions exists by the sufferance of the central government and are often created through a process of devolution. As such they may be unilaterally revoked with a simple change in the law. An example of this was done in 1973 when the Northern Ireland Constitution Act 1973 abolished the government of Northern Ireland which had been created under the Government of Ireland Act 1920. It is common for a federal government to be brought into being by agreement between a number of formally independent states and therefore its powers to affect the status of the balance of powers is significantly smaller (i.e. the United States).

⁵ The Central Government has passed a number of Acts ¹³ for the welfare of different types of workers. It also administers the implementation of industrial and labour laws. The important Acts which incorporate measures for the welfare of the workers are – Factories Act, Indian Mines Act, Employment of Children Act, Maternity Benefits Act, Plantation Labour Act, etc. Under these Acts, employers have to provide certain basic welfare facilities to the workers. For example, under the Factories Act, 1948, employer has to provide canteen, rest and lunch rooms, crèches, medical aid, proper lighting, ventilation, drinking water, etc. at the work place. Appointment of Welfare Officer is also made compulsory. In the case of coal mines, the provision of welfare fund has been made.

It is called ¹³ Coal Mines Labour Welfare Fund. This fund is to be utilized for providing housing, medical, educational and recreation ³ facilities to the workers in mines. Mica Mines Labour ¹³ Welfare Fund has been constituted under the Mica Mines Labour Welfare Fund Act, 1946. The government also provides housing, medical care, canteens, educational aid etc. to the workers employed in public sector enterprises.

7.1.2 State Governments:

State ⁵⁸ governments in India are the governments ruling over 28 states and 2 union territories of India ⁵⁸ and the head of the Council of Ministers in a state is the Chief Minister. Power is divided between the Union government and state governments. While the Union government handles defence, external affairs etc., the state government deals with internal security (through state police) and other state issues. Income for the Union government is from customs duty, excise tax, income tax etc., while state government income comes from sales tax (VAT), stamp duty etc.; now these have been subsumed under the various components of the Goods and Services Tax.

Each state has a legislative assembly. A state legislature that has one house - State Legislative Assembly (Vidhan Sabha) - is a unicameral legislature.

A state legislature that has two houses - the State Legislative assembly and State Legislative Council (Vidhan Parishad) - is a bicameral legislature. The Vidhan Sabha is the lower house and corresponds to the Lok Sabha while the Vidhan Parishad is the upper house and corresponds to the Rajya Sabha of the Parliament of India.

The Sarkaria Commission was set up to review the balance of power between states' and the Union governments. The Union government can dissolve a state go ¹⁰vernment in favour of President's rule if necessary, subject to certain conditions, as ruled by the Supreme Court of India in S. R. Bommai v. Union of India.

¹³ The implementation of many provisions of various labour laws rests with the State Governments. The State Governments run health centres, educational centres, etc., for the welfare of the workers. They also keep a vigil on the employers that they are operating the welfare schemes made obligatory by the Central or State Government.

The State Governments have been empowered to prescribe rules for the welfare of workers and appoint appropriate authorities for the enforcement of welfare provisions under various laws.

7.1.3 ¹³Employers:

Many employers provide voluntarily welfare facilities alongwith the statutory welfare facilities. These include residential accommodation to employees, medical and transport facilities, reading rooms, scholarships to children of workers, patronise teams of employees for hockey, football, etc. Employers can provide welfare facilities individually or collectively i.e., through their associations.

Employers have to play a major role in providing welfare facilities to industrial workers. The welfare facilities offered by the employers on their own are called voluntary welfare facilities. Some associations of employers also provide welfare facilities collectively. They include Bombay Millowners' Association and Indian Jute Mills Association

7.1.4 Trade Unions:

A trade union (or a labor union in the U.S.) is an association of workers forming a legal unit or legal personhood, usually called a "bargaining unit", which acts as bargaining agent and legal representative for a unit of employees in all matters of law or right arising from or in the administration of a collective agreement. Labour unions typically fund the formal organization, head office, and legal team functions of the labour union through regular fees or union dues. The delegate staff of the labour union representation in the workforce are made up of workplace volunteers who are appointed by members in democratic elections.

Today, unions are usually formed for the purpose of securing improvement in pay, benefits, working conditions, or social and political status through collective bargaining by the increased bargaining power wielded by the banding of the workers. The trade union, through an elected leadership and bargaining committee, bargains with the employer on behalf of union members (rank and file members) and negotiates labour contracts (collective bargaining) with employers. The most common purpose of these associations or unions is "maintaining or improving the conditions of their employment". This may include the negotiation of wages, work rules, occupational health and safety standards, complaint procedures, rules governing status of employees including promotions, just cause conditions for termination, and employment benefits.

Unions may organize a particular section of skilled workers (craft unionism), a cross-section of workers from various trades (general unionism), or attempt to organize all workers within a particular industry (industrial unionism). The agreements negotiated by a union are binding on the rank and file members and the employer and in some cases on other non-member workers. Trade unions traditionally have a constitution which details the governance of their bargaining unit and also have governance at various levels of government depending on the industry that binds them legally to their negotiations and functioning.

¹³ Trade unions are supposed to raise the welfare of workers and naturally they are expected to provide certain welfare facilities to their members. Unions can provide educational, cultural and other facilities to their members. In Bombay, some unions provide sports and educational facilities. Co-operative stores are also run by some unions.

Some trade unions like the Rashtriya Mill Mazdoor Sangh are doing good work in the field of labour welfare. In addition, Textile Labour Association, Ahmedabad provides certain facilities like schools, social centres, libraries; legal aid, etc. to the textile workers.

Thus, Textile Labour Association of Ahmedabad is doing good work in the field of labour welfare. On the whole, the role of trade unions in the field of labour welfare is insignificant as they face the problem of shortage of funds in providing welfare services to their members.

7.1.5 Non-Government Organisations (NGOs):

Several non-government or voluntary organisations conduct social welfare activities which are useful to all sections of the society including industrial workers. These agencies provide medical aid, educational facilities, scholarships, etc. However, the contribution of such organisations in labour welfare is not so significant.

Organizations which are independent of government involvement are known as non-governmental organizations or NGOs or non-government organizations. NGOs are a subgroup of organizations founded by citizens, which include clubs and associations which provide services to its members and others. They are usually nonprofit organizations. Many NGOs are active in humanitarianism or the social sciences. Surveys indicate that NGOs have a high degree of public trust, which can make them a useful proxy for the concerns of society and stakeholders. However, NGOs can also be lobby groups for corporations, such as the World Economic Forum. According to NGO.org (the non-governmental organizations associated with the United Nations), "[an NGO is] any non-profit, voluntary citizens' group which is organized on a local, national or international level ... Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participation through provision of information."

Russia had about 277,000 NGOs in 2008. India is estimated to have had about two million NGOs in 2009 (approximately one per 600 Indians), many more than the number of the country's primary schools and health centers. The term "NGO" is used inconsistently; it is sometimes a synonym for a civil society organization, any association founded by citizens. NGOs are known in some countries as nonprofit organizations, and political parties and trade unions are sometimes considered NGOs. NGOs are classified by orientation and level of operation; orientation refers to the type of activities an NGO undertakes. Activities may include human rights, environmentalism, health, or development. An NGO's level of operation indicates the scale at which an organization works: local, regional, national, or international.

7.2 THE ROLE OF THE UNION

It seems that the role of the union in relation to the labour welfare activities emerges from an acceptance of the fact that workers need welfare services apart from those available to them as citizens and members of the community. The unions think that such services should be provided by the Government either from its own resources or by further taxing the employers. This peculiar role of the Unions in the welfare activities has been influenced among other things by the socio-political environment, the state of the economy and the legal framework of the country. It is often said that trade unions do not engage in labour welfare activities due to inadequacy of funds. The argument is valid only to a certain extent. But that is only a part of the story. The phenomenon of unequal interest in non-bargaining activities on the part of different unions also has to be recognized. Two reasons seem to explain this situation. First, the state of labour management relations is relevant to the Union's motivation

or lack of it to undertake non-bargaining activities. Secondly, the ideological commitment of a union also influences its desires to undertake non-bargaining activities. The trade unions have not been able to do much mainly due to the fact that they are concentrating their activities on the maintenance of industrial relations and agitating for increase in wages, allowance and bonus etc. In the near future also it is doubtful whether they will be able to do much. Their indifference is also due to the paucity of funds. The financial conditions of the majority of unions are quite deplorable and they do not have adequate funds to take up welfare measures. But looking at the conditions prevailing in the country, it is imperative that they must diversify their activities and confine to the maintenance of industrial relations mainly. In the near future they will be required to shoulder greater burdens and should not hesitate in accepting the challenge. "Efforts are necessary to awaken the trade unions to the facts that unless they lay proper stress on other factor besides industrial relations, all are doomed to a dismal failure ". They should take up those measures which may be helpful in making the lives of the members happier and richer and should not merely look to the Government and the employers.

7.3 TYPES OF WELFARE SERVICE

Welfare services are concerned with physical and social well-being of the employees both within and outside the organization. The provision of medical benefits, recreational facilities, libraries, canteens, rest rooms are included within the organization etc. They may also include meals and refreshments supplied free of cost or at subsidized rates to the employees. But outside the organization welfare arrangements include provision of housing accommodation, education of children of employees, sports fields, medical advice for the family, etc. On the whole, these services may be basically of three types:

1. Economic
2. Recreational
3. Facilitative.

These are discussed below.

7.3.1 Economic Services :

Economic services provide some additional economic security over and above wages or salaries, such as pension, life assurance, credit facilities, etc. Establishing a proper pension programme will reduce dissatisfaction in the area of economic security. Pension is a kind of deferred payment to meet the needs of the employees in their old age. Generally, the amount of pension is related to the last pay drawn and the total number of years of service. Some organizations have a family pension scheme which provides for payment of pension to the family members, in case of death of an employee. Similarly, the employer may contribute towards the premium of life insurance of each employee. Some organizations also help the employees to start co-operative credit societies to meet the urgent financial needs of the employees or consumers co-operative stores to provide the workers with consumers goods at low margin of profit.

7.3.2 Recreational Services

There is need of occasional diversion for employees. Their attitude improves when the routine of everyday living is broken occasionally. The management, may provide for recreational facilities for this purpose. More agreeable, informal atmosphere is promoted through the contacts and relationships built up in the recreational events. The management may provide for indoor games like Table Tennis in the common room for employees. In case of big organisations, management may provide playgrounds for outdoor games and induce

the workers ¹ prepare a team to play matches with other similar teams which will increase co-operation and understanding among the employees. The management may also provide for reading rooms, libraries, radios, T.V., Computer facility for the recreation of the employees.

7.3.3 Facilitative Services ⁵

These are conveniences which the employees ordinarily require such as : (i) **Canteen, rest rooms and lunch rooms** : Unless proper facilities for food, tea and rest rooms are available, health and consequential efficiency of the workers will decrease. Hence, almost all the Stores are required to provide canteens where food can be obtained either at a fair price or at subsidized rates. In the same manner, lunch rooms may be provided where workers may take their food which they bring from their homes. Workers also need some place or shelter for taking first during leisure hours. This is also required for proper upkeep of health and efficiency.

(ii) **Housing facilities**: Some organizations provide housing facilities for their employees and provide the same either free or at a nominal rent. In some cases, cash compensations are provided while in other cases, loans are given to the employees so that they can construct or purchase their own houses or flats.

(iii) **Medical facilities**: First aid facilities must be provided for within the factory premises. In addition, medical scheme is generally in operation under which reimbursement of medical expenses actually incurred is allowed. The organization may also provide doctors from whom the employees may get medical facilities.

(iv) **Education facilities**: Educational facilities may be provided by the organization to the employee's child by starting a school for them.

(v) **Leave Travel Concession (LTC)**: Many organizations reimburse actual fares incurred by the employee in undertaking a tour along with his or her spouse and minor children once during a specified number of years.

7.4 SUMMARY

The State Governments have passed Labour Welfare Funds Acts from time to time to safeguard the interests of the workers and their families. Some of the important Acts passed by the State Governments are the Bombay Labour Welfare Fund Act (1953); the Mysore Labour Welfare Fund Act (1965) etc. The main sources of finances for these funds are (i) fines realised from the employees, (ii) unpaid wages, bonus, gratuity and all unpaid arrears, (iii) fines imposed on the employers by courts for defaults; (iv) Voluntary donations, (v) any fund transferred from any other labour welfare fund; (vi) all grants from the Central/State Governments; (vii) unclaimed and forfeited sums in Provident Fund Accounts and (viii) Any sum borrowed, etc. In addition to what has been explained above in respect of labour in India, a large number of voluntary social organisations have taken welfare activities in respect of night-schools, libraries, recreation health etc.

7.5.1 KEY WORDS

labour welfare is very flexible as well as comprehensive. ²⁸ Labour welfare is a part of social welfare, conceptually and operationally

Central Government-A central government is the government that is a controlling power over a unitary state. Always equivalent in a federation is the federal government, which may have distinct powers at various levels authorized or delegated to it by its federated levels

authorized or delegated to it by its federated states, though the adjective 'central' is sometimes also used to describe it.

Non-Government Organisations (NGOs)-Several non-government or voluntary organisations conduct social welfare activities which are useful to all sections of the society including industrial workers

Trade Unions- A trade union (or a labor union in the U.S.) is an association of workers forming a legal unit or legal personhood, usually called a "bargaining unit",

7.5.2 SELF ASSESSMENT QUESTIONS

1. Discuss the Agencies of Labor welfare in India
2. Explain the Types of Welfare Services in India?

7.7 SUGGESTED READING

1. Readings in Social and Labour Welfare, Lal Babu Yadav, Amol Publications, 2000.
2. Aspects of Labour Welfare and Social Security, Dr. A.M. Sharma, Himalaya Publications.
3. Labour and Industrial Laws, P.L. Malik, Eastern Book Company, Lucknow, 2006
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LESSON-8

STATE MANAGEMENT, TRADE UNIONS AND VOLUNTARY

Learning Objectives

- ✓ To study the liberalization 1991 to present
- ✓ To understand the History of Trade Unions
- ✓ To Learn the Trade Unions and Collective Bargaining

Structure

8.0 Introduction

8.1 History

8.2 Independence (1947) to Liberalization (1991)

8.2.1 Liberalizaion (1991) to Present

8.2.2 CTUO of India

8.3 Trade Unions

8.4 Collective Bargaining

8.5 Joining as Trade Union

8.6 Summary

8.7 Key words

8.8 Self Assessment Question

8.9 Suggested Readings

8.0 INTRODUCTION

Trade Unions in India are registered and file annual returns ³⁹ under the Trade Union Act (1926). Statistics on Trade Unions are collected annually by the Labour Bureau of the Ministry of Labour, Government of India. As per the latest data, released for 2012, there were 16,154 trade unions which had a combined membership of 9.18 million ³⁷ based on returns from 15 States - out of a total of 28 States and 9 Union Territories). The Trade Union movement in India is largely divided along political lines and follows a pre-Independence pattern of overlapping interactions between political parties and unions. The net result of this type of system is debated as it has both advantages and disadvantages. ³⁵ Bharatiya Mazdoor Sangh is the Largest Trade union of India.

The firm or industry level trade unions are often affiliated to larger Federations. The largest Federations in the country represent labour at the National level and are known as

Central Trade Union Organizations (CTUO). As of 2002, when the last Trade Union verification was carried out, there are 12 CTUOs recognized by the Ministry of Labour.

A trade union is an organization made up of members (a membership-based organisation) and its membership must be made up mainly of workers. One of a trade union's main aims is to protect and advance the interests of its members in the workplace. Most trade unions are independent of any employer. However, trade unions try to develop close working relationships with employers. This can sometimes take the form of a partnership agreement between the employer and the trade union which identifies their common interests and objectives.

8.1 HISTORY

The setting up of textile and clothing mills around the port cities of Bombay (now Mumbai), Calcutta (now Kolkata), Madras (now Chennai) and Surat in the second half of the 19th century led to the beginnings of the industrial workforce in India. Several incidents of strikes and protests by workers have been recorded during this time. The credit for the first association of Indian workers is generally given to the Bombay Mill-Hands Association founded by N.M. Lokhande in 1890. This was in the period just after the passing of the 'First' Factories Act in 1881 by the British Government of the time. The following years saw the formation of several labour associations and unions. The first clearly registered trade-union is considered to be the Madras Labour Union founded by B.P. Wadia in 1918, while the first trade union federation to be set up was the All India Trade Union Congress in 1920.

Following the rapid growth of unions around the time of the First World War, the Russian Revolution and the setting up of the ILO - industrial conflict began to increase and over 1,000 strikes were recorded between 1920 and 1924. The waves of strikes boiled over with the arrest of prominent leaders and trade-unionists in the infamous 'Cawnpore Conspiracy case' in 1924 with the union leaders being arrested and accused of attempting a Communist revolution to try and overthrow the ruling British government. Subsequently, the Trade Union Act (1926) was passed which created the rules for the regulation and closer monitoring of Trade Unions. In the first year of the law's operation, 28 unions registered and submitted returns with a total membership 100,619. The number of unions grew rapidly after that and by the time of Independence of India in 1947, there were 2,766 unions registered which had a combined membership of over 1.66 million. This resulted in a wide influence of unions and workers' organizations and led to significantly favorable social legislation being enacted in the first decade of Independence. Several important labour laws were passed during this time.

8.2 INDEPENDENCE (1947) TO LIBERALIZATION (1991)

Following its Independence in 1947 and the formation of the Republic in 1950, India largely followed a Socialist economic approach encouraging public sector employment and pro-worker legislations. The trade-union movement reflected the main political divisions of the time and was divided mainly along Socialist and Communist lines. The subsequent decades saw significant expansion in trade union membership with the number of active unions reaching its peak in the mid-1970s and mid-1980s. While the 1970s in India was a period characterized by political instability, the 1980s was characterized by the beginnings of a distinct turn towards more market-friendly policies, support for industrialists and an implicit opposition to workers. Two key events during this period were the 1974 railway strike in India and the Great Bombay textile strike of 1982, the latter of which subsequently led to a long and complicated stalemate.

8.2.1 Liberalization (1991) to present

The period following the Economic liberalization in 1991 was characterized by declining government intervention in the economy, a decline in the creation of public sector employment and encouragement for the private sector. Efforts for unionization in the private sectors were often met with opposition and the wider general withdrawal of State support for workers further undermined their bargaining power. These policies led to a stagnation in the number of unionized formal sector workers.

A gradual shift in focus about the importance of the Informal sector and 'Informal employment in the formal sector' from the late 1990s onwards meant that trade unions also began to focus on these workers. This has led to greater enrolment of these workers and subsequently led to increases in union membership. The Central Trade Union Organizations (CTU's) increased their combined membership from 13.21 million in 1989 to 24.85 million in 2002. Almost all the CTUOs now have at least 20 percent of their official members coming from the informal sector.

8.2.2 Central trade union organizations (CTUOs) of India

Local, firm-level or industry-level trade unions are often affiliated to larger Federations. The largest Federations in the country represent labour at the National level and are known as Central Trade Union Organizations (CTU or CTUO). To acquire status as a CTUO, a trade union federation must have a verified membership of at least 500,000 workers who are spread over a minimum of four states and four industries (including agriculture). Trade-union membership verification is usually done once in a decade and an updated verification with new criteria is currently underway, with 2011 as the reference year. Complications around membership verification have existed due to discrepancies between membership claimed by the unions and actual members. These complications have increased in recent years following the wider inclusion of informal sector workers in union membership data.

8.3 TRADE UNIONS

- a) Negotiate agreements with employers on pay and conditions
- b) Discuss major changes to the workplace such as large scale redundancy
- c) Discuss members' concerns with employers
- d) Accompany members in disciplinary and grievance meetings
- e) Provide members with legal and financial advice
- f) Provide education facilities and certain consumer benefits such as discounted insurance
- g) Trade union recognition
- h) Employers which recognize a union will negotiate with it over members' pay and conditions.

Many recognition agreements are reached voluntarily, sometimes with the help of the Labour Relations Agency. If agreement can't be reached and the organization employs more than 20 people, a union may apply for statutory recognition. To do so, it must first request recognition from the employer in writing. If this is unsuccessful, the union can apply to the Industrial Court(external link opens in a new window / tab) for a decision.

In considering the union's application, the Court must assess many factors including the level of union membership and the presence of any other unions. Often, the Court will organise a ballot among the affected workforce to decide whether recognition should be awarded. Throughout the process, the emphasis is on reaching voluntary agreement.

8.4 COLLECTIVE BARGAINING

If a union is formally recognised by an employer, it can negotiate with the employer over terms and conditions. This is known as 'collective bargaining'. For collective bargaining to work, unions and employers need to agree on how the arrangement is to operate. They might, for example, make agreements providing for the deduction of union subscriptions from members' wages; who is to represent workers in negotiations and how often meetings will take place.

Both these agreements on procedure and agreements between employers and unions changing the terms applying to workers (like a pay increase for example) are called 'collective agreements'. Your contract of employment will probably set out which collective agreements cover you.

It's possible that a union may negotiate on your behalf even if you're not a member. With the changed social, political and educational environment in terms of awareness of right, trade unions are considered a major component of industrial relations system. Workers union plays an crucial role to protect the interest of its members. Therefore, this chapter focuses on the need of labour unions, significance and role of union, and welfare activities in sugar industries in the study region. Trade unions are those organizations of employees/workers who work for the maintenance and enhancement of their economic status by insisting on a rise in money wages and improvement in working conditions and benefits. Besides this economic objective, there are other dimensions of trade unions which have gained importance in the context of the changing sociopolitical environment. The workers is not only a factor of production but an individual whose total life situation is a matter of concern for the trade unions.

Gandhiji viewed trade unions as moral institutions aiming at making the workers better individuals and responsible citizens. Trade unions are considered to be institutions experimenting with industrial democracy which would strengthen democracy. Traditionally, trade unions have been resistance organisations defending the interests of workers and see to it that they are not exploited. They have also been viewed as instruments of change in the socio-political system so that workers may have their own government and prevent their exploitation. Different authors have defined a trade union in different ways. However, the various definitions of a trade union exhibit two important features, i.e., in the first place, a trade union is defined usually in the light of the functions it is expected to perform. Though there is a diversity of opinions in regard to the role of trade unions in the working class movement, yet all agree to the fundamental purpose of trade unionism, viz., the pursuit of the economic interests of the members. Secondly, a trade union is confined to workers alone. The Webbs defined a trade union as "a continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives." According to G.D.H. Cole, "a trade union means an association of workers in one or more occupations - an association carried on mainly for the purpose of protecting and advancing the members' economic interests in connection with their daily work". Lester defines a trade union as "an association of employees designed primarily to maintain or improve the conditions of employment of its

members". J. Cunison defines a trade union as "a monopolistic combination of wage-earners who stand to the employers in a relation of dependence for the sale of their labour and even for its production; and that the general purpose of the association is in view of that dependence to strengthen their power to bargain with the employers."

Unions concentrate their attention to achieve the following objectives:

(A) Wages and Salaries: The subject which drew the major attention of the trade unions are wages and salaries. This item may be related to policy matters. However, differences may arise in the process of their implementation. In the case of unorganized senior the trade union plays a crucial role in bargaining the pay scales.

(B) Working Conditions: Trade unions with a view to safeguard the health of workers demand the management to provide all the basic facilities such as lighting and ventilation, sanitation, rest rooms, safety equipment while discharging hazardous duties, drinking water, refreshment, minimum working hours, leave and rest, holidays with pay, job satisfaction, social security benefits and other welfare measures.

(C) Personnel Policies: Trade unions may fight against improper implementation of personnel policies in respect of recruitment, selection, promotions, transfers, training, etc.

(D) Discipline: Trade unions not only conduct negotiations in respect of the items with which their working conditions may be improved but also protect the workers from the clutches of management whenever workers become the victims of management's unilateral acts and disciplinary policies. This victimization may take the form of penal transfers, suspensions, dismissals etc. In such a situation the separated worker who is left in a helpless condition may approach the trade union. Ultimately, the problem may be brought to the notice of management by the trade union, which explains about the injustice meted out to an individual worker and fights the management for justice. Thus, the victimized worker may be protected by the trade union.

(E) Welfare: As stated earlier, trade unions are meant for the welfare of workers. Trade union works as a guide, consulting authority and cooperates in overcoming the personal problems of workers. It may bring to the notice of management, through collective bargaining meetings the difficulties of workers in respect of sanitation, hospitals, quarters, schools and colleges for their children's cultural and social problems.

(F) Employee-Employer Relations: Harmonious relations between the employees and employer are sine qua non for industrial peace. A trade union always strives for achieving this objective. However, the bureaucratic attitude and unilateral thinking of management may lead to conflicts in the organization which, ultimately, disrupt the relations between the workers and the management. Trade union, being the representative of all the workers, may carry out continuous negotiations with the management with a view to promoting industrial peace.

(G) Negotiating Machinery: Negotiations include the proposals made by one party and the counterproposals of the other. This process continues until the parties reach an agreement. Thus, negotiations are based on the 'give and take' principle. Trade union, being a party for negotiations, protects the interests of workers through collective bargaining. Thus, the trade union works as the negotiating machinery.

(H) Safeguarding Organizational Health and the Interest of the Industry: Organizational health can be diagnosed by methods evolved for grievance redressal and techniques adopted to reduce the rate of absenteeism and labour turnover and to improve the employee relations. Trade union by their effective working may achieve employee satisfaction. Therefore, trade unions help in reducing the rate of absenteeism, labour turnover and developing systematic grievance settlement procedures leading to harmonious industrial relations. Trade unions can thus contribute to the improvements in level of production, productivity and discipline thereby improving quality of work-life.

8.5 JOINING A TRADE UNION

Some workers join a trade union because they believe that a union can:

1. negotiate better pay
2. negotiate better working conditions, like more holidays or improved health and safety
3. provide training for new skills
4. give general advice and support

Union members have the right to be accompanied to a discipline or grievance hearing by a trade union representative (although trade unions are not compelled to provide this). All employees, regardless of whether they are union members or not, are entitled to be accompanied by a work colleague.

- Grievance procedures
- Disciplinary procedures

8.6 SUMMARY

Labour is understood as “any work, whether manual or mental, which is undertaken for a monetary consideration”. Eg. a man working in a building construction activity is doing manual labour. Whereas a man doing accounting work in an office is an example of mental labour. Similarly we can segregate different activities done by people into manual and mental labour. In a production or services sector, labour holds the upper position. It is only due to labour that other factors of production or services can be utilized at their best. Better the workforce, better is the organization. In any organization, there are men, machine, money and materials. The man or the work force is the only factor which can think and take steps as required to do a thing. The rest factors need to be operated, regulated and managed by man. Therefore to make an organisation function properly, man has the ultimate responsibility and capability to do it. That is why, it is important to take care of the requirements, aspirations and motivation of the work force.

8.7 KEY WORDS

Trade Unions - A trade union is an organization made up of members (a membership-based organisation) and its membership must be made up mainly of workers.

Collective bargaining- If a union is formally recognised by an employer, it can negotiate with the employer over terms and conditions. This is known as 'collective bargaining'.

Negotiating Machinery- Negotiations include the proposals made by one party and the counterproposals of the other. This process continues until the parties reach an agreement.

Working Conditions- working conditions of the workers includes of to safeguard the health of workers demand the management to provide all the basic facilities such as lighting and ventilation, sanitation, rest rooms, safety equipment while discharging hazardous duties, drinking water, refreshment, minimum working hours, leave and rest, holidays with pay, job satisfaction, social security benefits and other welfare measures.

8.8 SELF ASSESSMENT QUESTIONS

1. Discuss the Liberalization of labor welfare to present?
2. explain the Central Trade Union organization of India?
3. Discuss the process of joining of Trade Unions?

8.9 SUGGESTED READINGS

1. Readings in Social and Labour Welfare, Lal Babu Yadav, Amol Publications, 2000.
2. Aspects of Labour Welfare and Social Security, Dr. A.M. Sharma, Himalaya Publications.
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Lesson - 9

LABOUR WELFARE

Learning Objectives

- ✓ To study about labour welfare
- ✓ To recognize the importance of labour welfare
- ✓ To know the principles of labour welfare
- ✓ To aware of statutory and non – statutory welfare schemes

Structure

- 9.0 Introduction
- 9.1 Labour Welfare – Evolution in India
- 9.2 Scope of Labour Welfare
- 9.3 Labour Welfare Important Concepts
- 9.4 Aims and Objectives
- 9.5 The prominent features of labour welfare
- 9.6 Labour Welfare Principles
- 9.7 Labour Welfare Importance
- 9.8 Statutory and non statutory welfare schemes
- 9.9 Summary
- 9.10 Keywords
- 9.11 Self - Assessment Questions
- 9.12 Further Readings

9.0 INTRODUCTION

Labour welfare programme includes various services, facilities and amenities provided to workers for improving their health, efficiency, economic betterment and to enhance social status of the employees.

Everything you need to know about labour welfare. Labour welfare relates to taking care of the well-being of workers by employers, trade unions, governmental and non-governmental institutions and agencies. Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages. Welfare helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration.

Industrial Labour Organisation (ILO) – “Labour welfare may be understood and including such services facilities and amenities which may be established in vicinity of undertaking to perform their work in healthy and congenial environment and to avail of facilities which improve their health and bring high morale.”

1 The term “Welfare” refers to a state of living of an individual or a group in the context of his physical, social and psychic environment. The concept of labour welfare has undergone considerable change. Social and economic development of the country has to be towards the enactment of labour welfare and labour protective legislations. An individual’s adjustment to his environment is required for his existence in the industrial world.

1 The acceptance, respect, goodwill, attention and recognition, which a worker gets from his work group, community, family and neighbourhood forms an integral part of the modern concept of labour welfare. Capacity of the worker to satisfy his physiological needs like food, clothing and shelter from his pay packet refers to physical concept of labour welfare. Every society has its own moral codes and conduct. A worker has to adhere by its ethical values. There are do’s and don’ts of the society. For example, prohibition may be a state law but it may be a customary practice to provide drinks to the guests on certain social occasions like marriage ceremony, death ceremony, etc.

All these concepts of labour welfare physical, social and moral are inter-related. Purchasing powers of money-wages determine a worker’s social status and morals of the society govern his day-to-day behaviour. Thus welfare is a total concept. Totalitarian concept on the other hand, concept of labour welfare differs from society-to-society, country-to-country and it also changes with changing time.

1 Meaning

Labour welfare relates to taking care of the well-being of workers by employers, trade unions, governmental and non-governmental institutions and agencies. Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages.

Welfare helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. Employee welfare includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families. According to ILO, labour welfare can be defined as a term, which is understood to include such services, facilities, and amenities as may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy, congenial surroundings and to provide them with amenities conducive to good health and high morale.

Oxford dictionary- “Labour welfare is efforts to make life worth living for workmen.” The need for providing such services and facilities arise from the social responsibility of industries, a desire for upholding democratic values and a concern for employees. Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages. Labour welfare entails all those activities of employer, which are directed towards providing the employees with certain facilities and services in addition to wages or salaries. Labour welfare implies providing better work conditions for example, proper lighting, cleanliness, low noise, etc. and amenities viz. recreation, housing, education, etc. Arthur James Todd- “Labour welfare means anything done for the comfort and improvement, intellectual and social, of the employees over and above the wages paid which is not a necessity of the Industry.”

Labour Welfare – Definitions

Labour welfare has been defined by different authors in different ways but every definition has its own significance.

The Oxford dictionary explains labour welfare as efforts to make life worth-living for workers.

Chamber's dictionary explains welfare as a state of faring or doing well; freedom from calamity, enjoyment of health, prosperity, etc.

According to Industrial Labour Organisation (ILO), "Labour welfare may be understood and including such services facilities and amenities which may be established in vicinity of undertaking to perform their work in healthy and congenial environment and to avail of facilities which improve their health and bring high morale."

According to Arthur James Todd, "Labour welfare means anything done for the comfort and improvement, intellectual and social, of the employees over and above the wages paid which is not a necessity of the Industry."

In 1931 the Royal Commission on Labour stressed the need of labour welfare primarily because of the harsh treatment meted out to the workers.

9.1 LABOUR WELFARE – EVOLUTION IN INDIA

In India, labour welfare programmes are evolved through philanthropist, religious leaders, social workers and voluntary organisations. With the inception of industrial revolution, large-scale industries were established in big cities.

Workers migrated from villages to cities. They were attracted by higher wages, comforts and recreation of city life; but they were exposed to bad working conditions, long hours of work, low wages, health hazards, and absence of safety measures and unsatisfactory working and living conditions.

First Factories Act was passed in 1881. At that time it was applicable to factories employing not less 100 workers using power. Today, the Act is implemented in factories employing 10 or more workers with the aid of power and 20 or more workers without the use of power.

The Government of India appointed a committee to review the conditions of industrial labour in 1907. On the basis of the recommendations of the committee a more comprehensive Act, the Indian factories Act of 1910 was introduced for all seasonal factories. The hours of work for adult male workers were specified to 12 per day. Today it is 8 hours a day.

Some voluntary efforts in the interest of welfare of workers were made by the amalgamated society of Railway servants of India and Burma. The Printers Union, Calcutta (1905) and the Bombay Postal Union (1907) introduced mutual insurance schemes, night schools, educational stipends, funeral allowances, etc.

The First World War 1914 led to new developments. The number of factories and the number of persons employed therein increased. Wages did not keep pace with the rising prices and profits. The establishment of the International Labour organisation in 1919 was a landmark in the history of labour movement. ILO created a conciseness and unity amongst workers. All India Trade Union Congress (AITUC) was established in 1920. The Indian Factories Amendment Act of 1922 was passed. It was applicable to all factories employing not less

than 20 persons. Children below the age of 12 and 14 were not allowed to work for more than 6 hours a day. Children and women were not employed between 7.00 p.m. and 5.30 a.m.

The Royal Commission on labour was appointed in 1929. It made an exhaustive survey of conditions of workers. Its observation led to the enactment of a number of legislations like Payment of Wages Act, Minimum Wages Act, etc. In 1949 Labour Investigation Committee (Rege Committee) was appointed. The committee made a detailed survey of working conditions, housing, slum, education of workers, etc.

In the meanwhile Second World War had its own impact. After independence different central trade unions were established AITUC (1949), HMS (1948), INTUC (1994), BMS (1995), CITU (1990) and NLO.

On the basis of the recommendations of Rege Committee Governments of India enacted the present Factories Act, 1948. The directive principle of state policy of the constitution of India also states that, "The state shall strive to promote the welfare of the people by securing and promoting as effectively as it may a social order in which justice, social, economic and political shall inform all the institutions of national life". All the Five Year Plans have protected the interest of workers. The National Commission on Labour was introduced in 1960-69. It has dealt with labour problems most comprehensively.

9.2 SCOPE OF LABOUR WELFARE

Welfare service are divided into two groups – (a) Welfare services within the premises of the factory (intra-mural) such as – drinking and washing facilities, bathing, creche, canteen, rest room, shelter, prevention of fatigue and safety devices and (b) Welfare amenities outside the establishment (extra-mural) include social security measures like social insurance, social assistance, recreation, sports, workers' education, etc.

It also includes, cooperative credit societies transportation, housekeeping. Scope of labour welfare takes care of workers' life from cradle to grave as employees' state insurance scheme provides medicine to a worker child and provides funeral benefit to a worker after his last minutes in this world. Scope of labour welfare includes statutory and non-statutory welfare amenities which are also increasing day-by-day and in most of workers' welfare is by and large acceptable to society.

On the whole labour welfare aims at minimizing stress and strains of industrial workers. It observes that workers get clean and neat environment of work. They should get safe working conditions with minimum hazards of work life. They should be able to live a life with dignity, status and self-respect. Scope differs from industry-to-industry and country-to-country.

As per 1981 census, women workers constitute about 19 per cent of the total workforce (i.e., 45 million out of 222 million). Out of 45 million a small fraction of about 2 million women workers were employed in the organized sector. They were not covered by any protective labour legislation.

Majority of women are employed in cotton textile, bidi making, garment industries, rice mills, tobacco cutting, Cashewnut, matches, construction work, plantations, and household and small-scale industries. On account of scientific and technological development of the country, there is an increase in the employment of women in electronics industries.

The scope of Labour Welfare is very broad because it covers different industries and activities.

- 1 A. Working Environment
- B. Health Facilities
- C. General Welfare Facilities
- D. Economic Welfare Facilities

1 A. Working Environment

Conducive working environment helps to improve efficiency of workers and includes proper lighting, temperature, ventilation, safety, sanitation, transportation, cleanliness, seating arrangement and canteen facilities. Workplace sanitation and cleanliness is very important for making workplace helpful for workers to work.

Following activities are important to make it conducive for working:

- a. Proper ventilation using cross windows and doors, adequate lighting, controlled temperature, regular cleanliness, seating/standing arrangements for working, etc.
- b. Proper safety measures for lift, elevators, ropes, cranes, electric and dangerous operating.
- c. Sufficient urinals separate for gents and ladies, lavatories and bathing facilities with regular proper cleaning.
- d. Proper gardening with watering facilities and cleanliness of surrounding regularly.
- e. Pure drinking water facilities with purification and cooling facilities.
- f. Well maintained canteen services with good quality of food at nominal rates.

B. Health Facilities

Health is wealth. To maintain good health of the workers, the required health facilities should be maintained up to required standard.

It includes the following facilities:

- a. Health centre for regular check-up for workers and their families should be provided within factory or nearest place.
- b. Availability of ambulance service at telephone call itself should be provided in case of emergency.
- c. Free and regular medical check-up of workers and counselling regarding health and diet to workers.
- d. Availability medical staff and of doctors inside the factory for emergency.
- e. Welfare facilities for women and children such as – crèches, checking for pregnancy, etc.
- f. Suitable sports and recreation facilities in the premises.
- g. Schooling, vocational training facilities and library services

C. General Welfare Facilities

- a. Housing facilities for workers near to the work facilities.
- b. Cleaning and sanitation facilities in housing facilities.
- c. To and fro transportation facilities for workers and their children going for schools
- d. Sports facilities of indoor and outdoor in the residential location.
- e. Family planning and family care counselling.

f. Entertainment facilities in the campus for workers and their families.

g. Transport facilities for tours, picnics and festival celebration.

D. Economic Welfare Facilities

a. Subsidized consumer goods including grains, vegetables, milk, oil and other daily requirements through cooperative stores.

b. Banking, postal, services and credit facilities through credit society.

c. Health insurance schemes by employers free of costs.

d. Regular basis bonus and profit-sharing schemes.

9.3 LABOUR WELFARE IMPORTANT CONCEPTS

The concept of 'Labour welfare' is flexible and elastic and differs widely with times, regions, industry, country, social values and customs, the degree of industrialization, the general social economic development of people and political ideologies prevailing at particular moments.

The Committee on Labour Welfare (1969)- "Such facilities and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities arrangements for travel to and from and for accommodation of workers employed at a distance from their homes, and such other services, amenities and facilities including social security measures as contribute to conditions under which workers are employed."

The second report of the LLO- "Labour welfare as, such services and amenities which may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy, congenial surroundings and such amenities conducive to good health, and high morale."

Labour welfare can be described in terms of three dimensions namely the holistic welfare initiatives, social and relative welfare programs taken by the organization.

They are:

- A. Holistic Concept of Labour Welfare
- B. Social Concept of Labour Welfare
- C. Relative Concept of Labour Welfare

A. Holistic Concept of Labour Welfare

The "holistic" concept of labour welfare can be described as the achievement of desirable state of existence involving physical, mental, moral and emotional well-being of the working class. One case could be cited here to illustrate holistic labour welfare. In the Peenya Industrial Area of Bangalore, the Peenya Industrial Association (PIA) which is a professional body/association comprising of the membership of almost all big/large, medium/small enterprises in the area had catered all feasible initiatives in the Peenya area so as to improve the quality of work life of the enterprises working in this part of the city of Bangalore.

This includes conducting special training and induction programs for workers from various expertise and capabilities, counseling programs, entrepreneurial development programs, providing financial assistance to sick units and needy workers, extending insurance schemes

and facilitating loans to needy employees, improving the condition of the roads, drainage, lighting of the roads (done in association with BESCO and the state Government authorities) and also ensuring the preservation of the greenery of the area.

B. Social Concept of Labour Welfare

The social concept of labour welfare involves the wellbeing of an individual and the harmonious relationship established with the community and even his/her own family, working groups, superiors, subordinates etc.

C. Relative Concept of Labour Welfare

Labour welfare could be considered as a more or less relative term; relative to the time, place and even the individual(s) concerned. Hence taking this into consideration labour welfare should be described in terms of a dynamic and flexible concept. Thus the concept of labour welfare may vary from place to place, industry to industry and even country to country.

9.4 AIMS AND OBJECTIVES

Labour welfare aims at total development of workers personality based on humanitarian grounds. It aims at helping the needy, the poor and the most deserving community. Major objective of labour welfare is to minimize exploitation of workers. Management wants efficient, productive, hardworking, sincere and law abiding workmen, which can be attracted by providing liberal welfare measures. Such measures also improve industrial relations in the industry.

From various studies, the summarized objectives are to:

- (a) Provides social comfort to employees.
- (b) Support overall improvement of employees.
- (c) Provide financial support indirectly to the employees.
- (d) Contribute in developing sense of responsibility and belongingness among employees.
- (e) Improve working conditions at the workplace for employees.
- (f) Maintain and retain the existing workforce.
- (g) Reduce rate of absenteeism from work and labour turnover from job.
- (h) Improve lives of employees comfortable and happy.
- (i) Improve productivity and efficiency of employees at workplace.
- (j) Provide healthy and proper working conditions.
- (k) Ensure betterment of employees and families and society as a whole.

9.5 THE PROMINENT FEATURES OF LABOUR WELFARE

1. Addition to wages and salaries – Welfare measures are undertaken in addition to regular wages and other economic benefits provided to the workers under legal provisions and collective bargaining.

2. Functions – Labour welfare programme includes various services, facilities and amenities provided to workers for improving their health, efficiency, economic betterment and to enhance social status of the employees.

3. Dynamic – Labour welfare is dynamic in nature. It varies from country to country, region to region and organisation to organisation. Labour welfare activities depend upon the need of the workers, their social status, and social class and so on.

4. Flexible – Labour welfare is a flexible and ever changing concept as new welfare measures are added from time to time to the existing measures. The needs of work force changes with time and the changing social environment.

5. Voluntary and/or mandatory – Some labour welfare measures are provided by laws and mandatory, while some are voluntarily provided by the organisation for betterment of the employees. Welfare measures may be introduced by the employers, government, employees or by any social or charitable agency.

6. Purpose – The basic purpose of labour welfare is to improve the social life as well as work life of the work force.

9.6 LABOUR WELFARE PRINCIPLES

1 Labour welfare has emerged as a professional discipline.

(a) Principle of Integration or Coordination – Welfare programmes cannot be segregated. They cannot be taken up part-by-part. It is a whole programme. For example, health and welfare should cover up all the aspects of health and hygiene, physical, social and moral hygiene.

(b) Principle of Association – Any welfare programme meant for the development of workers' community should associate workers with the planning and execution of the programme. Workers should be associated for conducting activities.

(c) Principle of Responsibility – Workers should be incorporated and they should be hold responsible for the activities aiming at workers' welfare. For example, workers participate in safety committees, sports committees, canteen committees, etc.

(d) Principle of Accountability – Every programme, every person and every activity should be answerable. Welfare programme are socially audited and evaluated. Successful programme are retained Weaker programme are straightened.

(e) Principle of Timeliness – Timely help is a valuable help. A stick in time saves nine. When a worker needs economic assistance for trading a sick child or for building a house, there should be reasonable lapse of time but beyond a limit he can't wait. Appropriate action begins taken for welfare might serve the purpose. In certain circumstances of emergency, delay in assistance means denial of human value and justice.

9.7 LABOUR WELFARE IMPORTANCE

1 Labour Welfare are all meant for in-creasing labour productivity through all-round de-velopment of labour. By improving industrial re-lations, labour welfare measures contribute immensely towards creating an environment in which management with the full co-operation of workers can execute the plans and programmes of the organisation for realisation of its ultimate goals.

A. Improvement of Industrial Relations

Labour Welfare measures are so comprehensive that they satisfy workers, if properly implemented. This satisfaction on the part of workers is a great stimulus for the industrial relations to improve. When workers are convinced that adequate measures have been taken to improve their work environment and their conditions of service, then they naturally repose confidence in the management and thus it helps maintenance of industrial peace.

B. Creation of Permanent Labour Force

Well-adopted labour welfare measures restrict labour mobility. Workers generally feel reluctant to leave an organisation where their welfare is sincerely looked after. This attitude that welfare measures create helps the creation of permanent labour force which is important for an organisation to pursue plans and programmes on a continuous basis.

C. Increase in General Efficiency and Income of Workers

The comprehensive welfare measures assuring workers good accommodation, proper health-care, suitable work environment make the workers contented. Their contentment is a great inducement for them to work more. They become more efficient as they are not worried about their primary needs. Since their productivity increases, they earn more; their income increases.

D. Enhancement of the Morale of Workers

Labour welfare measures act as a booster to the morale of the workers. Workers with better amenities of life shun many of their vices and offer willing co-operation to management. This is a great benefit for the organisation.

E. Development of the Sense of Belonging

Labour Welfare measures make the workers feel that they are one with the organisation. Management thinks so much for them, does so much for their welfare that they cannot isolate themselves from the organisation – they feel oneness with the organisation. This feeling that they have some stake in the organisation will help restore industrial peace. It will enhance their devotion to the job and thus the enterprise, as a whole, will be benefitted.

F. Change in Outlook of Employers

The change in the dealings of the workers consequent upon the introduction of labour welfare measures make the employers satisfied with them. Thus, there is a change in the outlook of the employers towards labour; a cordial relation is set up and the work environment improves considerably. When the employers find the workers willing to work and devote themselves to the development of the organisation, they do not even hesitate to allow them to participate in management.

G. Improvement of the Moral and Mental Health of Workers

Welfare measures include such measures as would prevent the workers from indulging in vices such as drinking, gambling etc. and thus their moral and mental health improves contributing overall improvement in the health of the organisation and society.

H. Benefit to the Society

Besides providing economic benefits to workers, labour welfare measures extend to workers various facilities that have direct bearing on their better mode of living. Because of medical benefits extended to them, the workers enjoy better health and infant mortality among the workers declines.

The workers feel happier and the society as a whole is benefitted with people having better standards of living and better equipped with more purchasing power to contribute to the general welfare of the country in general and the society in particular.

9.8 STATUTORY AND NON STATUTORY WELFARE SCHEMES

A. STATUTORY WELFARE SCHEMES

The statutory welfare schemes include the following provisions:-

Drinking Water: At all the working places safe hygienic drinking water should be provided. Facilities for sitting: In every organization, especially factories, suitable seating arrangements are to be provided. First aid appliances: First aid appliances are to be provided and should be readily assessable so that in case of any minor accident initial medication can be provided to the needed employee. Latrines and Urinals: A sufficient number of latrines and urinals are to be provided in the office and factory premises and are also to be maintained in a neat and clean condition.

Canteen facilities: Cafeteria or canteens are to be provided by the employer so as to provide hygienic and nutritious food to the employees. Lighting :-Proper and sufficient lights are to be provided for employees so that they can work safely during the night shifts. Washing places: Adequate washing places such as bathrooms, wash basins with tap and tap on the stand pipe are provided in the port area in the vicinity of the work places. Changing rooms: Adequate changing rooms are to be provided for workers to change their cloth in the factory area and office premises. Adequate lockers are also provided to the workers to keep their clothes and belongings. Rest rooms: Adequate numbers of restrooms are provided to the workers with provisions of water supply, wash basins, toilets, bathrooms, etc.

B. NON STATUTORY SCHEMES

Many non statutory welfare schemes may include the following schemes:- Personal Health Care (Regular medical check-ups): Some of the companies provide the facility for extensive health check-up Flexi-time: The main objective of the flextime policy is to provide opportunity to employees to work with flexible working schedules. Flexible work schedules are initiated by employees and approved by management to meet business commitments while supporting employee personal life needs Employee Assistance Programs: Various assistant programs are arranged like external counseling service so that employees or members of their immediate family can get counseling on various matters.

i)Harassment Policy: To protect an employee from harassments of any kind, guidelines are provided for proper action and also for protecting the aggrieved employee. Medi-claim Insurance Scheme: This insurance scheme provides adequate insurance coverage of employees for expenses related to hospitalization due to illness, disease or injury or pregnancy. Employee Referral Scheme: In several companies employee referral scheme is

implemented to encourage employees to refer friends and relatives for employment in the organization.

I) List of Statutory Welfare :- 1)Canteen 2)Washroom 3)Lockers 4)Uniform / Protective clothing 5)Milk supply / refreshment 6)Drinking water facility 7)Safety Shoes 8)Bathrooms 9)Good working condition 10)First Aid Appliance 11)Shelter / rest rooms.

II) List of Non-Statutory Welfare :- 1)Co-operative Credit society 2)Co-operative consumers store 3)Library, news paper , magazines 4)Recreational actives 5)Culture programs 6)Sports fun fair 7)Diwali Sweet , Diwali Gift 8)Birthday gift 9)Napkins soap 10)Employee engagement activities 11) Religion festivals and national day celebrate.

III) Vocation workshop for employee children 13) Scholarship above 90% 14) Career counseling to employee children 15) Mobile phone, laptop , computers facilities to key employees.

9.9 SUMMARY

¹ Labour welfare relates to taking care of the well-being of workers by employers, trade unions, governmental and non-governmental institutions and agencies. Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages.

²¹ Labor welfare occupies a significant part in the industrial and economic development of a country. It is an important facet of industrial relations, the extra dimension, gives a sense of confidence to the worker in a way which even a good wage cannot achieve. With the growth of industrialization and mechanization, it has acquired significant importance and has sculpted the administration of a country with reference to labor welfare.

⁵ Various acts such as minimum wage act, 1948, payment of wages act, 1936, employees compensation act, 1923 and factories act, 1948 incorporate the provisions for the benefit and welfare of labors. These acts also focus to improve the conditions of labor class.

A happy and contented work force is an asset to the industrial prosperity of a nation. 'Labor government assistance is only the upkeep capacity of faculty as in it is coordinated explicitly to the protection of representative wellbeing and mentalities. The government assistance benefits in an industry to improve the living and working states of laborers and their families on the grounds that the laborers prosperity can't be accomplished in disengagement of the family. Therefore, the term labor welfare not only covers the workers but also includes their families

9.10 KEYWORDS

²⁰ **Labour Welfare -** Such facilities enable the worker and his family to lead a good working life, family life and social life.

¹ **Labour welfare** relates to taking care of the well-being of workers by employers, trade unions, governmental and non-governmental institutions and agencies.

Labour welfare is the voluntary efforts made by the employer to provide better conditions of employment in their own industries.

1 **Employee welfare** includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance.

9.11 SELF - ASSESSMENT QUESTIONS

1. What is labour welfare? Discuss the scope and concept ?
2. Examine the principles of labour welfare?
- 2** **3.** Explain the aims and objectives of labour welfare?
- 17** **4.** Discuss the statutory and non – statutory welfare schemes in India?

9.12 FURTHER READINGS

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Lesson – 10

EXTRA MURAL AND INTRA MURAL WELFARE

Learning Objectives

- ✓ To learn intramural welfare
- ✓ To study the extramural welfare
- ✓ To read the role of ILO
- ✓ To understand welfare measures

Structure

10.0 Introduction

10.1. Economic Services

10.2. Recreational Services

10.3. Facilitative Services

10.4 Intramural

10.5 Extramural

10.6 Crèches

10.7 On the Basis of Categorization of ILO

10.8 Statutory Welfare measures

10.9 Canteen

10.10 Approaches to Employee Welfare

10.11 Summary

10.12 Keywords

10.13 Self – Assessment Questions

10.14 Further Readings

10.0 INTRODUCTION

Labour welfare is an aim in the form of money or necessities for those in need. It provides facilities to labourers in order to improve their working conditions, provide social security, and raise their standard of living.

Broadly labour welfare services can be classified into two categories:

¹³ Facilities offered to the workers outside the factory are known as extra-mural facilities. They include better housing accommodations, indoor and outdoor recreation sports, educational facilities etc. The provision of these facilities is voluntary.

¹ (i) Within the Organization Services (Intra-mural). The services provided within the organization include medical aid, recreational facilities, libraries, canteens, rest rooms, washing and bathing facilities, etc.

(ii) Outside the Organization Services (Extra-mural). Outside the organization, welfare arrangements include housing accommodation, transport, children's education, sports fields, holiday homes, leave travel facilities, interest free loans, etc.

The welfare facilities may further be classified into three basic categories

¹ 10. 1. ECONOMIC SERVICES:

Economic services provide for some additional economic security over and above wages or salaries. Examples of economic services are pension, life insurance, credit facilities etc. Proper pension programme reduces dissatisfaction in the area of economic security. Some establishments have a scheme of family pension also, which provides for payment of pension to the family members of the employee in case of his death.

The employer may also pay the premium on the life insurance policies of the employees. The employers can give loans to the employees for purchase of consumer goods, or at the time of any marriage or other functions in the family of the employees. The loans to be repaid by the employees is in the form of monthly instalments to be deducted from their salaries. Some organizations help the employees to start cooperative credit societies to meet the urgent financial needs of employees.

¹ 10.2. RECREATIONAL SERVICES:

Management may provide recreational facilities to the employees. Recreation in the form of music, sports, games, art and theatre can play a very important role in the physical and mental development of employees. The employees generally get bored by the routine and monotonous jobs which they perform every day. Their attitude improves when the routine is broken occasionally.

This will improve the cooperation and understanding among the employees. Management can provide reading rooms, libraries, TV's, etc., for the recreation of employees. There can be provision for indoor games like Table Tennis, Carrom, etc. Big organizations can also make arrangements for outdoor games and can induce the workers to prepare teams to play matches with other similar teams.

¹ 10. 3. FACILITATIVE SERVICES

These are facilities which are generally required by employees and provided by employers:

(i) Housing Facilities:

Housing is an important part of employee welfare in India. Some organizations construct houses/flats for the employees and provide the same to them either free of cost or at nominal rents. Some organizations give house rent allowances to the employees, so that they can get

houses on rental basis. Some organizations provide loans to the employees at concessional rates to enable them to construct their own houses/flats.

(ii) Medical Facilities:

Health is a very important for employees. Within the factory premises, the employees must make provision for first aid facilities. In addition, medical schemes are generally in operation, which provide for the reimbursement of actual medical expenditure incurred by the employees. The organizations may also prescribe some doctors from whom the employees may get services in case of need. Large organizations can have their own dispensaries or hospitals for providing medical facilities to the employees.

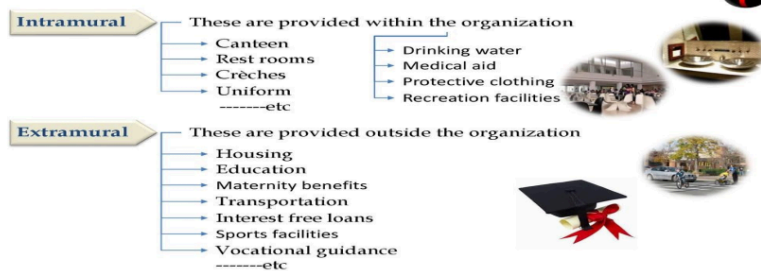
(iii) Education:

The National Commission on Labour and the committee on labour welfare has recommended that facilities should be provided for educating the worker and in running schools for children of the workers. Instead of starting a school, the organization may give education allowance for the children to the employees or reimburse the educational expenditure of the children of the employees.

(iv) Transportation:

Some organization provide transport facilities to employees. With the growth of industries, the distance between work place and residence of workers has increased considerably. This facility has, therefore, become very important, as it will help in reducing strain and absenteeism. The committee on labour welfare recommended the provision of adequate transport facilities to workers to enable them to reach their work place without loss of much time and without fatigue.

Types of Employee Welfare



Sometimes, if the employers do not provide transport facilities, they give conveyance allowance to the employees. Some employers also give interest free or concessional loans to employees for the purchase of vehicles.

(v) Consumer Cooperative Stores:

The National Cooperative Development Board set up a committee in 1961. The committee suggested that employers should introduce consumer cooperative stores in their labour welfare programmes.

The Indian Labour Conference in 1963 adopted schemes for setting up consumer cooperative stores in all industrial establishments including plantations and mines employing 300 or more workers. The Industrial Truce Resolution, 1962 aimed at keeping prices of essential commodities through cooperative stores and fair price shops for workers.

(vi) Recreational facilities: - It is in form of music, dance, drama, games and sports, paintings, etc are usually offered to the employees to build a physical and mental relax and discipline, and creating a healthy climate for industrial peace and progress.

10.4 INTRAMURAL

Intramural measures are those kind of mode of labour welfare which are set on the basis of ILO conventions and recommendation or enacted by the legislation of related country as in India (The Indian Factory Act 1948, The Maternity Benefit Act 1961, Employees State Insurance Act 1948, Provident Fund and miscellaneous Provision Act 1952 etc.)

10.5 EXTRAMURAL

Extramural benefits are those which are set mutually or voluntarily on the basis of their requirement or on the basis of Philanthropy or Trusteeship Theory of Labour Welfare.

Health and Medical Safety of Workmen: A healthy workforce is of utmost importance to industry. The ILO in its conventions and recommendations has laid down standards, which have had a contributory effect on legislation in India. The ILO convention 25 concern sickness insurance and medical facilities to be provided to an insured person while convention 103 deals with maternity protection. The India Factory Act 1948 section 11 to 20 deals with Health related provisions as follows:

Cleanliness	Section 11
Disposal of water and effluents	Section 12
Ventilation and Temperature	Section 13
Dust and Fume	Section 14
Artificial Humidification	Section 15
Over Crowding	Section 16
Lighting	Section 17
Drinking Water	Section 18
Latrines and Urinals	Section 19
Spittoons	Section 20

10.6 CRÈCHES

The Indian Factory Act 1948, Section 48 laid down the provision of Crèches for the employer with 30 women worker. The trained attended should be hired for child care and mother should be given sufficient time to feed children. The basic aim of crèches is to provide care to the children below or of 6 years. The need of kindergarten classes is also felt.

Statutory Welfare: The government enacts certain laws for the provision of labour welfare in order to enforce the minimum standards of health and safety of the workers. **Voluntary Welfare:** It includes all those activities, which employers undertake for their workers on a voluntary basis.

¹⁷ **Mutual Welfare:** Mutual welfare is a “corporate enterprises” undertaken by workers themselves. Some trade unions also undertake the responsibility of workers welfare.

10.7 ON THE BASIS OF CATEGORIZATION OF ILO

Intra- mural welfare activities: - This includes all those activities, which are undertaken inside the factories. For e.g. medical facilities, canteens, restrooms and washing facilities etc.

Extra – mural welfare activities:- This includes all those welfare activities, which are undertaken outside the factories e.g. Proper housing accommodation, education facilities’ for children’s and adults.

10.8 STATUTORY WELFARE MEASURES

Factories Act, 1948:

⁸ **Washing Facilities:** (Sec 42): Adequate and suitable facilities for washing for the use of workers in the factories. Such facilities being easily available, and being kept clean. ¹⁹ **Facilities For Storing And Drying Clothes:** (Sec 43): A suitable place for keeping clothes, not damaged during working hours shall be provided in every factory. Facilities shall also be for the drying of wet clothes.

²² **Facilities For sitting:** (Sec 44): For workers who are to work in a standing position, suitable arrangement for sitting shall be provided in the factories. This is to enable workers to take advantage of any opportunity for rest which may occur in the course of their work. **First-Aid Appliances:** (Sec 45): First-aid boxes or cupboards equipped with the required contents should be provided for workers in every factory. This should be readily available to them during all working hours. The number of such first-aid boxes shall not be less than one for every 150 workers employed in the factory. Such first-aid box shall be kept in the charge of a responsible person who is trained in first-aid treatment and who shall be available during the working hours of the factory. In factories employing more than 500 workers, there shall be an ambulance room.

²⁷ **Canteen** (Sec 46): In factories employing more than 250 workers, there shall be a Canteen for the use of workers. ³⁶

Shelters, rest rooms and lunch rooms (Sec 47): In every factory where more than 150 workers, organization should make adequate and suitable arrangement for shelters or rest rooms and lunch rooms with provision of drinking water where the workers can take rest or eat meals brought by them.

¹⁰ **Crèche facilities** (Sec 48): In every factory, where more than 50 women workers are employed, provision shall be made for suitable and adequate room for the use of children under the age of six years of such women. Such a room shall be adequately lighted and ventilated.

Welfare officer (Sec 49): The factories Act also provides for employment of welfare officers with given qualification. Such a provision exists in every factory employing more than 500 workers.

Means of Transport: The Commission also stated that the transport facilities also play very important to contribute the absenteeism of the worker in the industries. It has been pointed out that, the rate of absenteeism is higher in those factories where transport facilities are not easily available as compared to those where such facilities are easily available or provided by the factory itself.

Hours of work: The long hours of work also affect the workers' efficiency and consequently their sickness rate and absenteeism rate are increased.

Nightshift: It has also been pointed out that there is a greater percentage of absenteeism during the nightshifts than in the dayshifts, owing to the greater discomforts of work during the night-time.

Rural exodus: The committee also pointed out that probably the most predominant cause of absenteeism is the frequent urge of rural exodus. It has been noticed that the workers go back to their villages at the time of harvesting and sowing the crops. It increases the rate of absenteeism in factories.

Accident: Industrial accident depends upon the nature of work to be performed by the worker and his ability for doing that work. In case of hazardous nature of job, the accidents occur more frequently which lead to higher rate of absenteeism.

Social and religious Function: it has been noticed that workers become absent from their duty on occasions of social and religious functions. Since the workers like to join their families on such occasions, they go back to their villages for like to join short periods.

After Pay-Day: the Labour Investigation committee also noted the level of absenteeism is comparatively high immediately after the pay-day because they get their wages, they feel like having a good time or return to their villages to make purchases for the family and to meet them, so the absenteeism is high after they got paid.

10.9 CANTEEN

Canteens providing appropriate meals should be set up and operated in or near undertakings where this is desirable, having regard to the number of workers employed by the undertaking, the demand for and prospective use of the facilities, the non-availability of other appropriate facilities for obtaining meals and any other relevant conditions and circumstances.

1. If canteens are provided by virtue of national laws or regulations, the competent authority should be empowered to require the setting up and operation of canteens in or near undertakings where more than a specified minimum number of workers is employed or where this is desirable for any other reason determined by the competent authority.

2. If canteens are the responsibility of works committees established by national laws or regulations, this responsibility should be exercised in undertakings where the setting up and operation of such canteens are desirable.

3. If canteens are provided by virtue of collective agreement or in any other manner except as indicated in Paragraphs 5 and 6, the arrangements so arrived at should apply to undertakings where this is desirable for any reason as determined by agreement between the employers and workers concerned.

4. The competent authority or some other appropriate body should make suitable arrangements to give information, advice and guidance to individual undertakings with respect to technical questions involved in the setting up and operation of canteens.

5. (1) Where adequate publications are not already in existence, the competent authority or some other appropriate body should prepare and publish detailed information, suggestions and guidance, adapted to the special conditions in the country concerned, on methods of setting up and operating canteens.

(2) Such information should include suggestions on--

(a) location of the canteens in relation to the various buildings or departments of the undertakings concerned;

(b) establishment of joint canteens for several undertakings in so far as is appropriate;

(c) accommodation in canteens: standards of space, lighting, heating, temperature and ventilation;

(d) layout of canteens: dining room or rooms, service area, kitchen, dishwashing area, storage, administration office, and lockers and washroom for canteen personnel;

(e) equipment, furnishing and decoration of canteens: equipment for the preparation and cooking of food, refrigeration, storage and washing up; types of fuel for cooking; types of tables and chairs in the dining room or rooms; scheme of painting and decoration;

(f) types of meals provided: standard menu, standard menu with options, À la carte; dietetic menus where medically prescribed; special menus for workers in unhealthy occupations; breakfast, midday meal or other meals for shift workers;

(g) standard of nutrition: nutritional values of foodstuffs, planned menus and balanced diets;

(h) types of service in the canteen: hatch or counter service, cafeteria, and table service; personnel needed for each type of service;

(i) standards of hygiene in the kitchen and dining rooms;

(j) financial questions: initial capital outlay for construction, equipment and furnishing, continuing overheads and maintenance expenses, food and personnel costs, accounts, prices charged for meals.

26

Role of Central Government in Labour Welfare

26

The central government's Ministry of Labour provides various schemes focusing on the welfare

and social security of the working people and the efforts for maintaining industrial peace. Various laws have also been enacted and schemes established by the central/ state government providing for social security and welfare of specific categories of working people such as.

13

The Workmen's Compensation Act, 1923 The provisions of this Act is administered exclusively by the state governments.

12

The Employees State Insurance Act, 1948 The cash benefits under the ESI Act is administered by the Central Government whereas the medical facility is administered by the State Governments and Union Territories.

26

The Employees Provident Funds and Miscellaneous Provisions Act, 1953 The EPF and MP Act is administered by the Government of India. The EPF Organisation is a statutory body of the Government of India under the Ministry of Labour and Employment to administer the Provident Fund Scheme, Pension Scheme and Insurance Scheme.

The Payment of Gratuity Act, 1972 The Act is administered by the central government in the establishments under its control and those establishments having branches more than in one state.

The Maternity Benefit Act, 1961²⁶ The provisions of maternity benefit are administered by the Central Government through the Chief Labour Commissioner and also by the state Government in various other organisations. There are a planned initiatives in the welfare sector such as

- Training for skill development
- Services that provide assistance to job seekers
- The administration of labour regulations.

The central government²⁶ introduced Personal Accident Insurance and Social Security Scheme for those workers who are not covered under any Act or Insurance scheme. Another initiative by the Ministry of Agriculture is to provide insurance to the labourers in the unorganized sector working in the construction industry, agriculture and forestry. The Directorate General of Mines Safety (DGMS) and Directorate General of Factory Advice Service and Labour Institutes (DGFASLI) are responsible for regulating occupational safety and health in the country's mines, factories and ports.

⁴¹ Role of Trade Unions in Promoting Labour Welfare

Sec 2(h) of the Trade Unions Act 1926²⁶ defines a trade union as any organization, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workers and employers, between workers and employers, between workers and workers, and the employers and employers or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more trade unions.

The functions they perform are:

- Representation
- Negotiation
- Voice in decisions affecting workers
- Member services
- Education and training
- Legal assistance
- Financial discounts
- Welfare benefits

²⁵ 10.10 APPROACHES TO EMPLOYEE WELFARE

Approaches to employee welfare refer to the beliefs and attitudes held by agencies which provide welfare facilities. Some agencies provide welfare facilities inspired by religious faith, others as a philanthropic duty and the like. Many progressive managements today provide welfare facilities, voluntarily and with enlight-ened willingness and enthusiasm. In fact, welfare facilities are not restricted to the workers alone. They have now been extended to the society in general. In other words, labour welfare has been extended to include social welfare.

¹⁸ The approaches and their brief descriptions are:

- A. The policing theory of labour welfare.
- B. The religion theory of labour welfare.
- C. The philanthropic theory of labour welfare.
- D. The paternalistic theory of labour welfare.
- E. The placating theory of labour welfare.
- F. The public relations theory of labour welfare.

- G. The functional theory of labour welfare.
- H. The social theory of labour welfare.

A. Policing Theory

According to this view, the factory and other industrial workplaces provide ample opportunities for owners and managers of capital to exploit workers in an unfair manner. This could be done by making the labour work for long hours, by paying workers low wages, by keeping the workplaces in an unhygienic condition, by neglecting safety and health provisions, and by ignoring the provision of elementary human amenities, such as drinking water, latrines, rest rooms and canteens. Clearly, a welfare state cannot remain a passive spectator of this limitless exploitation. It enacts legislation under which managements are compelled to provide basic amenities to the workers. In short, the state assumes the role of a policeman, and compels the managers of industrial establishments to provide welfare facilities, and punishes the non-complier. This is the policing theory of labour welfare.

B. Religion Theory

The religion theory has two connotations, namely, the investment and atonement aspects. The investment aspect of the religion theory implies that the fruits of today's deeds will be reaped tomorrow. Any action, good or bad, is therefore treated as an investment. Inspired by this belief, some employers plan and organise canteens and creches. The atonement aspect of the religion theory implies that the present disabilities of a person are the result of the sins committed by him/her previously. He/she should undertake to do good deeds now to atone or compensate for his/her sins. There is the story of a big Jain employer who firmly held the belief that the provision of welfare facilities for workers was outside the duties of the management. Whatever he did provide was under government compulsion and supervision. It so happened, however, that the children born to him died as soon as they were born. Later, his own health suffered. He felt that, as a compensation, or expiration or even as an investment in a good deed (punyam), he should liberally contribute to the creche in the factory (as well as to other child-welfare institutions),²⁵ and also to medical services for his workers. Consequently, in this particular factory, there came to exist an excellent creche and a well-organised dispensary.

C. Philanthropic Theory

Philanthropy means affection for mankind. The philanthropic theory of labour welfare refers to the provision of good working conditions, creches and canteens out of pity on the part of the employers who want to remove the disabilities of the workers. Robert Owen of England was a philanthropic employer, who worked for the welfare of his workers. The philanthropic theory is more common in social welfare. Student hostels, drinking water facilities, the rehabilitation of crippled persons, donations to religious and educational institutions, and so forth are examples of philanthropic deeds.

D. Paternalistic Theory

According to the paternalistic theory, also called the trusteeship theory, of labour welfare, the industrialist or the employer holds the total industrial estate, properties and the profits accruing from them, in trust. The property which he/she can use or abuse as he/she likes is not entirely his/her own. He/she holds it for his/her use, no doubt, but also for the benefit of

his/her workers, if not for the whole society. For several reasons, such as low wages, lack of education, and so forth the workers are at present unable to take care of themselves. They are, therefore, like minors, and the employers should provide for their well-being out of funds in their control. The trusteeship is not actual and legal, but it is moral and, therefore, not less real.

E. Placating Theory

This theory is based on the assumption that appeasement pays when the workers are organised and are militant. Peace can be bought by welfare measures. Workers are like children who are intelligent, but not fully so. As crying children are pacified by sweets, workers should be pleased by welfare works.

F. Public Relations Theory

According to this theory, welfare activities are provided to create a good impression on the minds of the workers and the public, particularly the latter. Clean and safe working conditions, a good canteen, creche and other amenities, make a good impression on the workers, visitors and the public. Some employers proudly take their visitors round the plant to show how well they have organised their welfare activities.

G. Functional Theory

Also known as the efficiency theory of labour welfare, the functional theory implies that welfare facilities are provided to make the workers more efficient. If workers are fed properly, clothed adequately and treated kindly, and if the conditions of their work are congenial, they will work efficiently. Welfare work is a means of securing, preserving and increasing the efficiency of labour.

H. Social Theory

The social obligation of an industrial establishment has been assuming great significance these days. The social theory implies that a factory is morally bound to improve the conditions of the society besides improving the condition of its employees. Labour welfare, as mentioned earlier, is gradually becoming social welfare.

10.11 SUMMARY

¹³Facilities offered to the workers outside the factory are known as extra-mural facilities. They include better housing accommodations, indoor and outdoor recreation sports, ⁷³educational facilities etc. The provision of these facilities is voluntary. Employee welfare means "the efforts to make life worth living for workmen." ⁵The labour/employee welfare work aims at providing such service facilities and amenities as would enable the workers employed in the industries/factories to perform their ²⁵work in a healthy and pleasant surroundings favorable to good health and high morale. Employee welfare measures increase the productivity of organization and promote healthy industrial relations thereby maintaining industrial peace.

Labour welfare schemes may be statutory, voluntary or mutual. It is statutory when such activities have to be undertaken in lieu of the legislation given by the government like drinking water facility, first aid, electricity etc. It is voluntary when the activities are

undertaken from their own side by the employers, for example providing flexible timing to the employees, providing them with regular health checkup camp etc. It is mutual when all parties join hands to bring about the social and economic upliftment of the workers. Welfare services can be intramural or extramural. Intramural when provided inside the organisation like canteens, restrooms, providing uniforms etc. They are extramural when provided outside the organisation like housing, education, loans etc.

Welfare services can be intramural or extramural. Intramural when provided inside the organisation like canteens, restrooms, providing uniforms etc. They are extramural when provided outside the organisation like housing, education, loans.

10.12 KEYWORDS

Intramural or Extramural It is mutual when all parties join hands to bring about the social and economic upliftment of the workers.

Intramural welfare facilities are those within the working environment and include condition of the working environment.

Extramural: Facilities offered to the workers outside the factory are known as extra-mural facilities. They include better housing accommodations, indoor and outdoor recreation sports, educational facilities.

10.13 SELF – ASSESSMENT QUESTIONS

1. Explain the intramural welfare schemes?
2. Discuss the extramural welfare schemes?
3. What are the intra and extramural welfare facilities ?
4. Examine the approaches to employee welfare?

10.14 FURTHER READINGS

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Lesson – 11

FINANCING OF LABOUR WELFARE

Learning Objectives

- ✓ To study the CBWE
- ✓ To know the aims and objective of CBWE
- ✓ To read about the employee welfare fund
- ✓ To understand the activities of welfare fund

Structure

- 11.0 Introduction
- 11.1 Aims and Objective of CBWE
- 11.2 Services are rendered by the CBWE
- 11.3 Important Activities of ILO
- 11.4 Some Proposed Workers' Education Programs aimed towards Empowering Workers
- 11.5 Employee Welfare Funds
- 11.6 Scope of Labour Welfare Fund
- 11.7 Labour Welfare Position in India
- 11.8 Labor Welfare Work
- 11.9 Summary
- 11.10 Keywords
- 11.11 Self - Assessment Questions
- 11.12 Further Readings

11.0 INTRODUCTION

The Central Board for Workers Education (CBWE) is an autonomous body under the Ministry of Labour & Employment, Government of India. It is registered under the Societies Registration Act, 1860. Started in 1958, the Workers Education Scheme in India has been playing a very significant role in our national development; creating an enlightened and disciplined work force and bringing about desirable behavioural changes in our workforce in the organized, unorganized and rural sectors. It gets grants-in-aid from the Ministry of Labour & Employment to operate its activities. The Scheme of Workers Education aims at achieving the objectives of creating and increasing awareness and educating the workforce for their effective participation in the socio-economic development of the country. To

achieve these objectives, various training programmes are conducted by the Board for the workers of formal and informal sectors at national, regional and unit levels through a network of 50 Regional and 09 Sub-Regional Directorates spread all over the country and an apex Training Institute viz. Indian Institute of Workers Education (IIWE) at Mumbai.

11.1 AIMS & OBJECTIVE OF CBWE

- To strengthen among all sections of the working class a sense of Patriotism, National Integrity, Unity, Amity, Communal Harmony, Secularism and pride in being an Indian.
- To equip all sections of workers, for their intelligent participation in socio-economic development of the nation.
- To develop amongst the workers a greater understanding of the problems of their social and economic environment, their responsibilities towards the family and their rights and obligations as citizens.
- To develop capacity of workers in all aspects to meet the challenges of the country.
- To develop strong, united and more responsible Trade Unions.
- To empower the workers as employees of the organization.
- To meet the needs of workers to have access to ways of acquiring and continuous upgradation of knowledge and skills.

The national level programmes are conducted by the Indian Institute of Workers Education, an apex training institute of the Board established in 1970, while the regional and unit level programmes are conducted through a network of 48 Regional and 15 Sub-Regional Centres spread throughout the country. The four Zonal Directorates established by the Board supervise and monitor the activities of the Regional Centres under their respective zones at Delhi, Mumbai, Calcutta and Chennai.



11.2 SERVICES ARE RENDERED BY THE CBWE

The Board imparts training to the different segments of workers. The training programmes cover workers from the following sectors:

- ✓ Organised Sector
- ✓ Unorganised Sector
- ✓ Rural Sector

A) ORGANISED SECTOR

First level – training is given to the candidates selected through a country-wide advertisement for employment as Education Officers under the Board. After successful completion of training at IIWE, Mumbai, these Education Officers are posted at different Regional Directorates.

Second level, workers from different establishments, sponsored by the Trade Unions and released by employers, are trained at the Regional Directorates. The workers so trained are called Workers Trainers.

Third level, which is the most important level, the Workers Trainers conduct classes for the rank and file of workers in their respective establishments.

B) UNORGANISED SECTOR

- The Board has taken task of educating the workers of unorganised sector ⁷ with a view to develop awareness about their problems. The workers of following units are covered under these programmes:

- Handloom
- Powerloom
- Khadi and Rural Industries
- Industrial Estates
- Small Scale Industries
- Handicrafts
- Sericulture
- Coir Industries
- Beedi Industries
- Other Categories

C) RURAL SECTOR

The Board has launched the rural workers education scheme in 1977-78 with the following objectives:

- To promote among rural workers, awareness of the problems of their socio-economic environment and their privileges and obligations as workers, as members of the village community and as citizens;
- To educate rural workers to enhance their self confidence and build up a scientific attitude;
- To educate the rural workers in protecting and promoting their individual and social interests;
- To educate rural workers in developing their organizations through which they can fulfil socio-economic functions and responsibilities in rural economy and strengthen democratic, secular and socialist fibre of rural society; and
- To motivate rural workers for family welfare planning and to combat social evils.

11.3 IMPORTANT ACTIVITIES OF ILO

Initially the Board's activities were concentrated on educating the workers employed in the organised sector. However, as recommended by the Workers Education Review Committee and agreed by the Govt. of India, the Board shifted its emphasis from organised

sector to the education of workers in rural sector. Starting with seven pilot projects since 1977-78, the rural workers education of the Board has become a regular, continuing and countrywide programme. However the role of the Central Board for Workers Education is mainly educational and motivational through dialogic process to equip rural workers to appreciate and analyse their socio-economic problems through organised action. The categories of workers covered in these rural programmes are in conformity with ILO Convention No. 141 and Recommendation No.149 on rural workers.

Further the Board took initiative to educate the workers of Unorganised and Small Scale Sector industries since 1979 with a view to develop awareness about their problems, difficulties and protective labour laws at work place and help them in finding solutions as well as equip them in developing and strengthening their own organisations. The Board has also been organising since 1984 periodic camps for the workers in the stone quarries and stone crushers of Faridabad District to enlighten them about their rights and entitlements as per the directives of the Hon'ble Supreme Court of India.

In pursuance of the new directions and dimensions, the Board has evolved several specialised short term programmes to meet the growing needs of the workers at grass-root. Short-term programmes on productivity education, population education, participative education are organised at enterprise level while tailor-made programmes were also structured to meet the educational needs of weaker section workers. Joint Educational Programmes have been introduced at the Plant Level for the representatives of workers and management who come together for a purposeful dialogue on selected theme which affect the both. The joint educational programmes have become popular as it gives opportunity for the worker to meet at a common forum.

The Board has recently launched a new programme "Quality of Life for Workers and their Spouses" with a view to mould their attitudes, develop motivation, build up personality, raise family status, maintain good neighbourhood relations, develop awareness about environmental cleanliness, develop a spirit of team work, human relations, productivity consciousness, commitment to discipline, mutual trust and hygiene etc

A) Collaboration

Since 1971, the Board organised several tripartite seminars, workshops and symposia in collaboration with ILO, UNFPA and Department of Family Welfare, Ministry of Health, Government of India.

B) Grants-In-Aid

The Board encourages trade unions and educational institutions to undertake their own workers education programmes with the financial assistance under the Grants-in-Aid Scheme of the Board.

C) International Projects

The International Labour Organisation entrusted the Board with the following projects.

- 1) ILO-UNFPA Project on curriculum development and Teaching Aids on Population Education and Family Welfare.

2) ILO-UNFPA Project on Population Education in the organised sector for production of Educational and Motivational material for Population Education.

3) ILO-UNFPA Project on Population Education Phase-II.

Through these projects, Manuals, Monographs, Pictorial Booklets, Fact Sheets, Talking Points and Visual Aids have been produced for worker educators, teaching institutes, trade union leaders, local union representatives and active worker motivators in Asia and India.

Recently the Board has successfully completed the ILO /IPEC-CBWE Project on "Elimination of Child Labour" under which an action programme was formulated for raising the awareness of workers by developing and inputting capsules on Child Labour into the on-going training programmes of the Board. This Project was limited to 12 Regional Centres of the Board.

11.4 SOME PROPOSED WORKERS' EDUCATION PROGRAMS AIMED TOWARDS EMPOWERING WORKERS

The position of this paper is that workers' welfare, whether at work or home will be greater improved when they are better educated. An illiterate worker not only faces a risk of work-loss but a very limited opportunity for re-engagement as well. She/he also receives better remuneration if better educated. Then following programs are therefore designed to help workers attain a better welfare bargain for self and family whether he/she decides to stay in his/her current job or wishes to join another place of work.

Literacy education: this program is aimed at helping workers who cannot read, write and calculate in any language. The literacy skills will help illiterate workers engage in a meaningful bargain both in seeking job itself in the first place and in regaining any reviews of workers of working condition. In fact with literacy education workers would be safe guided from exploitation.

Continuing education: since the world is dynamic and things change everyday in both offices and industries for workers to remain relevant and capable of handling situation effectively the acquisition of new knowledge, skills, procedures, methods, information etc becomes imperative. This process demands for continuing education in form of training and retaining. Continuing education among other things provides opportunities for workers to be kept abreast of developments in their work situation and adjust accordingly. This opportunity is available through on-the-job training and off-the-job training. In fact, when workers improve their professional status in this direction their life will change for positive

Vocational education: this aims at earning a living and empowerment for self-reliance (Umar,2002). This program will equip workers with different and relevant skills related to their job. It is therefore practical oriented. As such it will avail workers opportunities of acquiring the enabling skills that will assist them in handling machines appropriately. This program among other things gives room for training of workers in different vocational skills such as carpentry, vehicles repair, weaving, painting work, etc so as to profit workers even after their service years as self-employed persons.

Pre-retirement education: The policy as far as 'work' is concerned is that at certain years workers have to retire, at times some workers do tender their voluntary retirement letters to their employers. Retirement as we all know is accompanied with decrease in income, lost of contact with the colleague at work, boredom, sometimes illness as a result of idleness among others. The consequences from retirement in most cases do not go well with retirees

especially decrees in income and adjustment to the life after retirement. Adult education as a humanitarian profession has provided for this group of people to ensure that do not face the challenges of retirement such unfavorable situation described earlier pre-retirement education as a component of workers' education caters for the prospective retirees so that after their service year they will not be demoralized with untold situation. The program focuses on equipping the prospective retirees with necessary information and knowledge to meet the retirement with adequate preparation and enthusiasm. Adjustment strategies to life after retirement constitute an important component of pre-retirement education. Self-employment and entrepreneurial skills and vocation training as well as income management are the priorities of pre-retirement education. Considerable emphasis should be given to the above skills to enable retired workers becomes self-fulfilled and happy retirees.

Labour Education: labour education is the attempt to meet workers education need and interest as they arise from participation in union. It is education directed towards actions. It intends to enable workers be more effective as unionists to help them understand society and fulfill the obligations as citizens and to promote individual development.

⁴¹“Labour education is essential for the achievement of industrial peace and harmony in the workplace. It engenders industries democracy and participation in making of decisions effecting the welfare of workers as well as other conditions of employment” (Imhabekhai 1998).

Leisure education: low-income or low-skill workers (including the non-skilled) whose work is usually very physical are very prone to fatigue and exhaustion. The irony is that although they require the most rest, they often have little opportunity for rest and leisure. Rest and leisure are essentially to recharge a worker for greater creative effort. Leisure is another word for recreation and this includes time for games, hobbies and other higher order pastimes. The argument is given the opportunity to indulge in leisure, such workers may not be able to partake as expected since they are already habituated (even addicted) to exceptionally hard and tiring work. This may do irreparable damage to their physical body, hence the issue of leisure and its education. They therefore need a forum to induct into a systematic way of experiencing leisure such that a higher productivity level is obtained from them, with little or no cost physically. Leisure has therefore become one of the privileges of hand-pressed workers, especially the lowincome and lowly – skilled ones. It is in this regard that the liberal education model becomes imperative in workers' education.

Development education: This program aims at equipping the workers with skills that will ensure that individual workers are flexible enough to retain and regain employment opportunities in the face of economic recession and liberalisation policies as well as the right for personal enrichment and development (kester, Omoregie & Adeyeye 2006:245). It was also emphasised that the idea of including 'development education' into any educational program for the working class citizen is informed by the need to provide a type of education which does more than informing and encourages active individual involvement in the developmental process (Kester, Omoragie & Adeyeye, 2006:245). Development education will empower workers to be able to struggle for addressing socio-political and economic problems of their society, which include the reduction of illiteracy, poverty, misery, job insecurity and uncertainty to the barest minimum.

Computer education: In the present time computer education has become a 'must' for anyone to survive in this 'automated age' where survival depends partly on computer literacy.

Workers certainly require the skills of computer to be able to cope with ever dynamic situations and conditions of home and work.

11.5 **EMPLOYEE WELFARE FUNDS**

Labour welfare refers to all the facilities provided to labour in order to improve their working conditions, provide social security and raise their standard of living. Majority of labour force in India is working in unorganized sector. In order to provide social security to such workers, Government has introduced Labour Welfare Fund to ensure assistance to unorganized labours.

Labour welfare fund is a statutory contribution managed by individual state authorities. The state labour welfare board determines the amount and frequency of the contribution. The contribution and periodicity of remittance differs with every state. In some states the periodicity is annual (Andhra Pradesh, Haryana, Karnataka, Tamil Nadu etc) and in some states it is to be contributed during the month of June & December (Gujarat, Madhya Pradesh, Maharashtra etc).



11.6 SCOPE OF LABOUR WELFARE FUND

The scope of this Act is extended to housing, family care & worker's health service by providing medical examination, clinic for general treatment, infant welfare, women's general education, workers activity facilities, marriage, education, funeral etc. State specific Labour Welfare Funds are funded by contributions from the employer, employee and in few states, the government also.

1 Five different welfare funds, which are governed by different legislations, are administered by Ministry of Labour. The purpose of these welfare funds is to provide housing, medical care, educational and recreational facilities to workers employed in beedi industry and non-coal mines and cine workers.

Schemes under welfare funds provide assistance with respect to the following:

1. Public health and sanitation
2. Housing
3. Recreational (including standard of living)
4. Social security
5. Educational facilities
6. Water supply
7. Transportation
8. Medical facilities (prevention of diseases)
9. Social security-
 - i. Group Insurance Schemes for Beedi and Cine workers
 - ii. Social Security under Mine Workers Welfare Fund
10. Family welfare

The welfare funds are raised by government by imposing cess on manufactured beedis, feature films, export of mica, consumption of limestone and dolomite and consumption and export of iron ore, manganese ore and chrome ore.

11.7 LABOUR WELFARE POSITION IN INDIA

The miserable conditions of labour are responsible for their low efficiency. The Indian workers are proverbially inefficient compared to their counterparts in the industrially developed countries. The lack of proper efficiency of labour in India is mainly due to the absence of welfare measures as are obtainable in the advanced countries. The conditions of Indian workers were utterly deplorable. Since independence, an awakening about the welfare of workers is being noticed. The reasons are not far to seek. Ours is a developing country; rapid industrialisation of the country is of paramount importance. It has been recognised on all fronts to give due consideration to labour as a factor of production to increase industrial productivity. Workers themselves are now more united. So, an atmosphere and environment is now prevalent in India which is conducive to providing various facilities to workers.

It is now an admitted fact that unless workers are given due attention and provided with all amenities, the country is sure to pay a high price for it – the pace of industrialisation has to suffer a set-back. So, the need for labour welfare is now accepted and measures are adopted by different agencies such as Governments, employers, trade unions to better off the lot of the workers through various physical amenities and legislative measures.

We discuss them below:

1. Central Government

Ours is a welfare state wedded to the policy of doing welfare to the people of the country. For the economic rejuvenation of the country, the toiling masses must be taken

care of, their lots must be improved. In this regard, the Government has an active role to play.

The Government has to come forward to bring about intellectual, physical, moral and economic betterment of the workers, so that their whole-hearted and willing co-operation may be readily available for the economic upliftment of the country. In our plan objectives, workers have been accepted as an essential part of the apparatus of industrial and economic administration of the country.

The Central Government has paid its attention to improve the conditions of workers. Various enactments have been promulgated to safeguard the interests of workers, to extend to them economic benefits and social security. The Factories Act, for example, is a bold attempt to extend various facilities to factory workers – their housing facilities, economic benefits, social securities and physical safety etc.

The Mines Act is another piece of legislation that aims at providing welfare to mine workers. So far as mines are concerned, Coal Mines Labour Welfare Fund has been instituted to boost the morale of coal mine workers under the Coal Mines Labour Welfare Fund Act. Similarly, Mica Mines Labour Welfare Fund and Iron Ore Mines Labour Welfare Fund have been created by specific Acts of the Central Government. Again, we find Plantation Labour Act for the welfare of plantation workers.

Besides the various Acts passed for the welfare of labour in mines, plantations and factories, the Central Government has kept its Labour Ministry alive to the conditions of workers. Measures have now been adopted to provide medical aid, legal and financial aid to workers under various schemes.

To ensure industrial safety, various precautionary measures have also been enforced. Prevention of the possibility of accidents has been one of the objectives of the Government's welfare measures and actually the incidence of accident has come down. The Government of India has introduced an industrial housing scheme for the accommodation of industrial workers. Social Security legislations such as The Workmen's Compensation Act, Maternity Benefit Act and The Employees' State Insurance Act have been in force.

2. State Governments

The State Governments in India were more or less indifferent to labour welfare prior to independence. But now various State Governments are very alive to the conditions of labour and are up and doing for the upliftment of the lots of the workers. There are popular governments in some states where workers are adequately taken care of.

Labour fronts of different political parties are now sufficiently strong to press the demands of workers to the Government and the link between the State Governments and the labour wings of political parties is so close that various facilities are now being made available to the workers through the State Government's machinery.

3. Employers

Employers in India today have started realising that they should identify their interest with those of the employees. No prudent management can now ignore the interests of their workers and expect to reap the benefits of higher labour productivity. So, for their own interest, employers are being compelled to adopt welfare measures for the workers.

There are only a few employers in India who have been sympathetic to labour welfare but others are extending various benefits to workers only under compulsion. Several industries such as cotton, jute, textile, engineering, sugar, cement, glass, chemical etc., have been brought under legislative measures to give facilities to the workers.

Without specifying the facilities provided by different industries either under legal compulsion or under union pressure, we can say that employers in India with their professional training background are becoming more and more conscious about the workers whom they now consider the most essential tool to gear up their organisational activities.

Employers who are still maintaining a negative attitude or an indifferent attitude towards workers are surely to pay for their foolishness. Days have changed. All over the world is the slogan for workers to unite. Moreover, employers who fail to understand the potentialities of the labour force, the fullest utilisation of which can bring miraculous results for the organisation, are sure to suffer.

4. Trade Unions

Last but not the least important agent for the welfare of workers is the 'Workers' union. Conflicts between labour and capital existed since industrialisation, they still exist and will continue to exist. The complete harmony and amity between the two opposite-interest groups cannot be achieved.

Not only in India but nowhere in the world has industrial peace been ensured? Here is the role for the Trade Union to play in the matter of bargaining. Various facilities of different nature – economic, social, and cultural – are made available to workers by Trade Unions.

The Indian Trade Unions have not yet been able to do much to ameliorate the lot of their members. Their participation in this sphere has been mainly through their association with the Labour Welfare Advisory Committees constituted by the Governments. It is worthwhile to mention that trade unions in the textile industry (Textile Labour Association) and the Mazdoor Sabha have made provisions for various welfare facilities to the workers.

Educational and cultural upliftments through trade unions have been made possible. With the change in the attitude of the employers (many of whom are governments themselves), the nature of trade unions in India – from militancy to conciliatory – is now noticeable. Various welfare services are now made available to the workers through Trade Unions after the trade union leaders' direct discussions and deliberations with the employers across the table.

However, trade unions should take some measures for the welfare of workers. They should come forward to assist the employers and the Government in formulation and administration of welfare schemes. To find out the needs of the workers and to bring them to the notice of the employers should also come under the purview of trade union activities.

A modern Trade Union has to educate its members, organise for them various inexpensive programmes and to act as a watch-dog of workers' interests. Trade Unions have, as a matter of fact, a great role to play for the welfare of the workers.

Labour welfare is an aid in the form of money or necessities for those in need. It provides facilities to labourers in order to improve their working conditions, provide social security, and raise their standard of living.

To justify the above statement, various state legislatures have enacted an Act exclusively focusing on welfare of the workers, known as the Labour Welfare Fund Act. The Labour Welfare Fund Act incorporates various services, benefits and facilities offered to the employee by the employer. Such facilities are offered by the means of contribution from the employer and the employee. However, the rate of contribution may differ from one state to another.

5. Labour Welfare Fund Expenditure

In general the money in the Fund may be utilized by the Board to defray expenditure on the following:

- Educational facilities for the children of the workers.
- Medical facilities for both private and public-sector employers to facilitate medical facilities for their workers and their families.
- Transport facilities to the workers for commuting to work.
- Recreational facilities in form of music, dance, drama, games, sports, paintings, etc. are usually offered to the employees to build a wholesome working environment.
- Housing facilities under this scheme offer loans to industrial workers for constructing houses at concessional rates.
- Excursions, tours and holiday homes.
- Home industries and subsidiary occupations for women and unemployed persons.
- Reading rooms and libraries.
- Vocational training.
- Nutritious food to children of employees.

11.8 LABOR WELFARE WORK

Workers enable to have a richer and more satisfying life

Increases the standard of living of the workers by indirectly reducing the burden on their pocket. Welfare measures will improve the physical and psychological health of employees. Welfare measures in turn will enhance their efficiency and productivity.

Absorbs the shocks injected by industrialization and urbanization on workers.

Labor welfare Promotes a sense of belonging among workers, preventing them from resorting to unhealthy practices like absenteeism, labour turnover, strike, etc. It improves the relations between employers and employees.

Prevents social evils like drinking, gambling, prostitution, etc. by improving the material, social and cultural conditions of work. Congenial environment as a result of welfare measures will act as a deterrent against such social evils.

11.9 SUMMARY

The workers' education is the education of the worker, by the worker and for the benefit of the worker. It covers a wide arena of education, ranging from general education, adult education, and vocational education to training in trade union leadership.

Workers' education aimed at helping workers in understanding their problems and taking actions in solving them. It also helps workers to become positive thinkers and contented

citizens. Through workers' education the orderly development of workers in their union is ensured.

CBWE is to inculcate awareness among the working class about their rights and obligations for their effective participation in socio-economic development of the country.

A fund usually established by an employer from which benefits are paid to employees in time of sickness or other specified occasion and commonly set up in response to union pressure and as a contractual obligation.

Labour welfare is a fund paid in the form of money or necessities for those in need. It provides facilities to laborers in order to improve their working conditions, provide social security, and raise their standard of living.

11.10 Keywords

CBWE - The Central Board for Workers Education is an autonomous body under the Ministry of Labour & Employment, Government of India.

Activity - To strengthen among all sections of the working class, including rural workers, a sense of patriotism, national integrity, unity, amity, communal harmony, secularism and pride in being an Indian.

Welfare fund - a fund usually established by an employer from which benefits are paid to employees in time of sickness or other specified occasion and commonly set up in response to union pressure and as a contractual obligation.

LWF - Labor Welfare Fund (LWF) is administered by the Ministry of Labor, government of India, in order to provide social security to unorganized labors. It is a deduction made from the employee's wages as well as from the employer.

11.11 SELF - ASSESSMENT QUESTIONS

1. Define CBWE? Discuss the aims and objectives of CBWE?
2. What are the services rendered by CBWE in India?
3. Define welfare fund? What are benefits having employees from the fund?
4. Explain the role of labour welfare fund position in India?

11.12 FURTHER READINGS

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Lesson – 12

WELFARE OFFICER, ROLE STATUS AND FUNCTIONS

Learning Objectives

- ✓ To study the welfare officer
- ✓ To know the duties of welfare officer
- ✓ To learn the role of welfare officer
- ✓ To recognize the functions of welfare officer

Structure

- 12.0 Labour Welfare Officer
- 12.1 Functions of Labour Welfare Officer
- 12.2 Duties of Welfare Officers so widely (Rule 7)
- 12.3 Functions of Welfare Officer
- 12.4 Responsibilities of Welfare Officer
- 12.5 Core Duties and Responsibilities of a Welfare Officer
- 12.6 Role of Welfare Officer under Factory Act Rules
- 12.7 Welfare Officer Career
- 12.8 Social and Community Service for Welfare Officer
- 12.9 Welfare Officer Work Styles
- 12.10 Characteristics of Welfare Officer
- 12.11 Summary
- 12.12 Keywords
- 12.13 Self – Assessment Questions
- 12.14 Further Readings

12.0 LABOUR WELFARE OFFICER

As per the provisions of Section 49 of the Factories Act, 1948 any factory employing more than 500 workers is required to employ a Welfare Officer. In every factory wherein five hundred or more workers are ordinarily employed, the occupier shall employ welfare officer in the factory.

In every factory wherein five hundred or more workers are ordinarily employed the occupier shall employ in the factory such number of welfare officers as may be prescribed.

The State Government may prescribe the duties, qualifications and conditions of service of officers employed under sub-section (1).

¹ A welfare officer to be appointed should possess- (i) a university degree; (ii) degree or diploma in social sciences, social work or social welfare from any recognised institution; and (iii) adequate knowledge of the language spoken by the majority of the workers in the area where the factories, mines and plantations are situated.

The National Commission on Labour has stated that, "laws were made to ensure that the managements appointed a person exclusively to look after the welfare of their workers and help them in discharging their statutory obligations in respect of welfare measures. Welfare Officers should form part of the administration in order to discharge their responsibilities effectively. Therefore, the eligibility of a Welfare Officer must be ensured before his appointment. The Welfare Officer should not be called upon to handle labour dispute on behalf of the management."

The Committee on Labour Welfare, after going through the views expressed by the State Governments, public sector undertakings, private employers' organisations, workers' organisations and eminent persons in the field of relations and on the role and status of welfare officer, recommended that-

Number of Welfare Officers:- The occupier of every factory where ²² 500 or more workers, are employed, shall appoint ¹⁹ at least one Welfare Officer upto 2000 workers and one additional per every 1000. A Lady Welfare Officer, wherein 500 women workers are employed.

¹⁹ Qualifications:- A person shall not be eligible for appointment as Welfare Officer unless he possesses- (a) a Degree in social science or in Law of any University; (b) a Degree or Diploma in ⁶⁰ Industrial Relations and Personnel Management covering Labour Welfare, as special subject, "The management should designate one of the existing officers to their personnel department as welfare officer to fulfill the purpose of the law. The management should ensure that only such officers of the personnel department are designated to look after the welfare activities as are properly qualified to hold these posts and have aptitude for welfare work."

12.1 FUNCTIONS OF LABOUR WELFARE OFFICER

In actual practice, the welfare officer has been entrusted with the following functions:

A. Supervision

- (i) Safety, health and welfare programmes; housing, recreation, and sanitation services;
- (ii) Looking after the working of the joint committee;
- (iii) Grant of leave with wages; and
- (iv) Redressal of workers' grievances.

B. Counselling Workers

- (i) Personal and family problems;
- (ii) Adjusting to work environment; and
- (iii) Understanding rights and privileges.

C. Advising the Management on Matters

- (i) Formulating welfare policies;
- (ii) Apprenticeship training programmes;
- (iii) Meeting statutory obligations to workers;
- (iv) Developing fringe benefits; and
- (v) Workers' education and use of communication media.

D. Establishing Liaison with Workers

- (i) Understand the various limitations under which they work;
- (ii) Appreciate the need of harmonious industrial relations in the plant;
- (iii) Interpret company policies to workers; and
- (iv) Persuade workers to come to a settlement in the event of a dispute.

E. Establishing Liaison with the Management

- (i) Appreciate the workers' viewpoint on various matters;
- (ii) Intervene on behalf of the workers in matters under the consideration of the management;
- (iii) Help different department heads to meet their obligations;
- (iv) Maintain harmonious industrial relations in the plant; and
- (v) Suggest measures for the promotion of the general well-being of workers.

F. Working with the Management and Workers

- (i) Maintain harmonious industrial relations in the plant;
- (ii) Arrange a prompt redressal of grievances and speedy settlement; and
- (iii) Improve the productivity and productive efficiency of the enterprise.

G. Working with the Public

- (i) Secure a proper enforcement of the various provisions of the Acts as applicable to the plant by establishing contact with factory inspectors, medical officers and other inspectors;
- (ii) To help workers to make use of community services.

It is obvious that the duties and functions entrusted to a Welfare Officer range from assisting the management in policy formulation and implementation to supervising welfare programme, establishing contacts with workers and the public, solving workers' problems and grievances.

The National Commission on Labour has stated, "the care of workers in all matters affecting their well-being, both at the place of work and outside, puts a special responsibility on the welfare officer. He should be a 'maintenance engineer on human side.' In many cases, he also handles grievances and complaints of workers relating to terms and conditions of service and domestic and other matters which lie in the domain of personnel management. There is, thus, virtually, no demarcation between personnel management functions and welfare functions."

The Commission recommended that "in order to reduce the hierarchical hiatus in the status of these two officers, there should be an interchange to encourage professional functional mobility and to eliminate the functional monopoly as well the hierarchical status problems."

A Welfare Officer in India is a "multi-purpose personnel officer." He is a mainly concerned with welfare of the staff with a role of staff adviser or specialist. He is expected to act as an adviser counsellor, mediator and a liaison-man between the management and labour, i.e., to act as a "maintenance engineer on the human side."

12.2 DUTIES OF WELFARE OFFICERS SO WIDELY (RULE 7)

- (1) Helping maintain harmonious relation between factory management and workers.
- (2) Redressal of workers' grievances.
- (3) Providing feedback to management regarding labours' point of view "to shape and formulate labour policies and to interpret these policies to the workers."
- (4) To watch industrial relations and settle disputes by "persuasive efforts."
- (5) To advise management on the implementation of health and safety programmes.
- (6) To promote productive efficiency.
- (7) Amelioration of the working conditions and helping workers to adjust and adapt themselves to the working environment, and
- (8) Personnel counseling — advising workers on individual personal problems, etc.

It will, thus, be observed that practically the whole gamut of personnel management, except disciplinary action, recruitment, and promotion seem to be comprised in this formulation. Based on these Central Model Rules we give below the duties authority and responsibilities of Labour Welfare Officer in India.

In the United Kingdom, these duties are performed by personnel officers. It may, therefore, be said that the government has unconsciously attempted to develop the institution of personnel management through the appointment of welfare officers in industries. However, in the USA and the UK, the personnel manager is an integral part of the top level management and is on a par with the manufacturing and marketing managers. He is clearly defined "staff" and not "line" function. He is in touch with all personnel, enjoys the trust, confidence and respect of all ranks, a position which enables him to advise both management and labour.

In that sense the personnel manager is the most powerful bridge connecting the management with labour. He is the central figure in any productivity programme. Contrary to this, the personnel function in India has not made rapid advances. This may be attributed to the impediments in its way.

12.3 FUNCTIONS OF WELFARE OFFICER

Welfare section headed by the Welfare Officer is responsible for the over-all well being of the office. It aims to improve the working conditions of staff, increase the overall working efficiency of the office, boost the morale of employees, and bring in a professionally cordial atmosphere. The Welfare Officer strives to establish a feeling of confidence amongst staff, serves the cause of employees, and invests to promote internal and external goodwill. This section looks into comprehensive welfare through diversified activities and plays a vital role in increasing work-life balance, good health, and fitness, liaising, hospitality, and social harmony.

A) Staff Welfare:-

i) **Staff Grievances-** Giving personal hearing to individual staff regarding their difficulties.

ii) **Medical Assistance-** Assistance to staff taken ill, providing first aid, and attending to all work related to CGHS. Arrangements are made for annual health check-ups of IA&AS officers.

iii) Assistance to the family of employees- Helping in the admission of children of staff in schools & colleges. Attending to difficulties faced by survivors of the members of deceased employees in settlement of claims and to render help and prepare verification report by personally visiting the family of deceased staff for compassionate appointments. Facilitating scholarship to eligible wards of staff for higher education.

iv) Canteen- Ensuring a clean and hygienic functioning cafeteria serving nutritious food to staff.

v) Office Amenities- Ensuring proper facilities and amenities like sanitization facilities, safe drinking water, overall hygiene, ladies' room, etc are made available for the staff.

vi) Retirement & Condolence meet- Retirement function for retirees is organized as and when the occasion arises and arrangements are also made for timely payment for dues of retirees. Condolence meet is also arranged for deceased staff.

vii) Sports & Recreation Activities:-

viii) Sports- Organising sports activities like cricket, carom, badminton, table tennis, chess. Encouragement of players for participation in sports. Indoor facilities for carom, table tennis and chess are also provided.

ix) Cultural Activities- Organising annual day, fun n fair, holding exhibition to promote the ministry of tribal, etc. Holding the " Shravan Dhara" program to encourage the officials to have singing talent and also has programs to promote dramatics , art, literary and other activities among staff. The annual Picnic is also organized the staff and their children.

x) Yoga and Gym- Yoga day is celebrated with staff members and also a separate Gymnasium and Yoga room has been arranged for staff welfare.

B) Activities

i) Co-ordination with CPWD- Resolving any civil or electric issue or problem faced by the office by coordinating with CPWD authorities.

Modernizing of entire office with modular furniture, modern washrooms and state of the art infrastructure in co-ordination with CPWD and intimating Head quarters for necessary sanction of funds on the basis of the preliminary estimate provided by CPWD. Modernization of office.

12.4 RESPONSIBILITIES OF WELFARE OFFICER

- i. To establish contacts and hold consultations with a view to maintaining harmonious relations between the factory management and workers
- ii. To bring to the notice of factory management, the grievances of workers, individual as well as collective, with a view to securing their expeditious redress and to act as a Liaison Officer between the management and labour
- iii. To study and understand the point of view of labour in order to help the factory management to shape and formulate labour policies and to interpret these policies to the workers in language they can understand
- iv. To advise on the fulfillment by the concerned departments of the factory management of obligations statutory or otherwise concerning the application of the provisions of the Factories Act, 1948 and the rules made there under and to establish liaison with the Inspector of Factories, and the medical services concerning medical examination of employees, health records, supervision of hazardous jobs, sick visiting and convalescence, accident prevention and supervision of safety committees, systematic plant inspection, safety education, investigation of accidents, maternity benefits and workmen's compensation;
- v. To advise on fulfillment by the management and the concerned departments of the factory of their obligations, statutory or otherwise, concerning regulation of working

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	hours, maternity benefit, compensation for injuries and sickness and other welfare and social benefit measures ;	
vi.	To advise and assist the management in the fulfillment of its obligations, statutory or otherwise concerning prevention of personal injuries and maintaining a safe work environment, in such factories where a Safety Officer is not required to be appointed under the enabling provisions under Section 40-B	
vii.	To encourage the connotation of works and joint production committees, co-operative societies, and welfare committees and to supervise their work to encourage provision of amenities such as canteens, shelters for rest, creches, adequate latrine facilities, water, sickness and benevolent scheme payments, pension and superannuation funds, gratuity, payments, granting of loans and legal advice to workers	
viii.	To help the factory management in regulating the grant of leave with wages and explain to workers the provisions relating to leave with wages and other leave privileges and to guide the workers in the matter of submission of applications for regulating authorised absence;	
ix.	To advise on provision of welfare facilities such as housing facilities food-stuffs, social and recreational facilities and sanitation and on individual personal problems and on the education of children;	
x.	To advise the factory management on questions relating to training of new starters, apprentices, workers on transfer and promotion, instructors and supervisors; supervision and control of notice board and information bulletins; to further the education of workers and encourage their attendance at technical institutes;	
xi.	To suggest measures which will serve to raise the standard of living of workers and in general, promote their well being;	
xii.	Welfare Officers not to deal with disciplinary cases or appear on behalf of the management against workers: – No Welfare Officer shall deal with any disciplinary case against a worker or appear before a conciliation office or in a Court or Tribunal on behalf of the Factory management against any worker or workers.	
xiii.	Good communication and interpersonal skills. patience, empathy and tact. an investigative mind. thorough knowledge of issues in education, such as bullying, special needs, disaffection and exclusion.	

12.5 CORE DUTIES AND RESPONSIBILITIES OF A WELFARE OFFICER

- 1) Works as a path between workers and management to ensure each party's utmost interest.
- 2) Maintain good workers and employer relationships within the organization.
- 3) Compliant management of workers as early as possible.
- 4) Provide ideas to the management of the factory while there is any internal labor management policy is formulated.
- 5) Guide workers on how to communicate with stakeholders to bring the most out of the factory facilities.
- 6) Monitor the worker's health and safety issues and take the necessary steps while it is required.
- 7) Look after and ensure the necessary needs in the workplace like; toilets, dining facilities, medical centers, child care facilities.
- 8) Closely monitor the cases of sexual abuse of female workers, if any issues arise take immediate actions to resolve.
- 9) Counseling the workers are not mentally disturbed with any situations and monitor the improvement.

Labour Administration...	12.7	Welfare Officer...
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- 10) Communicate the worker's needs in the workplace.
- 11) Provide guidelines on how a worker can avoid any hazardous situation and precautions against fire and safety in the workplace.
- 12) Keep records of all the activities done for welfare management.
- 13) Arrange training and awareness programs for the workers so that they can keep themselves from involving in any unlawful activities.
- 14) Develop good practice on the production floor to ensure a better working place.

12.6 ROLE OF WELFARE OFFICER UNDER FACTORY ACT RULES

- a) To encourage provision of amenities such as canteens, shelters for rest, creches, adequate latrine facilities, drinking water, sickness and benevolent scheme payments, pension and superannuation funds, gratuity payments, granting of loans and legal advice to workers;
- b) To help the factory management in regulating the grant of leave with wages and explain to the workers the provisions relating to leave with wages and other leave privileges and guide the workers in the matter of submission of application for grant of leave for regulating authorised absence;
- c) To advise on provision of welfare facilities, such as housing facilities, foodstuffs, social and recreational facilities, sanitation, advice on individual personnel problems and education of children;
- d) To bring to the notice of the factory management the grievances of workers, individual as well as collective, with a view of securing their expeditious redress and act as a liaison officer between the management and labour;
- e) To establish contacts and hold consultations with a view to maintaining harmonious relations between the factory management and workers;
- f) To study and understand the point of view of labour in order to help the factory management to shape and formulate labour policies and to interpret these policies to the workers in a language they can understand;
- g) To watch industrial relations with a view of using his influence in the event of a dispute between the factory management and workers and to help to bring about a settlement by persuasive effort;
- h) To advise on fulfillment by the management and the concerned departments of the factory of obligations, statutory or otherwise, concerning regulation of working hours, maternity benefit, medical care, compensation for injuries and sickness and other welfare and social benefit measures;
- i) To promote relations between the concerned departments of the factory and workers which will bring about productive efficiency as well as amelioration in the working conditions and to help workers to adjust and adapt themselves to these working environments;
- j) To encourage the formation of Works and Joint Production Committees, Cooperative Societies and Welfare Committee, and to supervise their work;
- k) To advise the factory management on questions relating to training of new starters, apprentices, workers on transfer and promotion, instructors and supervisors, supervision and control of notice board and information bulletins to further education of workers and to encourage their attendance at technical institutes; and

12.7 WELFARE OFFICER CAREER

Job as a Welfare Officer falls under the broader career category of Social and Community Service Managers. The information on this page will generally apply to all careers in this category but may not specifically apply to this career title.

Job Description for Social and Community Service Managers: Plan, direct, or coordinate the activities of a social service program or community outreach organization. Oversee the program or organization's budget and policies regarding participant involvement, program requirements, and benefits. Work may involve directing social workers, counselors, or probation officers.

12.8 SOCIAL AND COMMUNITY SERVICE FOR WELFARE OFFICER

1. **Social Perceptiveness** - Being aware of others' reactions and understanding why they react as they do.
2. **Service Orientation** - Actively looking for ways to help people.
3. **Complex Problem Solving** - Identifying complex problems and reviewing related information to develop and evaluate options and implement solutions.
4. **Judgment and Decision Making** - Considering the relative costs and benefits of potential actions to choose the most appropriate one.
5. **Coordination** - Adjusting actions in relation to others' actions.
6. **Active Listening** - Giving full attention to what other people are saying, taking time to understand the points being made, asking questions as appropriate, and not interrupting at inappropriate times.
7. **Critical Thinking** - Using logic and reasoning to identify the strengths and weaknesses of alternative solutions, conclusions or approaches to problems.
8. **Active Learning** - Understanding the implications of new information for both current and future problem-solving and decision-making.
9. **Monitoring** - Monitoring/Assessing performance of yourself, other individuals, or organizations to make improvements or take corrective action.
10. **Time Management** - Managing one's own time and the time of others.
11. **Management of Personnel Resources** - Motivating, developing, and directing people as they work, identifying the best people for the job.
12. **Reading Comprehension** - Understanding written sentences and paragraphs in work related documents.
13. **Writing** - Communicating effectively in writing as appropriate for the needs of the audience.
14. **Speaking** - Talking to others to convey information effectively.
15. **Systems Analysis** - Determining how a system should work and how changes in conditions, operations, and the environment will affect outcomes.
16. **Systems Evaluation** - Identifying measures or indicators of system performance and the actions needed to improve or correct performance, relative to the goals of the system.
17. **Learning Strategies** - Selecting and using training/instructional methods and procedures appropriate for the situation when learning or teaching new things.
18. **Instructing** - Teaching others how to do something.
19. **Persuasion** - Persuading others to change their minds or behavior.
20. **Negotiation** - Bringing others together and trying to reconcile differences.
21. **Operations Analysis** - Analyzing needs and product requirements to create a design.
22. **Mathematics** - Using mathematics to solve problems.

23. **Management of Welfare Resources** - Determining how money will be spent to get the work done, and accounting for these expenditures.

12.9 WELFARE OFFICER WORK STYLES

1. **Leadership** - Job requires a willingness to lead, take charge, and offer opinions and direction.
2. **Integrity** - Job requires being honest and ethical.
3. **Dependability** - Job requires being reliable, responsible, and dependable, and fulfilling obligations.
4. **Adaptability/Flexibility** - Job requires being open to change (positive or negative) and to considerable variety in the workplace.
5. **Initiative** - Job requires a willingness to take on responsibilities and challenges.
6. **Self Control** - Job requires maintaining composure, keeping emotions in check, controlling anger, and avoiding aggressive behavior, even in very difficult situations.
7. **Stress Tolerance** - Job requires accepting criticism and dealing calmly and effectively with high stress situations.
8. **Cooperation** - Job requires being pleasant with others on the job and displaying a good-natured, cooperative attitude.
9. **Persistence** - Job requires persistence in the face of obstacles.
10. **Concern for Others** - Job requires being sensitive to others' needs and feelings and being understanding and helpful on the job.
11. **Achievement/Effort** - Job requires establishing and maintaining personally challenging achievement goals and exerting effort toward mastering tasks.
12. **Attention to Detail** - Job requires being careful about detail and thorough in completing work tasks.
13. **Social Orientation** - Job requires preferring to work with others rather than alone, and being personally connected with others on the job.
14. **Analytical Thinking** - Job requires analyzing information and using logic to address work-related issues and problems.
15. **Independence** - Job requires developing one's own ways of doing things, guiding oneself with little or no supervision, and depending on oneself to get things done.
16. **Innovation** - Job requires creativity and alternative thinking to develop new ideas for and answers to work-related problems.

12.10 CHARACTERISTICS OF WELFARE OFFICER

Think about whether you have the following characteristics:

- a) A positive attitude and sense of humor
- b) Ability to maintain a healthy balance between your personal and professional life
- c) Ability to work with clients and achieve positive outcomes
- d) Good communication, organization, critical thinking, problem solving, and time management skills
- e) Professional commitment to clients
- f) Resilience, flexibility, and high energy
- g) Realistic expectations about the challenges of the work
- h) Willingness to reflect on your work and learn from others

12.11 SUMMARY

Welfare section headed by the Welfare Officer is responsible for the over-all well being of the office. It aims to improve the working conditions of staff, increase the overall working efficiency of the office, boost the morale of employees, and bring in a professionally cordial atmosphere.

The welfare officers can offer help and guidance to anyone affected by personal, domestic or work-related problems by gathering information about the issue.

In particular, the welfare officer will ask you about the nature of the problem and what steps have already been taken to resolve it. He or she will then suggest or explore options to help you progress the issue or arrive at a resolution.

Finally, a welfare officer is mainly working for ensuring a positive work environment for the workers which will ultimately be beneficial for both workers and management. The reason behind appointing a welfare officer is to reduce the worker's conflict within the factory.

12.12 KEYWORDS

Welfare officer - a person who gives people help and advice.

The council has a welfare officer to help staff with work and personal issues and there are stress management programmes.

Welfare purpose - The purpose of employee's welfare is to develop personality of the workers to make a better workforce.

What do welfare officer - The Welfare Officer is responsible for promoting safeguarding within their venue and working with others to ensure a safe and inclusive environment is achieved.

12.13 SELF – ASSESSMENT QUESTIONS

1. Define welfare? Discuss about the welfare officer?
2. Explain the duties and responsibilities of welfare officer?
3. Discuss about the role of welfare officer in industries?
4. What are the functions of welfare officer?

12.14 FURTHER READINGS

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LESSON-13

33 CONCEPT AND SCOPE OF SOCIAL SECURITY

Learning objectives

- ✓ To Study the concept of Social Security
- ✓ To understand the Need and Characteristics of Social Security
- ✓ To learn the Similarities and difference between Social assistance and Social Insurance
- ✓ To Discuss the Directives of state to secure social Security Measures

Structure

13.0 Introduction

13.1 2 Concept of Social Security

13.2 Definition of Social Security

13.3 Scope

13.4 Need for Social security

13.5 Characteristics of Social security

13.6 Social Assistance

13. 7 Social Insurance

13.8 2 Similarities and Differences between Social Assistance and Social Insurance

13.9 Aim of Social security

13.9.1 Compensation

13.9.2 Restoration

13.9.3 Prevention

13.10 Social Security and Human Resources

13.11 Constitutional Status of Social security in India

13.12 Directives of State to secure Social Security Measures

13.12.1 79 Right to work, to Education, to Public Assistance in Certain cases

13.12.2 Provision of Just and Humane Conditions

13.12.3 Living wage for workers

13.13 Summary

13.14 Key words

13.15 Self Assessment Questions

13.16 Suggested Readings

13.0 INTRODUCTION

The concept of social security has evolved over a period of time. In the primitive societies it was mankind's struggle against insecurity to protect himself from the vagaries of nature or finding the basic necessities of day today life. Later community living came into existence which brought the family to provide adequate social measures for the needy. With the rapid industrialization, there was break up of family setup destructing the traditional system resulting In need for institutionalized and state-cum society regulated social security arrangement. Therefore, the concept of social security kept evolving and widening as there is no commonly accepted definition of the term. Hence, an attempt has been made in this chapter to discuss the concept, definitions along with the background of origin and development of social security

13.1 CONCEPT OF SOCIAL SECURITY

All the industrial countries of the world have developed measures to promote the economic security and welfare of individual and his family. These measures have come to be called as social security. Social security is dynamic concept and an indispensable chapter of a national programme to strike at the root of poverty, unemployment and diseases. Social security may provide for the welfare of persons who become incapable of working by reason of old age, sickness and invalidity and or unable to earn anything for their livelihood. It is necessary to analyze various definition of social security in order to appreciate the nature and concept of social security.

13.1.1 Definitions Of Social Security

Definition by Sir William Beveridge

In 1942, Sir William Beveridge headed a committee that reviewed the national schemes of social insurance in Great Britain during the post war period. In his report he defines social security as follows:

"The security of an income to take place of the earnings when they are interrupted by unemployment by sickness or accident to provide for retirement through age, to provide against the loss of support by the death of another person and meet exceptional expenditure, such as those connected with birth, death and marriage.

The Beveridge report argued that there were 'five giants' that were stalking the land and that should be tackled. They are want ,disease, ignorance, squalor and idleness Beveridge report is seen as the foundation stone of the current social security system as he has suggested that social security system would play a role in reducing inequality and preventing poverty if social security is intended to fulfill the need "to abolish want by ensuring that every citizen willing to serve according to his powers has at all times an income sufficient to meet his responsibilities.

Definitions by ILO

A systematic attempt was made by ILO in defining social security. ILO defines social security as follows:"The security that society furnishes, through appropriate organization, against certain risks, to which its members are exposed. These risks are essentially contingencies against which the individuals of small means cannot effectively provide by his,

own ability or foresight alone or even in private combination with fellows". These risks are being sickness, maternity, invalidity, old age and death. It is the characteristics of these contingencies that they imperil the ability of the working man to support himself and his dependents in health and decency.

ILO Social Security (Minimum Standards) Convention No.102 of 1952 defines Social Security to mean: "The result achieved by a comprehensive and successful series of measures for protecting the public (or a large sector of it) from the economic distress, that, in the absence of such measures, would be caused by the stoppage of earning in sickness, unemployment or old age and after death; for making available to that same public medical care as needed; and for subsidizing families bringing up young children". As per the contention of ILO social security is a multi-winged and multi-faceted concept. It also observed that social security is the basic need of all people regardless of employment in which they work and live. It should be begun with birth and should continue till death.

Definition by National Commission on Labour Social security envisages that the members of the community shall be protected by collective action against social risks causing undue hardship and privation to individuals whose primary resources can seldom be adequate to meet them. The concept of social security is based on ideals of human dignity and social justice.

The underlying idea behind social security measures is that a citizen who has contributed or is likely to contribute to his country's welfare should be given protection against certain hazards or as consequence of it". Thus the National Commission on Labour observed that the citizen who has contributed to his country's welfare should be given protection against certain contingencies of work life to which he is exposed as every worker is an active partner in a protective process and hence, he has legitimate right to claim social security benefits to safe guard against economic insecurity as a condition of human survival.

Definition by Fried Lander Fried Lander defines social security as "a programme of protection provided by the society against these contingencies of modern life- sickness, unemployment, old age, dependency, industrial accidents and invalidism against which the individual cannot be expected to protect himself and his family by his own ability or foresight.

According to him the concept of social security is used to describe as a programme of protection to assure the justified share to the working class by covering certain risks to which a person is exposed in which these risks are such that an individual with meager earnings cannot afford.

Definition by Giri (V.V.) V.V. Giri defines Social security as "Social security, as currently understood, is one of the dynamic concepts of the modern age which is influencing social as well as economic policy. It is the security that the state furnishes against the risks which an individual of small means cannot, today, stand up to by himself or even on private combination with his fellow countrymen. Sin field describes social security situationally i.e., as a state of complete protection against the loss of resources Berghman views social security as a situation of complete protection against human damage.

13.2 IMPORTANCE OF SOCIAL SECURITY

India is poor country. In our country, the wages of most of the Industrial workers are not sufficient. They cannot bring up their families property. In addition to this, most of our

workmen are addicted to several evils. As result of this, they face many social problems like diseases, unemployment, illiteracy, ignorance and squalor etc. They alone find themselves unable infighting against these problems due to their limited economic means and high prices. Social Security measures may prove very helpful in enabling these poor workers in facing all these problems. The importance of Security in India can be explained as under:

1. The schemes of social security protect poor workers against social problems and develop the feeling of hope in their life.
2. The scheme of insurance, helps the widow and the children of deceased worker .These children can continue their education and they can help in social activities.
3. The scheme of unemployment insurance helps in case of unemployment.
4. The scheme of health insurance relieves the workers from worries and education improves self confidence among them.
5. The scheme of old age pension helps in maintaining the efficiency and confidence of the workers because they feel safe and secured about their old age. The scheme of social assistance is helpful in the development and growth of national prosperity.
7. Social security schemes help in reducing many social evils like beggary, dishonesty and prostitution etc.

13.3 SCOPE

In a free competitive market the level of wages payable to workers is determined by forces of demand and supply. In a welfare State the protection of the interests of workers is one of the aims of any legislation which is enacted in the labor field. The same is true with regard to the Minimum Wages Act enacted by the Indian Parliament. The Indian labor class besides being illiterate is by and large not organized to protect its interests in a competitive market where supply of labor is always in excess of demand. Under such conditions the labor class left to itself is unable to protect its legitimate interests. In a country which is still under-developed the exploitation of labour in certain industries is a common feature due to the reasons that unemployment and few avenues for gainful employment force the laborers to accept the employment even on starvation wages.

Therefore, the Act was enacted to secure the welfare of the workers in a competitive market by providing for a minimum limit of wages in certain employments. The object of this Act is to prevent exploitation of the workers and for this purpose, it aims at fixation of minimum wages, which the employer must pay. What the act purports to achieve is to prevent exploitation of labour and for that purpose authorizes the appropriate government to take steps to prescribe minimum rates, of wages in the Scheduled industries. What is being prescribed is minimum rates of wages which a welfare State assumes every employer pay before he employs labour. It is only with regard to certain specified industries that the provisions for the payment of statutory minimum wages have been laid down. The legislature undoubtedly intended to apply the those industries or localities, in which, by reason of causes such as unorganized labour or absence of machinery for regulation of wages, the wages paid to workers were in the light of the general level of wages and subsistence, inadequate. The provisions of the Act are intended to achieve the object of doing social justice or workers employed in the Scheduled employments by prescribing minimum rates of wages for them. Therefore, the legislature intended to apply this Act not to all industries but to those industries only where by reason of unorganized labour or want of proper arrangements for effective regulation of wages or other causes the wages are very low. The concept of locus stand has also been enlarged with a view to ensure the application of the law.

The Act contemplates that minimum wages rates must ensure not the mere physical need of the worker which would keep him just above starvation but ensure for him not only his subsistence and that of his family but also preserve his efficiency as a workman. It should, therefore, provide not merely the bare subsistence of life but the preservation of the workers health and for some measure of education, medical requirements and amenities.

In view of Directive Principles of State Policy as enshrined in Article 43 of the Constitution, it is beyond doubt that the securing of living wages to labourers which ensures not only bare physical subsistence but also the maintenance of health and decency, is conducive to the general health of the public. The Minimum Wages Act was enacted to fulfil the aspiration of the workers as contained in the resolution based on the Geneva Convention held in 1928, which reads:

"If the labourers are to be secured the enjoyment of minimum wages and they are to be protected against exploitation by their employers, it is absolutely necessary that restraint should be imposed upon their freedom, of contract and such restrictions cannot in any sense be said to be unreasonable. On the other hand, the employers cannot be heard to complain if they are compelled to pay minimum wages to their labourers even though the labourers on account of their poverty and helplessness, are willing to work on lesser wages."

Therefore, the entire scheme of the Act is a pointer towards the direction of ensuring minimum wages to workers engaged in certain specified industries. The fact that an employee might find it difficult to carry on business on the basis of minimum wages is an irrelevant consideration. The employer is required to bear this necessary burden in the general social interest failing which he has no right to exist. The constitutionality of the Act was challenged, before the Supreme Court in the case of *Bijay Cotton Mills Ltd. v. State of Ajmer*.

The Supreme Court while upholding the constitutional validity held "it can scarcely be disputed that securing of living wages to labourers which ensures not only bare physical subsistence but also the maintenance of health and decency, is conducive to the general interest of the public. This is one of the Directive Principles of the State Policy embodied in Article 43 of the Constitution. It is well known that in 1928, there was a minimum wages fixing machinery convention held at Geneva and the resolutions passed in that convention were embodied in the international labour code. The Minimum Wages Act was said to have been passed with a view to give effect to these resolutions. If the labourers are to be secured in the enjoyment of minimum wages and they are to be protected against exploitation by their employers, it is absolutely necessary that restraint should be imposed upon their freedom of contract and such restrictions cannot in any sense be unreasonable and the restrictions though they interfere to some extent with the freedom of conducting business guaranteed under Article 19 (1)(g)" of the Constitution are reasonable and; being imposed in the interest of general public, are protected by the Act.

However, the Act does not provide for a review of the decision of appropriate government but that by itself is not sufficient to make the provisions of the Act unreasonable. Having regard to the object and scope of the Act and its material provisions, the word 'employee' defined in Section 2(i) of the Act does not include an ex-employee. Therefore, only a person who is in the actual employment of the employer under Section 20 of the Act is entitled to make the application.

The Minimum Wages Act is, as is all other like legislation, a welfare measure to alleviate the suffering of sections of the society laboring under economic distress. However, knowledge of one's rights or the capacity or strength to enforce it often does not exist among the relevant classes. It is through public interest litigation, a strategic aim of the legal aid movement, that the problems of the Poor are now coming to the forefront and the entire theatre of law is changing. The writ petitions as evidenced in People's Union for Democratic Rights v. Union of India, is such an instance of public interest litigation.

13.4 ¹² NEED FOR SOCIAL SECURITY

Modernization and urbanization have resulted in radical socio-economic changes and give rise to new conflicts and tensions consequent upon the erosion of age old family and fraternal security. The transition from agricultural economy to an industrial economy brought in special accompanied problems like industrial accidents in serious dimensions. Hence the joint family system, workers mutual aid societies, private savings etc. are found to be out dated and inadequate to the tempo of modern life to provide relief in the event of sickness, old age, maternity, unemployment, employment injury etc. Human development insists that everyone should enjoy minimum level of security. Workers also want to be free from economic threats which disrupt in their daily lives. Hence, there must be a system in which the state bears the responsibility for providing and ensuring a basic level of social security which is an essential ingredient in the protection, development and full utilization of human resources

As social security is one of the fundamental needs of the modern human society to provide for alternative sources of income to the workers at the time of contingencies through a concerted effort of the most appropriate organizations, it was very much realized by the state regarding the importance of protecting the victims from the contingencies in work life. It is to meet this type of need the institution of social security is developed.

13.5 CHARACTERISTICS OF SOCIAL SECURITY

The purpose of any social security measure is to provide individuals and families the confidence that their standard of living will not be eroded by meeting with such socio-economic contingencies in their life. The concept of social security varied from country to country. This is understandable in a way because of the differential social and economic development of societies in different parts of the world. But the need for economic protection is universal and hence social security measures have three major characteristics even though they vary from country to country and from time to time according to the need of the people and countries resources. They are as follows:

Social security measures are established by law. They provide cash benefit to replace at least a part of income in meeting contingencies such as unemployment, maternity, employment injury, sickness, old age etc. These benefits are provided in three major ways such as social assistance, social insurance and public services. The most well known techniques adopted by social security at present are no doubt social assistance and social insurance which are discussed as follows:

13.6 SOCIAL ASSISTANCE

Social assistance schemes will grant benefits to people needing them. Social assistance is a device organized by the state by providing cash assistance and medical relief,

to such members of the society as they cannot get them from their own resources. The ILO defines social assistance scheme as one that provides benefits to persons of small means granted as of right in amounts sufficient to meet a minimum standard of need and financed from taxation.

The special characteristic of this measure is that it is financed wholly from the general revenues of the state and the benefits are provided free of cost. But the beneficiary has to satisfy means test which means certain prescribed conditions. The first risk to be covered was that old age, but gradually non-contributory benefits were also introduced for invalids, survivors and unemployed persons as well. Today social assistance programmes cover programme like unemployment assistance, old age assistance, national assistance. Thus, the social assistance underlines the idea that the care of people could not be left to voluntary charity and should be placed on a compulsory and statutory basis. It represents, "the unilateral obligation of the community towards its dependent groups".

13.7 SOCIAL INSURANCE

Social Insurance was first introduced in Germany by Bismark and since spread all over the world. Social insurance is a plan insurance which aimed for protecting the wages of those workers who do not have sufficient source to support their own self or their families in case of loss of income due to meeting contingencies in their work life. Lord William Beveridge has defined social insurance as "plan of insurance of giving in return for contributions benefits upon subsistence level, as a right and without means test so that individuals made build freely upon it."

From the above analysis the following ingredients may be regarded as basic features of scheme of social insurance:

Certain risks which cannot be faced by the persons in their individual capacity are faced collectively by a group of persons;

For that purpose they have pooled together their resources; Benefits are provided to them in case of contingency; This makes them maintain their standard up to a subsistence level Benefits are payable to them according to rates prevalent as a matter of right in accordance with their salary or income; and The payment of contribution is obligatory since they are insured against the risk compulsorily.

13.8 SIMILARITIES AND DIFFERENCES BETWEEN SOCIAL ASSISTANCE AND SOCIAL INSURANCE

Social assistance and social insurance have some similar features because both are social in approach and are organized under a law passed in this behalf. Both provide a legal title to benefits. But both differ from each other in some respects. First, social assistance is financed by the general tax payers, while social insurance is financed by tripartite or bipartite contributions. Secondly, social assistance aims at to provide minimum subsistence to those who cannot make it on their own. Hence, the beneficiary has to satisfy a means test for being entitled to such benefits while social insurance schemes aim to protect a minimum standard of living related to beneficiaries' immediate standard of living as reckoned by his daily earning. Thirdly, social insurance ignores the income and means of liable relations while social assistance makes the beneficiary a first charge on the liable relation. Benefits are paid only when the specified relations do not possess sufficient means to support the beneficiary.

Thus social assistance is a progression from private charity towards private insurance whereas social insurance is a progression from private insurance towards public welfare measures. Apart from social insurance and social assistance, social security measures are provided through public service programmes. This type of public service is available in number of countries in the form of national service providing medical care for every citizen of country

13.9 AIM OF SOCIAL SECURITY

Social security represents society's current answer to the problem of economic insecurity. Social security measures have at old significance for every developing country. They constitute an important step towards the goal of a welfare state, by improving living and working conditions and affording the people protection against the uncertainties of the future. These measures are also important for every industrialization plan, for, not only do they enable workers to become more efficient, but they also reduce wastage arising from industrial disputes causing work stoppages. Hence, the aim of all social security measures is three fold in nature which are as follows:

13.9.1 Compensation

It aims to substitute income when there is interruption of earnings due to unemployment, sickness, permanent disability, oldage etc.

13.9.2 Restoration

It is designed to provide certain services like medical care to the sick and invalid and rehabilitations in cases of need.

13.9.3 Prevention

Social security measures not only provide reliefs when occasions require expenditure that strains family budget, but also prevents the risks from arising in the first place itself. Prevention is designated to avoid the loss of productive capacity due to sickness ,unemployment or invalidity and to render the available resources which are used up by voidable disease and idleness and this increase the material, intellectual and moral well being of the community.

13.10 Social Security And Human Rights

The International Labour Conference emphasized that social security is the basic human right and the fundamental means for creating social position, thereby helping to ensure social peace and social inclusion. It is an indispensable part of government social policy and an important tool to prevent and alleviate poverty. Hence the concept of social security as a human right originated with the Universal Declaration of Human Rights.

The need for social security as human right has been enumerated as follows:

"Everyone, as a member of society, has the right to social security and is entitled to realization, through national efforts and international cooperation and in accordance with the organization and resources of each state, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality" "Everyone has the right to a standard of living adequate for the health and well being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to social security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. Motherhood and

13.11 CONSTITUTIONAL STATUS OF SOCIAL SECURITY IN INDIA

The constitution of India guarantees fundamental rights to every citizen including the right to life and as the Supreme Court has pointed out that the right to livelihood is inherent in the right to life. The ultimate aim of social security is to ensure that everyone has the means of livelihood and hence the right to social security and protection of the family are integral part of right to life. Further, the Supreme Court has also held that security against sickness and disablement and also right to family pension held to be forming part of right to life under Article .

The Directive Principles of State policy set standard of achievement of socialistic pattern of society as it embraces principles and policies pertaining to social security measures which are to be followed by the state in future. It is pertinent to discuss the following provisions which are relevant to social security:

To Secure a Social Order for the Promotion of Welfare of the People. It is the duty of the state is to promote the welfare of its people by securing and protecting social order in which justice, social, economic and political, shall inform all the institutions of the national life. Art.38 incorporates part of the preamble within it concerning justice, social, economic and political. This class has often been relied upon to sustain and demand social welfare measures and to remain the state about the kind of society the constitution expects it to create. Further, the constitution mandates the state to strive to minimize inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing indifferent areas or engaged in different vocations.

13.12 DIRECTIVES TO THE STATE TO SECURE SOCIAL SECURITY MEASURES

While Enacting Legislations While enacting social security legislations the state has been directed to secure the following measures:

1. Adequate means of livelihood;
2. Proper distribution of ownership and control of the material resources of the community so that it may subserve the common need;
3. Prevention of the concentration of wealth and means of production;
4. Equal pay for equal work for men and women;
5. The health and strength of workers; and
6. Childhood and youth are protected against exploitation.

13.12.1 Right to Work, to Education and to Public Assistance in Certain Cases

The state has been directed to ensure to the people within the limits of its economic capacity and development to secure the right work, employment, education and public assistance in cases of unemployment, old age, sickness and disablement and in other cases of underserved want. It is usual to refer to matters specified in the directive as measures of social security.

The Article 41 has no bearing on the interpretation of Article16 as it is manifest that the term public assistance or relief to people who are unemployed or old, or sick or disabled, or in other similar cases of undeserved want.

13.12.2 Provision for Just and Humane Conditions

It exhibits the concerns of the framers for the welfare of the workers by requiring the state to make provisions for securing just and humane condition of work and for maternity benefit. While upholding the claim of non-regularized female workers for maternity relief, the Supreme Court has stated: "Since Article 42 specifically speaks of 'just and humane conditions of work' and maternity relief, the validity of an executive or an administrative action in denying maternity benefit has to be examined on the anvil of Article 42 which, though not enforceable at law, is nevertheless available for determining the legal efficacy of the action complained of."

13.12.3 Living Wage, etc. for Workers

Article 43 requires the state to strive to secure to the worker work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities.

In *Standard Vacuum Refining Co. of India v. Workmen*, it has been observed that every workmen shall have a wage which will maintain him in the highest state of industrial efficiency, which will enable him to provide his family with the material things which are needed for their health and physical well-being, enough enable him to qualify to discharge his duties as a citizen. The amount of living which in terms of money will vary as between trade and trade. It is in this broad and idealistic sense that Article 43 of the Constitution refers to living wage when it enunciates the directive principles that the state shall Endeavour, *inter-alia* to secure by suitable legislation or economic organization or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage and conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities.

Article 43 sets out the ideals to which our social welfare state has to approximate in an attempt to ameliorate the living conditions of the workers. Considering the question of wages in the background of the directive principles, a wage structure should serve to promote a fair remuneration to labour ensuring due social dignity, personality and security, a fair return to capital, and strengthen incentives to efficiency, without being unmindful of the legitimate interest and expectation of the consumer in the matter of prices.

It is an indispensable component of labour welfare and extent of its prevalence is a measure of the progress made by any country towards ideal the welfare state. The concept of social security has been further widened, so as to include provisions for housing, safe drinking water, sanitation, health, educational and cultural facilities and also a minimum wage which can guarantee workers a decent life.

13.13 SUMMARY

Social Security is a more positive concept, assuming that with the provision of these systems and mechanisms the unorganized sector will become part of the main stream of the economy and enhance the national income significantly. Hence, social security in *Supra* the modern era is essentially conceived as a related concept to the high ideals of human dignity and social justice.

From the above discussion it is clear that social security measures have introduced an element of stability and protection in the midst of the stresses and strains of modern life. Lack

of social security impedes production and prevents the formation of a stable and efficient labour force. Social security is, therefore, not a burden, but a wise investment which yields good dividends in the long run.

13.14 KEY WORDS

Social security - Social Security to mean "The result achieved by a comprehensive and successful series of measures for protecting the public (or a large sector of it) from the economic distress, that, in the absence of such measures, would be caused by the stoppage of working in sickness, unemployment or old age and after death; for making available to that same public medical care as needed; and for subsidizing families bringing up young children

Social assistance - Social assistance schemes will grant benefits to people needing them. Social assistance is a device organized by the state by providing cash assistance and medical relief, to such members of the society as they cannot get them from their own resources

Social insurance - Social insurance is a plan insurance which aimed for protecting the wages of those workers who do not have sufficient source to support their own self or their families in case of loss of income due to meeting contingencies in their work life

13.15 SELF ASSESSMENT QUESTIONS

1. Discuss the concept and scope of Social security India?
2. Briefly describe the characteristics of Social Security?
3. Explain the similarities and difference between the Social Assistance and Social Insurance?
4. Discuss the directives of state to secure social security measures?

13.16 SUGGESTED READING

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LESSON-14

21

SOCIAL INSURANCE AND SOCIAL ASSISTANCE

Learning objectives

- ✓ To study the Workmen Compensation Act 1923
- ✓ To Understand the Maternity Benefit Act 1961.
- ✓ To Discuss the difference between the Social Insurance and Social Assistance

Structure

14.0 Introduction

14.1 Social Insurance

14.2 Social Assistance

14.3 Workmen compensation Act 1923

- 14.3.1 Aspects of Workmen compensation Act
- 14.3.2 Objectives of Workmen compensation Act
- 14.3.3 Employer Liability to compensation

14.4 ESI Act 1948

- 14.4.1 Applicability
- 14.4.2 Contribution
- 14.4.3 Collection of Contribution
- 14.4.4 Contribution of period and benefit Period

14.5 Maternity benefit Act 1961

- 14.5.1 Short title Extent and Commencement
- 14.5.2 Applicability of the Act
- 14.5.3 Definition
- 14.5.4 Employment of work by women Prohibited during certain period

10

14.6 Summary

14.7 Key words

14.8 Self Assessment Questions

14.9 Suggested Readings

14.0 INTRODUCTION

Social security is a very comprehensive term. The two important means of providing social security are social insurance and social assistance. Thus, it may be called to be the two faces of the same coin. Both of these are part of a social security system.

14.1 ¹⁶ SOCIAL INSURANCE

Social Insurance is one of the devices to prevent individual from falling to the death of poverty, misery and to help him in times of emergencies. Insurance involves the setting aside of some money in order to provide compensation against loss resulting from a particular emergency. Thus, social insurance is a co-operative device which aims at granting adequate benefits to the insured on the compulsory basis in time of unemployment, sickness and other emergencies. Sir William Beveridge has defined social insurance as giving in returns for contribution benefits upto substance level as of right and without means test so that individual may build freely upon it. Thus social insurance implies both that it is compulsory and that men stand together with their fellows.

This is based on the principles of compulsory mutual aid. The principal elements of social insurance are:

- i) Social insurance is financed by contributions which are normally shared between employers and workers, with perhaps, state participation in the form of a supplementary contribution or other subsidy from the general revenue.
- ii) Participation is compulsory with few exceptions.
- iii) Contributions are accumulated in special funds out of which benefits are paid.
- iv) Surplus funds not needed to pay, current benefits are invested to earn further income.
- v) A person's right to benefit is secured by his contribution record without any test of need or means.
- vi) The contribution and benefit rates are often related to what the person is or has been earning.

14.2 ¹⁶ SOCIAL ASSISTANCE

Social assistance refers to the assistance rendered by the society to the poor and needy persons voluntarily without placing any obligation on them to make any contribution to be entitled to relief such as workmen's compensation, maternity benefit and old age pension etc. Thus, one may say that a social assistance scheme provides benefits for persons of small means granted as of right in amount sufficient to meet a minimum standard of need and financed from taxation.

Social assistance represents the unilateral obligations of the community towards its dependant group. It is provided by the society or the government to the poor and needy individual. The principal feature of social assistance are :

- (1) the whole cost of the Programme is met by the State and local units of Government
- (2) benefits are paid as of legal right in prescribed categories of need
- (3) in assessing need, a person's other income and resources are taken into account certain resources such as a reasonable level of personal savings are disregarded and
- (4) the benefit grant is designed to bring a person's total income upto a community determined maximum taking into account other factors such as family size and unavoidable fixed obligations such as rent grants are not related to applicant's previous earnings or customary standard of living.

The difference between social insurance and social assistance are as follows:

- a) Social assistance is purely a government affair while social insurance is partly financed by the State.

b) Social assistance is given gratis while social insurance is granted to those persons who pay a contribution.

c) Besides, a social insurance does not insist upon a means test upon a means test and benefits are granted without it while social assistance is granted only if certain conditions prescribed by the Government are fulfilled.

14.3 WORKMEN COMPENSATION ACT 1923

⁶ The Workmen Compensation Act, 1923 is an enactment that was issued by the Government and was implemented by various State Governments which gives social security to workers. This security is offered by the law for people who work.

The Act was formed after it was noted that laborers were getting more exposed to danger with the use of advanced and sophisticated machinery. The common law had it that the employer would only take up the compensation responsibility if it is found that the industrial accident was a result of his negligence. In India, the issue of compensating workmen after fatal and major accidents hit the road in 1884. It was then in 1885 that the factory and mining inspectors realized that the Fatal Accidents Act, 1885, was not enough to attend to the intended purposes.

The State offered a hearing ear when members of the Legislative Assembly, employers representatives, workers and experts in medicine and insurance formed a committee that gave a report that led to the enacting of the Workmen Compensation Act in 1923. The passing of the Act put a stop and offered a relief for workers who would have gone through court processes that are often expensive, an effort to seek compensation whenever they acquired an injury during employment.

14.3.1 Aspects of The Workmen Compensation Act

The Act has its basis on two aspects:

- (a) Theory of least cost.
- (b) The production cost shall have the cost of blood and workmen included.

For an industry to run, an employer uses capital, skills in business and the labor of workers who are paid for the labor. The management has to put aside finances for the possibility of the expense needed to repair the machines when they break down. If that care and attention can be given to machines, human beings working in the same environment need also receive care and attention for the risks they undertake when working in that industry.

Social security offers to ensure compensation is paid to a disabled or injured person only if the accident rose in the middle of the employment. The compensation paid to a workman by an employer when an accident occurs is a relief and social security measure provided by the Act. A workman is now able to get compensation regardless of his negligence.

The Act also puts in place the amount that is to be paid according to the intensity of the injury. This makes an employer aware of the amount of compensation he is liable to pay in case of an accident.

The Act is recognized all over India and applies to all workmen and casual workers in factories, plantations, mines, transport establishments, railways, ships, circuses, construction

work and any other potentially dangerous occupations made mention in Schedule II of this Act. The Act is not applicable to people in the Armed Forces.

14.3.2 Objective of the Workmen Compensation Act

- (a) The Workmen Compensation Act of 1923 was formed majorly to give compensations to workmen in the event of an accident.
- (b) The Act has it that employers should have duties and obligations that include the welfare of workers after an injury resulting from employment in the same way they have reserved the right to make profits. The Act aims to see workmen have a sustainable life after an employment-related accident.
- (c) The Royal Commission on Labour made note of the following:
- (d) The Act also goes further to ensure the prevention of accidents by giving workmen a relief from anxiety and renders the industry more friendly and desirable.

It has become a necessity for workmen to be protected due to the increasing complexity of the industry through the increased use of sophisticated machinery that poses a potential danger to workers and also the possibility of poverty after injury.

The Act tried as much as possible to curb the chances of disputes which has led to events which are arbitrary. However, the general outcome is satisfactory since the merits are more than the demerits when it comes to the welfare of workmen.

Scope of the Act

The Act is applicable only to those workmen working in industries as specified in the Act. The Act affords protection to a workman from losses or injury caused by accident arising out of and in the course of employment subject to certain exceptions as laid down in the Act.

14.3.3 Employers⁶ Liability for Compensation

To make the employer pay compensation, the death or injury suffered by the workman must be consequence of an accident arising out of and in the course of his employment is dependent upon the following four conditions:

- (1) The casual connection between the injury and the accident (i.e., personal injury is caused to workman while on work);
- (2) The injury and accident caused during the course of employment;
- (3) The probability tenable to reason that the work contributed to the causing of personal injury; and
- (4) The applicant proves that it was the work and the resulting strain which contributed to or aggravated the injury.

1. Applicability of the Act

The Act is applicable throughout India . The Act does not apply to those areas which are covered by the Employees State Insurance Act, 1948.

2. The salient features of the Act are as follows:

6 Extent and Application

The Act extends to whole of India. It is also applicable to the workman recruited by companies/establishments registered in India and sent for work abroad.

It applies to:

(a) All railway servants not permanently employed in any administrative, district or sub-divisional office of a railway and not employed in any capacity as is specified in Schedule II to the Act;

(b) Persons employed in any such capacity as is specified in Schedule II to the Act. Schedule II includes persons employed in factories, mines, plantations, mechanically propelled vehicles, construction works and certain other hazardous occupations. In all, there are 48 employments listed in the Schedule; and

(c) Persons employed in employments added to Schedule II by the State Government in exercise of the powers conferred on them under section 2(3) of the Act. In this connection, a statement indicating the additions made so far by different State Governments is enclosed. There is no wage limit for coverage under the Act. All the employees employed in Scheduled employment including the railway servants mentioned at (a) above, are therefore, covered under the Act.

II. Contingencies in which Compensation is Payable

Compensation is payable in case of temporary/permanent disablement or death as a result of an employment injury. The contracting of any disease listed in Schedule III to the Act is deemed to be an injury by accident.

III. Occupational Diseases

If a workman employed in the employment specified in Schedule III of the Act contracts any occupational disease peculiar to that employment he becomes eligible for payment of compensation under the Act.

The occupational diseases should be contracted while in the service of an employer in the specified employment. The Schedule III divides the occupational diseases in three parts, namely Part-A, Part-B and Part-C.

For diseases specified in Part-A, there is no qualifying period of employment. In case of diseases specified in Part-B, a person should have been employed in the specified employment for a continuous period of not less than six months before the disease is contracted.

For the diseases specified in Part-C, the qualifying period is specified by the Central Government. The qualifying period specified for the diseases figuring in Part-C of the Schedule is as given below:

(a) Pneumoconiosis 7 years

(b) Pagassosis 3 years

(c) Byssinosis 7 years

IV No qualifying period is required to be specified

(1) Where the monthly wages of a workman exceed two thousand rupees, his monthly wages for the purposes of (a) and (b) above shall be deemed to be two thousand rupees only.

(2) The minimum rates of compensation for permanent disablement and death specified in the Act is rupees Sixty thousand and fifty thousand respectively. The maximum amount of compensation works out to about Rs. 2,74,248.00 for permanent disablement and Rs. 2,28,540.00 for death.

V. Administration

The Act does not provide for appointment of Inspectors. However, under Section 32 of the Act, the State Governments/Union Territory Administrations have to frame rules to carry out the purposes of the Act.

The rule making power under the Act was originally vested in the Central Government and in exercise of these powers, the Workmen Compensation Rules, 1924 were framed. Some of the State Governments have subsequently framed their own rules under the Act.

VI. Settlement of Claims under the Act

The claims for compensation broadly fall in three categories, namely (i) uncontested cases of disablement; (ii) disputed cases of disablement and (iii) fatal cases. The procedures for settlement of the three types of cases are as given below:

(i) Uncontested Cases:

(a) After a workman has given notice of the accident, the employer is expected to arrange for medical examination of the workman. It must be free of charge. The medical Examination will indicate the nature of the disablement.

(b) If the disablement is of temporary nature the employer will pay compensation as half monthly payments, direct to the workmen.

(c) If the disablement is of permanent nature compensation will be paid in lump sum by the employer to the workman if he is a male over 18 years of age. In the case of woman and minors, the employer will deposit the amount of compensation with the Commissioner, for disbursement. (d) Where a workman has agreed to accept and has taken a smaller sum than the amount fixed by the Act his right to bring proceedings for the balance are protected.

(e) Any agreement with the workman for a lump sum payment must be registered with the Commissioner by the employer.

(ii) Disputed Cases

(a) If the employer refuses to pay compensation or does not pay the full amount due, the workman has to make an application to the Commissioner for Workmen Compensation appointed by the State Government or Union Territory.

The application has to be made in Form 'F' prescribed under the Workmen Compensation Rules. An illiterate person can have the application prepared under the direction of the Commissioner.

(b) A claim for compensation must be preferred before the Commissioner within 2 years of the occurrence of the accident or in the case of death within 2 years of the date of death.

In the case of contracting of a disease the accident is deemed to have occurred on the first of the day during which the workman was continuously absent in consequence of the disablement caused by the disease.

(iii) Fatal Cases

(a) The amount of compensation due has to be deposited by the employer with the Commissioner for Workmen Compensation. The Act specifically provided that no payment made directly by the employer shall be deemed to be a payment of compensation.

(b) The Commissioner shall distribute the lump sum amount of compensation to the dependants in such proportion as he may decide.

(c) If the employer does not deposit the compensation the dependant or dependants have to make an application to the Commissioner in Form G prescribed under the Workmen Compensation Rules for the issue of an order to deposit compensation.

VII. Extension of the provisions of the Workmen Compensation Act to Hazardous Employments in Agriculture

The Workmen Compensation Act, 1923 already applies to workers employed in farming by tractors or other contrivances driven by steam or other mechanical power or electricity etc.

(a) The State Governments of Andhra Pradesh etc. were advised in March, 1976 to consider addition of the following employments to Schedule-II to the Act in accordance with the provision of sub-Section (3) of Section 2 of the Act:

(i) Employed in clearing of jungles or reclaiming land or ponds in which on any one day of the proceeding twelve months more than twenty-five persons have been employed ;

(ii) Employed in cultivation of land or rearing and maintenance of live stock or forest operations or fishing in which on any one day of the proceeding twelve months more than twenty-five persons have been employed ;

(iii) Employed, otherwise than in clerical capacity, in installation, main tenance, repair of pumping equipment used for lifting of water from wells, tube-wells, ponds, lakes, stream etc.;

(iv) Employed, otherwise than in clerical capacity, in the construction, boring or deepening of an open well/dug well through mechanical contrivances;

(v) Employed, otherwise than in clerical capacity in the construction, working, repair or maintenance of a bore well, bore-cum-dug well, fitter point etc.;

(vi) Employed in spraying and dusting of insecticides or pesticides in agricultural operation/or plantations;

(vii) Employed in working or repair of maintenance of bulldozers, tractors, power tillers etc.

As per available information, the State Governments of Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Haryana, Karnataka, Kerala, Maharashtra, Meghalaya, Orissa, Punjab, Tamil Nadu and Tripura and U.T.

Administrations of Chandigarh, Dadra and Nagar Haveli and Pondicherry have already made the proposed additions with effect from 15.9.95.

The Central Government has included all the above mentioned employments in Schedule II of the Act by amending the Schedule. The matter is not, therefore, being pursued further with the remaining States/UTs.

VIII. Last Amendment of the Act in 1995

(a) The provisions of the Workmen Compensation Act, 1923, were reviewed by the Law Commission of India (1974) and (1989). The Commission had made a number of recommendations for amendment of the Act.

Based on their recommendations and suggestions received from the Ministries/State Governments. The Act has been amended for carrying out certain amendments.

The amendments made by the Workmen Compensation (Amendment) Act, 1995 provides inter-alia for enhancement in the rate of compensation from 40% to 50% and from 50% to 60% of the monthly wage in the case of death and permanent total disablement respectively;

(b) The minimum rate of compensation for permanent total disablement and death have been fixed at Rs. 60,000/- and Rs. 50,000/- respectively, as against the previous rates of Rs. 24,000/- and Rs. 20,000/- respectively;

(c) The monthly wage ceiling specified in Explanation II under Section 4(1) for working out the maximum amount of compensation has been enhanced from Rs. 1000/- to Rs. 2000/-. The rate of compensation is linked to the age of the workman at the time of his disablement or death.

The workers getting disabled/dying at an early age are, therefore entitled to compensation at a comparatively higher rate.

(d) A provision for payment of Rs. 1000/- towards funeral expenses has been made in addition to compensation;

(e) The Act has been made applicable to workmen recruited by Companies registered and based in India and sent for work abroad;

(f) Sixteen new employments have been added to Schedule-II. In addition to State Governments, the Central Government has also been empowered to add hazardous employment in Schedule-II.

(g) Three new occupational diseases added to Schedule-III. Power to add occupational diseases in Schedule-III conferred also on the Central Govt.

(h) The claimant of compensation may have the claim/petition filed/ transferred also before the Commissioner for the area in which the workman ordinarily resides.

Except this all other provisions of the Workmen Compensation (Amendment) Act, 1995 have been brought into force with effect from 15.9.1995.

14.4 ¹⁹ THE EMPLOYEES' STATE INSURANCE ACT, 1948

¹⁰ Employees' State Insurance Scheme of India, is a multidimensional social security system tailored to provide socio-economic protection to worker population and their dependents covered under the scheme.

The scheme was inaugurated in Kanpur on 24th February 1952. ¹⁰ The comprehensive and multi-pronged social security programme is administered by an apex corporate body called the Employees' State Insurance Corporation.

Employees' State Insurance Act, 1948

³⁵ The promulgation of Employees' State Insurance Act, 1948 (ESI Act), by the Parliament was the first major legislation on social Security for workers in independent India.

The ESI Act 1948 ⁵⁰ compasses certain health related eventualities that the workers are generally exposed to; such as sickness, maternity, temporary or permanent disablement, Occupational disease or death due to employment injury, resulting in loss of wages or earning capacity-total or partial. Social security provision made in the Act to counterbalance or negate the resulting physical or financial distress in such contingencies, are thus, aimed at upholding human dignity in times of crises through protection from deprivation, destitution

and social degradation while enabling the society the retention and continuity of a socially useful and productive manpower.

Coverage

14.4.1 Applicability

³⁴ Under Section 2(12) the Act is applicable to non-seasonal factories employing 10 or more persons. Under Section 1(5) of the Act, the Scheme has been extended to shops, hotels, restaurants, cinemas including preview theatres, road-motor transport undertakings and newspaper establishments employing 10* or more persons. Further under section 1(5) of the Act, the Scheme has been extended to Private Medical and Educational institutions employing 10* or more persons in certain States/UTs.

Areas covered

³⁶ The ESI Scheme is now notified in 526 Districts in 34 States and Union Territories, which include 346 complete District, 95 District Headquarters and in 85 Districts. The scheme is implemented in centers. The scheme is yet to be implemented in Arunachal Pradesh and Lakshadweep.

Finance

- (a) ESI Scheme, ⁵⁰ like most of the Social Security Schemes the world over, is a self financing health insurance scheme. Contributions are raised from covered employees and their employers as a fixed percentage of wages. The State Governments, as per provisions of the Act, contribute 1/8th of the expenditure of medical benefit within a per capita ceiling of Rs. 1500/- per Insured Person

per annum. Any additional ³⁵ expenditure incurred by the State Governments, over and above the ceiling and not falling within the shareable pool, is borne by the State Governments concerned.

14.4.2 Contribution

³⁵ E.S.I. Scheme being contributory in nature, all the employees in the factories or establishments to which the Act applies shall ³⁶ insured in a manner provided by the Act. The contribution payable to the Corporation in respect of an employee shall ³⁵ comprise of employer's contribution and employee's contribution at a specified rate. The rates are revised from time to time.

Currently, the employee's contribution rate (w.e.f. 1.1.97) ³⁵ is 1.75% of the wages and that of employer's is 4.75% of the wages paid/payable in respect of the employees in every wage period. For newly implemented areas, the contribution rate is 1% of wages of Employee and 3% payable by Employers for first 24 months (w.e.f. 06.10.2016) Employees in receipt of a daily average wage upto Rs.137/- are exempted from payment of contribution. Employers will however contribute their own share in respect of these employees.

14.4.3 Collection of Contribution

An employer is liable to pay his contribution in respect of every employee and deduct employees contribution from wages bill and shall pay these contributions at the above

specified rates to the Corporation within 15 days of the last day of the Calendar month in which the contributions fall due. The Corporation has authorized designated branches of the State Bank of India and some other banks to receive the payments on its behalf.

14.4.4 Contribution Period and Benefit Period

- (a) There are two contribution periods each of six months duration and two corresponding benefit periods also of six months duration as under

(b) **Benefits**

- (c) The section 46 of the Act envisages following six social security benefits :-

1. **Medical Benefit** : Full medical care is provided to an Insured person and his family members from the day he enters insurable employment. There is no ceiling on expenditure on the treatment of an Insured Person or his family member. Medical care is also provided to retired and permanently disabled insured persons and their spouses on payment of a token annual premium of Rs.120/- .

2. **Sickness Benefit (SB)** : Sickness Benefit in the form of cash compensation at the rate of 70 per cent of wages is payable to insured workers during the periods of certified sickness for a maximum of 91 days in a year. In order to qualify for sickness benefit the insured worker is required to contribute for 78 days in a contribution period of 6 months.

Extended Sickness Benefit (ESB): SB extendable upto two years in the case of 34 malignant and long-term diseases at an enhanced rate of 80 per cent of wages.

Enhanced Sickness Benefit : Enhanced Sickness Benefit equal to full wage is payable to insured persons undergoing sterilization for 7 days/14 days for male and female workers respectively.

Temporary disablement benefit (TDB) : From day one of entering insurable employment & irrespective of having paid any contribution in case of employment injury. Temporary Disablement Benefit at the rate of 90% of wage is payable so long as disability continues.

Permanent disablement benefit (PDB): The benefit is paid at the rate of 90% of wage in the form of monthly payment depending upon the extent of loss of earning capacity as certified by a Medical Board

Funeral Expenses : An amount of Rs.15,000/- is payable to the dependents or to the person who performs last rites from day one of entering insurable employment.

Confinement Expenses : An Insured Women or an I.P. in respect of his wife in case confinement occurs at a place where necessary medical facilities under ESI Scheme are not available.

3. Maternity Benefit (MB)

Maternity Benefit for confinement/pregnancy is payable for Twenty Six (26) weeks, which is extendable by further one month on medical advice at the rate of full wage subject to contribution for 70 days in the preceding Two Contribution Periods.

4. Disablement Benefit

5. Dependants Benefit (DB)

DB paid at the rate of 90% of wage in the form of monthly payment to the dependants of a deceased Insured person in cases where death occurs due to employment injury or occupational hazards.

15 Other Benefits :

In addition, the scheme also provides some other need based benefits to insured workers.

• **Vocational Rehabilitation** : To permanently disabled Insured Person for undergoing VR Training at VRS.

• **Physical Rehabilitation** : In case of physical disablement due to employment injury.

• **Old Age Medical Care** : For Insured Person retiring on attaining the age of superannuation or under VRS/ERS and person having to leave service due to permanent disability insured person & spouse on payment of Rs. 120/- per annum.

• **Rajiv Gandhi Shramik Kalyan Yojana**

This scheme of Unemployment allowance was introduced w.e.f. 01-04-2005. An Insured Person who become unemployed after being insured three or more years, due to closure of factory/establishment, retrenchment or permanent invalidity are entitled to :- o Unemployment Allowance equal to 50% of wage for a maximum period of upto Two Years. Medical care for self and family from ESI Hospitals/Dispensaries during the period IP receives unemployment allowance.

Vocational Training provided for upgrading skills - Expenditure on fee/travelling allowance borne by ESIC

Incentive to employers in the Private Sector for providing regular employment to the persons with disability :

o Minimum wage limit for Physically Disabled Persons for availing ESIC Benefits is Rs 25,000/-.

o Employers' contribution is paid by the Central Government for 3 years.

14.5 MATERNITY BENEFIT ACT, 1961

An Act to regulate the employment of women in certain establishment for certain period before and after child-birth and to provide for maternity benefit and certain other benefits.

Be it enacted by Parliament in the Twelfth Year of the Republic of India as follows: -

14.5.1. Short title, extent and commencement. -

(1) This Act may be called the Maternity Benefit Act, 1961.

(2) It extends to the whole of India

(3) It shall come into force on such date as may be notified in this behalf in the Official Gazette--

[(a) in relation to mines and to any other establishment wherein persons are employed for the exhibition of equestrian, acrobatic and other performances, by the Central Government, and]

(b) in relation to other establishments in s State, by the State Government.

14.5.2. Applicability of Act

- (1) It applies in the first instance, to every establishment being a factory, mine or plantation including any such establishment belonging to Government and to every establishment wherein persons are employed for the exhibition of

equestrian, acrobatic and other performances Provided that the State Government may, with the approval of the Central Government, after giving not less than two months' notice of its intention of so doing, by notification

- (a) Received the assent of the President on the 12th. December, 1961 and published in the Gazette of India

⁴ In the official on In the official Gazette, declare that all or any of the provisions of this Act shall apply also to any other establishment or class of establishments, industrial, commercial, agricultural or otherwise.

- (2) Save as otherwise provided in 6 [sections 5A and 5B] nothing contained in this Act] shall apply to any factory or other establishment to which the provisions of the Employees' State Insurance Act, 1948 (84 of 1948), apply for the time being.

14.5.3. Definitions. -- In this Act, unless the context otherwise requires, --

(a) "appropriate Government" means in relation to an establishment being a mine 7 [or an establishment where persons are employed for the exhibition of equestrian, acrobatic and other performances], the Central Government and in relation to any other establishment, the State Government;

(b) "child" includes a still-born child;

(c) "delivery" means the birth of a child;

(d) "employer" means --

(i) in relation to an establishment which is under the control of the Government, a person or authority appointed by the Government for the supervision and control of employees or where no person or authority is so appointed, the head of the department;

(ii) in relation to an establishment which is under any local authority, the person appointed by such authority for the supervision and control of employees or where no person is so appointed, the chief executive officer of the local authority;

(iii) in any other case, the person who are the authority which has the ultimate control over the affairs of the establishment and where the said affairs are entrusted to any other person whether called a manager, managing director, managing agent, or by any other name, such person;

(e) "establishment" means --

(i) a factory;

(ii) a mine;

(iii) a plantation;

(iv) an establishment wherein persons are employed for the exhibition of equestrian, acrobatics and other performances; or

(v) an establishment to which the provisions of this Act have been declared under sub-section (4) of section 2 to be applicable;]

(f) "factory" means a factory as defined in clause (m) of section 2 of the Factories Act, 1948 (63 of 1948);

(g) "Inspector" means an Inspector appointed under section 14;

(h) "maternity benefit" means the payment referred to in sub-section (1) of section 5;

(i) "mine" means a mine as defined in clause (j) of section 2 of the Mines Act, 1952 (35 of 1952)

(j) "miscarriage" means expulsion of the contents of a pregnant uterus at any period prior to or during the twenty-sixth week of pregnancy but does not include any miscarriage the causing of which is punishable under the Indian Penal Code (45 of 1860);

(k) "plantation" means a plantation as defined in clause (f) of section 2 of the Plantations Labour Act, 1951 (69 of 1951);

(l) "prescribed" means prescribed by rules made under this Act;

(m) "State Government" in relation to a Union territory, means the Administrator thereof;

(n) "wages" means all remuneration paid or payable in cash to a woman, if the terms of the contract of employment, express or implied, were fulfilled and includes –

(1) such cash allowances (including dearness allowance and house rent allowance) as a woman is for the time being entitled to;

(2) incentive bonus; and

(3) the money value of the concessional supply of foodgrains and other articles, but does not include –

(i) any bonus other than incentive bonus;

(ii) overtime earnings and any deduction or payment made on account of fines;

(iii) any contribution paid or payable by the employer to any pension fund or provident fund or for the benefit of the woman under any law for the time being in force; and

(iv) any gratuity payable on the termination of service;

(o) "woman" means a woman employed, whether directly or through any agency, for wages in any establishment.

14.5.4. Employment of, or work by, women prohibited during certain period. -- (1) No employer shall knowingly employ a woman in any establishment during the six weeks immediately following the day of her delivery or her miscarriage.

(2) No woman shall work in any establishment during the six weeks immediately following the day of her delivery or her miscarriage.

(3) Without prejudice to the provisions of section 6, no pregnant woman shall, on a request being made by her in this behalf, be required by her employer to do during the period specified in sub-section

(4) any work which is of an arduous nature or which involves long hours of standing or which in any way is likely to interfere with her pregnancy or the normal development of the foetus, or is likely to cause her miscarriage or otherwise to adversely affect her health.

The period referred to in sub-section (3) shall be –

(a) at the period of one month immediately preceding the period of six weeks, before the date of her expected delivery;

(b) any period during the said period of six weeks for which the pregnant woman does not avail of leave of absence under section 6.

5. Right to payment of maternity benefit. --

1) Subject to the provisions of this Act, every woman shall be entitled to, and her employer shall be liable for, the payment of maternity benefit at the rate of the average daily wage for the period of her actual absence immediately preceding and including the day of her delivery and for the six weeks immediately following that day. (2) No woman shall be entitled to maternity benefit unless she has actually worked in an establishment of the employer from whom she claims maternity benefit for a period of not less than one hundred and sixty days in the twelve months immediately preceding the date of her expected delivery:

Provided that the qualifying period of one hundred and sixty days aforesaid shall not apply to a woman who has immigrated into the State of Assam and was pregnant at the time of the immigration.

⁶⁷
²² The maximum period for which any woman shall be entitled to maternity benefit shall be twelve weeks, that is to say, six weeks up to and including the day of her delivery and six weeks immediately following that day:

Provided that where a woman dies during this period, the maternity benefit shall payable only for the days up to and including the day of her death:

Provided further that where a woman, having been delivered of a child dies during her delivery or during the period of six weeks immediately following the date of her delivery, leaving behind in either case the child, the employer shall be liable for the maternity benefit for the entire period of six weeks immediately following the day of her delivery but if the child also dies during the said period, then for the days up to and including the day of the death of the child.

6. Notice of claim for maternity benefit and payment thereof. –

(1) Any woman employed in an establishment and entitled to maternity benefit under the provisions of this Act may give notice in writing in such form as may be prescribed, to her employer, stating that her maternity benefit and any other amount to which she may be entitled under this Act may be paid to her or to such person as she may nominate in the notice and that she will not work in any establishment during the period for which she receives maternity benefit.

(2) In the case of a woman who is pregnant, such notice shall state the date from which she will be absent from work, not being a date earlier than six weeks from the date of her expected delivery.

(3) Any woman who has not given the notice when she was pregnant may give such notice as soon as possible after the delivery.

(4) On receipt of the notice, the employer shall permit such woman to absent herself from the establishment until the expiry of six weeks after the day of her delivery.

(5) The amount of maternity benefit for the period preceding the date of her expected delivery shall be paid in advance by the employer to the woman on the production of such proof as may be prescribed that the woman is pregnant, and the amount due for the period shall be paid by the employer to the woman within forty-eight hours of production of such proof as may be prescribed that the woman has been delivered of a child.

(6) The failure to give notice under this section shall not disentitle a woman to maternity benefit or any other amount under this Act if she is otherwise entitled to such benefit or amount and in any such case an Inspector may either of his own motion or on an application made to him by the woman, order the payment of such benefit or amount within such period as may be specified in the order.

²³ 7. Payment of maternity benefit in case of death of a woman. -- If a woman entitled to maternity benefit or any other amount under this Act, dies before receiving such maternity benefit or amount, or where the employer is liable for maternity benefit under the second proviso to sub-section (3) of section 5, the employer shall pay such benefit or amount to the person nominated by the woman in the notice given under section 6 and in case there is no such nominee, to her legal representative. 8. Payment of medical bonus. -- Every woman entitled to maternity benefit under this Act shall also be entitled to receive from her employer a medical bonus of twenty-five rupees, if no pre-natal confinement and post-natal care is provided for by the employer free of charge.

9. Leave for miscarriage. -- In case of miscarriage, a woman shall, on production of such proof as may be prescribed, be entitled to leave with wages at the rate of maternity benefit for a period of six weeks immediately following the day of her miscarriage.

10. Leave for illness arising out of pregnancy, delivery, premature birth of child, or miscarriage. -- A woman suffering illness arising out of pregnancy, delivery, premature birth of child or miscarriage shall, on production of such proof as may be prescribed, be entitled in addition to the period of absence allowed to her under section 6, or, as the case may be, under section 9, to leave with wages at the rate of maternity benefit for a maximum period of one month.

11. Nursing breaks. -- Every woman delivered of a child who returns to duty after such delivery shall, in addition to the interval for rest allowed to her, be allowed in the course of her daily work two breaks of the prescribed duration for nursing the child until the child attains the age of fifteen months.

12. Dismissal during absence or pregnancy. -- (1) Where a woman absents herself from work in accordance with the provisions of this Act, it shall be unlawful for her employer to discharge or dismiss her during or on account of such absence or to give notice of discharge or dismissal on such a day that the notice will expire during such absence, or to vary to her disadvantage any of the conditions of her service.

(2) (a) The discharge or dismissal of a woman at any time during her pregnancy, if the woman but for such discharge or dismissal would have been entitled to maternity benefit or medical bonus referred to in section 8, shall not have the effect of depriving her of the maternity benefit or medical bonus:

Provided that where the dismissal is for any prescribed gross misconduct the employer may, by order in writing communicated to the woman, deprive her of the maternity benefit or medical bonus or both.

(b) Any woman deprived of maternity benefit or medical bonus or both may, within sixty days from the date on which the order of such deprivation is communicated to her, appeal to such authority as may be prescribed, and the decision of that authority on such appeal, whether the woman should or should not be deprived of maternity benefits or medical bonus or both, shall be final.

(c) Nothing contained in this sub-section shall affect the provisions contained in subsection (1).

(a) 13. No deduction of wages in certain cases. -- No deduction from the normal and usual wages of a woman entitled to maternity benefit under the provisions of this Act shall be made by reason only of --

(a) the nature of work assigned to her by virtue of the provisions contained in subsection (3) of section 4 : or

(b) breaks for nursing the child allowed to her under the provisions of section 11.

14. Appointment of Inspectors. -- The appropriate Government may, by notification in the Official Gazette, appoint such officers as it thinks fit to be Inspectors for the purposes of this Act and may define the local limits of the jurisdiction within which they shall exercise their function under this Act.

15. Powers and duties of Inspectors. -- An Inspector may, subject to such restrictions or conditions as may be prescribed, exercise all or any of the following powers, namely: -

(a) enter at all reasonable times with such assistants, if any, being persons in the service of the Government or any local or other public authority as he thinks fit, any premises or place where women are employed or work is given to them in an establishment, for the purposes or examining any registers, records and notices required to be kept or exhibited by or under this Act and require their production for inspection;

(b) examine any person whom he finds in any premises or place and who, he has reasonable cause to believe, is employed in the establishment:

Provided that no person shall be compelled under this section to answer any question or give any evidence tending to incriminate himself:

(c) require the employer to give information regarding the names and addresses of women employed, payments made to them, and applications or notices received from them under this Act; and

(d) take copies of any registers and records or notices or any portions thereof.

16. Inspectors to be public servants. -- Every Inspector appointed under this Act shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code (45 of 1860).

17. Power of Inspector to direct payments to be made. -- (1) Any woman claiming that maternity benefit or any other amount to which she is entitled under this Act and any person claiming that payment due under section 7 has been improperly withheld, may make a complaint to the inspector.

(2) The Inspector may, of his own motion or on receipt of a complaint referred to in subsection (1), make an enquiry or cause an inquiry to be made and if satisfied that payment has been wrongfully withheld, may direct the payment to be made in accordance with his orders.

(a) (3) Any person aggrieved by the decision of the Inspector under sub-section (2) may, within thirty days from the date on which such decision is communicated to such person, appeal to the prescribed authority.

(4) The decision of the prescribed authority where an appeal has been preferred to it under sub-section (3) or of the Inspector where no such appeal has been preferred, shall be final.

(5) Any amount payable under these sections shall be recoverable as an arrear of land revenue.

18. Forfeiture of maternity benefit. -- If a woman works in any establishment after she has been permitted by her employer to absent herself under the provisions of section 6 for any period during such authorized absence, she shall forfeit her claim to the maternity benefit for such period.

19. Abstracts of Act and rules there under to be exhibited. -- An abstract of the provisions of this Act and the rules made there under in the language or languages of the locality shall be exhibited in a conspicuous place by the employer in every part of the establishment in which women are employed.

20. Registers, etc. -- Every employer shall prepare and maintain such registers, records and muster-rolls and in such manner as may be prescribed.

21. Penalty for contravention of Act by employers. -- If any employer contravenes the provisions of this Act or the rules made there under he shall be punishable with imprisonment which may extend to three months, or with fine which may extend to five hundred rupees, or with both; and where the contravention is of any provision regarding maternity benefit or regarding payment of any other amount and such maternity benefit or amount has not already been recovered, the court shall in addition recover such maternity benefit or amount as if it were a fine, and pay the same to the person entitled thereto.

22. Penalty for obstructing Inspector. -- Whoever fails to produce on demand by the Inspector any register or document in his custody kept in pursuance of this Act or the rules made there under or conceals or prevents any person from appearing before or being examined by an Inspector, shall be punishable with imprisonment which may extend to three months, or with fine which may extend to five hundred rupees or with both.

23. Cognizance of offences. -- (1) No prosecution for an offence punishable under this Act or any rule made there under shall be instituted after the expiry of one year from the date on

which the offence is alleged to have been committed and no such prosecution shall be instituted except by, or with the previous sanction of, the Inspector; Provided that in computing the period of one year aforesaid, the time, if any, taken for the purpose of obtaining such previous sanction shall be excluded.

(2) No court inferior to that of a Presidency Magistrate or a Magistrate of the First Class shall try any such offence.

- (a) 24. Protection of action taken in good faith. -- No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done in pursuance of this Act or of any rule or order made there under.

25. Power of Central Government to give directions. -- The Central Government may give such directions as it may deem necessary to a State Government regarding the carrying into execution the provisions of this Act and the State Government shall comply with such directions.

26. Power to exempt establishments. -- If the appropriate Government is satisfied that having regard to an establishment or a class of establishments providing for the grant of benefit which are not less favorable than those provided in this Act, it is necessary so to do, it may, by notification in the Official Gazette, exempt subject to such conditions and restrictions, if any, as may be specified in the notifications, the establishment or class of establishments from the operation of all or any of the provisions of this Act or of any rule made there under.

27. Effect of laws and agreements inconsistent with this Act. -- (1) The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law or in the terms of any award, agreement or contract of service, whether made before or after the coming into force of this Act:

Provided that where under any such award, agreement, contract of service or otherwise, a woman is entitled to benefits in respect of any matter which are more favourable to her than those to which she would be entitled under this Act, the woman shall continue to be entitled to the more favorable benefits in respect of that matter, notwithstanding that she is entitled to receive benefit in respect of other matters under this Act.

(2) Nothing contained in this Act shall be construed to preclude a woman from entering into an agreement with her employer for granting her rights or privileges in respect of any matter, which are more favorable to her than those to which she would be entitled under this Act.

28. Power to make rules. -- (1) The appropriate Government may, subject to the condition of previous publication and by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for --

- (a) the preparation and maintenance of registers, records and muster rolls;
- (b) the exercise of powers (including the inspection of establishments) and the performance of duties by Inspectors for the purposes of this Act;
- (c) the method of payment of maternity benefit and other benefits under this Act in so far as provision has not been made therefore in this Act;
- (d) the form of notices under section 6;
- (e) the nature of proof required under the provisions of this Act;
- (f) the duration of nursing breaks referred to in section 11

14.6 SUMMARY

¹⁶ Social Insurance is one of the devices to prevent individual from falling to the death of poverty, misery and to help him in times of emergencies. Insurance involves the setting aside of some money in order to provide compensation against loss resulting from a particular emergency. Thus, social insurance is a co-operative device which aims at granting adequate benefits to the insured on the compulsory basis in time of unemployment, sickness and other emergencies. Sir William Beveridge has defined social insurance as giving in returns for contribution benefits upto substance level as of right and without means test so that individual may build freely upon it. Thus social insurance implies both that it is compulsory and that men stand together with their fellows. Social assistance refers to the assistance rendered by the society to the poor and needy persons voluntarily without placing any obligation on them to make any contribution to be entitled to relief such as workmen's compensation, maternity benefit and old age pension etc.

Thus, one may say that a social assistance scheme provides benefits for persons of small means granted as of right in amount sufficient to meet a minimum standard of need and financed from taxation. Social assistance represents the unilateral obligations of the community towards its dependant group. It is provided by the society or the government to the poor and needy individual. The principal feature of social assistance are (1) the whole cost of the Programme is met by the State and local units of Government (2) benefits are paid as of legal right in prescribed categories of need (3) in assessing need, a person's other income and resources are taken into account certain resources such as a reasonable level of personal savings are disregarded and (4) the benefit grant is designed to bring a person's total income upto a community determined maximum taking into account other factors such as family size and unavoidable fixed obligations such as rent grants are not related to applicant's previous earnings or customary standard of living.

14.7 KEY WORDS

¹⁶ **Social Insurance-** Social Insurance is one of the devices to prevent individual from falling to the death of poverty, misery and to help him in times of emergencies. Insurance involves the setting aside of some money in order to provide compensation against loss resulting from a particular emergency

¹⁶ **Social Assistance -** Social assistance refers to the assistance rendered by the society to the poor and needy persons voluntarily without placing any obligation on them to make any contribution to be entitled to relief such as workmen's compensation, maternity benefit and old age pension etc.

⁶ **Social security -** Social security offers to ensure compensation is paid to a disabled or injured person only if the accident rose in the middle of the employment. The compensation paid to a workman by an employer when an accident occurs is a relief and social security measure provided by the Act. A workman is now able to get compensation regardless of his negligence

14.8 Self Assessment Questions

1. Discuss the Difference between the Social assistance and Social Insurance?

2. Explain the Workmen Compensation Act 1923?

3. Discuss the ESI Act 1948?

4. Elucidate the Maternity Benefit Act 1961?

14.9 Suggested Reading

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Dr. M. RAMA SATYANARAYANA

LESSON-15

DEVELOPMENT OF SOCIAL SECURITY

Learning Objectives

- ✓ To Understand the development of Social Security
- ✓ To Discuss Historical Development of Social Security
- ✓ To Know the Development social security during five year plans

Structure

15.0 Introduction

15.1 From Nomadic Period to the Modern Factory System

- 15.1.1 Pastoral stage
- 15.1.2 Agricultural stage
- 15.1.3 Handicraft Stage
- 15.1.4 Workshop stage
- 15.1.5 Industrial Relations

15.2 Historical Development of Social security in India

- 15.2.1 Pre-Independence Period
- 15.2.2 Hindu Period
- 15.2.3 Muslim Period
- 15.2.4 British Period

15.3 Impact of two world wars

- 15.3.1 Royal Commission of Labor
- 15.3.2 Scheme by Prof. B.P. Adarkar Committee

15.4 Post Independence Phase

15.5 Development of Social Security During Five-year plan

15.6 Summary

15.7 Key words

15.8 Self Assessment questions

15.9 Suggested Readings

15.0 INTRODUCTION

Historical Scanning of Social Security System would reveal that recognition of labour was not a subject of social justice during pre-industrial society as slaves, serfs etc. Where the system prevailed reflecting their state of deprivation with no legal rights. Later the advent of

industrial revolution in the world gave rise to invention of many numbers of machines and chemical discoveries in the 18th Century. Man kind's experience of various evolutionary changes from primitive times to the present day, have been extensive and varied.

15.1 FROM NOMADIC PERIOD TO THE MODERN FACTORY SYSTEM

Initially, man passed through "the hunting and fishing stage". Wild animals, birds and fruits fulfilled his hunger, his thirst was quenched by the waters of springs and rivers, caves gave him shelter and the barks of trees were used as clothing. Thus, his basic needs food, shelter and clothing were adequately met by nature. Due to the absence of any economic, political and social systems, labour problems did not exist.

15.1.1 Pastoral Stage

This stage was marked by a certain amount of economic activity. The nomadic and migratory nature of man persisted, and together with his goats and cattle, he move on to fresh pastures and meadows. Some conflicts would sometimes take place among her downers, for private property ownership was not known.

15.1.2 Agricultural Stage

This stage paved the way for recognition of individual property rights as they started to have fixed abodes for cultivation. This period saw the growth of villages, towns as well as cities. There was a small artisan class who were self employed and also the landed proprietors or zamindars as well slaves. Even after, feudal system arose where serfs served under the barons who, in return, gave them and their families' protection, food and shelter. This type of division was later responsible for the emergence of the class struggle.

15.1.3 Handicrafts Stage

This stage has marked the beginning of the labour problems in the world. As the artisans were not able to sell their finished products in their own villages, they started depending upon traders or merchants who found a market for their products. They gave them loans to those artisans and developed themselves to the class of entrepreneurs. As a result the system of exchanges and commodities developed into commercial centres. They used improved navigational aids and land communication system to develop their trade and became even more important than feudal Lords. Craft guilds ensured the quality and quantity of manufactured goods by a strict control over artisans. They also marketed the goods. Hence, in this period wealth accumulated and there was a prominent division of labour and other classes.

15.1.4 Workshop Stage

Since there is a need to manufacture products on larger scale the workshop stage soon overtook the handicrafts stage, standardized tools came to used and the small workshop manufactures dominated the general market. The employer-employee relationship, however, was still cordial, sympathetic and personal, though the elementary problems of labour relating to wages, hours of work, recruitment and employment also surfaced about this time.

15.1.5 Industrial Revolution

Virtually industrial civilization began with the introduction of factory system which was largely responsible for the rise of cities as production of goods was shifted from small

workshops and cottage to large factories located in big town and cities. A large number of workers migrated into the cities in search of employment in the factories for survival. Large scale of production and division of labour became the order of the day in Britain along with the growth of capitalism. England may be regarded as the original home of modern industrial capitalism and spread to other countries of Europe and to the United States of America. The workers became an "exchanges" whose labour was treated as the prime cost of production in such a manner as new materials were and are treated. Industrial capitalists accelerated method of production and flooded world markets with cheap goods which had led to the growth of Trade and Commerce. The doctrine of Adam Smith, J.S. Mill, Spencer had resulted in concentration of wealth in few hands as there was no legal restriction on trade, production, exchange of wealth and accumulation of property. This had led the manufacturing class whose commercial doctrine was laissez-faire to labour exploitation and victimization. The process of industrialization has not only resulted in overcrowding with problems relating to safety, hygiene and health and also employment accidents in serious dimensions. The fear of insecurity to the workers in the event of sickness, old age, maternity, unemployment, employment injury etc. threatened the industrial workers regarding the interruption of the daily wages. This was due to the laissez-faire policy of the state to play the part of passive on looker by not taking responsibility for ensuring the better standard of living to its citizen needed from womb to tomb. Hence, workers had to make their own arrangements to overcome the economic insecurity. This had drifted the workers from bad to worse condition as there was no provision of any relief while meeting contingencies in their work life.

The concept of social security had developed in the course of historical process because when life is becoming more and more complicated due to industrial and scientific advancement, the risks of life have increased manifold. The departure of laissez-faire philosophy to the concept of welfare state yielded the new principles of social welfare and common good through the instrumentality of social justice and so that, the state was no longer content to play the part of passive on looker. Since the late 19th Century gave birth and recognition of industrial jurisprudence with social justice, it was almost felt by every country to establish a system of social security to protect the workers from the risk or contingencies of work life as a matter of right to employees and also every state had to take active participation for the development of human society to pursue the wide range of social and economic policies for ensuring the dignity to man to reach the goal of freedom from want.

As per the contention of Grigson and Gibbs Smith: laissez-faire - The doctrine that the state should not interfere with the natural working of a nation's economy that economic forces alone working through private individuals should shape economic welfare, died at the end of 19th Century and was buried in the 20th Century.

Thus the modern society being a welfare society has assumed the responsibility of providing social security measures to protect industrial workers against sickness, old age, invalidity, unemployment etc. Though the broad system of social insurance was created by the Government of Germany, the term social security was officially recognize and authoritatively used in United States of America in 1935. The influence of ILO also laid foundation to social security measures for workers for adopting the principles to secure universal peace based on social justice. The Philadelphia declaration reaffirmed in particular that labour is not a commodity and poverty anywhere constitutes a danger to prosperity everywhere with a view to the promotion of common welfare.

15.2 HISTORICAL DEVELOPMENT OF SOCIAL SECURITY IN INDIA

The developments of social security are closely linked to changes in the economy and society. History is not only for those persons interested in how things were in the past, but also important in facilitating us to understand the present. Hence, an attempt has been made to trace the origin and development of social security system in India with a view to identify lagging in social security system. In India, social security schemes have been in existence since times immemorial. In the beginning, economic security for needy persons was provided primarily through individual efforts. Gradually, to meet contingencies, organized methods developed to deal with the problems of insecurity. In the early days when human needs were limited and livelihood was based primarily on agriculture, joint families, craft guilds, churches, charitable philanthropic and other religious institutions provided these securities. In order to appreciate the growth and development of social security through different stages, it has been conveniently divided into following phases: x Pre independence phase, and x Post independence phase.'

15.2.1 Pre-Independence Phase

In the pre-independence era, social security measures were extremely limited in its scope and new trends started developing in India during British period when hundreds of factories developed in Bombay, Madras, Ahmedabad, Calcutta, Nagpur and Khanpur. Hence, it is desirable to discuss the social security measures adopted in the following periods: x Hindu period; x Muslim period; and x British period.

15.2.2 Hindu Period

In ancient India, joint Hindu family was the unit of social organization and was also the original cell for security, prototype and analogous to the further institutions. The reciprocal obligations of the parents to support the child in infancy and of the son to support the parents in old age were represented in social insurance by the solidarity of generations.

The society in ancient India did not witness the class struggle as between the employer-employee, exploiter-exploitee and oppressor oppressed. Since, system of regulation existed regarding wages, mode of their payment and fixation, availability of leave to workers. All these details are found in Arthasastra, Yajnovalky, Brahmspathi, Naradas smritis etc. Kautilya's Arthashastra is the building example of the introduction of the philosophy of social security in ancient India. Kautilya attached a great importance to female labor. Female labour in ancient India was recommended in occupation like husking, grinding, winnowing etc.

Kautilya has also mentioned a number of pension schemes in his work, such as, educational pension, public poor relief. He says that "State itself should provide support to poor, pregnant women, to their new born off spring, to orphans, to the aged, the infirm, the afflicted and the helpless".

In the eighth century Sukracharya makes special provisions for social security particularly regarding sickness benefits, pensions and the old age benefits, family pensions and maintenance allowance. He made it clear that when a servant was ill and could not work temporarily, the master should make no deduction from his family.

15.2.3 Muslim Period

During Mughal period due to frequent warfare there was a rapid decline of Indian Industry. The impact of Muslim culture and thought on India gave a new depth to the concept

of charity and social service. Islam enjoins five major duties on its followers, one of which is 'Zakat', meaning charity. The Mughuls had a special governmental department to supervise the administration of charities and endowments. Among Mughal rulers, Akbar the Great made certain provisions for the learned. Shahjahan made liberal grants to spiritual guides, literary men and musicians. The motive of charity was religious rather than safe guarding the economic interest of the poor.

15.2.4 British Period

The Indian industry has declined considerably after the Britishers came as local industry was hardly encouraged. The first cotton textile factory was set up at Bombay as early as 1854.⁶³ Along with large scale cotton and jute textile industries, seasonal industries like cotton ginning, cotton and jute pressing and rice milling also cropped up.

New trends started developing in India during British period as a result of the technological developments and industrialization which had led to the establishment of two distinct classes in the society that is employers and employees. Joint family system lost its validity to provide security against certain socio-economic contingencies as labour was drawn to factory in order to improve their living conditions. There was hardly any law of the land in India to govern labour matters. Exposure to serious accidents due to unprotective methods of handling machines and sickness due to unhealthy living and working conditions made the workers entirely incapable of work which in turn considerably reduced their earning capacity. The capitalists wanted more production but for less wages. Since the traditional right of an employer to hire and fire his workmen at his will under the laissez faire policy ruled supreme for some time, the living standard of workers became low due to interruption of wage-earnings and expenditure on the cure of diseases. So this double income loss had resulted in economic insecurity. Since there was no productive system either in the form of compensation or in the form of medical care and treatment, they found it difficult to cope up with the cost of living in urban life. A sense of union conscience became widespread in the western countries that were followed by other parts of the world including India. The workmen on many occasions combined for increasing wages and reducing hours of work. But, they were resisted by the employers by holding unions as illegal.

15.3 IMPACT OF TWO WORLD WARS

The impact of two world wars deteriorated both economic and social conditions of working class. As trade unions were legalized in some countries, they started functioning as welfare bodies in addition to protest organization. Meanwhile the establishment of ILO gave a morale boost to the Indian workers to have organized movements for redressing their grievances particularly the need for protecting workmen against hazards of life such as the injury, sickness, maternity, old age was very much felt and that the institution of social security has to be established. As there was no proper legislation for the protection of workers against social and economic contingencies except few legislations like the Fatal Accidents Act, 1855; The Factories Act, 1948 etc. The influence of ILO during the post war period favoured the growth of trade union movement resulting in the enactment in the field of social security namely Workmen's Compensation Act, 1923.

15.3.1 Royal Commission on Labour

The Royal Commission on Labour was appointed in 1929 to enquire into the working conditions of industrial labor. The Commission, inter alia, recommended a scheme of health insurance of 48 industrial workers on a contribution industrial workers on a contributory

basis financed by the employers and by small deductions from the wages of workers. The Royal Commission also emphasized the necessity for making some provisions against old age as the workers are unable save out of their low earning against old age. Further, the commission also recommended for maternity benefits as well as payment of gratuity.

15.3.2 Scheme by Professor B.P. Adarkar Committee

The question of formulating a health insurance scheme received the attention of the Government of India in 1927. The Royal Commission on Labour also stressed the need for health insurance for industrial workers. The problem of health insurance was discussed in the Labor Ministers Conference in 1940, 1941 and 1942 which has resulted in the appointment of a committee presided over by Professor B.P. Adarkar in 1943. Professor B.P. Adarkar was entrusted with the task of preparing details of the compulsory insurance for industrial workers. He submitted his report in 1944 with the recommendations based on compulsory contributory principles wherein contributions by the workers depending upon their earnings in slabs. The Adarkar's report was modified by ILO experts and finally it was passed as the Employees' State Insurance Act in 1948.

15.4 POST INDEPENDENCE PHASE

The real sense of social security legislations took shape only after independence even though its birth may be traced back to the industrial revolution. India witnessed the introduction of industrial adjudication in India during 1947. The interim Government formulated a five year programmes for the welfare of labour class with a view to raise the living standards of workers. The significant features of the programmes are follows:

- x Organization of health insurance scheme, applicable to factory workers to start with;
- x Revision of Workmen's' compensation Act;
- x A central law for maternity benefit;
- x Extension to other classes of workers of the right, within specific limits, to leave with allowance during the sickness.

15.5 DEVELOPMENT OF SOCIAL SECURITY DURING FIVE YEAR PLANS

The labour policy set out in the five year plans since independence was based on the belief that the basic needs of workers for food, clothing must be satisfied. Hence, India began the process of planned economic development in the start of First Five Year Plan in April 1951.⁶⁹ Since the Constitution has made a special mention of the duties that the state owes to labour, to their economic upliftment and social regeneration planning was introduced to provide certain directions aimed at physical, social and moral improvements of labour that has directly bearing on social security legislations and hence, the 68 Supra note 10, at 163.

NarendarJetli (K) India: Man Power, Employment Policy a Directive Principles of State Policy is described as social security charter.⁷¹ 2.10.1 First Five Year Plan (1951-1956) The first five year plan has two main objectives namely a better standard of life for the people and social justice. The objectives of the plan reflect the idealism of the community and are derived from Directive Principles of State Policy embodied in the Constitution.

This plan has emphasized that adequate provisions has to be made for the basic needs of the workers in respect of food, clothing and shelter so as to enable them to remain in a state of health and efficiency. Besides this, it is also further emphasized that workers should have their due share in social and economic progress in the shape of improved health services, wider provision of social security, better educational opportunities and increased

recreational and cultural facilities. The plan also stressed that the conditions of work should be such as to safeguard the workers health and protect them against occupational hazards.

Further, it was observed that the workplace has to provide reasonable amenities for his essential needs and the worker should be assured of a reasonable measure of security against the various natural and other risks to which he is exposed. With regard to economic inequalities between rich and poor, the plan observed that at present there are large inequalities between the rich and poor, between the urban and rural areas. This inequality is both unjust and uneconomic. Further, it stated that our country can survive only if there is a more equitable distribution of wealth. The plan also suggested the ways for bringing out equality by way of taking away excessive wealth through fiscal and legislative measures. It also suggested other method that is to raise the standard of life of the common man through improvement in the economic and social status of the more vulnerable classes and through increase in the wealth and productive capacity of the community as a whole. Protection of tenants, labour welfare, amelioration of the backward classes and the substitution of usury by organized credit are steps to this end. The plan has emphasized on agricultural development towards rectifying prevailing inequalities. Further, the plan also suggested to consider matters such as prevailing situation of Indian economy which is not fully integrated. Secondly, essential facts and data relating to important aspects of our economy are lacking. It focused its attention that the federal structure of the Constitution in which the states are largely autonomous should involve a great deal of mutual consultation and also special attention to the problem of effective coordination of policy and programmes. The plan also observed that worker today is not satisfied with merely the wage he receives but expects to be protected against types of natural and other risks arising out of employment.

Second Five Year Plan (1956 - 1961)

The Second Five Year Plan has explained the significance of the socialistic pattern of society as India adopted socialistic pattern of society as an objective of state policy. Considering the significance of socialistic pattern of society, the second five year plan stated that the basic criterion for determining the lines of advance must not be private profit but social gain, and that the pattern of development and the structure of socioeconomic relations should be so planned that the result not only in appreciable increases in national income and employment, but also in greater equality in income and wealth. The plan also observed that the major decisions regarding production, distribution, consumption and investment and in fair all significant socio-economic relationships must be made by agencies informed by social purpose. The plan marked that the benefits of economic development must accrue more and more to the relatively less privilege classes of society and there should be a progressive reduction of the concentration of incomes, wealth and economic power.

The plan also stated that the problem is to create milieu in which the small man who has so far had little opportunity of pursuing of participating in the immense possibilities of growth through organized effort is enable to put in his best in the interest of the higher standard of life for himself and increased prosperity for the country. It also suggested that for creating the appropriate conditions, the state has to take on heavy responsibilities, as the principle agency speaking for and acting on behalf of the community as a whole.

The plan also aims to have a wage policy in order to raise the real wages of the workers and also felt that workers' right to a fair wage has been recognized but in practice it has been found difficult to quantify. The plan suggested that employees' provident funds should be extended to cover more industries and commercial establishments. During this plan

possibility of combining different social security provisions in force in to an overall social security scheme is being explored. It has also suggested that decentralization of the administration of such a unified scheme would prove advantageous to its beneficiaries.

Special attention has been focused on women workers also with regard to the effective implementation of legislations relating to protection against injurious work, maternity benefits and creche facilities at work places. While discussing about the schemes framed under Employees State Insurance Act, 1948 the plan has stressed that steps should be taken for proper implementation of the schemes. The plan also focused considerable attention about the requirement to improve the conditions of labour through legislations such as Factories Act, 1948, Mines Act, 1952 and Plantation Labour Act, 1951.

The Second Five Year Plan also emphasized that agricultural workers need special and immediate attention to improve the living standards of the people due to lack of organization and prevailing economic conditions of the agricultural labor.

² Third Five Year Plan (1961-1966) The Third Five Year Plan gave importance to social assistance programmes. The plan stated as follows: "It would be desirable to make a modest beginning in respect of three groups of persons, the physically handicapped, old persons unable to work and women and children, where they are altogether lacking in the means of livelihood un support. Assistance for them will have to come from voluntary and charitable organizations, municipal bodies, panchayat samitis and panchayats and voluntary organizations. With a view to enabling these organizations to develop their activities with the help of local communities and giving them a little support, it might be useful to constitute a small relief and assistance fund".⁸⁴ For creation of welfare funds the third five year plan suggested that special welfare funds have been constituted for financing welfare measures for workers in the coal and mica mining industries. They are meeting very real needs and hence similar funds are proposed to be created for workers in the manganese and iron ore mines.⁸⁵ The plan also felt that the state and local bodies both urban and rural need to participate in schemes undertaken by way of social assistance and social security and also recommended for the integration of the existing social security schemes.

Fourth Five Year Plan (1969-1974) The plan provided for the expansion of employees state insurance activities to provide hospitalization to families of all insured workers to cover shops and commercial establishments⁷ in selected centres and also to non power factories employee ten or more persons.⁸⁶ The plan gave importance to social assistance programmes and also observed that the programmes for welfare centers, holiday homes and recreational centers have been included in state plans. The plan also stressed for strengthening labour administration for better enforcement of labour laws.

² Fifth Five Year Plan (1974-1979) The Fifth Five Year Plan identified that stray progress is being achieved in social security measures.⁸⁸ It emphasized the suggestion of the Committee on Perspective Planning appointed by the Employees' State Insurance Corporation that the Employees State Insurance Scheme should carry out a five year phased programme of extension of additional categories of establishments, including smaller factories, shops and commercial establishments, mines and establishments.

The plan further stated that the scope for integrating certain important social security measures should be studied.⁹⁰ 2.10.6 Sixth Five Year Plan (1980-1985) The Sixth Five Year Plan observed the progress made in social security scheme in India. It recommended that the Provident Fund Scheme should be gradually extended to smaller establishments and to rural areas. The plan also emphasized that effort should be made to remove the difficulties of

limitation of financial and physical resources of the state government and to extend the coverage to new areas.

² The planners also suggested that as welfare and social security service overlap in areas of medical care and income security during sickness and disability, it will be conducive to efficiency and economy if services in such common areas can be integrated.⁹³ The thrust of the programmes in the sixth plan was in extending measures contemplated in the coverage of Employees State Insurance Scheme and Employees Provident and Family Pension Scheme. The plan also recommended that special programmes need to be undertaken by the State Governments for the benefit of agricultural labour, artisans, hand loom weavers, fisherman, leather workers and of the unorganized workers in the rural and urban areas.

The planners also focused their attention to bonded labour and stressed that effort should be undertaken for its abolition. Further, focus was made towards the abolition of child labour and also regarding the protection extended in prohibition of employment of women in underground mines/coal units and in certain other hazardous occupations. It was also observed that special steps have to be taken to promote their welfare facilities like creches maternity benefits and ensuring equal pay for equal work.

² Seventh Five Year Plan (1985-1990) The highlight of this plan is regarding the labour policy for unorganized labour. The plan observed that labour policy should necessarily have provisions for the welfare and working and living conditions of unorganized labour not only in rural sector, but also in the urban areas. It examined that although a great majority of unorganized labour is found in the rural areas, an increasing number of workers are shifting in the metropolitan cities and small and medium towns in search of better employment opportunities. It further examined that in the unorganized urban sector, incomes are not protected, legal regulations of employment and wages are almost nonexistent and it is extremely difficult to enforce the rules where they exist. While discussing the problem of unorganized sector, it has specifically stated that apart from the general problem of unemployment, rural labour such as land less laborer's and small and marginal farmers, fishermen, beedi workers, leather workers, handloom workers, etc., face problems of under employment, low wages, lack education and organization.

The plan also pointed out that a number of schemes are already being implemented to improve the living and working conditions of rural workers in the country, but it is a challenging task to provide programmes for employment creation and income generation to the rural unorganized labour. This plan also paid a special attention to the bonded labour and child labour for their eradication.

² Eighth Five Year Plan (1992-1997) This plan has observed that adequate levels of earnings and safe and humane conditions of work and access to some minimum social security benefits are the major quantitative dimensions of employment which enhanced quality of life of workers and their productivity. The plan has marked that there is an inadequate coverage and implementation of Minimum Wages Act. The plan further stated that a National Child Labour Programme has been taken up to make effective intervention to prevent exploitation of child labour in the unorganized sector. The plan also suggested that suitable organizational arrangements would need to be developed to provide a minimum measure of social security for unorganized workers.

It also suggested that rural workers educational programmes should be organized for agricultural workers, forest labour and rural artisans to solve their problems by making aware of industrial health, safety and environment as well as to develop leadership among workers.

The planning process attempts to create conditions for improvement in labor productivity and for provision of social security to supplement the operations of the labor market. The plan has pointed out that the situation of surplus labour, coupled with the employment of most of the workers in the unorganized segments of the economy has given rise to unhealthy social practices like bonded labour, child labour and adverse working conditions faced by the migrant labour. The strategy during the plan was that the resources have been directed to the plan programmes towards skill formation and development, exchange of information on job opportunities, monitoring of working conditions, creation of industrial harmony through a infrastructure for healthy industrial relations and insurance against disease and unemployment for the workers and their families. The approach of the plan was to provide social security to the population where high instance of poverty is prevalent. The plan identified that a large number of unorganized labour do not get acceptable minimum level of living and focused its attempt in providing social security for a targeted group through a special employment generation programme on the one hand and the provision of free or heavily subsidized basic needs like health, nutrition, housing and the education on the other.¹⁰¹ A number of schemes are already being implemented to improve the living and working conditions of rural workers in the country. The transformation of their socio-economic conditions is admittedly a challenging task and due to the basic malady afflicting the rural unorganized workers has been the lack employment opportunities. Hence, the plan intended that emphasis will continue to be placed on the special target group programmes for employment creation and income generation. Therefore, plan aimed to undertake efforts not only to improve and upgrade the skills of the workers but also to reduce them and make them aware of the programmes and legislative provisions available for them.

² Tenth Five Year Plan (2002-2007) The plan observed that the productivity of labour is an essential condition for the prosperity of enterprises and the well being of the workers and their families. It stated that while the production facilities at work place and the remuneration are important, attitudes towards work, and their value placed by the society on dignity of labor are equally important in influencing the productive of labor. The planning process supports the attainment of economic and social objectives in the labour sector through a set of strategies. The supply of labour is kept in tune with demand through skill development and vocational training. The Plan further observed that appropriate conditions at work are ensured by measures taken to promote safety at the workplace and minimizing occupational hazards and a reasonable return on labour is facilitated by labour laws that regulate payment wages and provision of social security to workers. The plan also marked that the situation where the supply of labour exceeds demand by a huge margin can lead to highly exploitative forms of work and therefore an effective implementation of the existing regulations relating to prohibition of bonded labour and child labour and monitoring the conditions of migrant workers is required. The main objective of Tenth plan would be to increase the coverage of the labour market institutions and also to provide provision of gainful employment to the entire labour force.

It is observed by the planners that the growth of population in the working age group is at a substantially higher pace than that of the average population. Agriculture used to provide employment to a major part of the work force. It was also pointed out that the number of workers deployed in agriculture cropping activities has not increased and it has even declined in certain parts of the country. Further, the plan noted that the pace of growth of jobs in the organized sector has slowed down primarily because number of jobs in the

public sector has reduced and employment elasticity in the private sector has decreased significantly

² The plan recommended for the economic policy in general and labour policy in particular must facilitate the opening up of new employment avenues. Particularly in agriculture and related sector, there is a need to create more employment opportunities in horticulture, animal husbandry, poultry and development of water sheds. The plan contemplated that the non agricultural sectors of economy will have to observe the bulk of the increase in labour force and the labour sector has to focus at those times of establishment where much of the labour finds work.

² Eleventh Five Year Plan (2007-2012) The plan pointed out that the unorganized section of agricultural sector consisting of crop cultivation and other agricultural activities such as forestry, livestock, and fishing, not protected under the Plantations Workers Act, has neither formal system of social security nor regulation of conditions of work. The plan also stated that the Government has taken note of the concerns expressed by the National Commission for Enterprises in Unorganized Sector in examining the desirability of enacting laws regulating the minimum conditions of work of agricultural wage workers and provide a measure of social security to agricultural wage workers and marginal and small farmers in the unorganized sector as well as informal/unorganized workers in the organized sector consisting of wage workers, independent self-employed, and workers who are self employed at home, whose minimum conditions of work are not regulated by any other legislation. The plan also felt that the provision of a statutory package of National Minimum Social Security to which all unorganized (agricultural and non-agricultural) workers are entitled need to be considered. It also suggested that there may be Social Security Advisory Boards and dispute resolution mechanisms to oversee and monitor the implementation and ensure that each such worker has the sense of being provided with what is due to him/her. The plan has observed that in order to provide accessible, affordable, accountable quality health services to households in rural areas the government has launched National Rural Health Mission. The plan pointed out that many efforts in the past for providing health insurance for the rural poor have not been successful because of inadequacies in design and implementation. There is a need for an inclusive social security system for more than 91% of India's work force which consists of informal workers working either in the unorganized sector (85%) or in the organized formal sector (6%).¹⁰⁷ The plan noted that a large majority of them face the problem of deficiency or capability deprivation as well as the problem of adversity. Further the social security schemes that are currently in place hardly cover even 5 to 6% of estimated number of total informal workers of 362 million. It also examined that with the exception of a small number of states with some social security cover for workers in the unorganized sector, a majority of the states do not offer any cover, especially for addressing such core concerns as healthcare and maternity. The plan also pointed out that among the central and state governments initiatives that address the social security needs of the population, there are very few schemes addressed specifically for the unorganized workers. Kerala and Tamil Nadu are the only states that offer some reasonable coverage of both old age pension for the aged poor and other protective social security schemes for the workers in the unorganized sector

² While discussing the issues on social security in the context of inclusive growth the plan observed that majority of the workers in the unorganized sectors come from the socially backward communities. Lack of purchasing power as a result of low earning power, along with vulnerabilities will have the effect of reducing the aggregate demand in the economy. The plan also observed that the absence of a viable and comprehensive social security arrangement is not merely the problem of individual workers and their families. It has also

wider ramification for their economy and society. The plan pinpointed out the overall wellbeing of the country as measured by health, education, longevity of life and access to resources may be affected adversely, at times manifesting itself in crimes and other illegal activities. Regarding workers without institutionalized social security cover, the plan stated that the beedi workers, brick-kiln workers, handicraft artisans, handloom weavers, leather and tannery workers are covered under social insurance schemes available to the unorganized sector which is operated through Life Insurance Corporation such as social security group insurance scheme. It is necessary to ensure living wage, distinct from the concept of minimum wage, which can guarantee the workers a decent life. Hence, the objective of the Eleventh Plan is to treat social security as inclusive concept that covers housing, safe drinking water, sanitation, health, educational and cultural facilities for the society at large. During this Period, as sequel to the recommendations of National Commission for Enterprises in the Unorganized Sector, the Unorganized Workers' Social Security Act was passed in the year 2008 to provide for the social security and welfare of unorganized workers. The Act provides for welfare schemes formulated by Government on matters relating to life and disability cover, health and life and disability cover, health and maternity benefits and old age protections under schedule I of the Act. 2.10.12

12

Twelfth Five Year Plan (2012-2017)

The plan focused its attention towards the women in the unorganized sector and stated as follows: "Women in the unorganized sector require social security addressing issues of leave, wages, work conditions, pension, housing, child care, health benefits, maternity benefits, safety and occupational health, and a complaints committee for sexual harassment. This can only be ensured in extending labour protection to these sectors in a manner that pays special attention to the needs of women workers". With regard to home based workers, the plan stated that the promotion of enterprises of home based workers, self-employed workers and small producers is an essential component of twelfth plan and is of particular relevance for women. The Twelfth Plan strategy would be to identify such workers and support their enterprises through setting up of common facility centres to ensure all important services including technology and skill training, entrepreneurship training, market information access to institutionalized credit, power and other infrastructure and related facilities are readily provided.

The plan proposed that medical insurance policies will be modified to recognize needs of women headed and single women households and encouraged to have uniform coverage norms. Policies on pensions and post-retirement benefits will be engendered to reflect the needs of single women and women headed households. The plan suggested that Kisan Credit Cards should be issued to women farmers, with joint pattas as collateral and there will be provision of refinance loan for women entrepreneurs to extend their involvement in economic activities. Government loan guarantees to substitute for collateral to facilitate women's access to credit will also be provided. The plan also pointed out that one of the major impediments affecting women's participation in the workforce, is due to lack of skills. The Twelfth Plan envisages a major scaling up of skill development which must be accompanied by special efforts to promote skill development of women from traditional skills to emerging skills, that help women break the gender stereotypes and move into employment requiring higher skill sets.¹¹³ While discussing about employment generation, the plan suggested that a significant increase is required in formal sector employment, with reasonable pay and conditions, which would provide for the specific needs of women workers. The Twelfth Plan strategy is mainly focusing on health, education, sanitation and infrastructure development that will create many productive jobs and a large proportion of which will be in the formal sector. This must be

accompanied by measures to ensure that women have adequate access to these new job opportunities. The plan also aims to strengthen the implementation of the Equal Remuneration Act and the Maternity Benefits Act. With regard to migrant workers, the aim of the twelfth plan is to ensure provision of financial services to migrant women to enable promotion of savings and to facilitate secure transfer of remittances. To protect migrant domestic workers from exploitation by placement agencies, the plan suggested that a system of registration, monitoring and accountability of placement agencies for domestic workers may be introduced. To prevent marginalization of migrant labour, especially women migrants at their new destination, it has further suggested that portability of entitlements such as ration cards based on the experience of the Rastria SwastikaBima Yojana card will have to be ensured. Migrant Resource Centres /Assistance centres will have to be set up in major destination areas to provide information counselling for migrants including training and placement to ensure better integration in urban labour markets. Further, Constitution of India provides an overarching frame work for regulation of conditions of work as well as protection and promotion of livelihoods. The Constitution of India guarantees fundamental rights to every citizen including the right to life. The ultimate aim of social security is to ensure the means of livelihood and therefore, the right to social security is also inherent in the right to life. Thus, there was a complete change in the approach to labor legislations after independence as the ideas of social justice and welfare state are enshrined in the constitution which laid down directives to the state under part IV relating to labor and its welfare.

15.6 SUMMARY

it is concluded that there is considerable development in the social security measures during the 68 post independence period. Even from the perusal of five year plans, it is inferred that the state has moved to translate the objectives stated in Directive Principles of State Policy in to statutes which are to safeguard the interests of workers against sickness, accident, disease, old age and unemployment. Particularly the programmes of sixth plan was on the effective implementation of different legislative enactments regarding labor and special programmes for agricultural laborers, artisans, hand loom weavers, leather workers etc., and its special attention towards the problems of bonded labor, child labor, women labor, contract labor, construction labor and inter-state migrant labor. The eight five year plan also pointed out that the enforcement of labor laws especially laws relating to the unorganized labor should be effective.

15.7 KEY WORDS

Pastoral Stage- This stage was marked by a certain amount of economic activity. The nomadic and migratory nature of man persisted, and together with his goats and cattle, he move on to fresh pastures and meadows.

Agricultural Stage - This stage paved the way for recognition of individual property rights as they started to have fixed abodes for cultivation. This period saw the growth of villages, towns as well as cities. There was a small artisan class who were self employed and also the landed proprietors or zamindars as well slaves.

Handicrafts Stage - This stage has marked the beginning of the labour problems in the world. As the artisans were not able to sell their finished products in their own villages, they started depending upon traders or merchants who found a market for their products

Workshop Stage - Since there is a need to manufacture products on larger scale the workshop stage soon overtook the handicrafts stage, standardized tools came to use and the small workshop manufactures dominated the general market

15.8 SELF ASSESSMENT QUESTIONS

1. Discuss the Development of Social Security in India
2. Explain the Historical Development of Social Security in India
3. Briefly Elucidate the Development of Social Security during Five year plan

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LESSON-16

COMPREHENSIVE SOCIAL SECURITY IN INDIA

Learning objectives

- ✓ To Understand the Existing framework of the Social security scheme
- ✓ To Discuss the Composition of NSSA
- ✓ To Learn the Functions of NSSA

Structure

16.0 Introduction

16.1 Existing Framework of Social Security Scheme

16.2 Universal Coverage

16.3 Identification of Beneficiaries

16.4 Authentication and Enrolment

- 16.4.1 Use of BPL list for targeting
- 16.4.2 Multiple Identification and Authentication window
- 16.4.3 Adhar Enabled Platform
- 16.4.4 Cost Effectiveness
- 16.4.5 Single Platform linking all schemes
- 16.4.6 Ownership and Governance
- 16.4.7 Co-ordination
- 16.4.8 Fragmentation
- 16.4.9 Centre/State ownership
- 16.4.10 Research and Development

16.5 The Trust Structure of Provision of Public service

16.6 provides a Degree of separation from political setup and Uncertainties

16.7 Enables Greater Capacity Building

16.8 Ensures clear outstanding of the scheme

16.9 Composition of NSSA

16.10 Functions of NSSA

16.11 State of Social Security Administration

16.12 Summary

16.13 key words

16.14 Self Assessment questions

16.15 Suggested Readings

16.0 INTRODUCTION

India, being a welfare State, has taken upon itself the responsibilities of extending various benefits of Social Security and Social Assistance to its citizens. The social security legislations in India derive their strength and spirit from the Directive Principles of the State Policy as contained in the Constitution of India.

Although the Constitution of India is yet to recognize Social Security as a fundamental right it does require that the State should strive to promote the welfare of the people by securing and protecting, as effectively as it may, a social order in which justice social, economic and political shall inform all the institutions of national life. Specially, Article 41 of the Constitution requires that the State should within the limits of its economic capacity make effective provision for securing the right to work, to education and to public assistance in case of unemployment, old age, sickness and disablement. Article 42 requires that the State should make provision for securing just and humane conditions of work and for maternity relief. Article 47 requires that the State should raise the level of nutrition and the standard of living of its people and improvement of public health as among its primary duties. The obligations cast on the State in the above Articles constitute Social Security.

In India, out of an estimated work force of about 397 million, around 28million workers are having the benefit of formal social security protection. Rest of the workers are in the unorganized sector. Several and successive attempts have been made in the past to address the multifarious problems faced by the workers in the unorganized sector through legislative as well as programme oriented measures. Even though these measures have not succeeded in achieving the desired object partly on account of the ignorance, illiteracy and lack of unionization of workers on the one hand, the resource constraints of the State on the other, some of the programmes have provided a good setting through which the hopes and expectation of the workers in the unorganized sector have been considerably aroused.

A gigantic task of this nature would require a multi-dimensional, multilevel well integrated and efficiently delivered structural response would include legislation, its enforcement, enhancement of social awareness, involvement of voluntary organizations and committed individuals, while simultaneously improving the mobility, capability for better supervision and effectiveness of the enforcement machinery and of the schemes meant for the welfare of the unorganized labour.

In the initial years of development planning, it was believed that with the process of development, more and more workers would join the organized sector and eventually get covered by formal social security arrangements. However, experience has belied this hope. The opening up of the economy, under the regime of economic reforms, has only exacerbated the problem. There is now almost a stagnation of employment in the organized sector with the resultant increase in the flow of workers into the informal economy.

The well designed social security system for the workers in the unorganized sector will help in improving productivity, contribute to the harmonious labor relations and thus to socio and economic development. It will encourage and propagate the social peace by reducing the frequency of industrial conflicts, increase the willingness to work, make it easier to meet delivery commitments and lead to improved quality product, a better investment climate and thereby enhancing the competitiveness of the economy.

The working group noted that the Second National Commission on Labor has been constituted by the Government to suggest rationalization of existing laws relating to labor in the organized sector and suggest an umbrella legislation for ensuring a minimum level of protection to the workers in the un-organized sector.

Effective enforcement of Social Security Acts through institutional mechanisms would impact on the level of trust and confidence of the working class. There is a felt need to look at the delivery mechanism in implementation of the Acts like EPF & MP Act, the ESI

Act, Minimum Wages Act, Maternity Act, Workmen Compensation Act and the Payment of Gratuity Act. The wage policy for the unorganized sector secured mainly through the Minimum Wages Act, 1948 is oriented towards providing a 'Need-based Minimum Wages'. In the unorganized sector, the wages are fixed under the Minimum Wages Act, 1948. The fundamental objective of minimum wage fixation is to improve the standard of living of those sections of the working population in the sweated sector whose wages are very low and whose living and working conditions leave much scope for improvement. Under the Act both the

State and the Central Governments are appropriate Governments for fixation/revision of minimum rates of wages in the scheduled employments falling in their respective jurisdiction.

Social Security is both a concept as well as a system. It represents basically a system of protection of individuals who are in need of such protection by the State as an agent of the society. Such protection is relevant in contingencies such as retirement, resignation, retrenchment, death, disablement which are beyond the control of the individual members of the Society. Men are born differently; they think differently and act differently. State as an agent of the society has an important mandate to harmonize such differences through a protective cover to the poor, the weak, the deprived and the disadvantaged.

The concept of social security is now generally understood as meaning protection provided by the society to its members through a series of public measures against the economic and social distress that otherwise is caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, occupational diseases, unemployment, invalidity, old age and death.

The ILO concept of social security is based on the recognition of the fundamental social right guaranteed by law to all human beings who live from their own labour and who find themselves unable to work temporarily or permanently for reasons beyond their control. At the international level, the preamble of the Constitution of ILO also referred to the need and protection of workers against sickness, disease and injury arising out of their employment, pension for old age, protection of the interests of the workers who were employed in countries other than their own. Thus, the right to Social Security was recognized officially for the first time. Subsequently, the UN General Assembly, while adopting the Universal Declaration of Human Rights also recognized the right to Social Security by stating that every member of the society has a right to social security.

"Social Security" has been recognized as an instrument for social transformation and progress and must be preserved, supported and developed as such. Furthermore, far from being an obstacle to economic progress as is often said, social security organized on a firm and sound basis will promote progress, since once men and women benefit from increased security and are free from anxiety, will become more productive.

There is considerable controversy about the social and economic effects of social security, and most of the current debate is focused on its supposedly negative effects. Social Security is said to discourage people from working and saving to reduce international competitiveness and employment creation, and to encourage people to withdraw from the labour market prematurely. On the other hand, social security can also be seen to have a number of very positive economic effects. It can help to make people capable of earning an income and to increase their productive potential; it may help to maintain effective demand at the national level; and it may help create conditions in which a market economy can flourish, notably by encouraging workers to accept innovation and change.

A formal social security system presupposes the interventionist role of the State on redistribution grounds. Social security measures are generally income maintenance measures intended to provide a minimum living to the people when they are deprived of the same due to

invalidity, unemployment or old age. The two basic elements of social security are provision of a 'minimum living to those who are deprived of the same and 'selective redistribution of income' to a target group to reduce inequalities.

Social security to the workers would involve providing or framing such schemes or services or facilities and amenities, which can enable the workers to lead a decent minimum standard of life and having financial/ economic security to fall back upon in the event of losing job for whatsoever may be the reason in the circumstances beyond their control. The workers must be given the wages and other services, which will enable them and the members of their family to lead a decent life. Thus Social security is an instrument for social transformation and good governance.

According to the ILO- World Labour Report-2000, the total security expenditure in India as percentage of GDP in 1996 was 1.8 whereas for the corresponding period the Social security expenditure in Sri Lanka was 4.7, Malaysia 2.9 and China 3.6. In Argentina, the social security expenditure for the same period as a percentage of GDP reached the level of 12.4 and in case of Brazil

In comparison to Argentina and Brazil, the expenditure on social security in India is much less. The expenditure on social security cannot be directly related alone to the economic development. Intervention of the State would be essential and a co-relationship may have to be established for faster economic development.

Social Security in India was traditionally the responsibility of the family/community in general. With the gradual process of industrialization/urbanization, break up of the joint family set up and weakening of family bondage, the need for institutionalized and State-cum-society regulated social security arrangement to address the problem in a planned manner in wider social/economic interest at national level has been felt necessary. Currently, ongoing measures towards transformation process for trade and industry, increasing role of market forces and increase in longevity, in general world over has added a new dimension to the issue and enhanced the requirement further towards a planned and regulated institutionalized measure in the form of social security in its common understanding

16.1 EXISTING FRAME WORK OF SOCIAL SECURITY SCHEMES & THE CONSTRAINTS.

The social security schemes in India cover only a very small segment of the organized work force, which may be defined as workers who are having a direct regular employer-employee relationship within a organization. Out of an estimated work force of about 397 million, only 28 million are having the benefit of formal social security protection.

The Social Security Laws in India at present can be broadly divided into two categories, namely, the contributory and the non-contributory. The contributory laws are those which provide for financing of the social security programmes by contributions paid by workers and employers and in some cases supplemented by contributions/grants from the Government. The important contributory schemes include the Employees State Insurance Act, 1948 and the Provident Fund, Pension and Deposit Linked Insurance Schemes framed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1948. The three major non-contributory laws are the Workmen's Compensation Act, 1923, the Maternity Benefit Act, 1961 and the Payment of Gratuity Act, 1972. The proposed Comprehensive Social Security (CSS) Scheme should aim, at minimum, to provide financial protection against critical risks confronting the well-being of households and individuals. In particular, the CSS should cover –

- i. the risk of death of income earners
- ii. the risk of health shocks in a household

It is well recognized that the death of the primary income earner, an unexpected health shock requiring expensive surgery, or the inability to save regularly for retirement could fundamentally compromise the well-being of households. However, the usage of appropriate financial products such as life insurance, health insurance, and pension schemes can mitigate these risks and protect households. The objective of the CSS program is to provide minimal levels of these protections to households and individuals through the use of appropriate financial products.

We have refrained from including direct cash transfer schemes in the form of maternity assistance and scholarships for girl students in this report as we believe that they do not fall under the ambit of financial products. All products considered in this report aim to mitigate specific risks through pooling of resources and investment in assets (in the case of pension). However, once the architecture that we propose for financial protection is operational, cash transfer schemes such as maternity assistance and scholarships can be added to CSS at no additional marginal cost.

16.2 UNIVERSAL COVERAGE

It is desirable that a social security program such as CSS not be discriminatory in nature and be available to all citizens to ensure that a minimum level of protection is provided for all. Currently, AABY and NPS are targeted to the heads of households. This is fundamentally ⁶⁹equitable and over time could result in outcomes such as discrimination against women in the provision of social security.

As a principle, therefore, we propose that the CSS must aspire to create an open architecture that aims at universal coverage. Since CSS is meant to provide minimal levels of social security, it is only appropriate that it be made available to all citizens of India. While budgetary resources will determine the extent of subsidy available under the program - and this subsidy should be used only for vulnerable poor households or graded for the entire unorganized sector - it is essential that an unsubsidized version of the program be available to all citizens, in the spirit of universal coverage under social security. Therefore, we recommend that they be available universally to all eligible members of the household.

16.3 IDENTIFICATION OF BENEFICIARIES THROUGH SELF-REPORTING

⁴⁵Currently, the CSS has been conceived as a ³³scheme for the 'unorganized' sector in India. As per the Unorganized Workers' Social Security Act (UWSSA) 2008, an 'unorganized worker' is defined as: *—a home based worker, self-employed worker, or a wage worker in the unorganized sector and includes a worker in the organized sector who is not covered by any of the Acts mentioned in Schedule II of this Act.*

While the definition provides a broad sense of an unorganized worker, the true challenge on the ground will revolve around the identification of these unorganized sector workers. There is no clear, fool-proof mechanism available to identify and separate organized sector and unorganized sector workers today.

The UWSSA sought to work around this problem by requiring individuals to register themselves as unorganized workers with the district administration by self-declaration. This self-declaration was to form the basis for registration as an unorganized worker and to determine eligibility for schemes under the Act. It is obvious that this is a cumbersome

process with clear concerns around effectiveness and cost. It, however, serves to highlight the fact that currently there is no obvious strategy to identify unorganized sector workers, and that an exhaustive process of this nature would need to be put in place if unorganized workers are to be identified.

The principle for identifying unorganized sector workers should be based on self-reporting by individuals (as recommended under the UWSSA) but not at the district administration; instead self-reporting can be done by beneficiaries. This is the strategy that has been adopted by the PFRDA for the NPS-S currently. Beneficiaries under NPS-S directly self-report with the aggregator that they are employed in the unorganized sector and are not covered under the Employee Provident Fund (EPF) scheme.

Additionally, the design of the CSS and the extent of protection offered provide a natural disincentive for middle and high income citizens from registering for CSS. For instance, consider the Rs. 30,000 quantum of life insurance cover available under the AABY – this works out to 0.5% and 1.17% of the human capitals of a 20-year old in the fifth and fourth income quintiles respectively. Similarly, health cover under the RSBY is at Rs. 30,000 respectively, while the NPS-S earns a matching contribution of Rs. 1000 per year. In view of this design, it is not at all apparent that middle and high income individuals will seek to enter into the CSS and this has been borne out by the experience of the NPS-S. Translating this self-reporting mechanism to the CSS program can be an effective and cost efficient strategy for identification of unorganized sector workers.

16.4 AUTHENTICATION AND ENROLMENT

Existing social security schemes in India use a variety of different platforms to identify, enrol, and service the client. AABY and RSBY rely on a beneficiary list provided by the State Nodal Agency (SNA) to identify clients. States usually undertake a comprehensive data collection exercise once every ten years to identify people who are below the poverty line (BPL). This list is usually merged with other employment lists such as NREGA workers' or 'railway porters' to produce a master list of beneficiaries for such welfare schemes.

The current enrolment systems possess several advantages and efficiencies. One of the oft-cited advantages to RSBY, for instance is its enrolment system, which uses scheduled, moving enrolment stations that camp out in a village or town for 1-2 days. A beneficiary who is interested in enrolling visits the station, pays Rs 30, and is provided with a 'smart-card' that is issued after biometric data is collected and eligibility is confirmed (by matching the name on an existing identification card such as BPL or NREGA card or with the pre-existing eligibility list provided by the SNA).

Two features of the current identification and enrolment mechanisms stand out:

- i. The RSBY 'smart card': This is a unique identity card that is matched to biometric information, which is similar to the Aadhaar number. However, information, such as account balance, is stored on a chip that is embedded in the card itself. This enables offline, cashless transactions at the hospital. When a beneficiary has to pay for a procedure, they simply submit their card at the hospital, provide a fingerprint to identify themselves with that card, and then the cost is deducted from the balance that is stored on the chip.
- ii. Mass enrolments: RSBY (and AABY) enrol beneficiaries *en masse*, at enrolment stations that are located at well-known public centres in villages and towns. Dates for enrolment are advertised well in advance. The entire process of enrolment is relatively easy, which includes submission of some basic ID proof, fingerprinting, photographs, and the on-the-spot issuance

of the smart card. This ease of enrolment has led to a quick and wide expansion of the plan across several states. Because enrolment is easy, cheap (for the beneficiary), and can only be done during specific time windows, it has led to the creation of a very large group of insured beneficiaries that are not adversely selected into the pool.

While these are undeniably attractive features, there are significant concerns of mis-targeting and multiple-window access for beneficiaries that make the current system unsuitable as an effective enabling platform for delivery of CSS:

16.4.1 Use of BPL lists for targeting

There are multiple problems with using the BPL list for identifying beneficiaries. First, people move in and out of poverty frequently due to various income and health related shocks that can occur instantaneously. A listing exercise conducted once every ten years is an inadequate mechanism to capture these shifts in economic well-being. Second, the issuance of BPL cards has been riddled with corruption. As 'BPL status' is now equated with the eligibility for various benefits such as subsidized food, gas, and insurance it is highly sought after by even the non-poor. This has led to the capture of a large amount of benefits by those who are undeserving. Equally distressing is the non-issuance of BPL cards to those who deserve them. A scheme like NPS does not have a targeting problem, as it is available to anyone who chooses to buy it.

16.4.2 Multiple identification and authentication windows

Enrolment into CSS schemes is also done in different ways. RSBY uses insurance companies and contracted Third Party Administrators (TPAs) to enrol beneficiaries while AABY uses state nodal agencies. AABY is now being added to the RSBY enrolment platform in a series of pilots. Further, this multiple-window architecture cannot be accessed using a uniform authentication mechanism since each scheme has laid out its own processes. For example, accessing RSBY requires the beneficiary to hold an RSBY card while NPS-S requires a Permanent Retirement Account Number (PRAN). This has led to significant non-pecuniary costs to beneficiaries in the form of long distances to access points and multiplicity of documents required for authentication and access to services.

16.4.3 Aadhaar-Enabled Platform

For successful delivery of CSS benefits to India's unorganized sector, it is essential that we have a single identification and authentication platform linking all the schemes under CSS.

Such a solution is available today in the form of Aadhaar enabled identification. The Aadhaar is a unique, 12 digit identification number for all residents of India, issued on a voluntary basis. The Aadhaar number is issued upon collection of a person's basic demographic and biometric (finger scan and iris scan) data, which allows for unique identification. Its primary purpose is to enable a direct transfer of benefits (DBT) from government schemes that the beneficiary is eligible for, into her bank account. The rollout of the Aadhaar scheme has gathered considerable momentum in the past year, and is expected to reach 600 million people by 2015.

A system based on Aadhaar can resolve multiple problems with the current system linked to beneficiary identification, real time transfer of subsidies, and leakages in the system. This system can also provide ease of access to the beneficiary, with the Aadhaar number forming the basis for identification and entry into all products in the CSS. The Aadhaar

platform has the following features that make it the most effective platform for identification and authentication.

16.4.4 Cost Effectiveness

According to one estimate (Nagpal 2011), it costs approximately Rs.150 per person to print and issue a smart card. This is almost one-third the cost of the premium itself. RSBY officials justify these costs on the basis of the transactional advantages they offer (such as off-line processing and cashless transacting). However, Aadhaar also offers cashless transacting, and will not require an expensive chip embedded in the card. While this will enable only online verification and transacting at the point of service, it is expected that internet connectivity will be ubiquitous in the near future⁹. It is also relatively cheap to provide internet connections at all points of service within the next 3 years. If assumed that CSS will roll out to 200 million households in the next 5 years, this equates to a potential cost saving of Rs. 30 billion.

16.4.5 Single platform linking all schemes under CSS

All social security and welfare schemes must be offered through a single-window architecture. This has several advantages on the demand and supply side. It will provide the beneficiary with one interface for buying different products, accessing information, redressing grievances, and claiming benefits. On the supply side, a single distribution channel for all products will enable cost-savings, better coordination of the various schemes, and an ability to gather and analyze data across schemes. Further, having a single card and account through which all transactions are made could significantly reduce non-pecuniary costs, associated with engaging into a new financial scheme for households. Because the current RSBY enrolment platform is ill-equipped to collect or disburse cash (from NPS, AABY), due to it not being linked to a banking channel, it cannot form the basis for the CSS.

16.4.6 Ownership and Governance

The critical drivers of the success of a scheme such as the CSS will be the clarity of the ownership structure and quality of governance. Currently, the AABY, RSBY and NPS-S schemes are standalone programs with no coordination. Creating a cohesive ownership and governance framework requires a deeper understanding of the challenges in the current system, especially those of coordination and overlap.

16.4.7 Coordination

Current social security schemes are run by various ministries. NPS and AABY are run under the Ministry of Finance, while RSBY is run under the Ministry of Labour and Employment. The primary health schemes such as National Rural Health Mission (NRHM) are run by the Ministry of Health. This has led to a fragmented delivery of schemes that has resulted in the end user having to access them through multiple channels. An unorganized sector worker that demands comprehensive social security has to enroll for health insurance at an RSBY enrolment station, buy a pension through an aggregator such as a bank, and enroll for life insurance through one of LIC's nodal agencies.

16.4.8 Fragmentation of Ownership

As noted in the recommendations of the Committee to Review Implementation of Informal Sector Pension (CRIISP), *—it is by now a well-recognized reality of the Indian financial markets that most financial instruments in India are “push” products and not really “pull” products, which means that most financial instruments in the country do not enjoy an*

automatic demand and need to be sold proactively. The committee also notes that the biggest problem with the NPS architecture is the absence of any clear idea about who owns the customer. None of the entities in the scheme have an explicit marketing role leading to a lack of delineation of clear responsibilities on customer awareness, customer acquisition, and customer servicing. The same holds true of other social security schemes as well. There is an absence of any clear idea about who owns the customer under RSBY and AABY as well. While the government contribution in NPS-S and payment of premium for health and life insurance are incentives for enrolling into the program, it should be noted that the distribution channel of the product and the implementation of the scheme are just as, if not more, important than the design. This is a point that is often overlooked and it needs to be ensured that financial products are branded, marketed and sold proactively. This requires that one entity has ownership of the scheme and that they incentivize aggregators to sell the product. Currently, multiple stakeholders own the products that come under the ambit of CSS. For example, AABY is a scheme that can be said to be owned by three entities. At the national level, the scheme is administered by the LIC but the implementation is done through state level nodal agencies. For instance, in Andhra Pradesh, there are two levels of Nodal Agencies to administer the scheme - the Society for Elimination of Rural Poverty (SERP) is responsible for overall facilitation, monitoring and evaluation of the Scheme, while at the district level the Zilla Samakhya functions as implementation agency for overall management of the Scheme.

16.4.9 Centre-State Overlaps

There are also several instances of overlap between schemes provided by the centre and the states. For example, many states provide a minimum pension floor that has come into conflict with the centrally provided NOAPS and the NPS-S. Andhra Pradesh, for instance, provides a minimum monthly pension through its Abhaya Hastam program which is designed similar to the NPS. While it is admirable that some states provide pension benefits to their citizens, a lack of coordination between centre and state has led to inequitable pension coverage across India, where richer states have provided much higher pension benefits compared to poorer ones.

16.4.10 R&D

Currently, data on all schemes are captured separately. Analysis of RSBY data is contracted out to GIZ, life insurance data is housed at LIC, and pension data is housed by the Central Record Keeping Agency and owned by PFRDA. There is no way to access data on usage across schemes for a single individual, as datasets are not merged. There is also a lack of human resources currently devoted to data analysis, which has resulted in low levels of product innovation, development, and learning.

16.5 The Trust Structure for Provision of Public Services

The issues highlighted above point to three key design elements that will be essential in a well-functioning ownership and governance structure for CSS:

- i. A unified agency to own schemes so as to ensure convergence
- ii. A degree of separation between the political set up and implementation
- iii. Active coordination between the central implementing agency and states

In fact, the UWSSA appears to have clearly tried to address exactly these issues when it envisaged the creation of a National Social Security Board (NSSB) to own all social security schemes in the country and State Social Security Boards (SSSBs) in each state to

ensure coordination. However, the implementation of the NSSB and SSSBs have been fraught with difficulty with only a handful of states having formed SSSBs and states like Tamil Nadu declining to create such an entity. This can be partially attributed to the one aspect that the UWSSA does not address – i.e. the separation between the political set up and implementation. This is not uncommon in traditional models that have always relied on the purchaser and the provider being the same entity. For instance, the Ministry of Health in most countries is provided the funding as well as the mandate for delivering public health services. Many countries have found that this yields sub-optimal results like inefficient delivery of health services, and have therefore moved towards separating the purchaser and provider of such public services. As a consequence, countries such as Thailand and the UK have moved towards creating a 'Trust' structure which creates a distinction between the purchaser and the provider of public services. These countries have found that the organizational and governance efficiencies provided by this structure have resulted in improved outcomes for citizens.

For example, in Thailand the National Health Security Office (NHSO) oversees the implementation of the Universal Coverage Scheme (UCS) or the '30 Baht Scheme', a universal health coverage scheme that offers a comprehensive package of care, including both curative and preventive care. The NHSO consists of two governing national boards, the National Health Security Board (NHSB) and the Health Service Standard and Quality Control Board¹¹. The NHSB is chaired by the Minister of Public Health and consists of members from various public and private organizations including the permanent-secretary of related ministries like Ministry of Defence and Ministry of Finance. Other representatives from professional health bodies, municipalities and non-profit organizations are also included as the members. In addition, experts in health insurance, medical sciences and public health, traditional and alternative medicine, finance, law and social sciences can be appointed as board members by the Cabinet. This structure enabled a degree of separation from the political set up and the involvement of a wider range of agencies and stakeholders in decision-making processes which improved the efficiency, transparency, responsiveness and accountability of the scheme. Further, by acting as the purchaser on behalf of UCS, the NHSO ensured that the Ministry of Public Health no longer wielded control over government spending on health-care services. An independent study set up to assess ten years of the scheme singled out the creation of NHSO as the most noteworthy innovation of the UCS.

The use of the Trust architecture has led to the phenomenal success of the UCS since its launch in 2001. Within one year of its launch, it achieved near universal coverage, covering about 75% of the Thai population. Research has also found that the scheme has had a measurable positive impact on income inequality in Thailand. The share of household out-of-pocket payments for health and the share of households facing catastrophic spending on health also decreased considerably from 2000 to 2006 - the poorest income quintile experienced a 77.5% reduction in the proportion of households facing catastrophic health expenditure.

Other countries like the United Kingdom have also looked to incorporate these design elements by shifting to a Trust structure. Under a recent set of reforms to the National Health Service (NHS), NHS England- the operating vehicle of NHS was made an independent body that has considerable freedom from control by the government. The Department of Health (DH) will now be responsible only for strategic leadership of both the health and social care systems. It will no longer be the headquarters of the NHS, nor will it directly manage any NHS organizations.

In summary, the Trust structure for provision of public services offers the following advantages:

Advantages

16.6 PROVIDES A DEGREE OF SEPARATION FROM THE POLITICAL SET-UP AND ITS UNCERTAINTIES

The Trust structure enables the implementation of policies in a continuous and consistent manner as it is separated from the uncertainties attached with the political system. As is evident in the case of delivery of public health services in both United Kingdom and Thailand, Trust entities have been provided greater autonomy and freedom from the control of the government. This degree of separation from the political set-up and incorporation of a wider spectrum of entities into the functioning of the scheme, especially local stakeholders, increased the efficiency and transparency of the schemes and has been critical to their success

16.7 ENABLES GREATER CAPACITY BUILDING

The Trust structure allows for the recruitment of adequate manpower in the implementation of schemes. For instance, the NHSO in Thailand sees itself as a learning organization that seeks competent human resources and aims to continuously develop them in line with the vision, mission and objectives of the organization. The Trust model offers the potential for better information management and learning. The Rajiv Aarogyasri Scheme (RAS), run by the Rajiv Aarogyasri Trust under the Andhra Pradesh government, is a prime example of a scheme that has better information management systems than national level schemes like the RSBY. For instance, the RAS scheme has better analytics on disease burden than RSBY. Further, the structure lends itself to the creation of right technical capacity for the implementation of the scheme. The RAS Trust coordinates the activities of the insurance company and the involvement of all the sections of government that could help in the implementation of the scheme. The scheme also consists of a unique set of functionaries in the form of Arogyamitras, who are trained by the Trust and insurance companies, based on training material provided by the Trust. In addition, the scheme utilizes high-end technology through a dedicated real-time online workflow system created by Tata Consultancy Services in collaboration with the Trust, and by connecting all Arogyamitras through a closed user-group mobile network. As of 2009-10, the program has enrolled 22.4 million beneficiaries in Andhra Pradesh¹³ and this stands testimony to the success of the scheme.

16.8 ENSURES CLEAR OWNERSHIP OF THE SCHEME

The Trust structure enables the housing of related schemes within a single entity that takes complete ownership of the program. The Trust acts as a controlling vehicle, not an operating vehicle, for the scheme. For example, the NHSO in Thailand is an autonomous organization that acts as a controlling vehicle overseeing a variety of functions like the development of benefit packages, creation of health care service standards, laying down criteria for fund management, building up a modern system of internal auditing, using modern information and communication technology to support operations, and developing a work administration that is more responsive to the public. The regional offices of the NHSO take responsibility for administering the scheme and monitoring the fund management at the local level. This also ensures that the implementation of the scheme responds to the local health needs.

The Trust structure therefore, combines the three key design elements that are vital to the successful implementation of CSS in India. There is a need to create a national level Trust to oversee the implementation of CSS and, therefore, we recommend the creation of the National Social Security Administration (NSSA), a special purpose vehicle (SPV) set up as a Trust to own all the products under the CSS. The NSSA should replace the current National Social Security Board (NSSB).

16.9 COMPOSITION OF THE NSSA

The Trust structure enables a combination of political oversight with technocratic expertise in execution. Since the CSS is a public scheme it is only appropriate that the direction for the program comes from elected representatives. In view of this, it is desirable that the Board of Trustees is chaired by the Prime Minister and that the board itself is comprised of the Ministers (or other senior representatives) who head the ministries relevant to CSS (Ministry of Labour and Employment, Ministry of Health, Ministry of Finance, Ministry of Women and Child Development, etc.). Constructing the Board of Trustees in this manner enables co-ordination for the CSS at the highest level and gives a clear sense of public ownership to the Trust, thus ensuring democratic propriety. Other members of the Board should include independent experts on life insurance, health insurance and public health, and pensions; representatives of insurance companies, pension fund managers, distributors; a representative from Aadhaar; and representatives of unorganized sector workers such as from labour unions and welfare boards. As mentioned earlier, the involvement of a wide range of agencies and stakeholders in the decision-making process has been a critical component in the success of social security schemes in other countries.

16.10 FUNCTIONS OF THE NATIONAL SOCIAL SECURITY ADMINISTRATION

The nature of the Trust entity that owns the CSS – whether it is designed to be an operating vehicle or a controlling vehicle - will be critical to determining its chances of long-term success. Historical experience suggests that operating vehicles tend to spawn large bureaucracies that are unresponsive to citizen needs over time and the very fact that they are large bureaucracies makes it difficult to effect deeper changes in culture and practice, even if the problem is identified. As the Thailand example makes clear, one of the drivers of their success was the design of the NHSO as a controlling vehicle, not as an operating vehicle. Since the need for accountability over the long run is an aspect critical to the functioning of CSS, we propose that the NSSA be a controlling and coordinating entity responsible for contracting, issuing guidelines, and monitoring and evaluating the CSS. The NSSA should not be involved in direct implementation, but must oversee the performance of the scheme and take corrective actions as required. We envisage that the NSSA will be responsible for the following functions:

Functions

i. Definition of Scheme

The NSSA will be responsible for defining the components of the social security scheme, the various benefits under each component, and the eligibility criteria. The NSSA will own all the products under CSS – AABY, RSBY and NPS-S. This will mean that these products and related processes will move from the Ministry of Finance, Ministry of Labour and Employment, and the PFRDA respectively to the NSSA.

ii. Provide Clarity on Roles and Responsibilities

Due to the current lack of clarity on division of roles, the NSSA's primary function will be to create a clear set of targets, guidelines, and tasks for each of the functionaries involved in the scheme such as distributors, insurance companies, fund managers, and the various government ministries and departments at central and state level.

iii. Implementation Design

The NSSA will be responsible for working with the various stakeholders (government, industry, and academic representatives) to design and enforce the implementation architecture, incentive structures, enrolment mechanisms, and cost containment mechanisms for the scheme in the long-run.

iv. Monitoring and evaluation

The NSSA will be tasked with designing monitoring systems, conducting provider audits, implementing fraud and corruption control measures and standards, provider empanelment and dis-empanelment guidelines, and quality measurement and reporting. This function includes analysis of data collected during enrolment and made available using the link with Aadhaar. Such data will give aggregate and regional measures of take-up and usage, for instance number of beneficiaries enrolled in CSS, claims made for life and health insurance, disease trends, amount of money contributed to the pension account, and trends in pension investments etc. This analysis will be essential to track overall as well as regional trends across the country.

v. Appointment of Distributors

The authority to appoint distributors of CSS products should rest with the NSSA as many distributors could be national level entities that will likely have operations that traverse state boundaries.

vii . Record Keeping

Data on distribution, usage of services, settlement of claims, and transfer of benefits must be stored on a centralized database housed at the NSSA. The agency will be responsible for regular analysis of data, as well as the furnishing of financial statements to beneficiaries in a timely and transparent manner.

Vii . Systems Design

The NSSA will be responsible for the development of a high quality IT platform that will facilitate the real time transfer of data from the various stakeholders (aggregators, hospitals, insurance companies, and fund managers) into a centralized database. A new National Information Utilities (NIU) company may be set up to work as a contractor to the NSSA for this purpose, or an existing platform such as the NSDL may be leveraged.

viii. Financial Management

The NSSA will act as the custodian of the scheme fund, and will be responsible for drawing and disbursing finances from the various ministries involved, ensuring that funds reach the various State Social Security Authorities (SSSAs) in a timely way.

ix. Capacity Building

One of the key weaknesses of the current schemes is a lack of trained professionals working at the Central and State government level, resulting in ad-hoc outsourcing of several functions such as design, pricing, data analysis, and research. The NSSA must conduct an appraisal of the various capacities required, and ensure the provision of adequate human resources at every level.

x. Research and Development

The NSSA must act as a hub for research and development in the areas of insurance, long term savings, and other forms of social protection. Much is yet to be learned about the barriers to demand and supply for such products, and it must be part of the mandate of the NSSA to fund research that will guide and improve future implementation in these areas.

xi. Standardization of Processes

The NSSA must enable standardization of delivery and access such as through the creation of a standard KYC process for enrolling beneficiaries into the scheme so as to ensure ease and simplicity of access to beneficiaries.

16.11 STATE SOCIAL SECURITY ADMINISTRATIONS (SSSA)

Each state should have an autonomous body similar to the NSSA that works with the State Government, the NSSA, and aggregators, to carry out implementation related tasks. States could either decide to newly constitute State Social Security Administrations (SSSA) or designate a specific department or entity under the state government (such as the Society for Elimination of Rural Poverty in Andhra Pradesh) that they deem competent enough to implement the scheme as the SSSA.

Since social security ¹⁹ is a subject in the Concurrent List of the Constitution, state governments are empowered to implement schemes of their choice and as a consequence there may be overlap between national and state schemes. In this context, while it is critical to recognize that while the NSSA has a role to work closely with the SSSAs in ensuring that obvious overlaps between state level and national social security schemes are minimized, it is also essential that NSSA is constantly learning from state level schemes, as they may be designed based on the specific realities of different states. This multiplicity is not undesirable considering the scale and spread of India, where different regions may demand different solutions. The NSSA should put in processes to imbibe these learnings into the design of its own social security offerings over time.

The specific set of functions of SSSAs should include:

Contracting of Service Providers and Insurance Companies:

The SSSA, working under the national level guidelines issued by the NSSA, should be given the authority to contract or empanel insurance companies and hospitals that operate under the scheme.

Target Beneficiaries

As discussed earlier, we recommend that all unorganized sector workers be made eligible for subsidized CSS benefits. However, if the state government, in consultation with the SSSA, decides that the subsidy will be provided to only a sub-section of the unorganized sector (such as the vulnerable poor) these sections will need to be clearly identified. The SSSA should implement the scheme for the targeted beneficiaries.

Awareness Creation

As mentioned earlier, under the present design no single entity is responsible for this function and we believe that this had led to low take up and usage of social security schemes in several states. The SSSA or its equivalent should be given the responsibility of creating awareness about the schemes in their respective states. General awareness on the availability and features of the scheme should be delivered through frequent radio and TV advertisements in local languages. Annexure B provides examples of best strategies for awareness creation. The SSSA can use these strategies to effectively create awareness about social security schemes.

Grievance Redressal and Monitoring

The SSSA should manage a well-functioning call center and an SMS-based information provision system. A beneficiary must be able to register a grievance over the phone on a toll-free number, through text-messages, through the distributor or directly at the SSSA. The SSSA should ensure that all grievances are addressed within 30 days of complaint registration. The SSSA should also monitor the quality of service provided by distributors of CSS on the ground.

16.12 SUMMARY

With more than 85% of the labour force in the unorganized sector, it is no surprise that the provision of comprehensive social security for the unorganized sector has been a stated objective of the Indian government. In the spirit of extending social security to the unorganized sector and keeping in mind long term demographic trends which indicate a rapidly ageing population and a non-declining unorganized sector workforce, the Government of India passed the Unorganized Workers' Social Security Act in 2008.

The passage of the Act also tied in with the introduction of several publicly provided social security schemes, the three predominant schemes being: Rashtriya Swasthya Bima Yojana, a national health insurance scheme largely for the below poverty line population; Aam Aadmi Bima Yojana, a life insurance scheme; and National Pension Scheme – Swavalamban, a pension scheme specifically for the unorganized sector workforce. While these schemes represent an important step forward in India's ability to provide adequate, reliable, and affordable social protection options for its vulnerable population, they still suffer from considerable weaknesses and, as a consequence, citizens in the unorganized sector continue to be exposed to the risks of mortality, health events and longevity, which significantly impact their long-term well-being.

16.13 KEY WORDS

Social Security- “Social Security” has been recognized as an instrument for social transformation and progress and must be preserved, supported and developed as such

National Social Security Administration -The NSSA will be responsible for defining the components of the social security scheme, the various benefits under each component, and the eligibility criteria

16.14 SELF ASSESSMENT QUESTIONS

1. Discuss the existing framework of Social security scheme
2. Explain the process the Social Security scheme
3. Describe the functions and Composition of NSSA

16.15 SUGGESTED READINGS

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LESSON-17

LABOUR ADMINISTRATION IN INDIA

Learning Objectives

- ✓ To study the Objectives of Labour legislation
- ✓ To Understand the Principle of labour legislations
- ✓ To Learn the Constitutional provision of Labour in India

Structure

17.0 Introduction

17.1 Influence of Colonial Rule

17.2 objectives of Labour legislations

17.3 Principle of Labour Legislation

- 17.3.1 Principle of Social justice
- 17.3.2 Principle of Social Equity
- 17.3.3 Principle of International Uniformity
- 17.3.4 Principle of National Economy
- 17.3.5 Principle of Social security

17.4 ⁸ Department of labour and Employment

17.5 Office of labour Commissioner

17.6 Chief Inspectors of factories

17.7 Chief Inspectorate

17.8 Office of Chief Inspector, shop, Establishment

17.9 Directorate of Employment and Training

17.10 Directorate of ESI Scheme

17.11 Social Security Directorate

17.12 Adjudication Authorities

17.13 ILO

17.14 Convention and Recommendation

- 17.14.1 Freedom of Association and Protection
- 17.14.2 Right to Organize and Collective Bargaining
- 17.14.3 Abolition of Forced labour convention

17.15 Equal Remuneration for men and women workers

- 17.15.1 Hours of work

17.5.2 Weekly Rest

17.5.3 Protection of wages'

17.5.4 Labour Administration

17.16 Constitutional Provision of law in India

17.17 Summary

17.18 Key words

17.19 Self Assessment Questions

17.20 Suggested Readings

17.0 INTRODUCTION

Law comes into existence to cater to the growing needs of society, which may be caused by technological, economic, political, social changes. Law is a dynamic concept. Law is like a citadel which requires regular repairs, revamping and replacement. "Life and Laws have moved together in history and it must do in future". It is in this perspective that the Labour Legislations have to be studied. Industrial Revolution and the need for Labour Legislations Society evolves institutions to abhor vacuum created by changes. Industrial Revolution is a epoch-making event, which completely changes the lifestyles of society from agricultural and pastoral to industrial and materialistic one. The industrial society brought about, in its wake, excessive exploitation of the working classes by the employer who took advantage of the individual dispensability of the worker and wanted maximum profit on his investment. The golden rule of capitalism that "Risk and Right" go together provided them with prerogatives to "hire and fire". The other legal concepts which were then available were those of Master and Servant and carrot and stick etc. The principle of common law was in operation. The law of contract used to govern the relation between worker and the employer in which individual contact was struck, the terms of contract were usually verbal and mostly used in cases of breaches, leading to prosecution and imprisonment of workers. Labour and Migration Act was another legislation which gave rise to the "Indentured labour system".

Anti-Combination legislations were in vague treating 'combination' of workers as act of criminal conspiracy. Longer hours of work, abysmally low wages, no safety and welfare provisions, and no insurance - the exploitation at large. State was adopting the policy of Laissez-faire (let not interfere) and employers abused workers, taking advantage of the situation. Every society on its onwards march revises, reviews, refurbishes and reinvents its legal concept and civilized ways of living. The changes brought about by the industrial revolution created some gaps and it became the responsibility of the society to fill-up those gaps. Society went for certain social devices to take care of the gaps, which are known as labour legislation. The labour legislations are the products of Industrial Revolution and they have come into being to take care of the aberrations created by it. They are different from common legislations, because they come to alleviate special disorders created by specific circumstances. Therefore, they are specific and not general in orientation, philosophy and concept. Factors Influencing Labour Legislations in India The factors discussed above are the general factors influencing the shape of labour legislation. There are specific factors, peculiar to India which have influenced labour legislations.

17.1 ¹⁰ INFLUENCE OF COLONIAL RULE

Most of the early labour legislation came into being because of the pressure from the manufacturers of Lancashire and Birmingham; because labour employed in factories and mills in India were proving very cheap in comparison to their British counterpart. No doubt, these legislations were beneficial to Indian labour but this benefit was incidental to the main purpose i.e. the protection of the interests of British Capitalists. The British Civil Servants carried with them the British tradition of democracy and pragmatism. The Workman Compensation Act, 1923, the Indian Trade Unions Act, 1926, the Payment of Wages Act, 1936 etc. followed British pattern b) The struggle for national emancipation and adoption of Indian Constitution The Industrial Workers got support from the freedom struggle and nationalist leaders who made tireless efforts to get protective labour legislations enacted. The Indian Trade Unions Act, the appointment of Royal Commission on Labour etc. were because of pressure from freedom struggle. The leaders of the national movement had promised the establishment of a better and just social order after independence; which was ultimately embodied in the Preamble, Fundamental Rights and Directive Principles of State Policy of the Indian Constitution.

17.2 ¹⁰ OBJECTIVES OF THE LABOUR LEGISLATIONS

Different Objectives Labour legislation in India has sought to achieve the following objectives:

- (1) Establishment of justice- Social, Political and Economic
- (2) Provision of opportunities to all workers, irrespective of caste, creed, religion, beliefs, for the development of their personality.
- (3) Protection of weaker section in the community.
- (4) Maintenance of Industrial Peace.
- (5) Creation of conditions for economic growth.
- (6) Protection and improvement of labour standards.
- (7) Protect workers from exploitation
- (8) Guarantee right of workmen to combine and form association or unions.
- (9) Ensure right of workmen to bargain collectively for the betterment of their service conditions.
- (10) Make state interfere as protector of social well being than to remain an onlooker.
- (11) Ensure human rights and human dignity

17.3 ¹⁰ PRINCIPLES OF LABOUR LEGISLATION

There are various principles of labour legislations such as:

- ¹⁰ 1. Principle of Protection
2. Principle of Social Justice
3. Principle of Regulation
4. Principle of Welfare
5. Principle of Social Security

There are two main principles, i.e. social justice and social equity. There are other principles too.

17.3.1 Principle of Social justice

The principle of social justice essentially states that all social groups must be treated the same, no matter what. It aims to remove social inequality, as it can be clearly seen that certain groups have been subject to social disability in terms of employment or labour. It aims to provide equal employment opportunity to all regardless of social status of a person.

17.3.2 Principle of Social equity

This principle is essentially based on maintenance of legislations which is based on social equity of labour. Laws are to be updated from time to time, circumstances are not permanent, they keep on changing from time to time, hence there is a necessity to bring changes in the law accordingly.

This intervention by the government for making modifications or amendments, to suit the changed situations are based upon the principle of social equity. In a nutshell, Social equity is setting up of equitable standards for all by means of legislative provisions and obligations to do so.

17.3.3 Principle of International uniformity

For this principle, the role of ILO (International Labour Organization) is noteworthy. It has produced a good number of International Conventions and Recommendations which covers the aspects like unemployment, general conditions of employment, wages, hours of work, young people, women, industrial health, etc.

17.3.4 Principle of National Economy

This principle states that, while enacting a labour legislation, the general economic situation of the country must be taken into consideration. Because in any country the state of national economy is a key factor in influencing labour legislation.

17.3.5 Principle of Social Security

From the point of view of, "Principles of Labour Legislation and Industrial Jurisprudence, Dr. Soumitra Kumar Chatterjee" is the concept of social security is an important part of social justice.

It is based on ideas of human dignity and social justice.

It essentially means that state must protect every citizen which in any way contributes to the promotion of the country's welfare. Its measures are significant from two viewpoints: First, they constitute an important step towards the goal of a welfare state; Second, they enable workers to become more efficient and hence increases the industrial power and potential. Adoption of Social Security measures in India has been done through the implementation of Acts like:

1. The Workmen's Compensation Act, 1923.
2. The Trade Union Act, 1926.
3. The Industrial Employment (Standing Orders) Act, 1946.
4. The Industrial Disputes Act, 1947.
5. The Minimum Wages Act, 1948.
6. The Employees State Insurance Act, 1948.

7. The Factories Act, 1948
8. Maternity Benefits Act, 1961
9. Labour administrative Machinery

⁸ The machineries for labour administration in the states are similar to those operating at the center. As explained earlier in the chapter, most of the important labour subjects in the concurrent list of the constitution. The central government is empowered to give direction to the state government and to delegate powers and impose duties on them. Many central labour laws are enforced both by the central and state government in industries or establishments falling under their respective jurisdictions.

⁸ Generally speaking, labour administration of the state governments is on a pattern similar to central labour administration with slight variations relating to implementing agencies and the requirements of the state enactments and non-statutory labour programmes. The main organizations for labour administration in the states comprise, department of labour and employment (secretariat), office of labour commissioner, chief inspectorate of factories, chief inspectorate of boilers, office of chief inspector, shops and establishments, directorate, employment and training, directorate, medical services ESI scheme), social security directorate and adjudication authorities.

17.4 DEPARTMENT OF LABOUR AND EMPLOYMENT (SECRETARIAT)

⁸ The responsibility for labour administration in the states generally vests in the department of labour and employment, the secretariat of which represents the government side. It is generally in charge of a minister, who may occasionally be assisted by a minister of state and deputy minister. On the official side, the secretary or the principal secretary is the chief executive. His team generally includes an additional secretary, and a few joint secretaries, deputy secretaries and under secretaries according to requirements. It is this organization that formulates the labour policy of the state, establishes liaison with the central ministry of labour, coordinates and guides the activities of enforcing machineries and takes decisions on behalf of the government.

17.5 OFFICE OF THE LABOUR COMMISSIONER

The Labour Department, Government of N.C.T. of Delhi is headed by Secretary (Labour), who is assisted by Commissioner, Special Labour Commissioner, Deputy Labour Commissioners, Assistant Labour Commissioners, Chief Inspector of Factories, Electrical Inspector, Chief Inspector of Boilers, Chief Inspector of Shops and Establishments, Labour Officers, Welfare Officer and other supporting staff. With a view to make the administration responsive to the needs of the people and bring governance to their doorsteps, the department has been organized on territorial basis into nine districts. Each district is headed by a Deputy Labour Commissioner who is assisted by Asstt. Labour Commissioners and Labour Officers.

17.6 CHIEF INSPECTORATE OF FACTORIES

The Chief Inspector of Factories is assisted by Deputy Chief Inspectors of Factories, Inspectors of Factories and Inspector of Factories (Medical). The Chief Inspector of Factories, who heads this Inspectorate works under the administrative control of Labour Commissioner cum Secretary (Labour) of Government of NCT of Delhi. The Inspectors work under the supervisory control of Dy. Chief Inspectors of Factories. The Dy. Chief Inspectors of Factories and Inspector of Factories (Medical) operate from Headquarters.

17.7 CHIEF INSPECTORATE

The boilers are inspected by the Boiler Inspectorate as per the procedure laid under Indian Boilers Regulations –1950, during use, and if found satisfactory are allowed to be worked for a maximum period of 12 months as per the provisions of Indian Boiler Act - 1923. The boilers are also casually visited to check the validity of the certificate, their safe and efficient operation. The Inspectorate also guides the boiler owners to work the boilers more efficiently keeping in view Basic Objective of the Act i.e. the "Protection of Human Life & Property from the explosions of the Boilers".

17.8 OFFICE OF CHIEF INSPECTOR, SHOPS AND ESTABLISHMENTS

The object of Delhi Shops and Establishments Act, 1954, is to give some minimum benefits and relief to the vast unorganized sector of employees, employed in Shops and Establishments. Industrial Dispute Act 1947, and Delhi Shops & Establishments. Act, 1954 are supplemental to each other.

The Act is enforced through the Chief Inspector of Shops (CIS) and various inspectors under the Act, who are posted in nine districts of the capital who function under the supervision and control of Dy./ Asstt. Labour Commissioners of the concerned district. Chief Inspector functions under the supervision of Dy. Labour Commissioners (CIS) who in turn functions under the supervision of LC.

17.9 DIRECTORATE, EMPLOYMENT AND TRAINING

The organization primarily looks after the operation of employment exchanges, industrial training institutes, vocational guidance programme and some other institutions. The activities of the directorate are essentially governed by the policies, standards and procedures set by the central directorate general, employment and training. Other activities of the organization include employment market information, vocational rehabilitation centers, and training of handicapped groups such as women and physically handicapped. The training wing of the department also looks after the implementation of the apprentices act, 1961. Generally, the directorate functions independently of the organizing of labour commissioner.

17.10 DIRECTORATE, MEDICAL SERVICES (ESI SCHEME)

The main responsibility for the operation of medical benefit under the employees' state insurance act, 1948 lies with the state governments which are required to make available the services of the medical and para-medical personnel. In most the states a special wing has been established for the purpose. As the medical benefit under the ESI scheme has been extended also to the family members of the insured persons and superannuated employees, the responsibility of the state governments in this regard has increases. A director, administrative medical officer or a chief medical officer under the labour department has been made in charge of the wing.

17.11 SOCIAL SECURITY DIRECTORATE

— A few states have established social security directorates for implementing certain social security schemes for the poor, unorganized workers, rehabilitation of bonded labourers and implementation of the interstate migrant workmen (regulation of employment and conditions of services) act, 1979. They also look after the implementation of national old age pension scheme, national family benefit scheme and national maternity benefit scheme.

17.12 ADJUDICATION AUTHORITIES

The state governments have also constituted labour courts and tribunals under the industrial disputes act, 1947, and a few of them have set up other adjudication authorities such as industrial courts and wages boards under state laws. As on October 31,1998, as many as 214 labour courts, 97 tribunals and 22 labour courts-cum-tribunals were functioning in the states.

17.13 INTERNATIONAL LABOUR ORGANIZATION

International Labour Organization (ILO) is a United Nations agency dealing with labour problems, particularly international labour standards, social protection, and work opportunities for all. The ILO has 187 member states: 186 of the 193 UN member states plus the Cook Islands are members of the ILO. In 1969, the organization received the Nobel Peace Prize for improving peace among classes, pursuing decent work and justice for workers, and providing technical assistance to other developing nations. The ILO registers complaints against entities that are violating international rules; however, it does not impose sanctions on governments.

The objectives of the I.L.O The objectives of the I.L.O are enunciated in the preamble to its Constitution, supplemented by Article 427 of the Peace Treaty of Versailles, 1919; as well as by the Philadelphia Declaration of 1944. The Declaration of Philadelphia set for 10 objectives, which the International Labour Organization was to further promote among the Nations of the world. The theme underlying these objectives is social justice. The objectives are as follows :

- (a) Full employment and the revising of standards of living.
- (b) The employment of workers in the occupation in which they can have the satisfaction of giving the fullest measure of their skill and make their contribution to the common well being
- (c) The provision, as means to the attainment of this end, and under adequate guarantees for all concerned, of facilities for training and the transfer of labour, including migration for employment and settlement.
- (d) Policies in regard to wages and earning forms and other conditions of work. Calculate to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of protection.
- (e) The effective recognition of the right of collective bargaining, the co-operation of management and labour in the continuous improvement of productive efficiency and the collaboration of workers and employers in social and economic measures,
- (f) The extension of social security measures to provide a basic income to all in need of such protection and comprehensive

17.14 CONVENTIONS AND RECOMMENDATIONS

Conventions and Recommendations of I.L.O. in regard to Basic Human Rights The Conventions and Recommendations of the International Labour Organization relate to verify the subject on basic Human Rights of working class having a direct bearing on the cause of social justice and everlasting universal peace which is most focused objectives of the

International Labour Organization. The following Conventions/Recommendations of I.L.O. are important in recurring to basic human rights.

- (a) Freedom of association and protection of the right to organise
- (b) Forced labour
- (c) Equality of opportunity and treatment

17.14.1 Freedom of Association and Protection of the Right to Organize Convention (No.87) 1948:

This Convention provides that workers and employers shall have the right to establish and join organizations of their own choosing without previous authorization. The public authorities are to refrain from any interference which would restrict the right to form organization or impede its lawful exercise.

17.14.2 Right to organize and collective bargaining convention (No.98) 1949

This convention enjoins on workers to join or not to join union with full freedom without fear of dismissed. It calls upon the member states to create conditions and institutions for promoting and ensuring the right to organize, negotiate between employers and workers organizations with a view to the regulation of terms of employment and conditions of employment by means of collective agreement.

17.14.3 Abolition of Forced Labour Convention (convention 105, 1957)

It may be said that Article 23 of the Indian Constitution prohibits forced labour or involuntary labour and so an indirect constitutional compliance of the above convention. However, Article 23(2) empowers the state government to impose compulsory for public purposes like flood and other national calamities Convention No. 100 of 1951

17.15 Equal Remuneration for Men and Women Workers for Work of Equal Value:

The International Labour Organisation adopted the much needed Convention No. 100 in its 34th session held at Geneva on 6th June, 1951. The convention contains 14 Articles and is ratified by 161 member countries. Equal remuneration to men and women workers for work of equal value, in fact, refers to rates of wages determined without any discrimination based on sex.

17.15.1 Hours of Work:

The convention of Hours of Work (Industry) Convention, 1919 adopted in the first session of the international labour conference limits the hours of work in industrial undertakings to 8 hours in a day and 48 hours in a week.

17.15.2 Weekly Rest

The Weekly Rest (Industry) Convention (No. 14), 1921 was ratified by India in 1923. The Convention provides that the entire personnel employed in any industrial undertaking is to enjoy in every period of 7 163 days, a period of rest amounting to at least 24 consecutive hours. Most of the protective labour laws in the country such as Factories Act, 1948

17.15.3 Protection of wages

The Protection of Wage Convention (No. 95), 1949 provides that wages payable in money must be paid regularly in legal tender and deductions may be permitted only under conditions and to the extent prescribed by national enactments, collective agreements or arbitration awards, Recommendation for Protection of Wages (No.85) was adopted in the same year, contains detailed rules relating to deductions from wages, fixation of wage periods and so forth

17.15.4 Labour Administration

India has ratified the labour inspection convention No. (81), 1947. The existing protective labour laws such as those relating to factories, mines, plantations, shops and establishments, motor transport, payment of wages, minimum wages, child labour, maternity benefit and others contain the provisions of the convention and influenced legislative clauses relating to labour administration and inspection.

Definitions of Labour Welfare

Some important definitions given by eminent economist are discussed below: Prof. Richardson, (1954) an eminent economist defines; labour welfare work as, "any arrangement of working conditions, organization of social and sports club and establishment of funds by a firm which contribute to workers' health and safety, comfort, efficiency, economic security, education and recreation.

Important Features of Labour Welfare

On the basis of the various definitions, the basic characteristics of labour welfare work may be noted thus:

1. It is the work which is usually undertaken within the premises or in the vicinity of the undertakings for the benefit of the employees and the members of their families.
2. The work generally includes those items of welfare which are over and above what the employees expect as a result of the contract of service from the employers.
3. The purpose of providing welfare amenities is to bring about development of the whole personality of the worker -his social, psychological, economic, moral, cultural and intellectual development to make him a good worker, a good citizen and a good member of the family.
4. These facilities may be provided voluntarily by progressive and enlightened entrepreneurs at their own accord out of their realization of social responsibility towards labour, or statutory provisions may compel them to make these facilities available; or these may be undertaken by the government or trade unions, if they have the necessary funds for the purpose

17.16 CONSTITUTIONAL PROVISION OF LABOUR WELFARE IN INDIA

The Constitution of India not only guarantees some of the fundamental rights to its citizens but also has embodied Directive Principle of the state policy for the attainment of a social order based on Justice, Liberty, Equality and Fraternity. Therefore the Constitution maintains a list of fundamental rights and Directive Principle of the state policy which refers generally to the up liftment and promotion of the welfare of the people.

The necessity of labour welfare work in India was emphasized in Directive Principle of State Policy through some of the articles are, mentioned below:

Article 41: The state shall within the limits of its economic capacity and development, make effective provision for securing the right to work, education and public assistance in cases of unemployment, old-age, sickness and disablement and in other cases of undeserved want.

Article 42: The state shall make provisions for security and human conditions of work and to maintain relief.

Article 43: The state shall endeavor to secure, by suitable legislation or economic organization or in any other way, to all workers, agricultural, industrial work and conditions of work ensuring a decent standard of life and full enjoyment of leisure, social and cultural opportunities and in particular, the state shall endeavor to promote cottage industries on an individual or co-operative basis in rural areas.

A Report on Labour Welfare Investigation Committee viewed concept of labour welfare as being a dynamic subject, no rigid limits could be laid down for scope of labour welfare for all industries and for all times. It can be elastic enough to include all essential prerequisite of life that a worker as human being reasonably stands in need, it can be confined to the extremely omitted domain of basic minimum amenities without which a worker cannot work. Quite close and sensitive to political and social changes, are the concept of labour welfare that can also get inevitably toggled to development in these fields, primarily because of the environment in which the workers work and live, than what is available to them in social services as a citizen.

17.17 SUMMARY

The labour administration is an international governmental body developed for the welfare of labourer's. It ensures that the proper facilities related to wages, resources, and holidays are given to the labourers. It regulates the whole management of labourers and ensures that their fundamentals do not get misinterpreted. The main aim of labour administration is to achieve an atmosphere throughout the world where both male labour and female labour can work with security, freedom, equity, and human dignity. It also designed some special rules for the labourer's to help the millions of labourers worldwide to live their lives peacefully.

17.18 KEY WORDS

ILO- International Labour Organization (ILO) is a United Nations agency dealing with labour problems, particularly international labour standards, social protection, and work opportunities for all

labour welfare- labour welfare work as, "any arrangement of working conditions, organization of social and sports club and establishment of funds by a firm which contribute to workers' health and safety, comfort, efficiency, economic security, education and recreation.

17.19 SELF ASSESSMENT QUESTIONS

1. Discuss the Objectives of Labour Legislations
2. Explain the Principles of Labour Labour Legislations
3. Describe the duties of Chief Inspector of factories

4. Elucidate the ILO conventions and recommendations

17.20 SUGGESTED READINGS

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LESSON-18

EMPLOYEE PROVIDENT FUND

Objectives of the study

- ✓ To study the Establishment to include all the department
- ✓ To Understand the EPF scheme
- ✓ To Discuss the State Board of EPF scheme

Structure

18.0 Introduction

18.1 Definition

18.2 Establishment to include all departments

18.3 Power to apply act to an establishment

18.4 EPF scheme

18.5 Central board

18.6 Executive Committee

18.7 state Board

18.8 Board of Trustee of Body corporate

18.9 Appointment of Officer

18.10 Acts and Proceedings of Central Board

18.11 Contribution and Matter which may be provided in scheme

18.12 Summary

18.13 Key words

18.14 Self Assessment questions

18.15 Suggested Readings

18.0 INTRODUCTION

An Act to provide for the institution of provident funds [pension fund] and deposit-linked insurance fund] for employees in factories and other establishments. BE it enacted by Parliament as follows:—

1. Short title, extent and application

(1) This Act may be called the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.]

52

(2) It extends to the whole of India

(3) Subject to the provisions contained in section 16, it applies—

(a) to every establishment which is a factory engaged in any industry specified in Schedule I and in which [twenty] or more persons are employed, and

(b) to any other establishment employing 6[twenty] or more persons or class of such establishments which the Central Government may, by notification in the Official Gazette, specify in this behalf:

Provided that the Central Government may, after giving not less than two months' notice of its intention so to do, by notification in the Official Gazette, apply the provisions of this Act to any establishment employing such number of persons less than 6[twenty] as may be specified in the Notification.

Notwithstanding anything contained in sub-section (3) of this section or sub-section (1) of section 16, where it appears to the Central Provident Fund Commissioner, whether on an application made to him in this behalf or otherwise, that the employer and the majority of employees in relation to any establishment have agreed that the provisions of this Act should be made applicable to the establishment, he may, by notification in the Official Gazette, apply the provisions of this Act to that establishment on and from the date of such agreement or from any subsequent date specified in such agreement.

An establishment to which this Act applies shall continue to be governed by this Act notwithstanding that the number of persons employed therein at any time falls below twenty.

18.1 DEFINITIONS.

In this Act, unless the context otherwise requires,—

[(a) “appropriate Government” means—

(i) in relation to an establishment belonging to, or under the control of, the Central Government or in relation to an establishment connected with a railway company, a major port, amine or an oilfield or a controlled industry, [or in relation to an establishment having departments or branches in more than one State,] the Central Government; and

(ii) in relation to any other establishment, the State Government;]

(aa) “authorized officer” means the Central Provident Fund Commissioner, Additional Central Provident Fund Commissioner, Deputy Provident Fund Commissioner, Regional Provident Fund Commissioner or such other officer as may be authorized by the Central Government, by notification in the Official Gazette;]

(b) “basic wages” means all emoluments which are earned by an employee while on duty or on leave or on holidays with wages in either case] in accordance with the terms of the contract of employment and which are paid or payable in cash to him, but does not include—

(i) the cash value of any food concession;

(ii) any dearness allowance (that is to say, all cash payments by whatever name called paid to an employee on account of a rise in the cost of living), house-rent allowance, overtime allowance, bonus commission or any other similar allowance payable to the employee in respect of his employment or of work done in such employment;

(iii) any presents made by the employer;

(c) "Contribution" means a contribution payable in respect of a member under a Scheme [or the Contribution payable in respect of an employee to whom the Insurance Scheme applies];

(d) "Controlled industry" means any industry the control of which by the Union has been declared by a Central Act to be expedient in the public interest;

[(e) "Employer" means—

(i) in relation to an establishment which is a factory, the owner or occupier of the factory, including the agent of such owner or occupier, the legal representative of a deceased owner or occupier and, where a person has been named as a manager of the factory under clause (f) of sub-section (1) of section 7 of the Factories Act, 1948 (63 of 1948), the person so named; and

(ii) in relation to any other establishment, the person who, or the authority which, has the ultimate control over the affairs of the establishment, and where the said affairs are entrusted to a manager, managing director or managing agent, such manager, managing director or managing agent;]

(f) "employee" means any person who is employed for wages in any kind of work, manual or otherwise, in or in connection with the work of [an establishment], and who gets his wages directly or indirectly from the employer, [and includes any person—

(i) employed by or through a contractor in or in connection with the work of the establishment;

(ii) engaged as an apprentice, not being an apprentice engaged under the Apprentices Act,

1961 (52 of 1961), or under the standing orders of the establishment;]

[(ff) "exempted employee" means an employee to whom a Scheme[or the Insurance Scheme, as the case may be,] would, but for the exemption granted under section 17, have applied; (fff) "exempted [establishment]" means [an establishment] in respect of which an exemption has been granted under section 17 from the operation of all or any of the provisions of any Scheme [or the Insurance Scheme, as the case may be], whether such exemption has been granted to the[establishment] as such or to any person or class of persons employed therein;]

(g) "Factory" means any premises, including the precincts thereof, in any part of which a manufacturing process is being carried on or is ordinarily so carried on, whether with the aid of power or without the aid of power;

(h) "Fund" means the provident fund established under a Scheme;

³ (i) “Industry” means any industry specified in Schedule I, and includes any other industry added to the Schedule by notification under section 4;

[(ia) “Insurance Fund” means the Deposit-linked Insurance Fund established under sub-section (2) of section 6C;

(ib) “Insurance Scheme” means the Employees’ Deposit-linked Insurance Scheme framed under sub-section (1) of section 6C;]

[(ic)] “manufacture” or “manufacturing process” means any process for making, altering, repairing, ornamenting, finishing, packing, oiling, washing, cleaning, breaking up, demolishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal;]

(j) “member” means a member of the Fund;

(k) “occupier of a factory” means the person who has ultimate control over the affairs of the factory, and, where the said affairs are entrusted to a managing agent, such agent shall be deemed to be the occupier of the factory;

[(kA) “Pension Fund” means the Employees’ Pension Fund established under sub-section (2) of section 6A;

(kB) “Pension Scheme” means the Employees’ Pension Scheme framed under sub-section (1) of section 6A;]

[(ka) “prescribed” means prescribed by rules made under this Act;

(kb) “Recovery Officer” means any officer of the Central Government, State Government or the Board of Trustees constituted under section 5A, who may be authorized by the Central Government, by notification in the Official Gazette, to exercise the powers of a Recovery Officer under this Act;]

[(l) “Scheme” means the Employees’ Provident Fund Scheme framed under section 5.]

[(ll) “Superannuation”, in relation to an employee, who is the member of the Pension Scheme means the attainment, by the said employee, of the age of fifty-eight years;]

[(m) “Tribunal” means the Industrial Tribunal referred to in section 7 D].

18.2 ¹⁴ ESTABLISHMENT TO INCLUDE ALL DEPARTMENTS AND BRANCHES.

For the removal of doubts, it is hereby declared that where an establishment consists of different departments or has branches, whether situate in the same place or in different places, all such departments or branches shall be treated as parts of the same establishment.

18.3 POWER TO APPLY ACT TO AN ESTABLISHMENT WHICH HAS A COMMON PROVIDENT FUND WITH ANOTHER ESTABLISHMENT.

Where immediately before this Act becomes applicable to an establishment there is inexistence a provident fund which is common to the employees employed in that establishment and employees in any other establishment, the Central Government may, by notification in Official Gazette, direct that the provisions of this Act shall also apply to such other establishment.]

4. Power to add to Schedule I.

(1) The Central Government may, by notification in the Official Gazette, add to Schedule I any other industry in respect of the employees whereof it is of opinion that a provident fund scheme should be framed under this Act, and thereupon the industry so added shall be deemed to be an industry specified in Schedule I for the purposes of this Act.

(2) All notifications under sub-section (1) shall be laid before Parliament, as soon as may be, after they are issued.

18.4 EMPLOYEES' PROVIDENT FUND SCHEMES.

The Central Government may, by notification in the Official Gazette, frame a Scheme to be called the Employees' Provident Fund Scheme for the establishment of provident funds under this Act for employees or for any class of employees and specify the [establishments] or class of [establishments] to which the said Scheme shall apply [and there shall be established, as soon as may be after the framing of the Scheme, a Fund in accordance with the provisions of this Act and the Scheme].

[(1A) The Fund shall vest in, and be administered by, the Central Board constituted under section 5A.

(1B) Subject to the provisions of this Act, a Scheme framed under sub-section (1) may provide for allow any of the matters specified in Schedule II.]

18.5 CENTRAL BOARD

(1) The Central Government may, by notification in the Official Gazette, constitute, with effect from such date as may be specified therein, a Board of Trustees for the territories to which this Act extends (hereinafter in this Act referred to as the Central Board) consisting of the following [persons as members] namely:—

- (a) 3 [a Chairman and a Vice-Chairman] to be appointed by the Central Government;
- (b) 4 [(aa) the Central Provident Fund Commissioner, ex officio;
(b) not more than five persons appointed by the Central Government from amongst its officials;
(c) not more than fifteen persons representing Governments of such States as the Central Government may specify in this behalf, appointed by the Central Government;

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(d) [ten persons] representing employers of the establishments to which the Scheme applies, appointed by the Central Government after consultation with such organizations of employers as may be recognized by the Central Government in this behalf; and

(e) [ten persons] representing employees in the establishments to which the Scheme applies, appointed by the Central Government after consultation with such organizations of employees as may be recognized by the Central Government in this behalf.

(2) The terms and conditions subject to which a member of the Central Board may be appointed and the time, place and procedure of the meetings of the Central Board shall be such as may be provided for in the Scheme.

(3) The Central Board shall 6, subject to the provisions of section 6A 7 [and section 6C] administer the Fund vested in it in such manner as may be specified in the Scheme. (4) The Central Board shall perform such other functions as it may be required to perform by or under any provisions of the Scheme 8 , the 9 [Pension] Scheme and the Insurance Scheme].

[(5) The Central Board shall maintain proper accounts of its income and expenditure in such form and in such manner as the Central Government may, after consultation with the Comptroller and Auditor General of India, specify in the Scheme.

(6) The accounts of the Central Board shall be audited annually by the Comptroller and Auditor General of India and any expenditure incurred by him in connection with such audit shall be payable by the Central Board to the Comptroller and Auditor-General of India.

(7) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Central Board shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General has, in connection with the audit of Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers, documents and papers and inspect any of the offices of the Central Board.

(8) The accounts of the Central Board as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded 10 [(2) A Scheme framed under sub-section (1) may provide that any of its provisions shall take effect either prospectively or retrospectively on such date as may be specified in this behalf in the Scheme.

5A. Central Board.

(1) The Central Government may, by notification in the Official Gazette, constitute, with effect from such date as may be specified therein, a Board of Trustees for the territories to which this Act extends (hereinafter in this Act referred to as the Central Board) consisting of the following [persons as members] namely:—

(a) [a Chairman and a Vice-Chairman] to be appointed by the Central Government;

[(aa) the Central Provident Fund Commissioner, ex officio;]

(b) not more than five persons appointed by the Central Government from amongst its officials;

(c) not more than fifteen persons representing Governments of such States as the Central

Government may specify in this behalf, appointed by the Central Government;

(d) [ten persons] representing employers of the establishments to which the Scheme applies, appointed by the Central Government after consultation with such organizations of employers as maybe recognized by the Central Government in this behalf; and

(e) [ten persons] representing employees in the establishments to which the Scheme applies, appointed by the Central Government after consultation with such organizations of employees as maybe recognized by the Central Government in this behalf.

(2) The terms and conditions subject to which a member of the Central Board may be appointed and the time, place and procedure of the meetings of the Central Board shall be such as may be provided for in the Scheme.

(3) The Central Board shall [subject to the provisions of section 6A [and section 6C] administer the Fund vested in it in such manner as may be specified in the Scheme.

(4) The Central Board shall perform such other functions as it may be required to perform by or under any provisions of the Scheme [the [Pension] Scheme and the Insurance Scheme].

(5) The Central Board shall maintain proper accounts of its income and expenditure in such form and in such manner as the Central Government may, after consultation with the Comptroller and Auditor General of India, specify in the Scheme.

(6) The accounts of the Central Board shall be audited annually by the Comptroller and Auditor General of India and any expenditure incurred by him in connection with such audit shall be payable by the Central Board to the Comptroller and Auditor-General of India.

(7) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Central Board shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General has, in connection with the audit of Government accounts and, in particular, shall have the right to demand the production of books, accounts connected vouchers, documents and papers and inspect any of the offices of the Central Board.

(8) The accounts of the Central Board as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded to the Central Board which shall forward the same to the Central Government along with its comments on the report of the Comptroller and Auditor-General.

(9) It shall be the duty of the Central Board to submit also to the Central Government an annual report of its work and activities and the Central Government shall cause a copy of the annual report, the audited accounts together with the report of the Comptroller and Auditor-General of India and the comments of the Central Board thereon to be laid before each House of Parliament.

18.6 EXECUTIVE COMMITTEE.

(1) The Central Government may, by notification in the Official Gazette, constitute, with effect from such date as may be specified therein, an Executive Committee to assist the Central Board in the performance of its functions.

(2) The Executive Committee shall consist of the following persons as members, namely:—

(a) a Chairman appointed by the Central Government from amongst the members of the Central Board;

(b) two persons appointed by the Central Government from amongst the persons referred to in clause (b) of sub-section (1) of section 5A;

(c) Three persons appointed by the Central Government from amongst the persons referred to in clause (c) of sub-section (1) of section 5A;

(d) Three persons representing the employers elected by the Central Board from amongst the persons referred to in clause (d) of sub-section (1) of section 5A;

(e) Three persons representing the employees elected by the Central Board from amongst the persons referred to in clause (e) of sub-section (1) of section 5A;

(f) The Central Provident Fund Commissioner, ex officio.

(3) The terms and conditions subject to which a member of the Central Board may be appointed reflected to the Executive Committee and the time, place and procedure of the meetings of the Executive Committee shall be such as may be provided for in the Scheme].

18.7 STATE BOARD

(1) The Central Government may, after consultation with the Government of any State, by notification in the Official Gazette, constitute for that State a Board of Trustees (hereinafter in this Act referred to as the State Board) in such manner as may be provided for in the Scheme.

(2) A State Board shall exercise such powers and perform such duties as the Central Government may assign to it from time to time.

(3) The terms and conditions subject to which a member of a State Board may be appointed and the time, place and procedure of the meetings of a State Board shall be such as may be provided for in the Scheme.

18.8 BOARD OF TRUSTEES TO BODY CORPORATE

Every Board of Trustees constituted under section 5A or section 5B shall be a body corporate under the name specified in the notification constituting it, having perpetual succession and a common seal and shall by the said name sue and be sued.

18.9 Appointment of officers.

(1) The Central Government shall appoint a Central Provident Fund Commissioner who shall be the chief executive officer of the Central Board and shall be subject to the general control and superintendence of that Board.

(2) The Central Government may also appoint [a Financial Adviser and Chief Accounts Officers] to assist the Central Provident Fund Commissioner in the discharge of his duties

(3) The Central Board may appoint [, subject to the maximum scale of pay, as may be specified in the Scheme, as many Additional Central Provident Fund Commissioners, Deputy Provident Fund Commissioners, Regional Provident Fund Commissioners, Assistant Provident Fund Commissioners an] such other officers and employees as it may consider necessary for the efficient administration of them Scheme [, the [Pension] Scheme and the Insurance Scheme].

(4) No appointment to [the post of the Central Provident Fund Commissioner or an Additional Central Provident Fund Commissioner or a Financial Adviser and Chief Accounts Officer or any other post under the Central Board carrying a scale of pay equivalent to the scale of pay of any Group 'A' or Group 'B' post under the Central Government] shall be made except after consultation with the Union Public Service Commission:

Provided that no such consultation shall be necessary in regard to any such appointment—

(a) For a period not exceeding one year; or

(b) If the person to be appointed is at the time of his appointment—

(i) A member of the Indian Administrative Service, or

(ii) In the service of the Central Government or a State Government or the Central Board in a [Group 'A' or Group 'B' post].

(5) A State Board may, with the approval of the State Government concerned, appoint such staff as it may consider necessary.

(6) The method of recruitment, salary and allowances, discipline and other conditions of service of the Central Provident Fund Commissioner, [and the Financial Adviser and Chief Accounts Officer] shall be such as may be specified by the Central Government and such salary and allowances shall be paid out of the Fund.

[(7) (a) The method of recruitment, salary and allowances, discipline and other conditions of service of the Additional Central Provident Fund Commissioner, Deputy Provident Fund Commissioner, Regional Provident Fund Commissioner, Assistant Provident Fund Commissioner and other officers and employees of the Central Board shall be such as may be specified by the Central Board in accordance with the rules and orders applicable to the officers and employees of the Central Government drawing corresponding scales of pay:

Provided that where the Central Board is of the opinion that it is necessary to make a departure from the said rules or orders in respect of any of the matters aforesaid, it shall obtain the prior approval of the Central Government.

³ (b) In determining the corresponding scales of pay of officers and employees under clause (a), the Central Board shall have regard to the educational qualifications, method of recruitment, duties and responsibilities of such officers and employees under the Central Government and in case of any doubt, the Central Board shall refer the matter to the Central Government whose decision thereon shall be final.

(8) The method of recruitment, salary and allowances, discipline and other conditions of service of officers and employees of a State Board shall be such as may be specified by that Board, with the approval of the State Government concerned.

18.10 Acts and proceedings of the Central Board or its Executive Committee or the State

Board not to be in validated on certain grounds.—No act done or proceeding taken by the Central Board or the Executive Committee constituted under section 5AA or the State Board shall be questioned on the ground merely of the existence of any vacancy in, or any defect in the constitution of, the Central Board or the Executive Committee or the State Board, as the case may be.]

5E. Delegation.—[The Central Board may delegate to the Executive Committee or to the Chairman of the Board or to any of its officers and a State Board may delegate to its Chairman or to any of its officers] subject to such conditions and limitations, if any, as it may specify, such of its powers and functions under this Act as it may deem necessary for the efficient administration of the Scheme [, the [Pension] Scheme and the Insurance Scheme].]

18.11 Contributions and matters which may be provided for in Schemes

The contribution which shall be paid by the employer to the Fund shall be 6[ten per cent.] of the basic wages, [dearness allowance and retaining allowance (if any)] for the time being payable to each of the employees[(whether employed by him directly or by or through a contractor)], and the employees' contribution shall be equal to the contribution payable by the employer in respect of him and may, [if any employees desires, be an amount exceeding 6[ten per cent.]of his basic wages, dearness allowance and retaining allowance (if any), subject to the condition that the employer shall not be under an obligation to pay any contribution over and above his contribution payable under this section];[Provided that in its application to any establishment or class of establishments which the Central Government, after making such inquiry as it deems fit, may, by notification in the Official Gazette specify, this section shall be subject to the ⁷modification that for the words [ten per cent.], at both the places where they occur, the words 10[twelve per cent.] shall be substituted:

Provided further that where the amount of any contribution payable under this Act involves a fraction of a rupee, the Scheme may provide for the rounding off of such fraction to the nearest rupee, half of rupee or quarter of a rupee

⁷ 6A. Employees' Pension Scheme.

(1) The Central Government may, by notification in the Official Gazette, frame a scheme to be called the Employees' Pension Scheme for the purpose of providing for—(a)

Labour Administration...	18.11	Employee Provident Fund
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superannuation pension, retiring pension or permanent total disablement pension to the employees of any establishment or class of establishments to which this Act applies; and

(b) Widow or widower's pension, children pension or orphan pension payable to the beneficiaries of such employees.

(2) Notwithstanding anything contained in section 6, there shall be established, as soon as may be after framing of the Pension Scheme, a Pension Fund into which there shall be paid, from time to time, in respect of every employee who is a member of the Pension Scheme, —

(a) Such sums from the employer's contribution under section 6, not exceeding eight and one-third per cent. Of the basic wages, dearness allowance and retaining allowance, if any, of the concerned employees, as may be specified in the Pension Scheme;

(b) Such sums as are payable by the employers of exempted establishments under sub-section (6) of section 17;

(c) The net assets of the Employees' Family Pension Fund as on the date of the establishment of the Pension Fund;

(d) Such sums as the Central Government may, after due appropriation by Parliament by law in this behalf, specify.

(3) On the establishment of the Pension Fund, the Family Pension Scheme (hereinafter referred to as the ceased scheme) shall cease to operate and all assets of the ceased scheme shall vest in and shall stand transferred to, and all liabilities under the ceased scheme shall be enforceable against, the Pension Fund and the beneficiaries under the ceased scheme shall be entitled to draw the benefits, not less than the benefits they were entitled to under the ceased scheme, from the Pension Fund.

(4) The Pension Fund shall vest in and be administered by the Central Board in such manner as may be specified in the Pension Scheme.

(5) Subject to the provisions of this Act, the Pension Scheme may provide for all or any of the matters specified in Schedule III.

(6) The Pension Scheme may provide that all or any of its provisions shall take effect either prospectively or retrospectively on such date as may be specified in that behalf in that Scheme.

(7) A Pension Scheme, framed under sub-section (1), shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the scheme or both Houses agree that the scheme should not be made, the scheme shall thereafter have effect only in such modified form or be of no effect, as they may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that Scheme.

7 Employees' Deposit linked Insurance Scheme.

(1) The Central Government may, by notification in the Official Gazette, frame a scheme to be called the Employees' Deposit-linked Insurance Scheme for the purpose of providing life insurance benefits to the employees of any establishment or class of establishments to which this Act applies.

(2) There shall be established, as soon as may be after the framing of the Insurance Scheme, deposit-linked Insurance Fund into which shall be paid by the employer from time to time in respect of every such employee in relation to whom he is the employer, such amount, not being more than one percent. of the aggregate of the basic wages, dearness allowance and retaining allowance (if any) for the time being payable in relation to such employee as the Central Government may, by notification in the Official Gazette, specify.

(a) The employer shall pay into the Insurance Fund such further sums of money, not exceeding one-fourth of the contribution which he is required to make under sub-section (2), as the Central Government may, from time to time, determine to meet all the expenses in connection with the administration of the Insurance Scheme other than the expenses towards the cost of any benefits provided by or under that scheme.

The Insurance Fund shall vest in the Central Board and be administered by it in such manner as may be specified in the Insurance Scheme.

(6) The Insurance Scheme may provide for all or any of the matters specified in Schedule IV.

(7) The Insurance Scheme may provide that any of its provisions shall take effect either prospectively or retrospectively on such date as may be specified in this behalf in that Scheme.]

Tribunal.—The Industrial Tribunal constituted by the Central Government under ¹¹sub-section (1) of section 7A of the Industrial Disputes Act, 1968 shall, on and from the commencement of Part XIV of Chapter VI of the Finance Act, 2017, be the Tribunal for the purposes of this Act and they said Tribunal shall exercise the jurisdiction, powers and authority conferred on it by or under this Act.]

7 Appeals to Tribunal.

(1) Any person aggrieved by a notification issued by the Central Government, or an order passed by the Central Government or any authority, under the proviso to sub-section (3), or sub-section (4), of section 1, or section 3, or sub-section (1) of section 7A, or section 7B [except an order rejecting an application for review referred to in sub-section (5) thereof], or section

7C, or section 14B, may prefer an appeal to a Tribunal against such notification or order.

(2) Every appeal under sub-section (1) shall be filed in such form and manner, within such time and be accompanied by such fees, as may be prescribed.

Procedure of Tribunals.

(1) A Tribunal shall have power to regulate its own procedure in all matters arising out of the exercise of its powers or of the discharge of its functions including the places at which the Tribunal shall have its sittings.

(2) A Tribunal shall, for the purpose of discharging its functions, have all the powers which are vested in the officers referred to in section 7A and any proceeding before the Tribunal shall be deemed to be judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196, of the Indian Penal Code (45 of 1860) and the Tribunal shall be deemed to be a civil court for the all purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973 (2 of 1974).

Right of appellant to take assistance of legal practitioner and of Government, etc., to appoint presenting officers.—(1) A person preferring an appeal to a Tribunal under this Act may either appear in person or take the assistance of a legal practitioner of his choice to present his case before the Tribunal.

(2) The Central Government or a State Government or any other authority under this Act may authorize one or more legal practitioners or any of its officers to act as presenting officers and every person so authorized may present the case with respect to any appeal before a Tribunal.

Orders of Tribunal.

(1) A Tribunal may after giving the parties to the appeal, an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or annulling the order appealed against or may refer the case back to the authority which passed such order with such directions as the Tribunal may think fit, for a fresh adjudication or order, as the case may be, after taking additional evidence, if necessary.

(2) A Tribunal may, at any time within five years from the date of its order, with a view to rectifying any mistake apparent from the record, amend any order passed by it under sub-section (1) and shall make such amendment in the order if the mistake is brought to its notice by the parties to the appeal:

Provided that an amendment which has the effect of enhancing the amount due from, or otherwise increasing the liability of, the employer shall not be made under this sub-section, unless the Tribunal has given notice to him of its intention to do so and has allowed him a reasonable opportunity of being heard. Deposit of amount due, on filing appeal.—No appeal by the employer shall be entertained by Tribunal unless he has deposited with it seventy-five per cent. Of the amount due from him as determined by an officer referred to in section 7A:

Provided that the Tribunal may, for reasons to be recorded in writing, waive or reduce the amount due deposited under this section.

Transfer of certain applications to Tribunals—All applications which are pending before the

3 Central Government under section 19A before its repeal shall stand transferred to a Tribunal exercising jurisdiction in respect of establishments in relation to which such applications had been made as if such applications were appeals preferred to the Tribunal.

7Q. Interest payable by the employer—the employer shall be liable to pay simple interest at threat of twelve per cent. Per annum or at such higher rate as may be specified in the Scheme on any amount due from him under this Act from the date on which the amount has become so due till the date obits actual payment:

Provided that higher rate of interest specified in the Scheme shall not exceed the lending rate of interest charged by any scheduled bank.]

[8. Mode of recovery of moneys due from employers.—any amount due—

(a) From the employer in relation to [an establishment] to which any [Scheme or the Insurance

Scheme] applies in respect of any contribution payable to [the Fund or, as the case may be, the

Insurance Fund], damages recoverable under section 14B, accumulations required to be transferred under sub-section (2) of section 15 5[or under sub-section (5) of section 17] or any charges payable by him under any other provision of this Act or of any provision of the 3

[Scheme or the Insurance Scheme]; or

(b) from the employer in relation to an exempted [establishment] in respect of any damages recoverable under section 14B or any charges payable by him to the appropriate Government under any provision of this Act or under any of the conditions specified [under section 17 or in respect of the contribution payable by him towards the 8[Pension] Scheme under the said section 17], may, if the amount is in arrear,[be recovered 10[in the manner specified in sections 8B to 8G].

[8A. Recovery of moneys by employers and contractors.—(1) [The amount of contribution(that is to say the employer's contribution as well as the employee's contribution in pursuance of any Scheme and the employer's contribution in pursuance of the Insurance Scheme)], and any charges for meeting the cost of administering the Fund paid or payable by an employer in respect of an employee employed by or through a contractor may be recovered by such employer from the contractor, either by deduction from any amount payable to the contractor, under any contract or as a debt payable by the contractor.

(2) A contractor from whom the amounts mentioned in sub-section

(1) may be recovered in respect of any employee employed by or through him, may recover from such employee the employee's contribution[under any Scheme] by deduction from the basic wages, dearness allowance and retaining allowance (if any) payable to such employee.

(3) Notwithstanding any contract to the contrary, no contractor shall be entitled to deduct the employer's contribution or the charges referred to in sub-section

(1) From the basic wages, dearness allowance, and retaining allowance (if any) payable to an employee employed by or through him or otherwise to recover such contribution or charges from such employee.

6. Act not to apply to certain establishments.—

[(1) This Act shall not apply—(a) to any establishment registered under the Co-operative Societies Act, 1912 (2 of 1912), rounder any other law for the time being in force in any State relating to co-operative societies, employing less than fifty persons and working without the aid of power; or

[(b) to any other establishment belonging to or under the control of the Central Government or astute Government and whose employees are entitled to the benefit of contributory provident fund or old age pension in accordance with any scheme or rule framed by the Central Government or testate Government governing such benefits; or

(c) To any other establishment set up under any Central, Provincial or State Act and whose employees are entitled to the benefits of contributory provident fund or old age pension in accordance with any scheme or rule framed under that Act governing such benefits;

[(2) If the Central Government is of opinion that having regard to the financial position of any class of [establishments] or other circumstances of the case, it is necessary or expedient so to do, it may, by notification in the Official Gazette, and subject to such conditions as may be specified in the notification, exempt [whether prospectively or retrospectively] that class of [establishments] from the operation of this Act for such period as may be specified in the notification.]

11[16A. Authorizing certain employers to maintain provident fund accounts.—(1) The Central Government may, on an application made to it in this behalf by the employer and the majority of employees in relation to an establishment employing one hundred or more persons, authorize the employer, by an order in writing, to maintain a provident fund account in relation to the establishment, subject to such terms and conditions as may be specified in the Scheme: Provided that no authorization shall be made under this sub-section if the employer of such establishment had committed any default in the payment of provident fund contribution or had committed any other offence under this Act during the three years immediately preceding the date of such authorization.

1. Subs. by Act 94 of 19³(2) Where an establishment is authorized to maintain a provident fund account under sub-section (1), the employer in relation to such establishment shall maintain such account, submit such return, deposit the contribution in such manner, provide for such facilities for inspection, pay such administrative charges, and abide by such other terms and conditions, as may be specified in the Scheme.

(3) Any authorization made under this section may be cancelled by the Central Government by order in writing if the employer fails to comply with any of the terms and conditions of the authorization or where he commits any offence under any provision of this Act: Provided that before cancelling the authorization, the Central Government shall give the employer a reasonable opportunity of being heard.]

[17. Power to exempt.—(1) The appropriate Government may, by notification in the Official Gazette and subject to such conditions as may be specified in the notification, [exempt, whether

3 prospectively or retrospectively, from the operation] of all or any of the provisions of any Scheme—

(a) any [establishment] to which this Act applies if, in the opinion of the appropriate Government, the rules of its provident fund with respect to the rates of contribution are not less favorable than those specified in section 6 and the employees are also in enjoyment of other provident fund benefits which on the whole are not less favorable to the employees than the benefits provided under this Act or any Scheme in relation to the employees in any other [establishment] of similar character; or

(b) and [establishment] if the employees of such [establishment] are in enjoyment of benefits in the nature of provident fund, pension or gratuity and the appropriate Government is of opinion that such benefits, separately or jointly, are on the whole not less favorable to such employees than the benefits provided under this Act or any Scheme in relation to employees in any other [establishment] of a similar character:

[Provided that no such exemption shall be made except after consultation with the Central Board which on such consultation shall forward its views on exemption to the appropriate Government within such time limit as may be specified in the Scheme.]

Summary The appropriate Government may, by notification in the Official Gazette, and subject to the condition on the pattern of investment of pension fund and such other conditions as may be specified therein, exempt any establishment or class of establishments from the operation of the Pension Scheme if the employees of such establishment or class of establishments are either members of any other pension scheme or propose to be members of such pension scheme, where the pensioner benefits are at par or more favorable than the Pension Scheme under this Act.]]

(2) Any Scheme may make provision for exemption of any person or class of persons employed in any [establishment] to which the Scheme applies from the operation of all or any of the provisions of the Scheme, if such person or class of persons is entitled to benefits in the nature of provident fund, gratuity or old age pension and such benefits, separately or jointly, are on the whole not less favorable than the benefits provided under this Act or the Scheme:

Provided that no such exemption shall be granted in respect of a class of persons unless the appropriate Government is of opinion that the majority of persons constituting such class desire to continue to be entitled to such benefits.

[2A) [The Central Provident Fund Commissioner may, if requested so to do by the employer, by notification in the Official Gazette, and subject to such conditions as may be specified in the notification, exempt, whether prospectively or retrospectively, any establishment from the operation of all or any of the provisions of the Insurance Scheme, if he is satisfied] that the employees of such establishment are, without making any separate contribution or payment of premium, in enjoyment of benefits in the nature of life insurance, whether linked to their deposits in provident fund or not, and such benefits are more favorable to such employees than the benefits admissible under the Insurance Scheme.

(2B) Without prejudice to the provisions of sub-section (2A), the Insurance Scheme may provide forth exemption of any person or class of persons employed in any establishment and covered by

Labour Administration... 18.17 Employee Provident Fund
that Scheme from the operation of all or any of the provisions thereof, if the benefits in the nature of life insurance admissible to such person or class of persons are more favorable than the benefits provided under the Insurance Scheme.

18.12 SUMMARY

Employees' Provident Fund is a statutory benefit payable to employees working in India. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("Act") is applicable pan India. The administration and management of Employees' Provident Fund (EPF) is carried by the Central Board of Trustees (CBT) established by the Central Government consisting of representatives of the Government, employers and employees respectively. The Employees' Provident Fund Organization (EPFO) assists this Board in its activities.

18.13 KEY WORDS

Appropriate Government means in relation to an establishment belonging to, or under the control of, the Central Government or in relation to an establishment connected with a railway company, a major port, amine or an oilfield or a controlled industry, [or in relation to an establishment having departments or branches in more than one State,] the Central Government;

18.14 SELF ASSESSMENT QUESTIONS

1. Briefly Discuss the Definition and Establishment to include all departments
2. Explain the Acts and Proceedings of Central Board

18.15 SUGGESTED READINGS

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LESSON-19

EMPLOYEE STATE INSURANCE

Learning objectives

- ✓ To study the Benefits under ESI scheme
- ✓ To Learn Redressal of Public Grievances
- ✓ To study Enhancement of Permanent Disablement Benefit

Structure

19.0 Introduction

19.1 Coverage

19.2 Infrastructure

19.3 Benefits under ESI Scheme

19.4 ESIC – Complete Social Security organization to India

- 19.4.1 **Sickness Benefit**
- 19.4.2 **Disablement Benefit**
- 19.4.3 **Dependent Benefit**
- 19.4.4 **Maternity Benefit**
- 19.4.5 **Medical Benefit**
- 19.4.6 **Retirement Benefit**

19.5 24X7 Medical help line

19.6 Redressal of Public Grievances

19.7 Enhancement of Exemption Limit

19.8 Enhancement of Permanent Disablement Benefit

19.9 Happy Employer and Happy Employee

19.10 Fast and Efficient services

19.11 ESIC 2.0 Reform Initiatives

19.12 Summary

19.13 Key words

19.14 Self Assessment question

19.15 Suggested Readings

19.0 INTRODUCTION

The Employees' State Insurance Scheme is an integrated measure of Social Insurance embodied in the Employees' State Insurance Act and it is designed to accomplish the task of protecting 'employees' defined in the Employees' State Insurance Act, 1948 against the impact of incidences of sickness, maternity, disablement and death due to employment injury and to provide medical care to insured persons and their families. The ESI Scheme applies to factories and other establishments viz. Road Transport, Hotels, Restaurants, Cinemas, Newspaper, Shops, and Educational/Medical Institutions wherein 10 or more persons are employed. However, in some States threshold limit for coverage of establishments is still 20. Employees of the aforesaid categories of factories and establishments, drawing wages upto Rs.15,000/- a month, are entitled to social security cover under the ESI Act.

ESI Corporation has also decided to extend the benefits of the ESI Scheme to the workers deployed on the construction sites located in the implemented areas under ESI Scheme w.e.f. 1st August, 2015.

The ESI Scheme is financed by contributions from employers and employees. The rate of contribution by employer is 4.75% of the wages payable to employees. The employees' contribution is at the rate of 1.75% of the wages payable to an employee. Employees, earning less than Rs. 100/- a day as daily wages, are exempted from payment of their share of contribution.

19.1 COVERAGE

From the beginning, the ESI Scheme was implemented at just two industrial centers in the country in 1952, namely Kanpur and Delhi. There was no looking back since then in terms of its geographic reach and demographic coverage. Keeping pace with the process of industrialization, the Scheme today, stands implemented at over 830 centres in 31 States and Union Territories. The Act now applies to over 7.23 lakhs factories and establishments across the country, benefiting about 2.03 crores insured persons/ family units. As of now, the total beneficiary stands at over 7.89 crores.

19.2 INFRASTRUCTURE

Ever since its inception in 1952, the infrastructural network of the Scheme has kept expanding to meet the social security requirements of an ever increasing worker population. ESI Corporation has so far set up 151 hospital and 42 hospital annexes for inpatient services. Primary and out-patient medical services are provided through a network of about 1418/140 ESI dispensaries/ AYUSH units, and 1017 panel clinics.

The Corporation has also set up five Occupational Disease Centers, one each at Mumbai (Maharashtra), New Delhi, Kolkata (W.B.), Chennai (T.N.) and Indore (M.P.) for early detection and treatment of occupational diseases prevalent amongst workers employed in hazardous industries. For payment of Cash Benefits, the Corporation operates through a network of over

627/ 185 Branch Offices/ Pay Offices, whose functioning is supervised by 61 Regional/ Sub-Regional and Divisional offices.

19.3 BENEFITS UNDER ESI SCHEME

The main ⁴⁷ benefits provided under ESI Scheme are:

- Sickness Benefit
- Disablement Benefit
- Dependants' Benefit
- Maternity Benefit
- Medical Benefit

Besides the ⁸ above, other benefits being provided to the beneficiaries are Confinement Expenses, Funeral Expenses, Vocational Rehabilitation, Physical Rehabilitation, Unemployment Allowance (RGSKY) and Skill Upgradation Training.

19.4 ESIC – A COMPLETE SOCIAL SECURITY ORGANIZATION FOR INDIA'S WORKFORCE

The ¹⁶ ILO defines Social Security - as "the security that society furnishes through appropriate organization against certain risks to which its members are perennially exposed. These risks are essentially contingencies against which an individual of small means cannot effectively provide by his own ability or foresight alone or even in private combination with his fellows. The mechanics of social security therefore consists in counteracting the blind injustice of nature and economic activities by rational planned justice with a touch of benevolence to temper it."

¹⁹ ESIC is the only Social Security Organization in the country which covers most of the exigencies (provided in the list of ILO) which are sickness, medical care for the worker, maternity, unemployment, work injury, death of worker, invalidity and widowhood.

The ESI ³⁴ Scheme is based on the Gandhian principle of "contributions as per their ability and benefits as per the requirement". This principle entitles an Insured Person who is from the lower wage bracket of the society for a huge line up of benefits by paying the contribution as per the wages he is earning.

Each social security payments made under the ESI Scheme helps the insured person without putting any extra burden on his savings or earnings, during emergent medical and other contingencies. The benefits being provided by the ESI Scheme are:-

⁸ **19.4.1. The Sickness Benefit** is paid to the insured person at the rate of 70% of the average daily wages up to ³⁰ 91 days in two consecutive Benefit periods.

(b) Enhanced Sickness Benefit (for vasectomy/tubectomy) ²¹ 100% of the average daily wages is payable for 14 days for tubectomy and 7 days for vasectomy extendable on medical advice.

(c) The Extended Sickness Benefit is admissible at the rate of 80% the average daily wages for 124 days during a period of two years, extendable up to two years on medical advice.

19.4.2. Under the Disablement Benefit, the insured person who becomes disabled due to employment injury is paid 90% of the average daily wages as long as temporary disablement lasts. For permanent or total disablement, 90 % of the average daily wages is paid for whole life and for permanent partial disablement; the Insured Person is paid proportionate to the loss of earning capacity as determined by the medical board.

19.4.3. Dependents' Benefit is paid at the rate of 90 % of the average daily wages sharable in fixed proportion among all dependents if the insured person dies due to employment injury. This is payable to the widow for life or until her re-marriage and also to the dependent children till the age of 25 years and also to the dependent parents, subject to conditions. In an endeavor to reach out to the beneficiaries and make the system more customer friendly, long-term benefits such as Permanent Disablement and Dependents Benefits are being credited to the bank account of the beneficiaries through ECS System.

19.4.4. The Maternity Benefit

The Maternity Benefit is paid at the rate of 100% of the average daily wages up to 12 weeks in case of confinement, up to 6 weeks in case of miscarriage. This can be extended by one month on medical advice in case of sickness arising out of pregnancy, confinement and miscarriage. The total Expenditure incurred during 2013-14 on cash benefit payments is Rs.598.69 crores from which one can assess the huge support extended by ESIC to its IPs at the time of distress, which otherwise should have put extra burden on the low income bracket of the workforce of the country

19.4.5. Medical Benefit-

One of the biggest benefits extended by ESIC is **Medical Benefit** which provides 'Reasonable medical Care' (from primary OPD services, In-patient secondary services to Super Specialty Services) for self and family from day one of entering insurable employment which continues till the insured person remains in insurable employment. Treatment is provided through Allopathy and AYUSH system of medicines. ESIC Dispensaries and Hospitals are providing the necessary medical treatment. Super specialty treatment is provided through in-house super specialty facilities available in some of ESI Hospital or ESI-PGIMSRS or through large number of advance medical institutions on referral basis through more than 1000 tie-up hospitals across the Country. In such cases, ESIC makes direct payment to the hospitals without putting any financial burden on the patient or his family.

Medical Benefit is also extended to the widow/ spouse of the deceased/ retired/ superannuated Insured Persons as well as to the widow/ spouses of Insured Persons who ceases to be in an insurable employment on account of permanent disablement, and also to the widows of Insured Persons who are in receipt of Dependent's Benefit.

19.4.6. Retirement Benefit

when an insured person who leaves the insurable employment on attainment of the age of superannuation or retires under a voluntary Retirement Scheme or takes premature retirement, after being an insured person for not less than 5 years, shall be eligible to receive medical benefit for himself and his spouse subject to production of proof thereof, and payment of a nominal contribution of Rs.120/- (rupees one hundred and twenty only) for one year. In case, the insured person expires, his spouse is entitled to the medical benefit for the remaining period for which the contribution was made, and she can continue to receive the medical benefit on payment of the contribution of Rs.120/- (rupees one hundred and twenty only) per annum for further period.

This medical benefit is also admissible to an insured person who ceases to be in employment on account of permanent disablement caused due to employment injury for himself and his spouse on payment of similar contribution till the date on which he would have vacated the employment on attaining the age of superannuation, had not sustained such permanent disablement. Other Benefits include Confinement Expenses for an Insured Woman or an IP in respect of his wife in case confinement occurs at a place where necessary medical facilities under ESI Schemes are not available, for which Rs.5000/- is paid up to two confinements only. Rs. 10,000/- is paid as Funeral Expenses in case of death of an insured person. Vocational Training in case of physical disablement due to employment injury for which the actual fee charged or Rs.123/- per day, whichever is higher is paid as long as the vocational training lasts.

Un-employment

Allowance under RGSKY is payable in case of involuntary loss of employment due to closure of factory, retrenchment or permanent invalidity due to non-employment injury and contribution for three years prior to the loss of employment, 50 % the average daily wages is payable for a maximum period of twelve months during life time. Under RGSKY, in case of involuntary loss of employment, skill up gradation training is provided for duration of maximum 6 months, so that the IP can enhance his skill and opt for other jobs. In order to encourage employment of disabled persons, the employers' share of contribution in respect of such disabled employees is paid by the Central Government for initial three years. Permanently disabled persons working in factories and establishments covered under ESI Act and drawing wages up to Rs.25,000/- per month have been brought under the scheme w.e.f.1.4.2008.

Brief description of Benefits, Contributory Conditions, Duration of Benefits and the Scale of Benefits**19.5 24X7 MEDICAL HELPLINE NO.1800 11 3839 IN ALL ESIC HOSPITALS**

The ESI Corporation has launched a 24x7 Helpline No.1800 11 3839 for attending the calls of Insured Persons and their family members who wish to seek advice and guidance from casualty/emergency of ESIC Hospitals. In case an Insured Person calls on 24x7 helpline functioning at ESIC Hqrs. Office and desires to have some medical advice in emergency from a doctor, this call will be connected through conference from 24x7 helpline to the emergency of ESIC Hospital of the concerned state and the doctor available in the casualty/emergency will attend the call for needful.

19.6 REDRESSAL OF PUBLIC GRIEVANCES

The ESI Corporation has set up the Public Grievances Redressal System at all levels i.e. Hqrs. Office/Regional/Sub-Regional/Divisional/Branch Offices/ESI Dispensaries/ESI Hospitals. To ensure expeditious disposal and speedy redressal of public grievances under the ESI Scheme, various measures have been taken by the Corporation. It includes a Toll Free Helpline No. **1800-11-2526** activated at Hqrs. office. Besides the above, the following helplines have also been installed in ESIC RO/SRO to cater to local stakeholders. **Suvidha Samagam.**

In order to deal with oral, written complaints/suggestions and grievances, Suvidha Samagam is being held regularly in various field offices i.e. at RO/SRO/ESIC Hospitals on 2nd Wednesday of every month and at ESIC BO on 2nd Friday of every month.

19.7 ENHANCEMENT OF EXEMPTION LIMIT

The ESI Corporation has also decided to enhance the exemption limit from payment of employees' contribution for employees drawing wages upto Rs. 137/- per day from existing Rs. 100/- per day.

19.8 ENHANCEMENT OF PERMANENT DISABLEMENT BENEFIT & DEPENDANT BENEFIT RATES

The ESI Corporation has approved for enhancement of the Permanent Disablement Benefit and Dependants' Benefit Rates for its Insured Persons vide its notification dated 12.05.2015 in order to address the erosion in its real value due to inflation.

19.9 HAPPY EMPLOYEES, HAPPY EMPLOYER

Employers are freed of all ³⁵liabilities of providing medical facilities to employees and their dependants in kind or in the form of fixed cash allowance, reimbursement or actual expenses, lump sum grant or any other medical insurance policy of limited scope, unless it is a contractual obligation cash benefits shifts to the Corporation in respect of insured employees.

Any sum paid by way of contribution under the ESI Act is deducted in computing 'Income' under the Income Tax Act.

Besides this, a New Inspection Policy has also been launched and integrated with Shram Suvidha Portal of the Ministry of Labour & Employment wherein 13 Central Labour Acts, DGMS and EPF Act are aligned. It aims to achieve the objective of simplifying business regulations and bringing transparency and accountability in labour inspection.

19.10 FAST AND EFFICIENT SERVICES

⁵ • **Project 'Panchdeep'**: To digitize internal and external processes and to ensure efficiency in operations, especially services to Employers and Insured Persons, ESIC has launched its IT Project 'Panchdeep'.

• **Employer Portal under 'Panchdeep'**: The Employer Portal permits various transactions online without visiting any ESIC Office, saving time and avoiding the drudgery of routine paperwork. Employer and Employee Registrations are done online. The portal enables employers to file monthly contributions, generate Temporary Identity Cards and create monthly contribution challans online.

• **e-Biz Platform**: ESIC is the first entity to integrate its services (Registration of Employers via e-Biz portal of Department of Industrial Policy and Promotion of DIPP) to promote ease of business and curb transaction costs.

• Online payment of ESI Contribution by the Employer made easier via the payment gateway of State Bank of India and 58 other banks was launched on 01st April, 2015.

19.11 ESIC – 2.0: REFORM INITIATIVES OF ESIC

With a view to accelerating expansion of coverage of ESIC, ESIC has launched the 2nd Generation Reforms Agenda named "ESIC-2.0" during the inaugural session of 46th Indian Labour Conference by Shri Narendra Modi, Hon'ble Prime Minister of India on 20th August, 2015 at Vigyan Bhawan, New Delhi. Some of the salient features of ESIC 2.0 are:-

- (i) Starting ESIC Scheme in Arunachal Pradesh, Mizoram, Manipur, Andaman & Nicobar Island.
- (ii) At present, ESIC Scheme is being implemented in industrial/commercial clusters. Now, the target is to cover whole of the 393 districts, where these clusters are located.
- iii) Covering all the construction workers under ESI Scheme.
- (iv) Opening Health Scheme for selected group of unorganized workers like rickshaw pullers/auto rickshaw drivers in selected urban/metropolitan areas.
- (v) Up-grading dispensaries to six bedded hospitals in phases.
- (vi) Providing appropriate cancer detection/treatment facilities at different levels of hospitals.
- (vii) Providing appropriate cardiology treatment facilities at different levels of hospitals.
- (viii) Providing dialysis facilities in all ESIC Model Hospitals on PPP Mode.
- (ix) Providing all possible pathological facilities in hospital premises by outsourcing or by up-grading.
- (x) Tracking each and every mother and new born child of IP family to achieve 100% immunization as well as safe delivery.
- (xi) Creating at least one Mother Child care hospital with higher facilities in every State.
- (xii) To start setting up State ESI Corporations/Societies in all States as subsidiary of ESI Corporation.
- (xiii) Electronic Health Record will be made available to the IP family members on-line. The record will also include laboratory record in digital format and there will be no need to visit the hospital for getting this information.
- (xiv) In another initiative, 24x7 medical helpline No. 1800 11 3839 have been made operational through which IP can directly talk to Doctor, in case of emergency. This helpline will be toll free and will also be available in regional languages.
- (xv) In an unique initiative under Swachh Bharat – Swaschh Bharat Campaign of Hon'ble Prime Minister, besides the on-going cleanliness drive being taken up in all the ESIC hospitals, ESIC has decided that under 'Abhiyan Indradhanush' bedsheets in Hospitals will be changed every day and for each day of the week specific colour of bed sheet has been fixed based on VIBGYOR pattern, as given below:

Day	Colour of Bedsheet
Sunday	Violet
Monday	Indigo
Tuesday	Blue
Wednesday	Green
Thursday	Yellow
Friday	Orange
Saturday	Red

From 20th July, 2015, every hospitals of ESIC have started to operate Special OPD every day in the afternoon from 3.00 pm to 5.00 pm for senior citizens/differently abled patients.

(xvii) Appropriate Queue Management System in every Hospital for helping in registration and pharmacy.

(xviii) To provide behavioral training to para-medical and other staff of the hospitals guiding them to provide due courtesy in dealing with the patients/attendants.

(xix) To provide facility for Reception and 'May I Help You' in each hospital to guide the patients/attendants.

(xx) To provide for a feedback system for all indoor patients.

(xxi) To put in place proper and attractive signage's at the required places in all ESIC Hospitals for guidance and proper communications to the patients and beneficiaries.

(xxii) To provide yoga facilities in all ESIC Hospitals.

(xxiii) AYUSH facilities to be extended up to the dispensary level in phases.

(xxiv) To create tele-medicine facilities for the beneficiaries in phases.

19.12 SUMMARY

³¹ EPFO has recently allowed members i.e. the contributory employees of the provident fund (PF) scheme to use 90 percent of EPF accumulations to make down payments to buy houses and use their accounts for paying EMIs of home loans. Under the new rules, an essential requirement for a PF member to withdraw one's PF money to buy a real estate property is that he or she has to be a member of a registered housing society having at least 10 members. As a member, one can use the PF funds for an outright purchase, as a down payment for a home loan, for buying plots, for the construction of a house. The transactions can be made through central government, state government and even from a private builder, promoters or developers. Only those members who have completed 3 years as a PF member will be eligible for this scheme.

19.13 KEY WORDS

Employee state Insurance scheme- The Employees' State Insurance Scheme is an integrated measure of Social Insurance embodied in the Employees' State Insurance Act and it is designed to accomplish the task of protecting 'employee' as defined in the Employees' State Insurance Act, 1948 against the impact of incidences of sickness, maternity, disablement and death due to employment injury and to provide medical care to insured persons and their families.

Social Security - as "the security that society furnishes through appropriate organization against certain risks to which its members are perennially exposed.

Disablement Benefit, the insured person who becomes disabled due to employment injury is paid 90% of the average daily wages as long as temporary disablement lasts

Retirement Benefit-when an insured person who leaves the insurable employment on attainment of the age of superannuation or retires under a voluntary

The Maternity Benefit is paid at the rate of 100% of the average daily wages up to 12 weeks in case of confinement, up to 6 weeks in case of miscarriage.

Dependants' Benefit is paid at the rate of 90 % of the average daily wages sharable in fixed proportion among all dependents if the insured person dies due to employment injury

19.14 SELF ASSESSMENT QUESTIONS

1. Briefly Discuss the Benefits Under the ESIC scheme
2. Analyze the Redressal of Public grievances
3. Explain the Enhancement of Exemption limit of the ESIC scheme.

19.15 SUGGESTED READINGS

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LESSON-20

LABOUR ADMINISTRATION IN INDIA

Learning Objectives

- ✓ To study the Labor Administration in India
- ✓ To Understand the Evolution of Labor Administration
- ✓ To analyses the administrative agencies

Structure

- 20.0 Introduction**
- 20.1 Evolution**
- 20.2 Indian Context**
- 20.3 Union list**
- 20.4 Concurrent List**
- 20.5 State List**
- 20.6 Labor Policy**
- 20.7 Administrative agencies**
- 20.8 Attached offices**
- 20.9 Subordinate Offices**
- 20.10 Autonomous organization**
- 20.11 Summary**
- 20.12 Key words**
- 20.13 Self Assessment Questions**
- 20.14 Suggested Readings**

20.0 INTRODUCTION

Labor administration is a wide term. It is primarily concerned with labor affairs and administration of social policy. The meeting of experts on labor administration held in Geneva in October, 1973 felt that to deal with the major substantive programmes of labor administration, there should be central specialized units for each of the following:

- a) Labor protection (formulation of standards relative to working conditions and terms of employment, including wages);
- b) Labor inspection;
- c) Labor relations;
- d) Employment of manpower, including training; and possibly
- e) Social security.

20.1 EVOLUTION

Labor administration is not simply the responsibility of the department of labour. Many agencies and government departments such as chambers of commerce, factory and mines inspectorate, social insurance directorate, and department of human resource development and education are involved in it. In some countries, the organizations of employers and workers are also involved in the administration of labor matters. But, it is primarily the responsibility of the department of labour to lay down, develop and apply sound labour policies, co-ordinate various recommendations received from various departments which have a bearing on labour affairs. Formulation of policy decisions are based on consultation with other interests (particularly of employers' and workers' organizations) and of research and field investigation. Most of the labor policy proposals may emanate from the minister of labor himself or from his department. The department of labor is the body which receives most such proposals and initiates the preparatory process. In some cases, labor courts, arbitration bodies and different adhoc commissions can be regarded as forming part of the labour administration machinery, though they are usually outside the department of labor. These bodies are either bipartite or tripartite in character.

Most of the work done in department of labor is either professional or technical. The meeting of experts on labor administration viewed that labor administration officials in particular services should have the basic academic qualifications required for such services (especially in law, economics, sociology, administrative sciences, psychology, statistics, actuarial sciences, medicine, engineering and so forth). The exact qualifications required for each post can be determined by the government of each country.

It is a part of the job of labor administrator to give effect to laws governing employment and conditions of work. Labour legislation is a necessary instrument for a governments' administration of labour affairs. Standards established by legislation may be further developed, complemented or applied through administrative action. Legislation automatically entails the prescribing of procedures for enforcement and imposition of penalties. A system of law is a guarantee for people's personal safety, liberties and rights. To maintain respect for the law in general, the laws that are adopted must be strictly applied, without fear or favor. Labor administrators have a fundamental duty to uphold the rule of law at all times. To inculcate a respect for the law, they must also remember the old maxim **that justice must not only be done, but must manifestly be seen to be done.**

Labour law does not consist entirely of laws produced by law makers. Unwritten customary and case law deriving from generations of judicial practice also play a role, particularly with regard to contracts, torts and the right to receive compensation for damages. There are countries where the entire labor legislation has been codified covering entire gamut of labour laws and labour administration.

The greater number of non-statutory legal requirements in the labour field are derived from the practice of industrial relations. A highly developed system of collective bargaining operated by strong organizations of employers and workers can cut out much of the need for subsidiary regulations. There are various ways in which collective agreements amplify the law and serve as an alternative to statutory rule making. Two basic principles governing such collective agreements are: (a) there should be no conflict between the agreement and the law;

(b) better terms and conditions will prevail, i.e., an agreement may grant employees conditions more favorable than the minimum laid down by the law of the land.

It is a basic principle of modern law that, to be valid, a contract has to involve a "consideration", i.e., something to be given in return for the other party's performance of the contract; this is usually wages, rent or purchase price. There are various forms of contract of service, whether written or verbal.

In certain countries, collective agreements are contracts binding on the parties. They would not supersede the "contracts of service" of employers and workers who were not parties to the agreement. However, in many countries the legislation now states that the terms of collective agreements with unions that enjoy recognized bargaining status shall be deemed to be legally binding on all persons in the specified occupations in the industry or service for which the agreement was made. In such countries and in such cases the agreements can be enforced in the courts. Consequently, in the latter case, labor inspectors are also involved in enforcing these conditions just like the minimum conditions laid down by law.

20.2 INDIAN CONTEXT

In the Government of India (Amendment) Act, 1919, the Central Legislature was given the power to legislate in respect of practically all labour subjects. The Provincial Governments were empowered to legislate only in respect of those labour matters which were classified as Provincial. But they were required to take the sanction of the Governor General in respect of these subjects also. All labour legislation was enacted by the Central Legislature during this period.

When the Whitley Commission reported in 1931, the bulk of the labour problems within the jurisdiction of the Government of India was dealt with by the then department of industries and labour under the charge of a member of the Governor General's Executive Council. Its administrative head was a secretary to government. While 'Industries and Labour' was a short title for the department it dealt with a variety of subjects, such as posts and telegraphs, public works, civil aviation, patents and copyright and broadcasting. The department, however, did not cover all labour within the jurisdiction of the Central Government.

Questions relating to labour in docks, and transport by sea or inland water, were the concern of the commerce department; matters pertaining to the railway labour were dealt with by the Chief Commissioner for Railways. The department of education, health and lands looked after emigrant labour. In the Chief Inspector of Mines, the department of industries and labour had an adequate source of advice on all subjects relating to mining labour. No specialist advice was considered necessary on the conditions of work in factories, workmen's compensation, trade unions and trade disputes. Administration of such legislation as was there on these matters was the responsibility of the governments of presidencies/provinces.

In the provinces, the labour portfolio was handled by a member of the executive council who was responsible also for other subjects. Labour problems had acquired neither the vastness nor the complexity to warrant the attention of a full-time member. Except in some industrially advanced provinces which had their respective labour officers for the limited responsibilities they had to carry, no specialized agency existed for administration. It

is in this context that the Whitley Commission recommended the setting up of the office of the labor commissioner in the provinces.

On the introduction of provincial autonomy under the Government of India Act, 1935, labour was included in the concurrent list. Accordingly, central legislature was empowered to enact labour legislation in respect of matters exclusively included in the federal list and central and state legislatures were given authority to enact legislation in respect of all other labour matters.

When popular ministries took over administration under the Government of India Act, 1935, labour problems started attracting more attention. The appointment of the labour commissioner in industrially important provinces as recommended by the Whitley Commission did help labour. However, problems of co-ordination still remained. The Labour Ministers' Conference and the Indian Labour Conference Standing Labour Committee (I.L.C./S.L.C.) which were the products of the forties, partly met this need. With the impact of the Second World War, the machinery for labour administration at the centre expanded. According to the Rege Committee, which reported on the eve of Independence, the institution of labour officers under the commissioners of labour to whom workers could represent their grievances, was well established in most provincial governments.

The Government of India appointed, under its chief labour commissioner, a number of regional labour commissioners and conciliation officers who were entrusted with the duties of settling labour disputes. The chief labour commissioner's organization had also an inspectorate for supervising the implementation of labour laws. The Government of India appointed labour welfare advisers in its ordnance factories. An advisory service was constituted at the Centre for the factory inspectorates in the states which were operating under the auspices of the state governments.

The Labour Bureau was established for collection, compilation and publication of statistical and other information regarding employment, wages, earnings, industrial relations, working conditions, and so on. A network of National Employment Service and Training Institutes were set-up. The Five-Year Programme for Labour (1946) had many elements in it requiring the strengthening of the administration and intensifying its operations. The legislative support given to the programme resulted in (a) the creation of administrative machinery for the implementation of new enactments; and (b) the strengthening of the then existing set-up to cope up with the additional functions entrusted to it. The expanding operations of the tripartite bodies also added new responsibilities.

The beginning of World War II in 1939 necessitated the creation of an adequate and contented labour force in order to maximize production for meeting the increased demand of Indian manufactured goods. The central government therefore, assumed wide powers to control and regulate the industrial labour welfare. The labour department was strengthened and a machinery to deal with industrial relations was created. An integrated re-settlement organization for demobilized war personnel was established. For advising the government to improve working conditions in factories, a Chief Adviser of Factories was appointed. A new department of works, mines and power was created and certain subjects which were having only an indirect bearing on labour were transferred to this department. This lessened the burden of the labour department. In pursuance of the decisions of the Provincial Labour Minister's Conference in 1946, the central ministry of labour chalked out a five year

programme of legislative and administrative measures for improving the health, efficiency and working conditions of the labourers.

At present there is a tripartite labour machinery. It consists of the Indian Labour Conference, the Standing Labour Committee, the Industrial Committees, and a few other committees of a tripartite nature. Labour Ministers' Conferences are also associated with it. There is also a bipartite joint consultative committee of the Ministry of Labour and Employment. In addition, there are committee's and boards such as Committee on ILO Conventions, Central Implementation and Evaluation Committee, Steering Group on Wages, Wage Board, Central

Board for Workers' Education and Central Committee on Labour Research.

According to the Constitution of India, the enactment and administration of labour laws is the responsibility of both the Union and State Governments. There are three lists, viz., the Union List, the Concurrent List and the State List adopted in the Constitution. Laws concerning the union, are made both by parliament and legislature of any state and the laws of the state list are made by states' legislatures.

The following are the principal matters of labour interest enumerated in each of these lists:

20.3 UNION LIST

- 1) Participation in international conferences, associations and other bodies and implementing decisions made there at;
- 2) Port quarantine, including hospitals connected therewith, seamen's and marine hospitals;
- 3) Regulation of labour and safety in mines and oilfields;
- 4) Industrial disputes concerning union employees;
- 5) Union agencies and institutions for:
 - a) professional, vocational or technical training; and
 - b) the promotion of special studies or research.
- 6) Enquiries, surveys and statistics for the purpose of any of the matters in this list.

20.4 CONCURRENT LIST

- 1) Economic and social planning;
- 2) Trade Unions, industrial and labour disputes;
- 3) Social security and social insurance; employment and unemployment;
- 4) Welfare of labour, including conditions of work, provident fund, employers' liability, workmen's compensation, invalidity and old age pensions, and maternity benefits;
- 5) Vocational and technical training of labour;
- 6) Factories; and
- 7) Inquiries and statistics for purposes of any of the matters specified in the concurrent list and the state list.

20.5 STATE LIST

- 1) Public order;
- 2) Public health and sanitation, hospitals and dispensaries; and
- 3) Relief of the disabled and unemployable

The governments of all the states have established organizations for the administration and enforcement of the various labor laws in force in their territories and for the collection, compilation and dissemination of statistical and other information relating to labour. Every state has appointed labour commissioners for the purpose of administration of labor laws and welfare activities in their respective areas. These commissioners are assisted by deputy labor commissioners and/or assistant labor commissioners. Most of the states have also appointed chief inspectors of factories and chief inspectors of boilers to administer the Factories Act, 1948 and the Indian Boilers Act, 1923 respectively. In addition, they have appointed commissioners of employees' compensation under the Employees' Compensation Act, 1923 and registrars of trade unions under the Trade Unions Act, 1926 and various other authorities with a view to discharging labour administration work in their respective jurisdictions. Certain states have also special machinery for the collection of labor statistics.

20.6 LABOUR POLICY

The term "labour policy" has no precise definition, but in Webster's New International Dictionary, the term means general principles by which any government is guided in the management of its affairs relating to labour or the working class. Normally, the labour policy of a country would include all the principles underlying the dealings of a government with labour matters, such as employment, training, wages, working conditions, trade unions, industrial relations, labour welfare, social security, industrial housing, and the like. Labour policy is more and more used as an instrument to give direction to industrial economy and to steer it along a set course. The contents of a labor policy vary from country to country depending upon a host of factors, and there is nothing like world labour policy.

As such, "labour policy" evokes a number of overlapping concepts; partly these relate to goals of policy and in part to the means and instruments of implementation. There are, however, constraints in setting goals as well as on means and instruments. The term "labour policy" includes the treatment of labour under constitutional, legislative and administrative acts, rules and practices, and various precepts laid down in the successive five year plans.

The labour policy of a country is a product of her history, tradition, political orientation, and socio-economic conditions and is highly influenced by the development objectives pursued by her government. It is an on-going process of adjustment corresponding to different stages of economic development and the power struggle between the social forces i.e. government, employers, and the trade unions.

The labour policy in India derives its philosophy and content from the Directive Principles of State Policy as laid down in the Constitution and has been evolving in response to the specific needs of the situation and to suit the requirements of planned economic development and social justice. It has two-fold objectives, namely maintaining industrial peace and promoting the welfare of labour.

In recognition of its duty to protect the working class and promote its welfare, a blue print on labour policy- a five year programme for labour- was drawn up in 1946 when the interim national government came to power at the centre. In the course of a debate in the Central Legislative Assembly in 1946, Shri Jagjivan Ram, the member in charge of labour, revealed that government had formulated a plan for bringing about essential reforms in the interest of the working classes of India. The main features of the proposed programme were:

1. "Statutory prescription of minimum wages in sweated industries and occupations and in agriculture.
2. "Promotion of 'fair wage' agreements."
3. "Steps to secure for workers in plantations a living wage."
4. "Reduction in the hours of work in mines to bring the working hours in line with the hours of work in factories which have been recently reduced from 54 to 48 a week."
5. "Legislation to regulate hours of work, spread-over, weekly rest periods and holidays with pay for other classes of workers not now subject to regulation e.g., those employed in shops and commercial undertakings, road transport services, docks and municipal labour."
6. "Overhaul of the Factories Act with a view to the prescription and enforcement of right standards in regard to lighting, ventilation, safety, health and welfare of workers. Conditions of work are to be improved, particularly in unorganized industries and work places, to which the present Factories Act does not apply."
7. "Revision of the Mines Act to bring about similar improvement in the working conditions in mines."
 - a. "Organization of industrial training and apprenticeship schemes on a large scale with a view to improving the productive and earning capacity of workers and enabling them to qualify for promotions to higher grades."
 - b. "Provision of adequate housing for workers to the extent of the resources, both of manpower and materials, that can be made available for this service."
 - c. "Steps to secure for workers in plantations, mining and other categories provision of housing."
 - d. "Organization of the Health Insurance Scheme, applicable to factory workers to start with, for the provision of medical treatment and monetary relief during sickness, maternity benefit on an extended scale, medical treatment in the case of disablement and the substitution of pensions during periods of disablement and to dependents, in case of death, in place of the present lump sum payments."
 - e. "Revision of the Workmen's Compensation Act with a view to extending to other classes of workers the benefit provided for under the health insurance scheme in respect of disablement and dependent benefits."
 - f. "A central law for maternity benefits to secure for other than factory workers the extended scale of benefits provided under the health insurance scheme."
 - g. "Extension to other classes of workers the right, within specified limits, to leave with allowance during periods of sickness."
 - h. "Provision of creches and canteens."
8. "Welfare of the coal mining labour and welfare of the mica mining labour."
 - a. "Strengthening of the inspection staff and the inspectorate of mines." As would be seen from subsequent events, many elements of the programme were given legislative support in the years 1947 to 1952. The Constituent Assembly which was set up soon after Independence took note of the Plan in its deliberations. The
 - b. Constitution finally adopted, contained several articles which reflect the general desire of the community to stand by the working class. Articles 36 to 51, Part IV of the Indian Constitution, makes provisions regarding the Directive Principles of State Policy. They reflect the principal goal of our sovereign democratic republic and a welfare state. Along with the chapter on the fundamental rights, it constitutes the essence of the Indian Constitution. These two chapters are the conscience keepers of our Constitution.

- c. The Directive Principles are directives to the various governmental agencies to be followed in the governance of the country. It shall be the duty of the Government to treat these principles as guidelines while enacting, administering and interpreting the laws. They guide the path which will lead the people of India to achieve the ideals of justice, liberty, equality and fraternity.

The provisions contained in the Directive Principles shall not be enforceable by any Court, but they are nevertheless fundamental in the governance of the country and it shall be the duty of the State to apply these principles in making laws. The Directive Principles, however, differ from fundamental rights contained in Part III of the Constitution or the ordinary laws of the land in the following respects:

- a) The Directive Principles are not enforceable in the courts and do not create any justifiable rights in favor of individuals.
- b) The Directive Principles require to be implemented by legislation, and so long as there is no law carrying out the policy laid down in a directive, neither the State nor an individual can violate any existing law or legal rights under cover of following a directive.
- c) The court cannot declare any law as void on the ground that it contravenes any of the Directive Principles.
- d) The courts are not competent to compel the government to carry out any directive or to make any law for that purpose.

The 13 member Bench in Keshavadasa's case laid down certain broad propositions on Fundamental Rights. These are:

- a) There is no disharmony between the Directive Principles and the Fundamental Rights, because they supplement each other in aiming at the same goal of bringing about a social revolution and the establishment of a welfare state.
- b) Even the conditions for the exercise by each individual of his fundamental rights cannot be ensured unless and until the Directive Principles are implemented.
- c) Parliament is competent to amend the Constitution to override any of the Fundamental Rights in order to enable the State to implement the Directive Principles, so long as the basic features of the Constitution are not affected.

The Directive Principles cannot override the Fundamental Rights. In determining the scope and ambit of the Fundamental Rights, the Court may not entirely ignore the Directive Principles and should adopt the principle of harmonious construction so as to give effect to both as much as possible.

The Directive Principles of State Policy, which have a bearing on labour, are contained in articles reproduced below:

- (a) The state shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life."
 - (b) The state shall, in particular, strive to minimize the inequalities in status."
- The State shall, in particular direct its policy towards securing:
- a) That citizens, men and women equally, have the right to an adequate means of livelihood.
 - b) That there is equal pay for equal work for both men and women.

- c) That the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.
 d) That the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter a vocation unsuited to their age or strength.
 e) That childhood and youth are protected against exploitation and against moral and material abandonment.”

The State shall, within the limits of its economic capacity and development ,make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want.”

The State shall make provision for securing just and humane conditions of work and for maternity relief.

”
 The State shall endeavor to secure, by suitable legislation or economic organization or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities, and in particular, the State shall Endeavour to promote cottage industries on an individual or co-operative basis in rural areas.”

Under the Constitution, the legislative powers in different fields of government activity are shared by the central and state governments, in accordance with the lists which form a part of the Constitution — the union list, the concurrent list and the state list. The Parliament has exclusive powers to make laws on matters enumerated in the union list. The state legislatures have powers to legislate for the state or any part thereof on any matter enumerated in the state list. Both the parliament and the state legislatures have powers to make laws with respect to matters enumerated in the concurrent list. To avoid a possible conflict, certain safeguards are provided for subjects on which both centre and state can legislate.

The legislative support for the programme was given partly by (i) strengthening the then existing legislation through suitable amendments, (ii) overhauling some of it, and (iii) supplementing it by new statutes where none had existed before. The important pieces of labour legislation which evolved through all these processes could be divided into the following main groups:

- i) Legislation about employment and training such as the Dock Workers Regulation of Employment Act, 1948; the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959; the Apprentices Act, 1961; the Tea District Emigrant Labour Act, 1932, and so on.
- ii) Legislation on working conditions: This covers the Factories Act, 1948; the Plantations Labour Act, 1951; the Mines Act, 1952; the Motor Transport Workers' Act, 1961; and legislation relating to safety of workers, like the Indian Dock Labourers' Act, 1934. There have been Acts like the Children (Pledging of Labour) Act, 1933; the Employment of Children Act, 1938; the Madras Bidi Industrial Premises (Regulation of Conditions of Work) Act, 1958; the Kerala Bidi and Cigar Industrial Premises (Regulation of Conditions of Work) Act, 1961, so on.

iii) Legislation on labour management relations such as the Trade Unions Act, 1926; the Industrial Employment (Standing Orders) Act, 1946; the Industrial Disputes Act, 1947; and legislation enacted in some States like the Bombay Industrial Relations Act, 1946; the UP Industrial Disputes Act, 1947; the Madhya Pradesh Industrial Relations Act, 1960, and so on.

iv) Legislation on wages, earning and social security which covers the Payment of Wages Act, 1936; the Employees' State Insurance Act, 1948; the Coal Mines Provident Fund and Bonus Act, 1948; the Minimum Wages Act, 1948; the Employees' Provident Fund Act, 1952; the Assam Tea Plantations Provident Fund Schemes and Act, 1955; Working Journalists (Conditions of Service and Miscellaneous Provisions) Act; the Payment of Bonus Act, 1965; the Workmen's Compensation Act 1923; and the Maternity Benefit Acts (Central and States).

v) Legislation on welfare like the Mica Mines Labour Welfare Fund Act, 1946; the Coal Mines Labour Welfare Fund Act 1947; the U.P. Sugar and Power Alcohol Industries Labour Welfare and Development Fund Act, 1950; the Bombay Labour Welfare Fund Act, 1953; the Assam Tea Plantation Employees' Welfare Fund Act 1959; the Iron Ore Mines Labour Welfare Cess Act, 1961.

vi) Miscellaneous Legislation

The Industrial Statistics Act, 1942, the Collection of Statistics Act, 1953, the Industrial Development and Regulation Act, 1951, the Companies Act, 1954 and so on. The legislation mentioned above is illustrative and not exhaustive. It is possible that many state acts have not figured in the above list. In addition to this labour code, voluntary arrangements which are evolved in tripartite discussions have added to the benefits which are expected to accrue to labour. In this category fall the recommendations of the Indian Labour Conference, the Standing Labour Committee and Industrial Committees. The benefits which workers got out of the wage board awards so far owe their origin to the tripartite decision that the unanimous recommendations of Wage Board will be given effect to. The code of discipline, which provides for recognition of unions, setting up of a grievance procedure, has also been the result of a tripartite agreement. The arrangements for housing in plantations were evolved out of an agreement in the Industrial Committee on Plantations. The introduction of the workers' education scheme, the setting up of fair price shops in industrial establishments, and the agreement on guidelines for introduction of rationalization are some other important matters which have emerged out of tripartite agreements. The evolution of labour policy, during the Five Year Plans, has been based upon and is linked with the programme of the over-all economic development of the country. The Planning Commission sought to give a concrete shape to the legitimate needs and aspirations of the working classes which included fair wages, suitable working and living conditions, social security, etc. With the acceptance of a socialistic pattern of society as the legitimate goal of economic development, there was a corresponding shift in the labour policy. This was reflected in the experiment of workers' participation in management through the machinery of joint consultation. Another important shift in the labour policy was the emphasis on collective bargaining in the promotion of healthy industrial relations. The plans also laid stress on the administrative aspects of the enforcement and implementation machinery. Emphasis was also laid on voluntary approach to the solution of labour problems as witnessed by the promulgation of the Code of Discipline in Industry, Code of Conduct, Industrial Truce Resolution and the various recommendations

According to the National Commission on Labour the main postulates of labour policy operating in the country in the last twenty years could be summed up as follows:

- i) Recognition of the state, the custodian of the interests of the community, as the catalyst of "change" and welfare programmes.
- ii) Recognition of the right of workers to peaceful direct action if justice is denied to them.
- iii) Encouragement to mutual settlement, collective bargaining and voluntary arbitration.
- iv) Intervention by the State in favor of the weaker party to ensure fair treatment to everything concerned.
- v) Primacy to maintenance of industrial peace.
- vi) Evolving partnership between the employer and employees in a constructive endeavour to promote the satisfaction of the economic needs of the community in the best possible manner.
- vii) Ensuring fair wage standards and provision of social security.
- viii) Co-operation for augmenting production and increasing 'productivity.'
- ix) Adequate enforcement of legislation.
- x) Enhancing the status of the worker in industry.
- xi) Tripartite consultation.

The thrust of the recent labour policy is more towards creating a climate of healthy industrial relations and promoting an industrial culture conducive to improvement in efficiency, productivity and real wages

20.7 ADMINISTRATIVE AGENCIES

The pattern of administrative machinery differs from state to state depending upon the industrial development in the state and also the state of development of employers' and workers' organizations. The administrative agencies for implementing the policies adopted by governments, the laws enacted by the parliament, state legislature, and decisions taken by tripartite bodies at the centre/states have been built up by

- (i) the central government,
- (ii) state governments
- (iii) local bodies, and
- (iv) statutory corporation boards.

The authority to set up an agency will depend upon the statute to be administered for agreement to be enforced and the decision taken by governments and parties to the agreement as to how it should be administered. Tradition also has played its part in reaching decisions. Administrative convenience has been stated to be the main consideration behind the decisions so far. The fact remains, however, that no uniform basis is discernible in these decisions. For instance, though the central government lays down standards and exercises coordinating functions in the matter of employment and training, the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, and the Apprentices Act, 1961, are administered by the State Governments. The Dock Workers (Regulation of Employment) Act, 1948, is administered by a statutory board. The centre is responsible for the administration of the Mines Act, 1952, and the Indian Dock

Labourers Act, 1934, but other enactments having the same objective, viz., the Factories Act, 1948, the Plantations Labour Act, 1951, and the Motor Transport Workers Act, 1961,

have been entrusted to the state governments for a administration. There is yet a third variation — the enactment for regulating conditions of work in shops and commercial establishments which is a state legislation, is administered in some states through local bodies. Legislation on labour-management relations has been, by and large, centre's responsibility, but implementation is with the state governments except in regard to industries for which the central government is designated as the "Appropriate Government."

The Trade Unions Act, 1926, and to a great extent the Industrial Employment(Standing Orders) Act, 1946, are administered by the state governments. Statutory corporation administers the Employees' State Insurance Act, 1948, but workmen's compensation cases or cases of maternity benefit not covered by the corporation are the responsibility of the state governments. The Employees' Provident Fund Act, 1952, and the Coal Mines Provident Fund Scheme, 1948, have statutorily created by the central or state governments, but administrative departments share this responsibility in some cases. Some aspects of labour welfare are a direct charge on the central/state resources and the respective departments of labour make arrangements for using the appropriations made under this head from year to year. Funds for industrial housing and supervision and the appropriate use of these funds are again provided by the administrative departments.

Generally, the ownership of the unit, whether public or private, makes no difference; as the central or state government has to be entrusted with implementation of statutes. Goods or services which the unit provides and the nature of right/duty cast on the party, become a criterion for attracting the jurisdiction of the relevant agency. In the establishments owned by the central government, the factory inspectorate of the state government enforces the provision of the Factories Act, 1948. For the departmentally run industrial undertakings of the central government, the industrial relations are the concern of the central government. On the other hand, industrial relations in central public sector companies is a responsibility of the state government concerned.

Arrangements differ in the case of certification of standing orders. Public sector industrial establishments in which the central government has 51% shares or more, get them certified by a machinery of the central government.

The next agency for administration is local bodies. Their jurisdiction is limited; it is restricted to providing the inspectorate for implementing the legislation about shops and commercial establishments. Some local bodies manage transport undertakings; many others run a host of services in public interest. But in these functions they are in the position of an employer and not a third party for administering labour legislation. The differences between the local bodies and their employees are labour disputes within the purview of the Industrial Disputes Act. In considering the responsibility of local bodies as administrators of labour law, it is only the former function with reference to shops and commercial establishments which is important. With the growing consciousness among the employees covered by the Acts, as also the increase in the number of employees in this category, the implementation arrangements will acquire a measure of urgency in the years to come.

Government has set up independent corporations/boards for administering the benefits under the welfare and social security legislation enacted by it. Such corporations/boards have varying degrees of autonomy according to the involvement of public funds in them. The policies for the working of these agencies are settled by tripartite bodies set up for the respective corporations/boards either under the relevant statute or by the government.

³⁶ The Ministry of Labour and ³⁴ Employment of the central government is the main agency for policy formulation and administration in all labour matters. Within the government, the labour ministry *inter alia* initiates action on labor matters, keeps parliament informed and seeks guidance from it. Further, it advises other ministries/departments and the public sector corporations set up by them, keeps in touch with the state governments, holds discussions with employers and workers' organizations for settling disputes, organizes tripartite conferences, controls the specialized directorates/agencies set up by it and generally looks after the interests of labour consistent with the broader economic and social policies of government. Other ministries/departments have the responsibility of settling their own labour problems. The labour ministry comes in only in case of difference of opinion between them. This is broadly the approach, both in regard to departmental labour and labour engaged in units managed by the public sector.

²⁴ The labour ministry is the channel of communication between the central government and the International Labour Organization in all matters of standard setting at the international level and the administering of technical co-operation programmes. The functions of the labour ministry have expanded with the large responsibilities of the Government as a whole. This is reflected in the increasing size of the ministry in the last thirty years.

The ministry of labour at the centre is responsible for looking after the subjects which appear in the union and concurrent lists of the Seventh Schedule of the Constitution of India. These subjects include industrial relations, wages, employment, emigration, labour welfare and social security measures for which the ministry has to formulate, review and implement national policies.

⁸ It looks after (i) labor policy and legislation; (ii) safety, health and welfare of labour; (iii) social security of labour; (iv) policy relating to special target groups, such as women and child labour, and (v) employment services and vocational training.

¹⁰ Its other responsibilities are those relating to enforcement of labour laws and ⁸conciliation of industrial disputes in the central sphere, constitution and administration of central government industrial tribunals and labour courts as well as national industrial tribunals, administration of the central labour service, and matters relating to employment of labour, tripartite labour conferences, and international labour.

Once the national policy is evolved, its implementation is generally the responsibility of the state governments, except matters falling exclusively in the central sphere, e.g., railways, mines, oil fields, major ports, banks, insurance companies (only in respect of those which have branches in more than one state) and other undertakings appearing in the union list and for which the central government has the direct responsibility in respect of labour relations. The ministry also implements, through its network of field offices, various social security and labour welfare enactments. For imparting training facilities for skills ministry also deals with the ILO and ISSA so as to bring the activities in the labour field to the international standards. The work relating to emigration of Indian workers for overseas employment is managed through the controller of migration and his field office.

20.8 ATTACHED OFFICES

The attached offices are responsible for the following important functions

i) The Directorate General of Employment and Training is responsible for laying down the policies, procedures, standards and overall co-ordination of employment services and vocational training programmes throughout the country.

ii) The Chief Labour Commissioner (Central) is responsible for

- (a) prevention, investigation and settlement of industrial disputes in the central sphere;
- (b) enforcement of awards and settlements;
- (c) implementation of labour laws in industries and establishments in respect of which the central government is the appropriate government;
- (d) verification of membership of unions affiliated to the central organization of workers for giving them representation on national and international conferences and committees; and
- (e) fixation and revision of minimum wages under the Minimum Wages Act, 1948 in the central sphere of scheduled employments.

iii) The Directorate General of Factory Advice Service and Labour Institutes is concerned with the safety, health and welfare of workers in factories and docks. It is responsible for coordinating the implementation of the Factories Act, 1948, by the state governments. It formulates model rules there under. It is also concerned with the administration of the Dock Workers (Safety, Health and Welfare) Act, 1986. It undertakes research in industrial safety, occupational health, industrial hygiene, industrial physiology and industrial psychology. It provides training mainly in the field of industrial safety and health including diploma course of one year duration in industrial safety and certificate course in industrial health. The diploma is an essential qualification for appointment as a safety officer and the certificate course for appointment as medical officer in factories. Regular training of factory inspectors is another important training activity.

iv) The Labour Bureau is responsible for collection, compilation and publication of statistical and other information regarding employment, wages, earnings, industrial relations and working conditions. It also compiles and publishes the Consumer Price Index Numbers for industrial and agricultural workers. The Bureau also renders necessary assistance to the States for conducting training programmes in labour statistics at state/district/unit level.

20.9 SUBORDINATE OFFICES

These offices are responsible for the following functions:

i) The Directorate General of Mines Safety is entrusted with enforcement of the provisions of the Mines Act, 1952, and the rules and regulations framed there under. Besides, the maternity benefit rules framed under the Maternity Benefit Act, 1961 in respect of mines are also administered by this Directorate. The provisions of the Indian Electricity Act, 1910 as applicable to mines and oilfields, are also enforced by it.

ii) The offices of Welfare Commissioners are responsible for providing welfare facilities to the workers employed in the mica, lime-stone and dolomite, iron-ore, manganese and chrome ore mines and in the beedi and cinema industries.

iii) Industrial Tribunal-cum-Labour Courts have been set up under the provisions of the Industrial Disputes Act, 1947, for the adjudication of industrial disputes which fall in the central and the state sphere respectively. It is, however, open to the Central Government to refer a matter in relation to which it is the appropriate government to a labour court or industrial tribunal constituted by the state government.

iv) The Board of Arbitration (JCM), set up under the Scheme for Joint Consultative Machinery and Compulsory Arbitration, is an institution for compulsory arbitration of disputes between the government employees and the government on pay and allowances, weekly hours of work, leave, etc.

20.10 AUTONOMOUS ORGANIZATIONS

The following autonomous organizations under the Ministry of Labour are responsible for the functions as given below:

- i) The Employees' State Insurance Corporation is responsible for the implementation of the Employees' State Insurance Act, 1948, which provides for medical care and treatment to members and their families, cash benefits during sickness, maternity and employment injury and pension to dependents on death of the workers due to employment injury.
- ii) The Employees' Provident Fund Organization is responsible for implementing provident fund rules, family pension and deposit-linked insurance scheme under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
- iii) The National Safety Council is a registered society to promote safety consciousness among workers through publicity and propaganda including audio-visual aids.
- iv) The Central Board for Workers' Education is a registered society dealing with the schemes of training of workers in the techniques of trade union and in bringing about consciousness among workers about their rights, duties and responsibilities. The Board has also undertaken programmes for rural workers' education and functional adult education.
- v) The National Labour Institute is a registered society. It conducts action oriented research and provides training to grass root workers in the trade union movement, both in urban and rural areas, and also to officers dealing with industrial relations, personnel management, and labour welfare.
- vi) The National Council for Safety in Mines is concerned with enhancing safety consciousness among miners. At the secretariat level, the functions of the department are more or less similar to those of the central ministry but confined to industries for which the state government is the appropriate government. While the state labour secretary is in overall charge both of policy and administration, the commissioner of labour in the state is the operative arm for the implementation of labour laws. In all states, the functions of the Registrar of Trade Unions are performed by the commissioner. While the commissioner exercises jurisdiction over the administration of labour laws, the adjudicatory functions vest either with industrial tribunals or industrial courts as the case may be. Dealing with complaints about non-implementation of agreements/awards is, by and large, the responsibility of labour courts. Settlement of claims under the Employees' Compensation Act, 1923 and the Payment of Wages Act, 1936, and similar statutes are mainly dealt with by judicial authorities (though in some states like Haryana and Rajasthan, officers of the labour department hear the cases), but the inspectorate for the purpose is provided by the commissioner's office. In states where no separate authority exists for labour welfare, the commissioner is expected to supervise these activities also. The commissioner is thus the kingpin of labour administration at the state level. That is why in some states he has been given an *ex-officio* secretariat status.

20.11 SUMMARY

It also includes certain boards, institutes, centres, or other bodies which are not an integral part of government machinery but to which the government has delegated certain specific areas of labour and social policy. Labour administration systems in the third world are changing rapidly. What used to be a government tool mainly for the preparation and implementation of labour legislation and for the settlement of labour disputes, it gradually evolved into something much broader, extending its concern to employment policy, training, the special problems of the unorganized, the expansion of social security schemes, and other matters.

20.12 KEY WORDS

Labor Policy- The term "labour policy" has no precise definition, but in Webster's New International Dictionary, the term means general principles by which any government is guided in the management of its affairs relating to labour or the working class

Labour administration- Labour administration is not simply the responsibility of the department of labour. Many agencies and government departments such as chambers of commerce, factory and mines inspectorate, social insurance directorate, and department of human resource development and education are involved in.

20.13 SELF ASSESSMENT QUESTIONS

1. Briefly Discuss the Labor policy in India
2. Describe the Administrative agencies in Labor administration

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Dr.V.NAGA NIRMALA

MHRM DEGREE EXAMINATION, 2022
First Year- Semester-II
Paper-II
LABOR ADMINISTRATION AND EMPLOYEE WELFARE

Time: Three hours

Maximum : 70 marks

SECTION A — (5 x 4 = 20 marks)
Answer any FIVE of the following

- 1 (a). Labor force
(b). Labor welfare
(c). ILO
(d). Welfare Office
(e). Social Assistance
(f). Social Insurance
(g). ESI
(h). Social Security
(i). Statutory programmes
(j). Worker Education scheme

SECTION B — (2 x 10 = 20 marks)
Answer any TWO of the following

- 2). Give an outline on Concept , scope and Philosophy of labor welfare?¹⁶
- 3). Explain the Impact of ILO on Labor welfare in India
- 4). Explain the Statutory and Non-statutory labor welfare programmes ?¹⁷
- 5). Discuss the Concept and Scope of Social Security Measures?

SECTION C — (2 x 15 = 30 marks)
Answer any TWO of the following

- 6). Briefly Explain the Principles and Role of labor welfare in Industries?
- 7). Explain the Agencies of Labor Welfare ?
- 8). Elucidate the Extra Mural and Intra Mural Facilities of Labor welfare?
- 9). Describe the ESI Schemes and Labor Administration in Andhra Pradesh?

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