

THIRTIETH SESSION OF  
THE INDIAN LABOUR CONFERENCE  
(NEW DELHI : 7-8 SEPTEMBER, 1992)



MINISTRY OF LABOUR  
GOVERNMENT OF INDIA  
NEW DELHI

30TH SESSION OF THE INDIAN LABOUR CONFERENCE

NEW DELHI : 7-8 SEPTEMBER, 1992

AGENDA

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ITEM 1.

CONFIRMATION OF MINUTES OF 29TH SESSION OF INDIAN LABOUR  
CONFERENCE HELD ON 21-22 APRIL, 1990

The Minutes of the 29th Session of the Indian Labour Conference held on 21-22 April, 1990 were circulated vide letter No. U-12016/1/90-L.C. dated 31st May, 1990.

ITEM 2.

ACTION TAKEN ON THE CONCLUSIONS OF 29TH SESSION OF THE INDIAN  
LABOUR CONFERENCE HELD ON 21-22 APRIL 1990.

SL.No. CONCLUSION

ACTION TAKEN

1. WORKERS' PARTICIPATION IN MANAGEMENT

(i) The envisaged statutory framework should be flexible enabling the Government to introduce the scheme in a phased manner beginning with establishments above a certain size.

(ii) The mode of representation of 'workmen' should be on the basis of the decision taken at the National Seminar in the establishments in which a majority of 'workmen' are members of trade unions. In other cases, as well as in respect of representation of workers other than 'workmen', the representation be decided by direct secret ballot. Dismissed employees whose cases are sub-judice should be made eligible for participation.

(iii) The participation should be on equal basis between workers and employers. However, at the Board level view were at variance. The representatives of workers felt that workers' representatives should be 50% of the total strength of the Board. The representatives of employers recommended that to begin with, representation of

The Participation of Workers in Management Bill, 1990 was introduced in the Rajya Sabha on 30th May, 1990. The Bill, inter alia, provides for specific and meaningful participation of workers in management at shop floor level, establishment level and Board of Management level in all industrial establishments as defined in the Industrial Disputes Act, 1947. The Bill has not yet been taken up for consideration by the House as a large number of notices for amendment to the Bill have been received. The Ministry of Law have also pointed to the need for amendment to the Bill in the context of formulation of the scheme envisaged in the Bill. The matter is under consideration of Government.



workers on the board should be confined to only one representative each of 'workmen' and workers other than 'workmen'. The majority of State Ministers were of the view that this should be confined to 25%, while the Labour Minister of West Bengal felt that it should be 50%.

(iv) Questions relating to participation in equity should be kept separate from the proposed statutory scheme.

## 2. REVIEW OF INDUSTRIAL RELATIONS

(i) The Trade Union and the Industrial Disputes (Amendment) Bill introduced in the Rajya Sabha in 1988 be withdrawn.

(ii) To formulate specific proposals for further legislation, a Bipartite Committee to be constituted with Shri G. Ramanujam as Chairman. The names of the representatives proposed by the Trade Unions for the Committee are given in the annexure. The Employees Organisation undertook to forward the names of their nine representatives shortly to the Ministry of Labour. The secretarial assistance for the Committee will be provided by the Ministry of Labour. The Committee will give its report by 31st July, 1990.

The Trade Unions and the Industrial Disputes (Amendment) Bill, 1988 was withdrawn and a bipartite committee under the Chairmanship of Shri G. Ramanujam was constituted to formulate specific proposals for a new industrial relations law. As a follow-up of the decision taken in the 40th Labour Ministers' Conference, a Group of five State Labour Ministers under the Chairmanship of the Minister of State for Labour was constituted to examine the contentious issues in the Ramanujam Committee report and make recommendations for consideration on the Indian Labour Conference. The Group met on 25.4.92, 1.6.92 & 24.7.92 and the report of the Group is placed on the agenda of this Session.

## 3. GENERAL VERIFICATION PROCEDURE

The verification procedure as agreed by the Central Trade Union Organisations on 29.12.86 relating to workers other than the rural workers/ agricultural workers was approved. It was also decided that date

The general verification on the basis of the procedure approved in the Session has been initiated. The claim applications received have been circulated amongst the Central Trade Union



of reckoning for the next general verification will be 31.12.89.

As far as the verification procedure pertaining to agricultural/rural workers and classification of industries for the purpose of verification are concerned, it was agreed that these two matters will be finalised in the meeting of Central Trade Union Organisations to be held in the Ministry of Labour on 15.5.90 at 6.00 PM

Organisations for submitting their objections.

On the basis of the decision taken in the meeting of the Central Trade Union Organisations held on 15.5.90 and the meeting of the Standing Committee held on 8.10.91, three proposals regarding the method of verification for agricultural/rural sector were sent to all the Central Trade Union Organisations for their comments.

4. REVIEW OF DEVELOPMENTS RELATING TO UNORGANISED LABOUR

While strong reservations were expressed by some representatives of the employers on the practicability of the proposals relating to the setting up of the tripartite construction workers boards, there was a general consensus that the central legislation in respect of construction labour should be brought out as proposed.

A Central legislation for safeguarding the interests of the workers engaged in the Building and Construction Industry is under consideration of the Government.

5. REVIEW OF IMPLEMENTATION OF LABOUR LAWS. LAWS AND POLICIES RELATING TO CHILD LABOUR, WOMEN LABOUR AND EMIGRANT LABOUR.

It was decided that these items may be discussed in the Standing Labour Committee.

These items were discussed in the 31st session of the Standing Labour Committee held on 25th July, 1992. The SLC decided to set up a tripartite Sub-Committee under the Chairmanship of the Union Deputy Labour Minister to review implementation of important labour laws such as the Child Labour (Prohibition & Regulation) Act, Equal Remuneration Act, etc. The Sub-Committee will submit its report to the Standing Labour Committee.

ITEM 3.

CONSIDERATION OF THE REPORT OF RAMANUJAM COMMITTEE ON NEW  
INDUSTRIAL RELATIONS LAW WITH A VIEW TO FORMULATING  
PROPOSALS FOR LEGISLATION ON INDUSTRIAL RELATIONS.

RAMANUJAM COMMITTEE REPORT ON NEW INDUSTRIAL RELATIONS  
LAW-RECOMMENDATIONS THEREOF.

- I. Background
- II. Unanimous Recommendations
  - (a) Trade Unions Act, 1926 Annexure-I
  - (b) Industrial Disputes Act, 1947 Annexure-II
- III. Non-unanimous recommendations and comments of the Group of Labour Ministers thereon.
  - (a) Trade Unions Act, 1926 Annexure-III
  - (b) Industrial Disputes Act, 1947 Annexure-IV
- IV. Non-unanimous recommendations considered by the Group of Labour Ministers and left to be considered by the Indian Labour Conference.
  - Industrial Disputes Act, 1947 Annexure-V
- V. Important issues
  - (a) Trade Unions Act, 1926 Annexure-VI
  - (b) Industrial Disputes Act, 1947 Annexure-VII



ITEM 3. CONSIDERATION OF THE REPORT OF RAMANUJAM COMMITTEE ON NEW INDUSTRIAL RELATIONS LAW WITH A VIEW TO FORMULATING PROPOSALS FOR LEGISLATION ON INDUSTRIAL RELATIONS.

I. BACKGROUND NOTE

The two main central enactments which at present regulate matters relating to industrial relations are the Trade Unions Act, 1926 and the Industrial Disputes Act, 1947. There are laws on the subject in certain States to supplement the central laws. The National Commission on Labour (1969) which examined the machinery and the procedure under the Industrial Disputes Act, 1947 felt that there was need for reform in the mechanism of dispute settlement and made several specific recommendations.

In 1978 the Government made an endeavour to bring out a comprehensive legislation to regulate the industrial relations in the country. It introduced the Industrial Relations Bill, 1978 in the Lok Sabha on the 30th August, 1978. The Bill, however, lapsed before it could secure passage through Parliament.

The Industrial Relations Bill, 1978 had excluded from its purview hospitals and educational, scientific, research and training institutions as they had special and distinct characteristics of their own and it was considered necessary to maintain in them an atmosphere that eschewed strife and conflict. However, the employees engaged in these establishments also needed protection. Another Bill was, therefore, introduced in the Lok Sabha entitled the Hospitals and Educational Institutions (Conditions of Service of Employees and Settlement of Employment Disputes) Bill, 1978, in order to provide a machinery for resolution of their individual and collective employment disputes. This Bill also lapsed with the dissolution of the Lok Sabha.

In 1982, the Industrial Disputes (Amendment) Bill was introduced in the Lok Sabha to amend, inter alia, the definition of the term, 'industry', so as to exclude from its purview, among others, hospitals, as well as educational, scientific, research and training institutions. Simultaneously the Hospitals and Other Institutions (Settlement of Disputes) Bill, 1982 was introduced in the Rajya Sabha. While the former Bill was enacted, the Hospitals and Institutions (Settlement of Disputes) Bill, 1982 was not pursued further because of opposition to various provisions of the Bill both inside and outside Parliament. In the circumstances, the amended definition of the term 'industry' could not be brought into effect as no alternative grievance redressal machinery was available to the employees in hospitals etc. who would have been denied the protection of the Industrial Disputes Act, 1947. Subsequently, a Bill, namely, the Hospitals and Other Institutions (Redressal of Grievances of Employees) Bill, 1987 was introduced after withdrawing the 1982 Bill. The Bill was passed by the Rajya Sabha on April 28, 1988. It, however, lapsed with the dissolution of the Lok Sabha in 1989.

The National Labour Conference held in 1982 had remitted the matter relating to restructuring of industrial relations machinery and consequent Amendments to Industrial Disputes Act, 1947 to the Sanat Mehta Committee. The recommendations of that Committee were considered in different fora including the Standing Labour Committee in September, 1986. In the light of the discussions, the Trade Unions and the Industrial Disputes (Amendment) Bill, 1988 was formulated and was introduced in the



Rajya Sabha on May 13, 1988. The Bill was not, however, taken up for consideration in Parliament because of opposition expressed against various provisions of the Bill. The matter was discussed in the Indian Labour Conference at its 29th Session held on April, 21-22, 1990. In pursuance of its recommendations, the Trade Unions and the Industrial Disputes (Amendment Bill, 1988 was withdrawn from the Rajya Sabha on May 30, 1990 and a bipartite Committee comprising representatives of Central Trade Union Organisations and Employers Organisations was constituted under the chairmanship of Shri G.Ramanujam on May 8, 1990. The terms of reference to the Committee were "to formulate specific proposals" for the New Industrial Relations Bill. The Ramanujam Committee submitted its on October 22, 1990.

The report of the Ramanujam Committee is not entirely unanimous. Notes of dissent have been submitted by (i) the representatives of the AITUC, the CITU, the UTUC(LS), the UTUC and the TUCC (ii) the All India Manufacturers Organisations and (iii) the All India Organisation of Employers and Employers' Federation of India. Apart from these notes of dissent, there has been further division of opinion among the central trade union organisations and the employers organisations on certain specific issues.

The 40th Labour Ministers' Conference held in New Delhi on 6.2.92, inter alia, considered the report of the Ramanujam Committee on New Industrial Relations Law. There was consensus in the meeting that the recommendations of the Committee which are unanimous may be accepted. It was also decided to appoint a Committee of five State Labour Ministers to examine the areas of disagreements in the Ramanujam Committee with a view to arriving at a consensus.

In pursuance of this decision a group consisting of Labour Ministers of Uttar Pradesh, West Bengal, Maharashtra, Andhra Pradesh and Tamil Nadu under the chairmanship of Shri P.A.Sangma, Minister for Coal and Labour was constituted on 25th February, 1992 to examine the areas of disagreement in the Ramanujam Committee recommendations on New Industrial Relations Law with a view to arriving at a consensus and to submit its report for consideration in the ILC.

The unanimous recommendations of Ramanujam Committee relating to the Trade Unions Act, 1947 are mentioned in Annexure I and those relating to the proposed amendment of the Industrial Disputes Act, 1947 are mentioned in Annexure II.

The Group of Ministers met on 25th April, 1st June and 24th July 1992 and discussed various contentious issues. Its recommendations on those issues relating to the Trade Unions Act, 1926 are at Annexure III and those relating to Industrial Disputes Act, 1947 are at Annexure IV.

Apart from making recommendation on contentious issues the group of Ministers has left certain items specifically to be considered by the ILC. Those items are mentioned at Annexure V.

To facilitate deliberations, important issues are separately discussed in Annexures VI and VII. Annexure VI contains issues relating to the Trade Unions Act and Annexure VII contains issues concerning the Industrial Disputes Act.

## APPROACH OF RAMANUJAM COMMITTEE

The Committee observed that since industrialisation plays a crucial role in economic development, industrial harmony is of paramount importance to ensure growth with social justice including promotion of workers' interests. One of the postulates of the Committee is that the employers and workers have a responsibility towards the society in terms of fighting poverty and unemployment. Taking note of the "thin line between hunger and anger," The Committee observes that 'ever increasing productivity should be our objective and bipartism the means', bearing in mind that the fruits of progress should percolate down to the poorest in the society and not be restricted to the two social partners only, namely, labour and management.

2. Quoting from the address of the then Prime Minister to the 29th Session of the Indian Labour Conference held on 21-22 April, 1990, the Committee further observes that "the perpetuation of the process of confrontation which was prevalent under the old dispensation must now yield to cooperation and WE SHOULD MAKE CONSCIOUS EFFORTS TO PROMOTE BIPARTISM, to enable the employers and employees to put their own house in order without third party intervention."

3. In the circumstances, the Committee unanimously decided that the main thrust of the new legislation should be on bi-partism.



II. UNANIMOUS RECOMMENDATIONS IN RAMANUJAM COMMITTEE REPORT  
ON NEW INDUSTRIAL RELATIONS LAW.

(a) TRADE UNIONS ACT, 1926

1. MINIMUM STRENGTH FOR REGISTRATION (para 5.2 & 5.3)

The Minimum membership required for registration of a union in the organised sector should be 10% of the employees or 100 employees whichever is less, subject to a minimum of seven members.

2. COMPULSORY REGISTRATION OF TRADE UNIONS (para 5.5)

The registration of trade union should be made compulsory in the organised sector.

3. OPTIONAL REGISTRATION OF CENTRAL TRADE UNION ORGANISATIONS ETC. (para 5.6)

The provision of compulsory registration of trade unions should not apply to national federations or national centres.

4. MEMBERSHIP FEE (para 5.7)

The minimum rate of subscription for membership shall not be less than Rs.1/- p.a. for workers in the rural areas, three rupees p.a. workers covered by Minimum Wages Act and Rs.12 p.a. in other cases. (The minimum subscription fixed by the Trade Union Act is 25 paise per month).

5. POLITICAL FUND (para 5.7)

The existing provisions in the Trade Unions Act regarding establishment of political fund may continue.

6. ELECTION AND TENURE OF OFFICE BEARERS (para 5.8)

The office bearers and members of the executive for trade union must be elected at least once in 3 years or in such shorter intervals as may be prescribed in the rule. The election may be held by show of hand or by secret ballot.

7. REGISTERING AUTHORITY (para 5.10)

For registration of a union with its areas of operation extending to more than one State, Registrar of Trade Unions functioning under the Central authorities shall be the registering authority. In other cases it will be the Registration Wing of the State authorities (para 5.10)

8. OFFICERS' UNION (para 5.12)

The supervisory and officers' Union may not be treated as either craft or occupation union as they form a distinct group.



9. TIME LIMIT FOR DISPOSAL OF APPLICATION FOR REGISTRATION.  
(para 5.13)

The Registrar of Trade Unions shall dispose of an application for registration within a period of 45 days.

10. INTRA-UNION DISPUTES (para 5.14)

The constitution of a trade union should provide that all intra-union disputes should be referred to the National Trade Union Centre to which it is affiliated. The National Trade Union Centre should follow the principles of natural justice in disposing of the matter. Its decisions shall be final. As regards intra-union disputes of a non-affiliated union, the matter should be adjudicated by a Labour Court.

11. ELIMINATION OF OUTSIDERS (para 5.15)

The elimination of outsiders should be by a process of workers themselves getting ready to take own responsibility and replace the outsiders.

12. RESTORATION OF REGISTRATION (para 5.19)

Where registration of trade union is cancelled because of any defects pointed out by the Registrar, such as for non-submission Annual Return or any defects in the Annual Return or for any other reasons, its registration shall be restored within 30 days of the rectification of such defects.

13. COURT JURISDICTION (para 5.20 & PARA 5.23)

No civil court shall have jurisdiction over matters connected to the working of registered trade unions.

14. Section 17 & 18 of the existing trade unions act shall continue to remain operative (para 5.22).

Section 17 deals with criminal conspiracy in Trade Union disputes and Section 18 refers to immunity from civil suit in certain cases relating to trade union matters.

Note: Some of the subject matters listed here have many aspects. The aspects regarding which there was unanimity in the Ramanujam Committee Report are mentioned here. It may be noted that there could be other aspects of the same subject-matter in respect of which there were differences of opinion in the Report. These are dealt with under appropriate Annexures.

II. UNANIMOUS RECOMMENDATIONS IN RAMANUJAM COMMITTEE REPORT  
ON NEW INDUSTRIAL RELATIONS LAW.

(b) INDUSTRIAL DISPUTES ACT

1. INDUSTRIAL RELATIONS ACT ( para 6.2)

The new legislation shall be called "Industrial Relations Act" and will provide for appropriate machinery to settle industrial disputes by direct/bipartite negotiations, voluntary arbitration, conciliation, mediation and adjudication with a view to promote harmonious employer-employee relations. Strikes and lockouts should be the weapons of last resort.

2. COVERAGE ( para 6.3)

All employed persons regardless of the character of the employer or the destination of profit should have some appropriate legal machinery to protect their interests. Wherever there are employer-employee relations there are bound to be differences and disputes and it is necessary that the law should provide for such an appropriate machinery for resolving those differences and disputes. (There are, however, differences of opinion in regard to the coverage of the proposed New Industrial Relations Law).

3. INDIVIDUAL GRIEVANCES ( para 6.12)

Every establishment employing fifty or more persons must have a Grievances Procedure. The Grievance Procedure will provide for appeals in two stages, the second appeal being to the final authority. The decision of the final Appellate Authority must be given within 30 days of the employee referring the grievance.

4. PANEL OF NAMES OF GRIEVANCES ARBITRATORS (para 6.13)

In every such establishment a panel of names of Grievances Arbitrators mutually agreed upon shall be maintained and the employee will be free to choose any one out of such panel to arbitrate on his individual grievance.

5. OPTION TO APPROACH NEGOTIATING COUNCIL (Para 6.14)

After exhausting the Grievance Procedure, the employee will have the option of approaching the Negotiating Council to take up his case.

6. SUBSISTENCE ALLOWANCE (para 6.15)

Employee under suspension pending domestic enquiry will continue to get the same rate of subsistence allowance as at present.



7. NEGOTIATING COUNCILS (para 8.1)

Setting up of Negotiating Councils for every industrial establishment employing 50 or more persons.

8. NEGOTIATING COUNCILS ( para 8.2 and 8.3)

The Negotiating Councils shall consist of an equal number of representatives of employers and employees. In case there is no union a team of five persons may be elected.

9. NOMINATION OF REPRESENTATIVES ON THE NEGOTIATING COUNCIL (para 8.4)

In case there is only one union, that union will be entitled to nominate all the representatives on the Negotiating Council irrespective of its membership.

10. MACHINERY TO BE SET UP FOR CONDUCTING ELECTION OR FOR VERIFICATION (para 8.9)

Independent machinery be set up for conducting the election or for verification of membership through check-off.

11. REPRESENTATION IN CASE OF MULTIPLE UNIONS (para 8.10)

Where multiple unions have to be represented in the Negotiating Council, the representation of each union shall be in proportion to its membership or support, as the case may be.

12. ELIGIBILITY OF A UNION FOR CONTESTING MEMBERSHIP OF NEGOTIATING COUNCIL; ITS TENURE; RECOGNITION OF THE UNION WITH LARGEST MEMBERSHIP AS PRINCIPAL NEGOTIATING AGENT ETC. (para 8.11 to 8.17)

To contest for the position of member of the Negotiation Council, the Union must complete at least one year registration as a trade union under the Trade Unions Act. The Chairmanship at the meetings of the Negotiation Council will rotate between the employers' and workers' representatives. The Council will have three year tenure and the expenses relating to the said Council will be borne by the industry.

In case of composite Negotiating Council, the Union with the largest membership will be recognised as the principal Negotiating Agent. All agreements in the Negotiating Council which are unanimous or by majority shall be binding on all employers and employees.

13. VOLUNTARY ARBITRATION (para 9.2 to 9.6)

Every establishment employing 100 or more persons shall maintain a standing panel of arbitrators agreed to by both the parties; and upon failure of the Negotiating Council to settle any dispute either party shall have the right to invoke arbitration either by single person or by Board of Arbitration consisting of one or more representatives of each party out of the Standing Panel provided that other party agrees. It shall however, be open to the parties to accept as arbitrator any one from outside the panel.



The award of an Arbitrator/s or Board of Arbitration shall be final and not subject to appeal in any Court of law. The cost of arbitration shall be borne by the industry. All arbitration proceedings shall be time bound. Any dispute regarding interpretation of any agreement or award of arbitrator/s shall be left to be decided by an appropriate judicial authority and its decision shall be final and binding.

14. SECTION 33, 33-C(2) ETC. OF I.D. ACT 1947 (para 12.1 TO 12.5)

As bipartism is proposed as the main plank of industrial relations, section 33 with its sub-sections may have to undergo changes consistent with other proposals.

The existing provision under Section 33-C(2) shall have time limit of three years for filing claims under the new law which will commence from the date of settlement or award. (para 12.4)

The other sub-sections under Section 33 may continue to be operative to the extent they are not inconsistent with the various recommendations of the Committee.

15. LAY-OFF (paras 13.5 to 13.7)

In case of lay-off due to factors beyond the control of the management, 50% compensation shall continue and in the case of lay-off due to the factors within the control of the management, the workers shall be paid full wages.

In case a contractor lays-off his workers in any industry without paying the lay-off compensation, the principal employer shall pay such compensation.

16. RETRENCHMENT (para 14.4)

There shall be no retrenchment whatsoever on account of automation, computerisation and modernisation provided the employees accept retraining and redeployment.

17. RETRENCHMENT COMPENSATION (para 14.5)

Where retrenchment becomes unavoidable even after exhausting all possible avenues to absorb surplus employees, the employer shall in consultation with the Negotiating Council identify the surplus and such employees shall be paid retrenchment compensation at the enhanced rate of one month average pay for every completed year of service.

18. PENALTIES (Chapter 18)

Penalties should be made sufficiently deterrent and their enforcement should be meaningful.

Note: Some of the subjects listed here have many aspects. The aspects regarding which there was unanimity in the Ramanujam Committee Report are mentioned here.

### III. NON-UNANIMOUS RECOMMENDATIONS IN THE RAMANUJAM COMMITTEE REPORT ON NEW INDUSTRIAL RELATIONS LAW AND VIEWS OF THE GROUP OF MINISTERS.

#### (a) TRADE UNIONS ACT, 1926

RECOMMEDATION IN THE RAMANUJAM COMMITTEE REPORT.	VIEWS OF THE GROUP OF MINISTERS
I. DUAL MEMBERSHIP (Para 5.9)	
While Labour side wanted dual mambership to be discouraged, the employers side wanted prohibition of dual membership.	There was unanimity that dual membership of the unions should be discouraged.
II. BAN ON REGISTRATION OF CERTAIN TRADE UNIONS (Para 5.11)	
No trade union shall be registered if its membership is restricted to a particular craft, occupation, caste, creed, community, race, religion or persons orginating from a particular region.	There was unanimity that registration of trade unions whose membership is restricted to a particular caste, creed, community, religion etc. should be banned. However, all the States agreed to the suggestion of Labour Minister of West Bengal that an exception could be made in the case of trade unions based on craft or occupation.
III. INCLUSION OF OUTSIDERS AS OFFICE BEARERS AND MEMBERS OF THE EXECUTIVE COMMITTEE OF THE UNION (para 5.1 & 5.24)	
The number of office bearers and members of the executive who are not connected with the industry (the so called outsiders) should not exceed 1/3rd of the total number (as against 50% at present). There is a difference of opinion between the INTUC, the NLO, the BMS and the HMS on one side and the five dessenting trade unions on the other as regards exclusion of Ministers from being office bearers or members of the executive of a trade union. The former group is in	There was unanimity that the number of outsiders as officer bearers of a union should be restricted to one-third of their total number. Labour Minister of West Bengal suggested that ex-employees should not be treated as outsiders. All except West Bengal were against Central or State Minister being an office bearer of a union.



favour of excluding Ministers from holding an office in trade union or joining its executive.

Employees whose cases are pending or are under disposal or employees who have retired or have been retrenched should not be deemed to be outsiders.

#### IV. DISQUALIFICATION (5.18)

Disqualification of any person from holding an office in trade union shall be as per the model constitution of trade unions. A person shall be disqualified from holding an office in trade union if he has been convicted by a court of any offence involving moral turpitude and sentenced to imprisonment, unless a period of five years has elapsed since his release.

##### Dissenting view

AITUC, UTUC(LS), CITU, UTUC, and TUCC (hereinafter referred to as the five dissenting trade union organisations') were of the view that union leaders holding office should be left to the trade unions to decide. They suggested that grounds for disqualification may be on conviction on charges of defalcation of union funds or of corruption.

All the State Labour Ministers except the Labour Minister of West Bengal were in favour of retaining the existing provisions in the I.D.Act. West Bengal agreed with the dissenting view in the Ramanujam Committee Report that disqualification should be left to the trade unions to decide and that an office bearer of a trade union should be disqualified only on conviction on charges of embezzlement of union funds and corruption.\*

\* The Labour Minister of West Bengal later conveyed his views that there should be no legislation on the subject.



III. NON-UNANIMOUS RECOMMENDATIONS IN THE RAMANUJAM COMMITTEE REPORT ON NEW INDUSTRIAL RELATIONS LAW AND VIEWS OF THE GROUP OF MINISTERS.

(b) INDUSTRIAL DISPUTES ACT

RECOMMENDATIONS IN THE  
RAMANUJAM COMMITTEE REPORT

VIEWS OF THE GROUP OF  
MINISTERS

1. DEFINITION OF 'INDUSTRY' (para 6.6)

The Workers' group desired a broad definition of industry and in effect, recommended that the 1982 amendment to the definition of the industry should be replaced. The employer group desired that the amendment should be enforced. The AIMO has further stated that an undertaking until the expiry of three years from the date of its establishment as well as an undertaking employing less than 20 workers should be outside the purview of the Industrial Relations law.

All the State except West Bengal were in favour of a separate grievance redressal machinery for doctors and teachers and for making the 1982 amendment to the Industrial Disputes Act effective. The Labour Minister of West Bengal was of the view that the 1982 amendment may be enforced after excluding hospitals and educational institutions from the list of exempted establishments and that the State Governments may form a tripartite Committee to look into the day to day grievances of the hospital employees, if they so desire.

2. COVERAGE OF EMPLOYEES (para 6.7)

Workers' side recommended that there should be no distinction between workmen and other workers and all employees should be covered by the Act. The machinery and the procedure for dealing with the disputes of different industries and different categories of employees may, however, be different. The employers side felt that trade union rights should not be conferred on managerial employees.

There was an unanimous view\* that the old pay limit of Rs. 1600/- prescribed in the Industrial Disputes Act for supervisory staff should be raised to Rs. 3000/- per month for wider coverage of employees under the proposed Industrial Relations Law. The group unanimously agreed that such pay limit should be uniform under different labour laws i.e. Payment of Wages Act, 1936. Payment of Bonus Act, Payment of Gratuity Act etc. Employees in the managerial or administrative capacity, as already provided in the existing Industrial Disputes Act, should not be covered under the proposed law.

\* Labour Minister of West Bengal later conveyed his view that there should not be any pay limit for supervisory staff.

3. APPROPRIATE GOVERNMENT (para 6.9)

The employers' side wanted the Central Government to be the "Appropriate Government" in respect of industrial establishments:

(i) where under the present I.D. Act, the Central Government is the 'appropriate Government' ;

(ii) carried on by a company in which not less than 51 per cent of the paid-up capital is held by the Central Government ; and

(iii) Owned by a body corporate having industrial establishment in more than one State.

In all other cases, the State Government shall be the 'appropriate Government'.

The CITU was agreeable only for the first category. The INTUC, HMS, AITUC, BMS and NLO were agreeable to the first two categories. The UTUC(LS) agreed for the first two and also wanted private sector units which are spread over in more than one State, to come under the Central Government. The UTUC and TUCC wanted the present definition under the I.D. Act to continue.

West Bengal, Andhra Pradesh and Tamil Nadu were in favour of retaining the existing provisions in the Industrial Disputes Act regarding the appropriate Government. Maharashtra and Uttar Pradesh were of the view that in addition, Central Government should be the appropriate Government in respect of a company in which 51% of the paid up capital is held by the Central Government.

There was unanimity that the State Govt. should continue to be the appropriate Govt. in respect of an industrial establishment owned by Body Corporate even if it is operating in more than one State.



4(a) EXEMPTIONS (Para 6.10)

The employers' side and INTUC and NLO wanted the exemption to continue of such State Laws as the Bombay Industrial Relations Act but the AITUC, CITU, BMS, HMS, UTUC and UTUC(LS) wanted that there should be no such exemption.

The group was of the view that the State laws such as Bombay Industrial Relations Act ect. should continue to be exempted. The Labour Minister of West Bengal however, of the view that there should be uniform industrial relation law throughout the country. It was also agreed that there should be general uniformity in the State laws enacted by various State Govts.

4(b) EMPLOYEES COVERED BY JOINT CONSULTATIVE MACHINERY OF THE GOVERNMENT OF INDIA (para 6.10)

INTUC, AITUC, HMS and NLO agreed to the exemption to the employees covered by the Joint Consultative Machinery Scheme; but wanted at the same time, some improvements in the Scheme. For instance, they wanted that the right to refer a dispute to arbitration under the Joint Consultative Machinery should not be restricted but should apply to all.

The majority of the group agreed that Government employees covered by Joint Consultative Machinery Scheme and the Central Administrative Tribunal Act should be excluded from the purview of the Industrial Disputes Act. While agreeing to exclude Govt. employees from the purview of industrial relations law, West Bengal was of the view that employees covered by JCMs should not normally be excluded.

5. VOLUNTARY ARBITRATION (para 9.1 to 9.6)

When Negotiating Council fails next step should be arbitration.

Every establishment employing 100 or more shall maintain standing panel of arbitrators.

Either party shall have a right to invoke arbitration.

Award of arbitrator(s) shall be final.

All arbitration proceedings shall be time bound.

It was unanimously agreed that the existing provisions relating to arbitration should continue.

The group of 5 unions in their dissent note while agreeing for voluntary arbitration in the dispute if both the parties accept suggested that the proposal must have 75% support of the representing unions in the Negotiating Committee. After failure of negotiation if the union does not want to go in for arbitration, conciliation or adjudication, it should have the right to resort to direct action including strike. They also did not approve of converting voluntary arbitration into a compulsory arbitration as it will reduce the importance of collective bargaining.

6. INDUSTRIAL RELATIONS COMMISSION (paras 10.1 to 10.16)

The BMS, HMS, INTUC and the NLO as well as the employers' side favoured the setting up of an Industrial Relations Commission (RLC) as recommended by the National Commission on Labour. There should be an IRC at the Centre and an IRC in each State. The President of the Central IRC should be a serving or retired Judge of the Supreme Court and that of a High Court. Each Bench of the IRC should comprise a Judge as a Member and two technical members, one from the field of labour and another from management.

The main functions of the IRC will be (1) Registration and certification of a membership of Negotiating Council after observing the due process of verification or secret ballot (2) Conciliation (3) Mediation (4) Adjudication in industrial disputes

The Group was against setting up of the Industrial Relation Commission recommended by the Ramanujam Committee.



(5) Hearing appeals against award of Labour Courts (6) Enforcement.

The other trade unions opposed the constitution of the IRC. They favour the existing system of Tribunals with certain modifications, such as direct reference for adjudication by trade unions, issue of interim order by tribunals and execution of award by them.

7. STRIKES & LOCK-OUTS (para 11.1. to 11.8)

(a) The Labour side recommended that strikes should not be equated to lock-out. It should be mandatory for the employer to obtain prior permission of the appropriate Government before declaring a lock-out. The employers' side disagreed with this view. However, should prior permission for lock-out be made mandatory, the employers' side insisted that the unions also must obtain permission before going on strike.

The five dissenting trade union organisations stated that in the event of failure of negotiation, if the union does not want to go in for arbitration, conciliation or adjudication, it should have the right to resort to direct action including strike, if necessary.

(b) The recommendation that every strike must be preceded by a strike ballot in which at least two-thirds of the workers employed in the establishment should vote in favour of strike was opposed by AITUC, UTUC and UTUC(LS), BMS and HMS

All the States except West Bengal agreed that one month's notice is required for strike and lockout both in essential and non-essential service. No strike or lock-out should be permitted during the pendency of the conciliation proceedings. However, the Labour Minister of West Bengal wanted continuation of the existing provisions for giving 14 days' notice for strike in essential services and that prohibition of strikes during the pendency of conciliation proceedings should be only in respect of issues related to the matter in conciliation.

Labour Minister of West Bengal was also of the view that strikes and lock-outs should not be equated, that there should be a specific legislation to prevent lock-outs, and suspension of business or closure, that strikes shall not be preceded by a secret ballot and that in case of a strike or lockout in an establishment, essential services in that establishment should not be exempted.

wanted that strike could be launched if 51% of the workers are in favour.

(c) At least 14 days' notice in writing should be required for a strike and lock-out.

(d) No strike or lock-out should be resorted to during the pendency of a related dispute in the Negotiating Council or before a Conciliation, Labour Court, IRC or arbitrator.

(e) In industrial units where a strike or lock-out takes place, essential services connected with safety, water supply, electricity, medical shall be exempted.

(f) An industry may be declared an essential service with the approval of Parliament. One month's notice must be given for a strike or a lock-out in case of essential service.

The five dissenting trade unions did not agree to statutory exemption of essential services in an establishment from strike or to extension of the period of notice from the present 2 weeks in case of a public utility services to one month.

(g) The employee should be entitled to full wages and other benefits in case of illegal lock-out. The IRC or the Labour Court concerned should be empowered to declare a strike or a lock-out illegal at the instance of either party.

The CIE stated that in case a lock-out is declared as a consequence of danger to life and property in the



industry or the safety of the community, no wages should be payable even though the lock-out was technically illegal.

8. LAY-OFF (para 13.1 to 13.7)

The provision relating to lay-off compensation will be applicable to industrial establishments employing 20 or more employees. (AIMO wanted exemption in respect of establishments employing less than 50 workers).

Lay-off compensation will be payable also to casual and badli workers whose names are on the muster rolls and have been in continuous service for one year or more. (While the labour side felt that the pre-condition about the employee's name being in the muster roll would create difficulties, the employers' side wanted the existing provisions to continue). The employer must have the approval of the Negotiating Council for declaring a lay-off. In the event of refusal of permission by the Council, the matter should be treated as an industrial dispute.

The Council of Indian Employers stated that the employer should be required to intimate the Negotiating Council instead of having to obtain its approval.

The AIMO stated that the provisions requiring prior permission from the appropriate Government for declaring a lay-off should be deleted. If the provisions were to be retained at all, they should be applicable to establishments employing more than 1000 workers.

The Group generally agreed with the recommendations and was of the view that permission for lay-off for reasons within the control of the management should not be given. As to the question whether the reasons are within the control of the management, the appointed authority should decide the case according to a given situation.

Generally agreeing with the Ramanujam Committees' recommendations, West Bengal further wanted that the existing provisions of sec. 25-M so far as it relates to prior approval of the Appropriate Government should continue.

9. RETRENCHMENT (para 14 to 14.6)

The retrenchment compensation should be at the rate of one month's average pay for every completed year of service. However, for smaller establishments employing less than 250 persons or with a turnover of less than Rs. 5 crore; the existing rates may continue.

The five dissenting trade unions did not agree to this proposed relaxation. The AIMO did not agree to the enhancement of the compensation.

The dissenting five trade union organisations wanted that approval of the Negotiation Council/participative forum should be required for effecting retrenchment. Further a worker can be declared surplus only with the agreement of the Negotiating Council.

10. CLOSURES (paras 15.1 to 15.5)

(a) In the event of default in payment of wages and or other statutory dues by an employer, sickness can be deemed to have set in and efforts to combat sickness should commence.

(b) Section 25-0 of the I.D. Act may be replaced by a new section whereunder any employer intending to close down his establishment, either wholly or partly, shall be required to place the matter before the Negotiating Council at least 90 days before the closure. If no agreement is reached within 30 days, the issue shall be referred

There was an unanimous opinion that a worker should be given retrenchment compensation of forty five days' pay for every completed year of service by all the industrial units regardless of the number of their employees and turnover.

There was a general agreement that units employing not less than 50 should be covered under Chapter VB to give protection to the small scale units. It was also agreed that protection should be extended to all categories of workers and not just to the workers employed in a factory, mine or plantation. This can be done by adding "other establishments" in Section 25-L.



to the IRC by either party. The IRC should give its award within 30 days.

The Labour side wanted that it should still be necessary for the employer to obtain permission of the appropriate Government. The five dissenting trade union organisations wanted not only to retain Section 25-O, but to make the provisions more stringent.

(c) The employers' side desired that the Section 25-O of the I.D. Act should apply only to the industrial establishments employing 1000 or more workers and it would suffice if the employer gave a prior intimation for closure instead of obtaining prior permission.

(d) The AIMO desired the existing provision requiring prior permission to be deleted. In the alternative two levels of compensation should be provided where an employer resorts to retrenchment or closure. In case of closure without permission, the level of compensation should be higher than in case where it is effected after obtaining prior permission. Disputes relating to unjustified retrenchment or closure can be raised before the IRC which would be empowered to award full wages in the event of re-instatement in service. The provision of prior approval should be restricted to industrial establishments employing more than 1000 workers.

11. GO SLOW:-

The CIE suggested that the law should provide for deduction of wages of a workman who resorts to go slow apart from rendering him liable for disciplinary action.

The Ramanujam Committee did not make any recommendation on this subject. However, the Group considered the suggestion by CIE in their Note of Dissent. All the States were of the view that 'go-slow' should be discouraged. All except West Bengal agreed that provisions for proportional reduction in wages for loss of production due to go-slow may be made.\*

\* West Bengal later conveyed their view that since Ramanujam Committee did not make any recommendation in this respect, they refrained from making any comment.



IV. NON-UNANIMOUS RECOMMENDATIONS IN THE RAMANUJAM COMMITTEE REPORT ON NEW INDUSTRIAL RELATIONS LAW CONSIDERED BY THE GROUP OF MINISTERS AND LEFT TO BE CONSIDERED BY THE INDIAN LABOUR CONFERENCE

INDUSTRIAL DISPUTES ACT

RECOMMEDATION IN THE  
RAMANUJAM COMMITTEE REPORT

VIEWS OF THE GROUP OF  
MINISTERS

I. COVERAGE OF EMPLOYEES (para 6.3 to 6.5)

All employed persons should have some appropriate legal machinery to protect their interests and for resolving industrial disputes.

There was unanimity on the recommendations of the Ramanujam Committee that all employees should have some appropriate legal machinery for resolution of industrial disputes. The Labour Minister of West Bengal was of the view that the employees should not normally be excluded from the Industrial Relations Law. A.P. & T.N. were of the opinion that the employees covered under Article 311 of the Constitution should be excluded from the perview of Industrial Relations Law. It was decided to discuss this issue in the next meeting of the Indian Labour Conference.

II. INDIVIDUAL GRIEVANCES (para 6.12 to 6.15)

The decision in the first stage must be given in 30 days of the referral of the grievance by the employee. If the employee is not satisfied with the final Appellate Authority's decision he shall have the right of access to Grievance Redressal Machinery/ Labour Court or the adjudication wing of the I.R.C. Employers' side desired to restrict the right of direct access for adjudication to cases of discharge, dismissal or termination of services. The AIMO in their dissent

It was decided to discuss the issue of grievances redressal procedure recommended by the Ramanujam Committee in the next meeting of the Indian Labour Conference.

note stated that a Court should not have right to interfere with the quantum of punishment imposed on a workman. Even where a Court finds that punishment of removal was improper or unjustified, it would award reasonable compensation to the workman instead of re-instating him.

### III. UNION RECOGNITION (para 7.1 to 7.10)

The employers' side, INTUC and NLO advocated membership verification by check-off system as the method of identifying the Negotiating Agent. The other trade unions i.e. AITUC, CITU, HMS, TUCC, UTUC and UTUC(LS) suggested that all employees should have the right to choose the Negotiating Agent by means of secret ballot. The BMS while favouring secret ballot recommended that only unionised members should have the voting right.

The Group of Ministers was in favour of secret ballot as the method for verification of membership of unions and identifying negotiating agent. While to majority of the Ministers was for restricting voting rights to members of trade unions, West Bengal Labour Minister was in favour of all the employees being given the right to vote. It was decided that this issue should be discussed in the next meeting of the Indian Labour Conference.

### (IV) NEGOTIATING COUNCILS (paras 8.1 to 8.18)

In case of multiple unions, those who advocated secret ballot suggested that the union in whose favour more than 65% of the total votes have been cast should be recognised as the sole Negotiating Agent. If there is no union with 65% support, the union in the descending order of support should be included in the Negotiating Council so that the total votes cast in favour of trade unions in the Negotiating Council comes to 85% of the total votes polled in that establishment subject to the condition that each union on the Council must have polled a minimum of 10% of the total votes polled by trade unions. If the Council does not add up

It was decided to discuss this issue in the next meeting of the Indian Labour Conference.



to 85% of the votes cast in the establishment but is more than 65%, the Council would nonetheless be competent to represent the employees.

Agreement reached in the Negotiating Council shall be binding on the employer and the employees. The five dissenting trade union organisations have stated that an agreement in the Negotiation Council must be backed by 65% of the workers representatives in the Council. Further a union which has at least ten per cent support of the workers as borne out by the secret ballot but is not included in the Council should have the option of signing the agreement.

## V. IMPORTANT ISSUES

## (a) TRADE UNIONS ACT, 1926

## 1. MINIMUM STRENGTH FOR REGISTRATION ETC. (paras 5.3 &amp; 5.9)

According to section 4(i) of the Trade Unions Act, any seven or more workers may form a trade union. There is no provision relating to dual membership.

The Ramanujam Committee recommended that minimum strength for registration of a trade union should be 10 per cent of the employees or 100 employees, whichever is less, subject to a minimum of seven members. While labour side wanted dual membership to be discouraged, the employers side wanted its prohibition.

The Group of Ministers did not consider the question of minimum strength for registration of a trade union as the Ramanujam Committee was unanimous on the subject. The Group unanimously agreed that dual membership should be discouraged.

## 2. BAN ON REGISTRATION OF TRADE UNIONS BASED ON CASTE, CREED ETC. (para 5.11)

The Ramanujam Committee recommended that no trade union shall be registered if its membership is restricted to a particular craft, occupation, caste, creed, community, race, religion or persons originating from a particular region.

AITUC, UTUC(LS), CITU, UTUC and TUCC (hereinafter referred to as the five dissenting trade unions organisations) were of the view that a union formed on the basis of occupation need not be banned from registration. In the case of craft unions, which are already registered, some time should be given to them to develop their unions into industry-wise unions.

The Group of Ministers unanimously agreed that registration of trade unions whose membership is restricted to a particular caste, creed, community and religion should be banned. The Group is, however, of the view that an exception could be made in the case of trade unions based on craft or occupation.

(The existing Act does not have provision relating to ban on registration of such unions.)

## 3. OUTSIDERS AS OFFICE BEARERS /MEMBERS OF THE EXECUTIVE COMMITTEE OF A TRADE UNION (paras 5.16, 5.17 and 5.24)

According to Section 22 of the Trade Unions Act, 1926, not less than one-half of the total number of the office bearers of a trade union shall be persons actually engaged or employed in an industry with which the trade union is connected. The appropriate Government may exempt any trade unions from the operation of this provision.



I The Ramanujam Committee recommended that the number of office bearers and members of the executive who are not connected with the industry should not exceed one-third of the total number. While INTUC, NLO, BMS and HMS were in favour of excluding Ministers from being office bearers or members of the executive committee of a trade union, the five dissenting trade union organisations wanted the matter to be left to the workers to decide without interference from any quarter.

Y The Committee further recommended that employees whose cases are pending or are under dispute should not be deemed to be outsiders. The labour side wanted that employees who have honourably retired or have been retrenched should not be deemed to be outsiders for the purpose of holding office in trade unions. While having no objection to ex-employees holding office in trade unions, the employers side felt that it should be out of the one-third quota for outsiders. The Ramanujam Committee also recommended that Ministers should be ineligible to become office bearers of a trade union.

f The Group of Ministers unanimously agreed to restricting outsiders to one-third of the total number of office bearers/members of executive committee. However, West Bengal suggested that ex-employees should not be treated as outsiders. All except West Bengal were against a Central or a State Minister being an office bearer of a union.

4. DISQUALIFICATION (para 5.18)

n The existing provisions regarding disqualification of a person for being chosen as, and for being member of, the executive or any other office bearer of a trade union are that, he has not attained the age of 18 years or he has been convicted by a court involving moral turpitude and sentenced to imprisonment, unless a period of five years has elapsed since his release.

a While recommending retention of the existing provisions relating to disqualification, the Ramanujam Committee also recommended that disqualification of any person from holding an office in a trade union should be as per the model constitution of trade unions.

h The five dissenting trade union organisations were of the view that disqualification should be left to the trade unions to decide. According to them, as the terminology "moral turpitude" is complicated, the existing clause may be replaced by "any office bearer or a union convicted for defalcation of union funds or on charges of corruption should be debarred from holding the office of the union."

7E The Group of Ministers were in favour of retaining the existing provisions of the Act. However, West Bengal Labour Minister was of the view that disqualification of trade union leaders from holding office should be left to the trade unions to decide and that there should be no legislation in the matter.

## V. IMPORTANT ISSUES

## (b) INDUSTRIAL DISPUTES ACT, 1947

## 1. COVERAGE (paras 6.3-6.5, 6.7, 6.8 and 6.10)

(a) The Ramanujam Committee felt that all employed persons regardless of the character of the employer or the destination of profit should have some appropriate legal machinery to protect their interests. The labour side wanted that the Act should cover all employees except those covered by the Air Force Act, the Army Act, the Navy Act and those employed in the police service or in prison. The five dissenting trade union organisations were of the view that non-combatant civilian employees should not be covered by the Army Act etc. and should be considered as employees. Likewise, all the civilian Government employees including police men should be given full trade union rights. The employers' side, however, desired that the definition of the term 'workman' as contained in the I.D. (Amendment) Act, 1982 must be retained.

INTUC, NLO and the employers' side wanted to continue the exemption of such laws as the BIR Act, MPIR Act etc. However, AITUC, CITU, BMS, HMS, UTUC and UTUC(LS) wanted that no such exemption should be granted.

INTUC, AITUC, HMS and NLO agreed to the granting of exemption to the employees covered by the Joint Consultative Machinery Scheme; but wanted, at the same time, some improvements in this scheme.

(b) The Group of Ministers agreed that pay limit of Rs.1600/- p.m. prescribed in the I.D. Act for supervisory staff should be raised to Rs.3000/- p.m. for wider coverage. The Labour Minister of West Bengal was of the view that there should not be pay limit of supervisory staff. It was also agreed that employees in the managerial or administrative capacity, as already provided in the Act, should not be covered under the proposed law. The Group was also of the view that there should be uniformity in pay limit under various labour laws.

The Group further agreed that Government employees covered by JCM Scheme should be excluded from the purview of the industrial relations law.

The majority of the Group agreed that State laws may continue to be exempted. However, Labour Minister of West Bengal was of the view that Industrial Relations law should be uniform throughout the country.

## 2. DEFINITION OF 'INDUSTRY'.

(a) In the Ramanujam Committee, the workers' group desired a broad definition of industry and, in effect, recommended that the 1982 amendment to the definition of the industry should be repealed. The employers' group desired that the amendment should be enforced. The AIMO desired that an undertaking until the



expiry of three years from the date of its establishment as well as an undertaking employing less than 20 workmen should be outside the purview of the Industrial Relations law.

(b) The Group of Ministers except West Bengal were in favour of a separate legislation/grievance redressal machinery for hospitals and education institutions. The Labour Minister of West Bengal was of the view that the 1982 Amendment may be enforced after excluding hospitals and educational institutions from the list of exempted establishments and that the State Government may form Tripartite Committees to look into the day-to-day grievances of the hospital employees.

### 3. APPROPRIATE GOVERNMENT

(a) There was no unanimity in the report of Ramanujam Committee on the subject. The employers' side wanted the Central Government to be the 'appropriate Government' in respect of industrial establishments -

(1) where under the present I.D.Act, the Central Government is the 'appropriate Government',

(2) carried on by a Company in which not less than 51 per cent of the paid-up capital is held by the Central Government, and

(3) owned by a body corporate having industrial establishments in more than one State.

(In respect of other establishments, the State Governments shall be the 'appropriate Government'.)

CITU, UTUC and TUCC were agreeable only for the first category. INTUC, HMS, AITUC, BMS and NLO were agreeable for (1) and (2). UTUC(LS) agreed for the first two and also wanted that in case of private sector units which are spread over in more than one State, Central Government should be the appropriate Government.

(b) In the Group of Ministers, West Bengal, Andhra Pradesh and Tamil Nadu were in favour of retaining the existing provisions while Maharashtra and Uttar Pradesh wanted the Central Government to be the appropriate Government in respect of (1) and (2) above.

### 4 INDIVIDUAL GRIEVANCES (paras 6.12 TO 6.15)

(a) Section 9-C of the I.D.Act provides for setting up of Grievances Settlement Authorities for the settlement of industrial disputes connected with an individual workman. Such Authorities are to be set up by the employer in every industrial establishment in which 50 or more workmen are employed. The section further provides that no dispute shall be referred to Boards, Courts or Tribunals unless it has been referred to the Grievance Settlement Authority.

This section, which was inserted by the Industrial Disputes(Amendment) Act, 1982, is yet to be enforced.

(b) (1) The Ramanujam Committee unanimously agreed that every establishment employing fifty or more persons must have a Grievance Procedure which will provide for appeals in two stages, the second appeal being the final authority. The decision of the final Appellate Authority must be given within 30 days of the employee referring the grievance. If the employee is not satisfied with the decision, he shall have the right of access to a Grievance Redressal Machinery. However, the employers' side wanted the right of such access to be limited to grievances relating to discharge, dismissal or termination of employment.

(2) In every such establishment, a panel of names of Grievance Arbitrators mutually agreed upon shall be maintained and the employee will be free to choose anyone out of such panel to arbitrate on his grievance.

(3) If, after exhausting the Grievance Procedure, the employee is not willing to go for Grievance Redressal Machinery, he may approach the Negotiating Council. If, however, the employee does not want to approach the Negotiating Council or the Negotiating Council is not willing to take up his case, he shall have the right of direct access to a Labour Court or the Adjudication Wing of the IRC. But the employers' side wanted such right to be limited to case of dismissal, discharge or termination of employment.

(4) The Ramanujam Committee further recommended that employees under suspension pending domestic enquiry shall continue to get the same rate of subsistence allowance as at present. The employees would also be entitled to such allowance if the employer goes in appeal or writ proceedings challenging their order of reinstatement. The employers, however, felt that such relief should not be automatic but should depend on the circumstances of each case. The adjudicator or arbitrator shall have the authority to grant suitable relief as it deems fit.

In his note of dissent, the representative of AIMO disagreed with the employees getting subsistence allowance during the pendency of an appeal or writ filed by the employer. He also wanted the question of granting interim relief to be left to the High Court or Supreme Court where the case is pending.

(c) The Group of Ministers left this matter to be discussed in the Indian Labour Conference.

#### 5. UNION RECOGNITION (paras 7.1 TO 7.10)

The Ramanujam Committee observed that recognition of trade unions is important to the formation of Negotiating Council (setting up of which the Committee recommended) which is designed to play a pivotal role in the Committee's Scheme of New Industrial Relations law. The Committee recommended that a trade union would be eligible to contest for a position in the Negotiating Council if it has completed one year after its registration under the Trade Unions Act.

Regarding the method of membership verification, while the employers' side, INTUC and NLO advocated check-off system, other trade unions, namely, AITUC, CITU, HMS, TUCC, UTUC and UTUC(LS) were in favour of secret ballot in which all employees should have



the right to participate. While favouring secret ballot system, BMS was of the view that only unionised members should have the voting right.

The Committee also recommended that an independent machinery should be set up to conduct verification of membership or secret ballot.

The Group of Ministers was in favour of secret ballot as the method for verification of membership of unions and identification of a negotiating agent. West Bengal was of the opinion that trade unions should be eligible to contest for a position in the Negotiating Council right from the date of its registration. It was also of the view that the machinery for verification of membership should be decided by the individual States.

#### 6. NEGOTIATING COUNCILS (paras 8.1 to 8.18)

(1) In the Ramanujam Committee's scheme of new Industrial Relations law, Negotiating Councils occupy a very important place in promoting bipartism in labour-employer relations. The Committee made the following recommendations:

(a) A Negotiating Council should consist of an equal number of representatives of the employers and the employees. The size of the Negotiating Council should depend on the size of the enterprise. The Negotiating Council should have a tenure of three years.

(b) The actual number of representatives on each side shall depend on the size of the undertaking.

(c) In case there is no union, 5 employees may be elected from the labour side through secret ballot.

(d) Where there is only one union, that union will be entitled to nominate all the representatives to the Negotiating Council irrespective of its membership strength.

(e) Those who favoured verification of membership of unions through check-off for recognition and those who favoured secret ballot recommended different systems of representation of various unions in the Negotiating Council. Take for instance, in the case multiple unions, while those who favoured the former method stated that the union with more than 50% membership of the total verified strength shall be recognised as the Sole Negotiating Agent, those who favoured secret ballot method stated that the union with 65% of the total votes polled should be recognised as the Sole Negotiating Agent.

In case there is no union with more than 50/60% membership/support, the top two or more unions may be included in the Negotiating Council so that the total verified membership/votes covered by the Council comes to 75/85% of the total verified membership/votes polled provided that each union has polled 10% of the total membership/votes polled. Once the coverage of the Negotiating Council reaches 75/85% of the membership / votes polled, even unions with 10% membership/votes polled shall be ignored.



In case the total verified membership/support of the unions with 10% or more verified membership/support does not add up to 75/85%, unions with less than such 10% membership/support shall be ignored, notwithstanding the fact that 75/85% has not been reached. In such circumstances, the Negotiating Council will, however, be competent to represent all employees.

(f) An independent machinery may be set up for conducting the election or for verification of membership through check off.

(g) Where multiple unions have to be represented in the Council, the representation of each union shall be in proportion to its membership or support, as the case may be.

(h) Any trade union in order to contest for the position of a member of Negotiating Council must have completed at least one year after recognition.

(i) The Chairmanship at the meetings of the Council will rotate between the employers' and workers' representatives.

(j) The Council shall have a tenure of three years and expenses relating to it shall be borne by the Industry.

(k) In the case of composite Negotiating Councils, the union with the largest membership will be recognised as the Principal Negotiating Agent.

(l) Agreements reached in the Negotiating Council shall be binding on the employers and the employees. The five dissenting trade union organisations stated that an agreement in the Negotiating Council must be backed by 65% of the workers' representatives in the Council. Further, a union which has at least ten per cent support of the workers as borne out by the secret ballot but is not included in the Council should have the option of signing the agreement.

(m) In case of failure to reach an agreement in the Negotiating Council, the parties may invoke the assistance of voluntary arbitration machinery (the five dissenting trade union organisations wanted that the unions may also have to right go in for conciliation, adjudication or for direct action.)

(2) As there was no unanimity on the recommendations relating to Negotiating Councils, the Group of Ministers decided that the issue be discussed in the Indian Labour Conference.

#### 7. VOLUNTARY ARBITRATION (paras 4.7 to 4.11 and 9.1 to 9.6)

(a) According to Section 10-A of the I.D.Act, any industrial dispute can be referred to arbitration by written agreement between the employer and the workmen.

(b) The Ramanujam Committee attached high priority to arbitration and considered it as an extension to the process of negotiations. The Committee made the following recommendations:-

(i) wherever the Negotiating Council records any disagreement, the next stage should normally be voluntary arbitration;

(ii) every establishment employing 100 or more persons shall maintain a standing panel of arbitrators agreed by both the parties;

(iii) either party shall have the right to invoke arbitration provided the other party agrees;

(iv) In the case of Board of Arbitration with equal number of arbitrators appointed by each side, the arbitrators shall appoint an umpire before entering upon their duties;

(v) the award of an arbitrator or the Board of Arbitration shall be final;

(vi) the cost of arbitration shall be borne by the industry;

(vii) any dispute regarding interpretation of any agreement or award of arbitrator/(s) shall be left to be decided by an appropriate judicial authority and its decision shall be final and binding.

The Committee also unanimously recommended that the Arbitration Promotion Board which was set up some years ago and which is now defunct should be revived.

The five dissenting trade union organisations did not agree with the concept of voluntary arbitration being an extension of the process of negotiations and consequently with the view that wherever the Negotiating Council records any disagreement, the next stage should normally be voluntary arbitration. They favoured conferring a right to resort to direct action, including strike, to the union after failure of negotiations. They were also of the view that voluntary arbitration should be resorted to only after there is 75% support in the Negotiating Council.

(c) The Group of five Labour Ministers unanimously agreed that the existing provisions relating to arbitration in the I.D.Act should continue.

#### 8. INDUSTRIAL RELATIONS COMMISSION (paras 8,10.1 to 10.16)

(a) The National Commission on Labour had recommended the setting up of an Industrial Relations Commission (IRC) both at the centre and in each State. The Ramanujam Committee also made a similar recommendation. The main functions of the IRCS will be :

(i) Registration and certification of membership of Negotiating Council after observing the due process of verification or secret ballot;

(ii) Conciliation;

(iii) Mediation;

(iv) Adjudication in industrial disputes;



(v) Hearing appeals against awards of concerned Labour Courts, and

(vi) Enforcement

The Committee made detailed recommendations regarding the establishment and composition of the IRC, appointment of its members etc.

The five dissenting trade union organisations opposed the concept of IRC and wanted the continuance of the existing conciliation and adjudication machinery with appropriate modifications. INTUC, BMS, HMS and NLO favoured the setting up of the IRC as recommended by the National Commission on Labour.

(b) The Group of Labour Ministers did not agree with the recommendation for setting up the IRC.

#### 9. STRIKES AND LOCKOUTS

(a) The Ramanujam Committee agreed that strikes and lock-outs should be the weapons of last resort. The following main points concerning strikes and lockouts were discussed in the Ramanujam Committee report;

(i) The labour side recommended that strikes should not be equated with lockout. It should be mandatory for the employers to obtain prior permission of the appropriate Government before declaring a lockout. The employers' side did not agree with this view. However, should prior permission for lockout be mandatory, the employers' side insisted that the unions also must obtain prior permission before resorting to strike.

(ii) Failure of negotiations : The five dissenting trade union organisations were of the view that in the event of failure of negotiations, if the union does not want to go for arbitration, conciliation or adjudication, it should have the right to resort to direct action including strike, if necessary.

(iii) Strike ballot: The Ramanujam Committee recommended that every strike must be preceded by a strike ballot in which at least two-thirds of the workers employed in an establishment should vote in favour of strike.

This recommendation was opposed by the five dissenting trade union organisations. BMS and HMS were of the view that where the unions which represent more than 51% of the workers in the Negotiating Council are in favour of strike, no strike ballot is necessary. In the event of a strike ballot becoming necessary strike can be launched if 51% of workers are in favour.

(iv) Notice of strike and lockout: The Ramanujam Committee recommended that in industries classified as essential services, one month's notice of strike and lockout should be mandatory. In other industries where strike and lockout become inevitable, at least 14 days' notice in writing should be given.



The five dissenting trade union organisations did not agree to extension of the period of notice of strike in essential services to one month and to the proposed provision of notice period in non-essential services.

(v) Strike/lockout in essential/non-essential services

The Ramanujam Committee recommended that Government should not declare any service other than water supply, electricity, health, defence etc. as essential except with the consent of Parliament. In industrial units where strike/lockout takes place, essential services shall be exempted from both strikes and lockout.

The Ramanujam Committee also recommended that no strike or lockout should be resorted to during the pendency of a related dispute in the Negotiating Council, Conciliator, Labour Court, IRC or Arbitrator.

The five dissenting trade union organisations did not agree to the statutory exemption of essential services in an establishment from strike and the prohibition of strikes in defence production units.

(vi) Wages during illegal strikes/lockouts.

The Ramanujam Committee recommended that in case of illegal lockouts, employees should be eligible for full wages and other benefits. The IRC or Labour Court should be empowered to declare a strike or lockout illegal at the instance of either parties.

The dissenting trade union organisations suggested that severe restriction should be provided in law on the employers' attempt to declare lockout. No employer should declare lockout without permission of the Government.

The Council of Indian Employers (CIE) stated that in case lock-out is declared as a consequence of danger to life and property in the industry or safety of the community, no wages should be payable even though the lockout was technically, illegal.

(b) All the States except West Bengal agreed that one month's notice is required for strike and lockout both in essential and non-essential services. No strike or lockout should be permitted during the pendency of the conciliation proceedings. However, the Labour Minister of West Bengal wanted continuation of the existing provisions for giving 14 days' notice for strike in essential services and that prohibition of strikes during the pendency of conciliation proceedings should be only in respect of issues related to the matter in conciliation.

Labour Minister of West Bengal was also of the view that strikes and lockouts should not be equated, that there should be a specific legislation to prevent lock-outs and suspension of business or closure, that strikes should not be preceded by a secret ballot and that in case of a strike or lockout in an establishment, essential services in that establishment should not be exempted.



10. SECTION 33 WITH ITS VARIOUS SUB-SECTIONS (paras 12.1. to 12.5)

(a) Under section 33 (2) of the I.D. Act an employer is allowed to alter the service conditions of a workman in regard to any matter not connected with a dispute relating to which conciliation/court proceedings are going on. However, such action on the part of the employer should be in accordance with the standing orders and for any misconduct not connected with the dispute. Under Section 33(3) no such action can, however, be taken against protected workmen.

(b) The Ramanujam Committee recommended that no unilateral action should be taken by either the management or the employer. Section 33 with its sub-sections proceeds on the basis of unilateral action by the employer. The Committee felt that if their recommendations regarding bipartism are accepted, there will be no such occasion for any employer to act unilaterally. In the circumstances, Section 33 with its sub-sections may have to undergo changes consistent with the Committee's proposals elsewhere. The I.R.C., Labour Courts etc. as the case may be, will be the enforcing authority in the matter of all orders, settlements or awards and in the matter of recovery of all dues. The Committee further recommended that the other sub-sections under Section 33 may continue to be operative to the extent they are not inconsistent with the various recommendations of the Committee.

The dissenting five trade union organisations while agreeing with the recommendations of the Ramanujam Committee in this regard did not agree that the IRC should be the enforcing authority in all matters.

11. LAY OFF (Chapter 13)

(a) The existing provisions of lay-off are not applicable to those industrial establishments in which less than fifty workmen on average per working day are employed and to industrial establishments which are of seasonal in character or in which work is performed only intermittently (Section 25-A).

Under Section 25-C of I.D. Act, a workman is entitled to lay off compensation equal to fifty per cent of normal wage upto forty five days during any period of twelve months.

In factories, mines and plantations in which one hundred or more workmen were employed on an average per working day for the preceding twelve months, no workman shall be laid off by his employer without the prior permission of the appropriate Government. (Section 25-M read with Sections 25-K and 25-L).

(b) The Ramanujam Committee recommended that the provisions relating to lay-off would be applicable to establishments employing 20 or more employees. Where lay off is resorted to for reasons within the control of the management, full wages should be paid, otherwise the existing rate of 50% compensation shall continue. Where a contractor defaults in payment of compensation for lay off, the principal employer should be liable to pay the amount. The Committee further recommended



to that the employer must have the approval of the Negotiating Council for declaring a lay off. In the event of refusal of permission by the Council, the matter should be treated as an industrial dispute.

The Council of Indian Employers suggested that the employers should be required to intimate the Negotiating Council instead of having to obtain its approval of layoff. The wanted that Section 25-M be deleted.

The AIMO stated that the present provisions requiring prior permission from the appropriate Government for declaring lay-off should be deleted. If the provisions were to be retained at all, they should be applicable to establishments employing more than 1000 workers.

(c) The Group of five Labour Ministers generally agreed with the recommendations and was of the view that permission for lay-off for reasons within the control of the management should not be given. As to the question whether the reasons are within the control of the management the authorised authority should decide the case according to a given situation.

Generally agreeing with the Ramanujam Committee's recommendations West Bengal further wanted that the existing provisions of Section 25-M so far as it relates to prior approval of the appropriate Government should continue.

## 12. RETRENCHMENT (Chapter 14)

(a) Under the existing provision (Section 25-F of the I.D.Act, 1947) no workman who has been in continuous service for not less than one year under an employer shall be retrenched until the workman has been given one month's notice or he has been paid one month's wages in lieu of such notice and retrenched compensation equivalent to fifteen days' average pay for every completed year of continuous service or part thereof in excess of six months.

In case of a factory, mine or plantation in which one hundred or more workmen were employed on an average per working day for the preceding twelve months, no workman shall be retrenched by that employer until the workman has been given three months notice in writing or notice pay in lieu of notice and prior permission of appropriate Government has been obtained on an application made in this behalf (Sec.25-N). The workmen so retrenched after following the prescribed procedure are also entitled to retrenchment compensation equivalent to 15 days' average pay for every completed year of service or part thereof in excess of six months.

(b) The Ramanujam Committee recommended that the compensation for retrenchment should be at the rate of one month's average pay for every completed year of service. However, for smaller establishments employing less than 250 persons or with a turn-over of less than Rs.5 crores, the existing rates may continue.



The five dissenting trade union organisations recommended that approval by the Negotiating Council or the participative forum should be required for effecting retrenchment. Further a workman can be declared surplus only with the agreement of the Negotiating Council. They were not in favour of reducing the rate of compensation for the undertakings employing less than 250 employees. The AIMO did not agree to the enhancement of retrenchment compensation. The Council of Indian Employers' suggested that Section 25-N which requires prior permission for retrenchment be deleted.

(c) The Group of Ministers were of unanimous opinion that a worker should be given retrenchment compensation of 'forty five days' pay for every completed year of service by all the industrial units regardless of the number of their employees and turnover.

### 13. CLOSURES (Chapter 15 of the Report)

(a) Under Section 25-FFA of I.D.Act, 1947 an employer who intends to close down an undertaking has to serve 60 days' notice before the date on which the intended closure is to become effective. The said provision does not apply to an undertaking in which less than fifty workmen are employed or were employed on an average per working day in the preceding twelve months and also to an undertaking set up for construction of buildings, bridges, roads, canals, dams or for other construction works or projects.

In case of factory, mine and plantation, in which one hundred or more workmen were employed on an average per working days for the preceding twelve months, an employer who intends to close down an undertaking of an industrial establishment shall apply, in the prescribed manner for prior permission at least ninety days before the date on which the intended closure is to become effective, to the appropriate Government. In the event of such permission being granted under section 25-O, or deemed to be granted, every workman employed in that undertaking shall be entitled to compensation which shall be equivalent to fifteen days' average pay for every completed year of continuous service or any part thereof in excess of six months.

(b) The Ramanujam Committee was of the view that in the event of default in payment of wages and /or other statutory dues by an employer, sickness can be deemed to have set in and efforts to combat sickness should commence. It recommended that Section 25-O of the I.D.Act may be replaced by a new section whereunder any employer intending to close down his establishment, either wholly or partly, shall be required to place the matter before the Negotiating Council at least 90 days before the closure. If no agreement is reached within 30 days, the issue shall be referred to the IRC by either party. The IRC should give its award within 30 days.

The Labour side wanted that it should still be necessary for the employer to obtain permission of the appropriate Government. The five dissenting trade union organisations wanted not only to retain Section 25-O, but to make the provisions more stringent.



The employers' side expressed the view that the provisions of Section 25-O of I.D. Act, 1947 should apply only to industrial establishments employing at least 1000 workers. They also desired that it would suffice if the employer gave a prior intimation for closure instead of having to obtain prior permission for the purpose.

The AIMO and the Council of Indian Employers' desired the present provisions in the I.D. Act 1947 requiring the employer to obtain prior permission for effecting retrenchment or closure be deleted. The AIMO further desired that in the alternative, two levels of compensation should be provided. Where an employer resorts to retrenchment or closure without prior permission of the authorities concerned, the level of compensation should be higher than in case where it is effected after obtaining prior permission. Disputes relating to unjustified retrenchment or closure can be raised before the IRC which would be empowered to award full wages in the event of reinstatement in services.

(c) There was a general agreement among the Group of five State Labour Ministers that units employing not less than fifty should be covered under Chapter V-B of I.D. Act to give protection to the small scale units. It was also agreed that protection should be extended to all categories of workers and not just to the workers employed in a factory, mine or plantation. This can be done by adding "other establishments" in Section 25-L.

#### 14. RIGHTS AND RESPONSIBILITIES AS MEMBER OF A NEGOTIATING COUNCIL (Chapter 16 of the Report)

(a) The 15th Indian Labour Conference (1957) evolved the Code of Discipline in Industry and the same was adopted at the 16th Session in April, 1958. The Code which contains a compendium of obligations of managements and unions came into force from the 1st July, 1958. These obligations consist broadly of three parts : the first part binds both management and unions, the second part binds only the management and the third only unions. To regulate inter-union rivalries, the Code of Conduct was evolved in May, 1958 at a meeting of the representatives of four Central Organisations of workers. The Code of Conduct regulates the relations between union with different ideologies, gives employees freedom to join the union of their choice and forbids coercion, intimidation or personal vilification, emphasises democratic principles in the functioning of trade unions and prohibiting submission of excessive or extravagant demands by a union in an attempt to outbid its rival.

(b) The Ramanujam Committee suggested that the rights and responsibilities of recognised unions under the Code of Discipline as well as the Code of Conduct may be suitably revised so as to be in tune with the Committee's recommendations which envisage more than one union as members of the Negotiating Council in certain context. The Committee further suggested that in respect of the unions which fail to get represented on the Negotiating Council, their rights will be to take up individual grievances of the employees who are their members.

The five dissenting trade union organisation were not in favour of the rights and responsibilities of members of a Negotiating Council to be laid down by the Code of Discipline and



Code of Conduct since both of them have allegedly proved to be of no consequence in governing the behaviour of different parties. They were in favour of Bipartite Committees working out mutually acceptable norms of conduct.

15. UNFAIR PRACTICES (Chapter 17 of the Report).

(a) The existing provision under Section 25-T of I.D. Act, 1947 prohibits unfair labour practice. It lays down that no employer or workman or a trade union, whether registered under the Trade Unions Act, 1926 or not, shall commit any unfair labour practice listed in the Fifth Schedule to the Act.

(b) The Ramanujam Committee recommended that the Fifth Schedule to the present I.D. Act 1947 which lists unfair practices on the part of the employers and trade unions of employers and workmen and trade unions of workmen be deleted and, instead, a simple illustrative list may be prepared largely embodying the principle provisions of the Code of Discipline in Industry and the Code of Conduct. Any unfair practice by either party may be referred to a Labour Court by the aggrieved party direct and the Labour Court shall give a decision within a period of 90 days of the receipt of the complaint.

(c) The dissenting five trade union organisations while agreeing to the deletion of the Fifth Schedule to I.D. Act, 1947 were not in favour of preparing an illustrative list embodying the principles under the Code of Discipline and Code of Conduct or giving them any legal status. They were in favour of deciding the practices in Bipartite Committees and not through any legal provisions.

(d) The Council of Indian Employers suggested that 'failure to implement award, settlement or agreement' which is listed in Part I of the Fifth Schedule of I.D. Act as an unfair labour practice on the part of the employers may also be listed in Part II of the Fifth Schedule pertaining to workmen.

16. PENALTIES (Chapter 18)

(a) Under the existing provisions of the I.D. Act, penalty for lay off and retrenchment without previous permission is imprisonment upto one month or fine upto Rs.1000/- or both. An employer who closes down an undertaking without seeking prior permission of the appropriate Government in terms of sub-section (1) of Section 25-O is punishable with imprisonment upto six months or a fine upto Rs.5000/- or both (Section 25-R(1)).

In case an employer contravenes an order refusing permission for closure he shall be punishable with imprisonment upto one year or fine upto Rs.5000/- or both and with a further fine upto Rs.2000/- per day where such contravention continues. (Section 25-R(2)).

Penalty for committing unfair labour practice is imprisonment upto six months or fine upto Rs.1000/- or both (Section 25-U).



Similar penalties are prescribed for instigating strike or lock out, giving financial aid to illegal strikes and lock-outs and for disclosing confidential information. (Sections 27, 28 and 30 of the I.D. Act).

Penalty for illegal strike is imprisonment upto one month or fine upto Rs. 50 or both in the case of workmen and in the case of employer penalty for illegal lockout is imprisonment upto one year or fine upto Rs. 1000/- or both (Section 26).

Penalty for breach of settlement or award is imprisonment upto six months or with fine or with both and in case of continuing breach fine of Rs. 200/- per day during which the breach continues. (Section 29).

Penalty for closure without notice under Section 25-FFA is imprisonment upto six months or fine upto Rs. 5000/- or both. (Section 30-A).

(b) The Ramanujam Committee suggested that penalty should be made sufficiently deterrent and their enforcement should be meaningful. The Committee hoped that with the handing over of the enforcement function to an independent agency, namely, the IRC, there would be a significant improvement in the record of enforcement of the provisions in the law, awards, settlement etc. reducing the scope for violation. Thus the need for imposing punishment would also be limited. The five dissenting trade union organisations opposed handing over the penalty provisions to the IRC and stated that it is the responsibility of the Govt. as a law enforcing authority to ensure full implementation of the legal provisions.

#### 17. GO SLOW

There is no provision about go slow in the existing I.D. Act. The Ramanujam Committee also made no specific recommendation about it. However in their Note of Dissent, the CIE suggested that the law should provide for deduction of wages of a workman who resorts to go slow apart from rendering him liable for disciplinary action.

The Group of Ministers considered the suggestion made by the CIE and the Group was of the view that go slow should be discouraged. All except West Bengal agreed that provisions for proportional deduction in wages for loss of production due to go slow may be made. West Bengal Labour Minister later conveyed his view that since Ramanujam Committee Report did not make any recommendations in this respect he would refrain from making any comment.

#### ITEM 4.

### NEW INDUSTRIAL POLICY : ITS IMPACT ON LABOUR

#### NEW INDUSTRIAL POLICY :

The New Industrial Policy announced by the Central Government on July 24, 1991 seeks to strengthen the forces of technological change and modernisation with the objective of making Indian industry efficient and internationally competitive. The Statement on New Industrial Policy states that "the Government will fully protect the interests of labour, enhance their welfare and equip them in all respects to deal with inevitability of technical change. The Government believes that no small section of the society can corner the gains of growth leaving workers to bear its pain. Labour will be made equal partner in progress and prosperity. The workers' participation in management will be promoted. Workers' Cooperatives will be encouraged to participate in packages designed to turn around sick companies. Intensive training, skill development and upgradation programmes will be launched".

#### NATIONAL RENEWAL FUND :

The announcement establishing a National Renewal Fund made in the budget for 1991-92 is a significant step in operationalising the policy objective in respect of welfare measures enunciated above. The main objective of the fund is "to ensure that the cost of technical change and modernisation of productive apparatus does not devolve on the workers. The fund will provide the social safety net which will protect the workers from the adverse consequences of the technical transformation. The fund will not merely provide ameliorative measures for the workers affected in the course of technical change but more importantly provide retraining to them, so that they are in a position to remain active productive partners in the process of modernisation".

The Fund is of non-statutory nature and would consist of contributions from the Government of India, the State Governments, financial institutions, insurance companies and industrial undertakings. In the organised sector, the National Renewal Fund will provide resources only for safeguarding the interests of labour arising out of modernisation, technology upgradation, restructuring (including revival) or closure in extreme cases as a supplement to the funds available from other sources. In the unorganised sector, the National Renewal Fund will provide resources for employment generation schemes. The functions of the NRF will be

(a) to provide funds for assisting employees affected by technological upgradation, modernisation, restructuring and revival of industrial undertakings. The fund will be used for the schemes of retraining, redeployment, counselling and placement services for employment;



(b) to provide funds for compensation payments for employees as a consequence of closure recommended by BIFR. The payments include legal dues and those under voluntary retirement schemes;

(c) to provide resources as interest subsidies to enable financial institutions to provide soft loans for funding the requirements of labour, if required, resulting from industrial restructuring, and

(d) to provide funds for approved employment generation schemes for both the organised and unorganised sectors.

Accordingly, the National Renewal Fund will be constituted in three parts. The first part of the fund, Employment Generation Fund (EGF), will provide resources for approved employment generation schemes which would be designed to regenerate employment opportunities for employees affected by restructuring in the organised sector. The second part of the fund, the National Renewal Grant Fund (NRGF), will deal with the immediate requirements of labour in sick units arising from the revival or closure of such units. The third part of the fund will be Insurance Fund for Employees (IFE). The establishment of IFE would allow the industries to prepare themselves for future changes in the employment structures in the context of changes in technology and modernisation. This fund is proposed to be set up through contributions to be made by employers and employees. The mode of contributions will be calculated on an actuarial basis. It is expected that the NRGF and EGF will be in operation for a limited period of time. The IFE, which is self-financing in character, would remain on a long-term basis.

Modalities for operationalisation of the Fund are under active consideration of the Government. The areas in which the Ministry of Labour/ Department of Labour/ Employment of the State Governments /Union Territory Administrations are proposed to be closely involved are :-

(i) payment to workers affected by labour rationalisation, both private and public;

(ii) payment of compensation to private sector units closed by BIFR;

(iii) payment of compensation to workers of private sector units under liquidation;

(iv) preparation of schemes for counselling, retraining and re-deployment of retrenched workers;

(v) estimates for funding and methods of operationalising such schemes;

(vi) mode of grant making and fund disposal, and

(vii) details of funding, disbursement, settlement of claims and organisational framework.

An "Empowered Authority" will be set up in the Department of Industrial Development to administer the NRF.



## IMPACT ON LABOUR :

The New Industrial Policy is a part of structural adjustment process embarked on by the Government and it involves re-allocation of resources, both labour and capital. This may be followed by a period of disturbance in the labour market in the form of temporary change in the level of employment. It is essential to take this into account to mitigate the effect of the same on labour. The onus for this falls on all the three partners of growth. This brings forth the need for tripartite consultation between employers, workers and the Government that can work towards ensuring a climate of confidence in the industrial relations.

2. It is with this end in view that a Special Tripartite Committee was formed by the Ministry of Labour on 12.11.1991 to consider the impact of the New Industrial Policy on labour and other related issues. The preliminary meeting of the Labour side of the Committee was held on 17.11.1991 and the attention of the representatives of the trade unions was drawn to the assurance given by the Prime Minister that the changes in the industrial policy would in no way lead to human distress. The Committee has met twice so far on 21.12.1991 and 20.1.1992. As per the suggestions of the Tripartite Committee six industrial tripartite committees were subsequently revived. They are Industrial Committees on Cotton Textiles, Jute, Chemicals, Engineering, Power Generation & Distribution and Road Transport. So far the Committees on Cotton Textiles, Jute, Engineering and Chemicals have met once each. The main conclusions of the Committees are given as at Annex I.

## OUTCOME OF TRIPARTITE CONSULTATIONS :

Perhaps the various organs of labour tripartite and other consultative mechanism have never been so active as they are now. The efforts made by the three constituents of this consultative mechanism in the past few months have already started showing results.

### I. General Policy Matters

There is an unanimous agreement that the country is facing a deep economic crisis and that concerted efforts are required to pull the nation out of this crisis. It is recognised that modernisation of industry is a continuous process. The labour side is agreeable to labour being re-trained, their technical skill upgraded and labour being re-deployed. It was also agreed that labour should not be thrown out of employment in the name of modernisation.

### II. Revival of Sick Units

The recommendation that a convention should be developed whereby the BIFR would await the results of tripartite consultations on the revival of a public sector unit has been brought to the notice of the concerned authorities. The fear that reference of a sick unit to BIFR seals the fate of the unit should be dispelled as in respect of as many as 387 units, the BIFR has approved revival packages. Out of 1673 references received so far



by BIFR 416 cases (25 %) were not even entertained; another 207 cases (12%) were dismissed after admission of cases on file; 446 cases are still under inquiry and liquidation has been ordered only in 177 cases (10.5%). Decisions for liquidation were also taken in a majority of the cases after exhausting all possibilities of rehabilitation. It is with this end in view that a decision was taken that the management/ administrative Ministry would furnish data on sick units to the unions which would, along with the management, work out revival proposals.

The Sub-Committee of the Consultative Committee of the Ministry of Labour has examined the problems of certain sick public units for suggesting policy guidelines for their revival.

### III. Government Response

Government is responsive to the suggestions made in the various tripartite committees. The suggestion relating to continued budgetary support to sick units is being given due consideration. The question of writing off of the past liabilities of sick units being run by workers' cooperatives is also receiving the attention of the Government. BIFR would consider any plan for revival of sick units referred to it.

### REHABILITATION OF WORKERS WHO MAY BE AFFECTED BY STRUCTURAL ADJUSTMENTS :

Government is working out a scheme of rehabilitation of workers who may be affected by structural adjustments in the economy as a result of the New Industrial Policy. A draft of the scheme prepared by the Ministry of Labour is at Annex II.

## MAIN CONCLUSIONS OF THE SPECIAL TRIPARTITE/INDUSTRIAL COMMITTEES

(i) The Special Tripartite Committee has unanimously agreed that country is facing a deep economic crisis and would require concerted efforts of all sections of the people to enable the economy to survive the crisis.

ii) The Special Tripartite Committee took note of the analysis of the performance of the public sector units and recognised that some public units which are chronically sick would require "radical treatment". It recommended that those units whose current working can be made profitable should be appropriately assisted to take care of the past liabilities.

iii) No plan of action should be initiated that may affect the interests of the workers adversely. The Committee recognised that the only way out of the situation is through improvement in the quality of management of public sector undertakings and better dedication and commitment on the part of the management, workers and the trade unions. The Committee hoped that management and labour will rise to the occasion, improve productivity and ensure continuous co-operation.

iv) Labour side of the Committee made it clear that they are not against modernisation. In fact they acknowledged that modernisation is a continuous process and is essential for the development of the economy. At the same time, labour should not be thrown out of employment in the name of modernisation. They are agreeable to labour being retrained, and re-deployed with the technological skills upgraded which has to be worked out with prior consultation with the unions at the unit level.

v) Although reference of sick units to the BIFR is mandatory, it was pointed that a convention should be developed whereby BIFR would await the decision of the tripartite committee on the revival of a unit.

vi) The Concept Paper on National Renewal Fund (NRF) was discussed in the second meeting of the Special Tripartite Committee where the labour side opposed the same on the ground that it did not reflect the views expressed by the parties and that it related only to retrenchment compensation. The Finance Minister, however, clarified that labour should not have any apprehension about Government's intention. NRF has been created only to help workers in extreme cases where there is no other alternative to retrenchment.

vii) At the meetings of the Industrial Committees a major decision taken was to ask the administrative Ministry/management concerned to furnish data on sick units within 15 days of the meeting to the trade unions. The trade unions/management would submit specific proposals for revival of sick units within 2 months. The matter would be discussed in the Committee immediately thereafter.

viii) The case of 34 chronically sick textile mills employing about 60,000 workers was specifically discussed in this connection. The labour side agreed to consider the proposal of



I the NTC to re-group nine subsidiaries into five with a view to making them financially viable. It was also pointed out that budgetary support to the units should not be stopped suddenly but phased out over a period of time to enable the units to undertake restructuring and labour adjustment in an orderly fashion and thus protect the interests of the workers.

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ix) In the meeting of the Industrial Committee on Jute, the proposal of writing off of past liabilities of New Central Jute Mills was considered. The matter was subsequently taken up with the Ministry concerned.

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x) In the meeting of the Industrial Committee on Chemicals, it was suggested that purchase preference of pharmaceutical units in the public sector might be extended for a period of three years so as to enable them to adjust to market forces.

# DRAFT SCHEME FOR REHABILITATION OF WORKERS LIKELY TO BE AFFECTED BY STRUCTURAL ADJUSTMENTS IN THE ECONOMY AS A RESULT OF THE NEW INDUSTRIAL AND TRADE POLICY

## I. INTRODUCTION

With the adoption of the New Industrial Policy on 24th July, 1991 and other subsequent measures to liberalise the economy, the Indian industry is poised for profound structural changes. In order to ensure that the cost of these structural changes does not fall totally on the workers, the Government have decided to initiate necessary ameliorative measures by providing a safety net which would protect the workers from the adverse consequences of the technological transformation. A National Renewal Fund has been constituted for this purpose. The National Renewal Fund is expected to be primarily utilised to tackle the problems of the affected workers through payment of retrenchment compensation/ special compensation (golden hand-shake), appropriate rehabilitation packages involving guidance and counselling, training and retraining and re-deployment. Some aspects that need attention in this context are spelt out in this note.

## II. IDENTIFICATION OF WORKERS:

The most important activity in the preparation of any Action Plan for the assistance and adjustment of workers likely to be affected by structural changes in our economy as a result of the New Industrial and Trade Policy is the identification and categorisation of the workers into groups on the basis of common criterion. In short, the target groups should be identified for application of various rehabilitation packages appropriate to each group respectively. Ultimately any rehabilitation scheme can only offer group remedies. The workers likely to be affected by the industrial restructuring would form a wide spectrum of persons with diverse backgrounds which have to be taken into account in evolving appropriate rehabilitation plans. The most important characteristics that would have a bearing on the nature of rehabilitation package to be offered are the age and skill level of the workers, even though other factors like the cultural background, etc. cannot be entirely ignored. The needs and expectations of older workers would be different from those of the younger and similarly the needs and expectations of the skilled workers would be different from those of the unskilled. It would seem appropriate that workmen are categorised into different age groups and possible rehabilitation schemes/packages evolved for these groups taking into account their aptitudes and skills. Workers are human beings and not commodities and it is essential to understand the sensitivity of the matter. Age and family responsibility which condition attitudes of all humans are is therefore suggested as the template for group categorisation.



The groups could be as follows:

- A. The older workers who are aged 50+ years
- B. Workers in the middle age 35 to 49 years, and
- C. The younger workers aged 34 or less years

Having categorised the workmen into various age groups, it is now essential to identify sub-groups in each group based on skill formation and their experience. The information on level of skills or aptitude to do a particular type of work is essential to suggest any meaningful package for rehabilitation. Therefore, the three categories would have to be loaded with additional criteria of skill for further development of the scheme of rehabilitation.

It has generally been observed that the age profile of the workmen in an industry has a positive co-relation to the age of the industry. In other words, older industries in this country like jute, cotton textile and engineering, will have a large number of workmen in category 'A'. It is also expected that the current policy changes are likely to heavily affect this sector of Indian industry in the first instance. Textile and the engineering industry especially of the pre-independence vintage and largely located in West Bengal, Uttar Pradesh, Gujarat and Maharashtra are going to feel the first impact of structural changes and adjustment. A sizeable proportion of workers in these industries being in category 'A' would receive fairly substantial cash compensation and other terminal benefits. Their personal commitments would also be relatively less and their needs and expectations would generally be of a steady income for comfortable retirement. They would generally be unwilling, even if capable, to acquire new skills at this stage of their life through training/re-training. In any case placing in alternative jobs subsequently would be well nigh impossible. Having spent a life time in and got used to a particular work environment they would also be averse to a new work situation, though some of them would be willing to consider certain forms of self-employment activity. Low mobility would be another characteristic of the group. The thrust of any rehabilitation scheme for this group should be on counselling and guidance on appropriate investment avenues of the cash benefits they receive and on suitable self-employment activities.

Workers in the group 'B' category would be those with family commitments, who have just settled down in a particular work environment and who are likely to receive substantial cash compensation but small amount of statutory dues like provident fund and gratuity. Most of them would be keen to enter into alternative employment and therefore, the rehabilitation plan will have to be worked out with this end in view. Skill profile of workers in this group could be sub-divided into three sub-groups:

- i) those who possess readily marketable skills;
- ii) skilled workers who require some re-training to become more marketable; and
- iii) unskilled mazdoors.



In the case of the first sub-group re-deployment in alternative employment should be the principal objective of rehabilitation. It is possible that the present employer may himself need their skills in a new line of activity he intends to pursue and may enter into fresh employment agreements with them. For the second sub-group, appropriate training and re-training programmes would have to be evolved by the management to make their skills more marketable. The third sub-group comprising unskilled labour will have to become part of the general labour market.

The workmen in group 'C' would be quite vulnerable as they would have relatively the smallest financial package in hand at the time of retrenchment. However, it is possible that the skills available with them would be very marketable and the need for further re-training minimal. Thus, the rehabilitation scheme for this group would be concerned less with training and re-training but more with adjustment in alternative jobs.

### III. ORGANISATIONAL ASPECTS OF REHABILITATION PROGRAMME :

Having categorised the workmen on the basis of age, skill and experience criterion, we have developed the basic parameters for identification of workers into groups and sub-groups. The next step would be the development of the rehabilitation packages for various groups identified. It is essential that the organisational and institutional arrangements for the development of these packages and their implementation are also clearly defined so as to provide clarity in planning and execution.

It is obvious that the only organisation which can make available information and data on the age profiles of workmen, their skills and experience and the monetary compensation receivable by them would be the management of the enterprise in which the workers are employed. As the entire exercise for the rehabilitation has to begin before the unit is actually shut down and workers retrenched, it is essential that the entire rehabilitation scheme should be developed by the Personnel Department of the enterprise. The details for the schemes to be developed could be provided by various agencies operating at the district level which would include Deputy Commissioner, District Industries Centre, the lead banks, the District Employment Officer, SISI, State Industrial Development Corporation, KVIB, etc. It is possible that some enterprises may not be totally winding up, but may also be changing their activities. It would, therefore, be possible for the enterprises to clearly state in their rehabilitation package the workmen whom they would be in a position to retain and re-employ in the new activities envisaged by them. The rehabilitation schemes to be developed by the enterprises would contain the following components:

- a) Counselling and Guidance;
- b) Training and re-training of workers; and
- c) Re-deployment.

The enterprise level rehabilitation scheme would draw up the action plan for each age group as defined in Part II of this paper. As far as group 'A' is concerned, the enterprise will draw up a rehabilitation plan largely based on counselling and guidance. It is not intended that this group would be offered



training and re-training for acquisition of new skills for the purpose of re-deployment and adjustment. However, there may be a few exceptions. The general rule would be that counselling and guidance would form the main plank of the rehabilitation scheme for this group. For age groups 'B' and 'C' rehabilitation schemes would contain ingredients of counselling and guidance, training and re-training and re-deployment. The rehabilitation scheme would have to be developed for various categories of workers both skilled and unskilled in these two age groups.

Based on discussions with State Government representatives from Employment and Training Directorates, a Model Scheme for Rehabilitation of Workers under the National Renewal Fund has been attempted and is annexed.

#### MODEL SCHEME FOR REHABILITATION OF WORKERS UNDER THE NATIONAL RENEWAL FUND

##### I. INTRODUCTION :

i) The first activity relating to rehabilitation of workers being retrenched would be compilation of data on age, skill category, amounts admissible as retrenchment compensation, provident fund accumulation, gratuity, matured insurance schemes, amounts available from other savings/thrift schemes of the unit, etc.

ii) This would assist the enterprise in preparing the programme for counselling and guidance relating to investment of compensations received, self-employment programmes on retirement, re-training of workers and re-deployment where possible to other units/enterprises etc. As all the workers would be getting compensation under the scheme of retrenchment, it would be advisable to give guidance and counselling to all of them regarding investing their savings, retrenchment compensation, etc. in suitable saving schemes and other Government securities and instruments which would give them sufficient return on monthly basis. All the workers being retrenched may not be belonging to engineering/technical trades for which advance training/re-training could be provided in the enterprises as well as other training institutions of the State/Central Government. It would, therefore, be necessary to compile information regarding such category of workers trade-wise for further counselling and guidance as well as arrangements for re-training, to adjust them on to other jobs emerging in the labour market. Information contained in this statement would enable the planning for rehabilitation of workmen either through re-training, self-employment or re-deployment. This information is essential for group and individual counselling of various categories of workers.

iii) Information relating to such persons may also be compiled who do not possess marketable skills.

iv) The information would be collected and compiled before the date of retrenchment and before final payment is made to workers. It should preferably be done three months before the unit is proposed to be closed down and payments made to the



workers. A minimum period of three months would be required for the purpose of counselling and deployment of workers for re-training, training, etc.

## II. OPERATIONALISING THE REHABILITATION SCHEME :

i) The next activity in the rehabilitation scheme should be counselling of workers for investing their savings and compensation etc., for self-employment activities in the industrial, agricultural and trade fields and training and re-training and possible re-deployment into other activities. This activity would be co-ordinated for the unit by the Collector of the district in which the mill/industrial unit is located. In case of metropolitan towns, the Divisional Commissioner may be nominated as the nodal authority. The Collector/Divisional Commissioner would be assisted in their work by the General Manager, District Industries Centre; Regional Manager/Area Manager, State Financial Corporation; Branch Manager, Lead Bank; Branch Manager, LIC; District Small Savings Officer; District Employment Officer; Principal, ITI; District Agriculture and District Animal Husbandry Officer and representatives of KVICs/KVIBs. The District Collector concerned/Divisional Commissioner will constitute a committee at every effected unit/enterprise and this committee will consist of all the officers mentioned above. In addition, two office bearers of the recognised union of the unit and the General Manager (Personnel) of the unit would also be associated. At the unit level, this committee under the chairmanship of the District Collector/Divisional Commissioner, would draw action plans regarding (a) group/individual counselling of workers for investment of their savings, etc. (b) group/individual counselling for self-employment activities in tiny and small sector industry as well as various activities in the agricultural sector like dairy development, poultry, bee-keeping, etc. and other self-employment activities in trading etc. (c) action programme for group and individual counselling for such workers who have acquired skills which can further be improved to make the workers skill compatible with the emerging labour market.

ii) Action Plan for group counselling of workers for investment of compensation received, etc.

This group counselling will have to be done in the form of a campaign at the unit level. The Manager/Branch Manager, lead Bank; representative of Unit Trust of India; District Small Savings Officer; Branch Manager of LIC would be the principal personnel involved in this activity. It would be necessary to print posters and pamphlets giving information relating to various savings schemes, Government securities and other instruments available and the benefits accruing from them, etc. This printed material would have to be available within the mill/factory premises, groups of 200 to 300 would have to be taken up for group counselling.

iii) Action Plan for group/individual counselling for self-employment activities etc.

This group/individual counselling for self-employment should be available to all categories of workers being retrenched by the unit/enterprise. The action plan for this activity could



also be merged with the action plan for group counselling in the matter of investment of compensation, savings, etc. As a very large spectrum is being covered in group counselling for self-employment, it is necessary to bear in mind that some workers may take up self-employment by way of retirement plan. Workers in category 'A' of age group 50 and above and those who may have some agricultural land may be interested in dairy development, poultry and bee-keeping, etc. The action plan could take into account land-based, trade-based and industry-based self-employment activities and conduct counselling in three different groups. The counselling in each group would be done by the subject matter specialist. As many workers may be interested in making a choice between various self-employment opportunities available, all the three counselling programmes could be offered to the entire group of workers by rotation. The action plan relating to self-employment activities should also consider drawing up of training programmes of workers for selected activities. This training programme could be taken up after the individuals had made a choice. Therefore, for instance, individuals making a choice of dairy development as self-employment activity could be considered for training in the matter of health care of animals, fodder, feeds, etc. as well as information relating to membership of milk cooperatives in the vicinity. Similar programmes for training and information would be given to those going for poultry, bee-keeping, etc. Similarly, for other programmes of self-employment in tiny sector, General Manager, District Industries Centre could perhaps arrange for simple short-term training programmes at the local level for those workers who opt to go in for various manufacturing activities.

iv) Action Plan for group/individual counselling for training and re-training:

The action plan relating to training and re-training would use the compiled information for planning its activities relating to counselling and guidance in the matter. Information should be compiled regarding the training institutions available in the vicinity of the unit/enterprise where retrenched workers could be sponsored for training/re-training by the affected unit/enterprise. Besides including the State and Central Government training institutes, information may also be compiled of such public and private sector enterprises in the vicinity which have in-house training facilities for training and re-training of workers. The Principal, ITI, and one official from DGE&T, Directorate of Training Institute could be associated in this exercise. As most of the training/re-training programmes under the Central and State Governments are based on sponsorship of workers by employers, list of workers will have to be drawn up after necessary counselling for sponsorship of workers by employers, list of workers will have to be drawn up after necessary counselling for sponsorship to various institutions in consultation with Principal/Director of such institutes. A list of available programmes/training calendars should also be obtained from all these institutes to facilitate drawing up the action programme for training and re-training. The management of the unit should write to the institutes concerned sponsoring the candidates and also pay the necessary fee for training/re-training as prescribed by the institute.



ITEM 5.

EMPLOYMENT POLICY

The concern on the state of employment and the level of unemployment in the country has been at the heart of all discussions on policy planning and implementation in this country since independence. The formulators of the Eighth Five Year Plan proposals were similarly keeping the problem of unemployment as a central piece of all discussions. The Eighth Plan aims at bringing employment into a sharper focus in a medium-term perspective with the goal of reducing unemployment to negligible level within the next ten years. The annexed paper on 'Employment Perspective' has been extracted from the Eighth Five Year Plan Document, Volume I, and succinctly brings out the problems of unemployment and the growth of unemployment in various sectors of the economy. It has examined the past trends of growth in employment, the structural unemployment and its trends and it has prescribed some remedies for growth in employment in various sectors to achieve the goal of full employment by the turn of the century.

The labour force is projected to increase by about 35 million during 1992-97 and by another 36 million during 1997-2002. Thus, the total number of persons requiring employment will be 58 million during 1992-97, if we add the backlog of 23 million as on 1st April, 1992 and 94 million over the ten years period 1992-2002. The employment growth in the aggregate will have to be about four per cent per annum if the goal of providing employment to all is to be achieved by the end of the Eighth Plan and around three percent per annum if it is to be attained by 2000 AD. Experience in the recent years suggests that the goal of four percent rate of employment growth will be rather unrealistic. An average employment growth of around 2.6 to 2.8 percent per annum may be within the realms of feasibility, which if achieved over the next ten years will bring the economy to a near full employment situation by 2002 AD.

The Government is committed to bring about economic reforms and provide the necessary momentum of growth in various sectors of economy. This is essential if the employment strategy has to be achieved. The major policy changes like the industrial and trade policy followed by further liberalisation in various areas is indicative of the Government's determination to move the economy forward at a faster pace. There have been fears in some quarters that the new Government policies relating to large scale liberalisation would lead to major structural changes in the Indian economy, which would adversely affect the state of employment and unemployment in the country. While some adverse effects on employment cannot be ruled out in the short run, these policies are expected to provide positive trends in the long run which would have the desired effects of growth in the GDP and on employment. The Government has announced in various fora that it will ensure that structural changes do not adversely affect the workers and it has already initiated a number of measures to provide a 'safety net'. A National Renewal Fund has already been constituted for this purpose. This Fund is expected to be primarily utilised to tackle the problems of the affected workers through payment of retrenchment compensation/special compensation (Golden hand-shake), appropriate rehabilitation packages involving guidance and counselling, training, re-training and re-deployment.



The problem of unemployment has also been perceived as a problem of mis-match between the skill requirements of employment opportunities and the skill base of the job-seekers. This mismatch is likely to become more acute in the process of rapid structural changes and modernisation of the Indian economy. It is, therefore, essential to re-orient the educational and training system towards improving its capacity to supply the requisite skills in the medium and long terms and introduce greater flexibility in the training system so as to respond to labour market changes in the short run. The Ministry of Labour have initiated a number of steps in the course of last three years to improve, expand up-date and modernise industrial training in the country under a World Bank Project viz. 'The Vocational Training Project'. The Ministry of Labour will be modernising the Industrial Training Institutes in 28 States/U.Ts., introducing new trades and training programmes, expanding the existing facilities for advanced training, improving the quality of instruction by training and re-training of instructors, improving the quality of training material, expanding the base of training of women in the country and introducing non-traditional trades which provide better employability, etc. The Ministry of Labour, D.G. Employment & Training, would also be upgrading their Central Institutes to ensure training in state-of-the-art technologies, expanding training programmes in advanced technology to ensure training and retraining facilities for industrial workers to protect their employment and upgrade their skills. The entire programme of training programmes and modernising them is being undertaken in close association and consultation with the user industry and with their representative organisations, the Confederation of Indian Industry. This close association with the user industry would ensure proper utilisation of training facilities, more job-oriented skill training and higher employability for the trainees of the institutions under the Craftsmen Training Scheme, Apprenticeship Training Scheme and Advanced Vocational Training System. A major programme for the upgradation and modernisation of the polytechnics under the World Bank assistance has also been undertaken by the Ministry of Human Resources Development.

The concern of the Government in giving high priority to generation of employment opportunities and higher rate of employment growth is also reflected in the constitution of two High Powered Committees to go into the whole question of employment generation. The first Committee under the Chairmanship of Deputy Chairman of the Planning Commission was constituted by the Government on 15th November, 1991. This Committee comprises of the Minister of Human Resources Development, Minister of Finance, Minister of Urban Development, Minister of Welfare, Minister of State for Coal and Labour, Minister of State in the Ministry of Personnel, Public Grievances and Pensions and Minister of State of Industry. The second Committee was constituted by the National Development Council in its meeting held on 23-24 December, 1991. This Committee was called 'The Committee of National Development Council on Employment'. The Committee is chaired by Chief Minister of Assam and the Chief Ministers of Andhra Pradesh, Goa and Sikkim are its Members. The Minister of State for Coal and Labour, Minister of State for Youth Affairs and Sports and Women and Child Development and Member, Planning Commission are the other Members of the Committee.



There are clear indications that the various policy measures initiated by the Government over the past one year have started yielding results. The inflation rate has gone to single digit and there is growing confidence in investors at home and abroad in the policy measures announced by the Government. With the monsoon rain-fall having been normal in most parts of the country, the prospects of kharif crop have brightened indicating further improvements in the price situation in the months ahead. The condition on the whole appears to be quite satisfactory for higher investment in the Indian economy and higher investments promise, higher growth in employment potential.

## 1. THE APPROACH

1. Expansion of employment opportunities has been an important objective of development planning in India. There has been a significant growth in employment over the years. However, a relatively higher growth of population and labour force has led to an increase in the volume of unemployment from one plan period to another. The Eighth Plan aims at bringing employment into a sharper focus in a medium-term perspective with the goal of reducing unemployment to negligible level within the next ten years. Such an approach is now considered necessary also because it is realised that larger and efficient use of available human resources is the most effective way of poverty alleviation, reduction in inequalities and sustenance of a reasonably high pace of economic growth.

2. While approaching employment as an objective of the Plan, employment generation and economic growth are to be treated as mutually complementary rather than conflicting processes. Employment has, therefore, to be generated in the process of, and contribute to the acceleration of, economic growth. Employment, to be gainful and sustainable, has, therefore, to be productive in character; it should be able to yield a reasonable level of income to the worker and also generate surplus for further growth and employment generation.

3. Improvement in the productivity of work-force assumes particular significance in our economy where low productivity and low incomes of a large mass of employed persons constitute a problem of much higher dimension than unemployment, measured conventionally in terms of involuntary idleness. Incidence of poverty is much higher than that of unemployment. An overwhelming majority of the poor are thus not apparently unemployed, but are engaged for a major part of their time in some activity, albeit, at very low levels of productivity and earnings. The Plan strategy would, therefore, focus not only on the creation of new 'jobs', but also on the augmentation of the existing employment in terms of productivity and incomes through suitable technological, market and institutional interventions.

4. It must be recognised that the demand for labour cannot always be created to suit the characteristics of labour supply. Shortages and surpluses are found to coexist in the labour market due to the mismatch between skill and other requirements of new employment opportunities and the attributes of available workers. This phenomenon is likely to be more marked in a situation of rapidly changing technologies and work



organisation. It would also, therefore, be necessary to intervene on the supply side of the labour market with a view to improving the employability of workers in general, and promoting such institutional structures and arrangements for training and skill upgradation which could speedily respond to rapidly changing requirements of productive activities, in particular. In order that the training and skill formation systems are closely aligned with the trends in labour demand, it would be essential that the users, that is, the employers, have a major role and involvement in planning and running them.

5. An important aspect that would need careful scrutiny in the Eighth Plan, particularly in the context of economic reforms, is the impact of macro-economic, sectoral and labour policies on employment. It has been pointed out that certain policies, such as credit and labour policies, are not always employment-friendly. Policy of concessional credit for several sectors tends to distort the factor price relativities against labour use; and the labour policy, as manifest in certain labour laws, and labour market rigidities rendering wage mechanism ineffective, it is contended, have introduced a degree of inflexibility in labour use, thus discouraging employment expansion, particularly in the large scale industries. On the other hand, in the unorganised sector, which absorbs an overwhelmingly large majority of workers, employment is not only completely insecure, but is also devoid of any social security provisions. To the extent this sharp dichotomy in the labour market, characterised by a high degree of protection for a miniscule proportion of the workforce and complete lack of protection for the majority of workers, is coming in the way of a larger and more efficient use of labour, ways would have to be devised to reduce this gap. Similarly, other policies - credit, fiscal and sectoral, would need to be reviewed with a view to making them more employment-friendly.

## II. EMPLOYMENT : GROWTH AND STRUCTURE

6. For an assessment of growth and structural changes in employment, the quinquennial surveys of the National Sample Survey Organisation (NSSO) provide the most comprehensive source. Using that source, changes in employment situation have been described here for the 10-year period ending with 1987-88, the year in which the last NSSO survey on employment and unemployment was conducted. The main features of employment growth during the decade 1977-78 to 1987-88 are summarised as follows:

(i) Employment has grown at about 2 per cent per annum during the 10 year period. [Table 6.1]. (This growth, which has been about the same as the rate of growth of labour force, has not been able to absorb the backlog of unemployment of about 10.8 million that existed in 1977-78.)

(ii) Growth rates of employment has been relatively high in urban areas, but low in rural areas.

(iii) Employment of males and females has grown more or less at the same rate, with the rate for males slightly above that for females.



(iv) All major sectors except agriculture, experienced over 3.0 per cent growth of employment per annum over the period 1978-88 [Table 6.2]. Agriculture registered an annual growth of only 0.92 per cent. (and this rate has been just about the same in the two quinquennia)

(v) A deceleration in growth has been observed during 1983- 1987-88 over 1977-78 - 1983; this trend is seen in all sectors, except, agriculture, trade and construction. [Table 6.2]. In manufacturing, the rate of growth has declined sharply from 3.76 per cent to 2.18 per cent; and in services from 4.49 per cent to 2.06 per cent.

(vi) Deceleration in the rate of employment growth has been particularly sharp in the organised sector; it has declined from 2.48 per cent during 1977-78 -- 1983, to 1.38 per cent during 1983 -- 1987-88 [Table 6.3]. Employment in the organised manufacturing sector has virtually stagnated during 1983 -- 1987-88; and thus, an increasingly larger contribution to employment growth in manufacturing has been made by the unorganised sector in recent years.

(vii) Growth in employment in the organised sector, has primarily been contributed by the public sector.

(viii) Despite a slow and declining rate of employment growth in the aggregate, employment of the educated has shown a relatively high and accelerating growth, particularly among women [Table 6.4]. 7. Differential rates of employment growth in different sectors and of different kinds have led to certain notable changes in the structure of employment over time. First, there have been some sectoral shifts away from agriculture in the last decade. In 1977-78, 71 per cent of the workers were engaged in agriculture and allied occupations in 1977-78 but by 1987-88, the proportion had declined to 64 per cent [Table 6.5]. Corresponding figure revealed by the 1991 census, though not strictly comparable with NSS estimates, is 64.9 per cent, showing a marginal decline from 66.5 per cent in 1981. Second, there is a change in the structure of the workforce by employment status. The proportion of casual labour increased while that of the self-employed declined over the period 1977-78 to 1987-88 [Table 6.6] - a change which is largely a reflection of the occupational shifts from agriculture to non-agriculture, in rural areas. Third, the share of the unorganised sector in non-agricultural employment has increased from 72 per cent in 1977-78 to 77 per cent in 1987-88, although the share of unorganised sector in overall employment has remained more or less stationary at 90 per cent.

### III. UNEMPLOYMENT : TRENDS AND STRUCTURE

8. Unemployment, according to the conventional and most commonly used concept, measures involuntary idleness, that is, the time for which individuals are available for and willing to, but are not able to find work. It does not include 'invisible' unemployment or underemployment, that is, a situation of work with very low levels of productivity and income. The latter, as noted earlier, is a problem of much larger magnitude in India than conventionally measured unemployment. Persons belonging to low income households can hardly afford to remain unemployed, and,



therefore, may engage themselves in any work that is available, even if it yields a very low income. For that reason, the rates of unemployment in India are observed to be relatively low.

9. The structure of workforce with dominance of selfemployment and primary sector, where work sharing is common, also tends to depress unemployment rates, in general, and chronic, long period unemployment rates, in particular. Inadequacy of the measure of unemployment in terms of open unemployment has, therefore, been well recognised in the measurement and analysis of unemployment in India. The National Sample Survey Organisation (NSSO) which provides estimates of the rates of unemployment on the basis of its quinquennial surveys, therefore, uses three different concepts. A person is considered unemployed on Usual Status (US) basis, if he/she was not working, but was either seeking or was available for work for a relatively longer time during the reference year. On the basis of a week as the reference period, a person is considered unemployed by Current Weekly Status (CWS), if he/she had not worked even for one hour during the week, but was seeking or available for work. Then, there is an estimate of Current Daily Status (CDS) unemployment, in terms of the total persondays of unemployment, that is, the aggregate of all the unemployment days of all persons in the labour force during the week.

10. The "Usual status" unemployment rates could be regarded as a measure of chronic unemployment during the reference year; the CWS unemployment rates also measure chronic unemployment but with the reduced reference period of a week. The CDS is a comprehensive measure of unemployment including both chronic unemployment as well as underemployment on weekly basis. Unemployment rates are found to be the lowest on UPS basis and the highest on CDS basis. For example, unemployment as percentage of labour force worked out to be 3.77, 4.80 and 6.09 percent according to usual, weekly and daily status respectively, in 1987-88. In absolute terms, the unemployment in that year was estimated to be 11.53 million persons, 14.35 million persons and 6508 million persondays, according to the three concepts, respectively.

11. A few salient features of the unemployment situation in India may be noted. First, the incidence of unemployment is much higher in urban than in rural areas. Second, unemployment rates for women are higher than those for men. Third, a larger difference between the "usual" and "weekly" status unemployment rates, on the one hand, and "daily status" unemployment rates, on the other, in the case of women than of men suggests that underemployment is of much higher proportion among the former than the latter. Fourth, the incidence of unemployment among the educated is much higher at about 12 percent than the overall usual status unemployment of 3.77 percent. In fact, unemployment rates rise with every successive higher level of education.

12. The unemployment rates by the three alternative concepts of the "usual status", the "weekly status" and the "daily status" as revealed in the various rounds of NSSO surveys during 1972-73 to 1987-88 are presented in Table 6.7. No clear and consistent trends are discernible in the rates of unemployment over the 15 year period. Considering the short period in the recent past, namely, 1983 -- 1987-88, however, certain changes in



the structure of unemployment are observed. Open unemployment as measured by UPS has increased from 2.77 in 1983 to 3.77 in 1987-88 and according to weekly by daily status has declined from 8.28 to 6.09 per cent over this period. These trends suggest that there has been a shift from the state of widespread underemployment towards greater open unemployment.

13. Within the broad trend towards an increasingly open and chronic character of unemployment, the following features may be considered of special significance. One, this trend is seen to be particularly strong in rural areas, where the usual status unemployment has increased from 1.91 per cent of labour force in 1983 to 3.07 per cent in 1987-88 and the "daily status" unemployment has declined from 7.94 per cent to 5.25 per cent. In the urban areas, only a small change of a similar pattern was observed. Second, the open unemployment rates increased much faster in the case of women than of men. The "usual status" rate of unemployment increased from 2.14 in 1983 to 4.19 per cent in 1987-88 among women workers but the increase in the case of male workers was from 3.02 to 3.60 per cent.

14. There are wide variations in the unemployment rates among different States [Table 6.8]. In terms of usual status, the unemployment rates vary between 1.51 percent in Madhya Pradesh and 17.07 percent in Kerala amongst the major States. Other major States with higher than all-India average of 3.77 per cent are West Bengal (6.06 per cent), Haryana (5.86 per cent), Assam (5.62 per cent), Tamil Nadu (5.25 per cent), Orissa (4.66 per cent), Punjab (4.06 per cent) and Andhra Pradesh (3.90 per cent). Poorer States like Bihar, U.P., Madhya Pradesh and Rajasthan have relatively lower rates of open unemployment. With some exceptions like Orissa at the one end, and Maharashtra on the other, there appears to be a positive relationship emerging between the level of literacy and education and/or of economic development and incidence of open unemployment, across the States.

15. Even the aggregate of open unemployment and underemployment, in terms of persondays of unemployment, shows a similar pattern across the States. Incidence of unemployment measured in these terms was again highest (21 per cent) in Kerala followed by Tamil Nadu, West Bengal, Haryana, Andhra Pradesh and Orissa, each with higher than average figure. On the other hand, Madhya Pradesh with 2.86 per cent, Uttar Pradesh with 3.44 per cent and Bihar with 4.04 per cent were the States with the lowest "daily status" unemployment rates. These low unemployment rates present a rather intriguing picture when juxtaposed with the incidence of poverty, which is found to be amongst the highest in these States. To a certain extent, this phenomenon may be attributed to the limitations of the concepts and measures used in gauging unemployment. But, at a substantive level, it only suggests that the nature of the problem in these States is different. Low income work, rather than involuntary idleness, is the main form of the affliction from which the poor suffer. It obviously calls for a strategy with 'augmentation of employment' as its main element.

16. The above brief review of the trends in the structure of unemployment suggests that over the years, the problem of open unemployment is gaining and that of underemployment is declining in importance. In 1977-78, underemployment as reflected in the



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difference between unemployment by the "usual status" (4.23 per cent) and the "weekly status" (4.48 per cent) on the one hand, and the "daily status" unemployment (8.18) was much larger than in 1987-88, when the two open unemployment rates were 3.77 per cent (UPS) and 4.80 per cent (CWS) and the daily status rate only 6.09. These features suggest that the strategy of employment generation would have to lay greater emphasis on augmentation of productivity and income levels of the working poor and the creation of new full time employment opportunities on wage or self employment basis, rather than on schemes for short-term employment generation.

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IV. TOWARDS THE GOAL OF FULL EMPLOYMENT : REQUIREMENTS OF EMPLOYMENT GENERATION

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17. For the purpose of estimating additional employment needed to achieve the goal of "employment for all" over a period, an assessment of the backlog of unemployment in the base year and the likely additions to the labour force during the reference period is needed. For this exercise, the backlog is estimated in terms of open unemployment with some adjustments for those who are severely underemployed and therefore, are very likely to be looking for alternative new full time employment opportunities. In other words, unemployment measured in "usual" or "weekly" status terms would be relevant. "Weekly status" is preferable because the unemployed, according to this concept, were clearly without work for the entire period under reference (i.e. did not have work even for one hour during the week). Use of this concept also enables an assessment of the magnitude of severely underemployed as those having work for half or less than half the time during the reference week.

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18. The latest survey based estimates available for this purpose, are for 1987-88 only, when the last quinquennial survey was conducted by NSSO. In order to arrive at a figure of unemployment in the beginning of the Eighth Plan, that is on April 1, 1992, independent estimates of labour force and employment on that date have been made, the difference between the two yielding the magnitude of unemployment. Total employment at the beginning of 1992-93 is estimated to be 301.7 million on "weekly status" basis. The Labour force is estimated to be 319 million. Thus backlog of open unemployment according to "weekly status" is estimated to be 17 million on April 1, 1992. According to the NSS, about 2 per cent of those recorded employed by "weekly status" had work for half or less than half the time. Taking them as 'severely underemployed', they are included in the estimates for backlog for purpose of employment planning. Thus the number of persons in the labour force on April 1, 1992, who will be looking for full time new employment opportunities is thus estimated to be around 23 million.

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19. The labour force is projected to increase by about 35 million during 1992-97 and by another 36 million during 1997-2002. Thus, the total number of persons requiring employment will be 58 million during 1992-97 and 94 million over the ten year period 1992-2002. The employment growth in the aggregate will have to be about 4 per cent per annum if the goal of providing employment to all is to be achieved by the end of the Eighth Plan, and around 3 per cent per annum if it is to be attained by 2000 AD.



20. Experience in the recent years suggests that the goal of a 4 per cent rate of employment growth will be rather unrealistic. But, an average employment growth of around 2.6 to 2.8 per cent per annum may be within the realm of feasibility, which if achieved over the next ten years will bring the economy to a near full employment situation by 2002 AD. This itself will be contingent upon the attainment of a higher average rate of growth of GDP than achieved in the past, derived to a larger extent from sectors and areas which are inherently more employment-intensive.

#### V. ELEMENTS OF EMPLOYMENT STRATEGY :

21. A high rate of output growth is necessary, but not always a sufficient condition for high growth of employment. A structure of growth with larger contribution of sectors having high employment content of output and use of production techniques favouring use of labour greatly enhance the employment generation potential of growth. The scope for varying techniques, without lowering efficiency and productivity levels and reducing the competitiveness of the products, is found limited in most lines of production. On a realistic plane, it must also be admitted that in a large part of the economy, in agriculture, unorganised manufacturing and service sectors, technological upgradation involving some increase in the use of capital per worker may be necessary to raise productivity levels. Improvements in the productivity levels in all lines of production, including organised manufacturing sector, will be necessary for expansion of employment opportunities.

22. Employment growth has, therefore, to result primarily from the growth of the economy and restructuring of output composition of growth. There is no doubt that a larger and more efficient use of labour will accelerate the rate of growth itself, but the latter would largely depend on the availability of other resources like capital and internal and external demand. The employment potential of growth can be raised by readjusting the sectoral composition of output in favour of sectors and sub-sectors having higher employment elasticity. It is with this perspective that an attempt is made to review the past trends in different sectors and also to assess the potential of each of them for faster employment generation in the process of their growth. This may enable us to indicate the broad directions of strategy and policies that can lead to the realisation of the assessed potential in different sectors.

#### A. AGRICULTURE AND ALLIED SECTORS

23. Even after some shifts in the occupational structure during the last two decades, agriculture still occupies a predominant place in employment structure, employing about two-thirds of the total workers. It is agriculture which has shown the lowest and rapidly declining employment-potential in the recent past. A major reason for this lies in the sharply declining employment potential in the regions with high output growth. Employment growth accompanying a one per cent growth of output was found to be as low as 0.00, 0.07 and 0.19 in Punjab, Haryana and UP respectively. In these areas, the sources of growth are now turning to be labour substituting.



24. Despite an overall declining trend in employment elasticity, there appears to be considerable scope for raising employment in agriculture in those regions of the country which have so far generally lagged behind in agricultural development. A strategy of agricultural growth aimed at deriving a larger part of the additional output from these regions should help arrest and even reverse the overall decline in labour absorption in agriculture. A faster growth of employment in these areas, where the incidence of poverty is often relatively high, at the same time, will lead to a positive effect on wage rates and incomes of the rural workers. It may be noted that eight States, viz., Andhra Pradesh, Bihar, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu, U.P and West Bengal account for 80 per cent of the people below poverty line and 70 per cent of the unemployed. A strategy focussed on stimulating agricultural growth in these States will thus be able to meet three important objectives simultaneously, namely, employment, poverty alleviation and reduction in regional disparities, besides acceleration and greater stability in the growth of agricultural output.

25. An acceleration in the rate of growth of agricultural output in the regions lagging behind others should come primarily from an increase in the yield levels of individual crops and an increase in cropping intensity and, to some extent, from changes in cropping pattern in favour of high value crops. The most important factor contributing to such changes would be the availability of assured irrigation, followed by provision of modern inputs and appropriate price policies. Irrigation, besides leading to increase in yield and cropping intensity, also facilitates changes in cropping pattern in favour of high value crops, most of which also happen to be more labour using. Such shifts in the cropping pattern are important from the view point of employment, particularly in the long run, in so far as yield increases in staple crops beyond a stage involve technologies using less labour.

26. An activity naturally allied to agriculture and crucial for rural income and employment generation is animal husbandry. The potential of this sector for income and employment generation can hardly be over-emphasised. Based on some recent studies by the National Dairy Development Board (NDDB) and the earlier estimates by the National Commission on Agriculture, it is estimated that the animal husbandry sector, even with the existing stock, can generate employment equivalent to 86 million person years inclusive of employment in processing and marketing of milk and milk products. It is claimed by experts that a much higher growth than in the past can be attained in this sector, raising productivity and income levels of those engaged in it as well as creating new employment opportunities. Fishery, it is maintained, can grow as fast as 7 per cent per annum because about two-thirds of the existing marine and inland potential is unexploited. In fact, a high growth of value-added agri-business, including animal husbandry, fishery, horticulture and aquaculture, offers scope for employment expansion in the immediate future.

27. Another area with large scope for employment generation, that has only been marginally recognised so far, relates to regeneration of natural resources such as land and forests. Programmes of afforestation, regeneration and restoration of degraded land are not only likely to generate large



volumes of employment in general, but also benefit, in particular, such disadvantaged sections of the society as tribals and women who are most adversely affected by the degradation of eco systems. The extent of culturable wastelands is estimated to be around 130 million hectares. It is estimated that development of one hectare of wasteland will generate 128 mandays of employment with a wage component as high as 70 per cent of the outlay. Importance of wasteland development from the point of view of employment generation arises not only from the employment intensity of the development phase involving earth work, etc., but also from the sustained employment opportunities likely to be generated in the utilisation of the reclaimed land for afforestation and water shed development. A study by the National Council of Applied Economic Research (NCAER), for instance, shows that one hectare of planted area provides employment of the order of 600-700 mandays per year. However, if wasteland development has to achieve these objectives beyond the stage of asset formation, due attention should be given to (a) securing the active participation of the rural poor in wasteland development and (b) allocation of the developed land to the rural poor with legal titles.

#### B. RURAL NON-AGRICULTURAL EMPLOYMENT

28. In the long run, however, it must be recognised that agriculture and other land-based activities, even with a reasonably high rate and possible diversification of growth, will not be able to provide employment to all the rural workers at adequate levels of incomes. Further, technological and organisational changes accompanying agricultural growth are likely to lead to, first, a declining employment potential of further growth, and second, conversion of a substantial number of those underemployed in agriculture into openly unemployed seeking work elsewhere. Even allowing that some of them will be able to find adequately remunerative jobs on migration to urban areas, it is not only desirable but necessary that the rural economy gets diversified into non-agricultural activities to provide productive employment to the growing rural labour force and also to reduce the wide economic differences between rural and urban areas.

29. Over one-fifth of the rural workers are engaged in non-agricultural activities. This proportion has shown a remarkably rapid increase in recent years. Available evidence suggests that this shift is attributable to the growth of productive employment opportunities in the non-farm sector in rural areas, and is not a result merely of the overcrowding in agriculture. Appropriate strategies and policies need to be evolved to strengthen this trend towards diversification of the rural economy. Practically all nonagricultural activities have shown a steady increase in employment. Manufacturing and services respectively accounted for 32 and 24 per cent of rural non-agricultural employment; trade accounted for 18 per cent and construction 15 per cent in 1987-88. Manufacturing has shown a reasonably high (about 3 per cent per annum) growth in employment during 1978-88. But construction, transport and trade have shown an annual growth in employment of 11, 7 and 4 per cent per annum respectively during this period.

30. It must be recognised that an increasingly larger component of rural industrial activities now consist of non-traditional activities with forward and backward linkages with



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agriculture as well as those with little relation to agriculture. Unlike many traditional village industries which constituted only secondary or supplementary occupations, these activities are pursued as main occupations. Most of them are also producing commodities with reasonably high income elasticity of demand and thus are not likely to face any serious demand constraint. These include textile-based and agro-based industries, and those producing construction materials like bricks, tiles, pipes and cement. Some of these activities are now getting located, for economic reasons, in smaller towns in the rural hinterland, providing employment to the rural workers. With suitable promotional policies, including those relating to location and infrastructural development in rural towns, considerable expansion of such activities with a high employment potential for rural workers is feasible. Such policies should include measures for orientation of credit and lending practices of banks to suit small business and manufacturing enterprises, strengthening of producers' cooperatives and assistance in marketing and technology.

### C. INDUSTRIAL SECTOR

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31. A decline in employment elasticity of the industrial sector has primarily been caused by the declining employment potential of output growth in the organised sector. Employment elasticity is estimated to be as low as 0.15 per cent for the organised manufacturing sector, but it is between 0.5 to 0.6 for the unorganised sector. A larger contribution of the small and unorganised sector is, therefore, likely to raise the employment elasticity and employment growth in the manufacturing sector significantly. The small industry sector currently contributes about onehalf of value added and four-fifths of the total employment in manufacturing. If this segment of manufacturing can be made to grow at 10 per cent per annum, with the organised sector growing at about 5 per cent, the overall employment growth in the manufacturing sector will be about 4 per cent as against 2 per cent in the recent past. It needs to be recognised that the small and unorganised manufacturing sector consists of different highly variegated segments. Employment in the cottage and household industry has experienced a relative decline, due to shrinking markets on account of competition from modern products and often due to lack of technological upgradation to meet the new demands. Non-household, tiny sector has shown potential for growth, but suffers from the lack of financial and marketing facilities. The modern small scale sector has shown significant growth in output, employment and also exports. It is this sector which has also received the major part of the benefits of the promotional policy towards the small sector.

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32. It has, however, been observed that the policy for the promotion of small scale industry has not been very effective in serving the employment objective. It is not directly related to employment in so far as the eligibility for preferential treatment in terms of incentives and other assistance is related to fixed capital investment. The assumption that small capital necessarily implies high employment per unit of capital has not always been found valid. Thus, while the criterion of capital size may be necessary for other socio-economic objectives, it is felt that employment criterion should be superimposed on it. In fact, some studies point out that in the absence of such a  
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criterion, many small industries have tended to become unnecessarily capital intensive. To the extent such a tendency is observed, it suggests the need to examine the relative factor prices and changes in them over time, so as to check the tendency towards avoidable capital intensification.

33. The other problem of the small scale industry policy is that it has not benefitted the really small units. Due to the cumbersome procedures and non-existence of the promotional and service net-work in smaller towns and villages, the concessions and assistance have only reached the not-so-small sector. It is realised that the existing administrative and service agencies are not well suited to meet the requirements of the decentralised sector, which has substantial growth and employment potential. Therefore, it is desirable that the tiny or the micro-enterprise sector is recognised as a separate segment for evolving and implementing promotional policies.

#### D. OTHER SECTORS

34. Among the major sectors of economic activity, construction recorded the highest growth in employment of over 10 per cent per annum during the period 1977-78 to 1987-88. Both road construction and housing are a part of the basic needs of the people and, therefore, deserve to be given priority, as they will create the necessary assets and generate large-scale employment in the short run. It is estimated that connecting the 31 per cent of the villages in the population group 1000-1500 and 10 per cent of those with larger size still unconnected by road will mean construction of 8 lakh kms. of road with an employment potential of 22.8 million person years. It is also observed that there is a concentration of these unconnected villages in the States with a high incidence of rural poverty and unemployment and hence it will be appropriate to give priority to construction of roads in these areas. Similarly, a high priority to housing and development of appropriate legal, institutional and financial mechanisms to encourage larger investment in this sector would meet the objectives of employment and provision of shelter simultaneously.

35. The growth of the services sector in recent years has been relatively fast but employment growth in this sector has been rather sluggish. It experienced a GDP growth of about 6 per cent during 1980-81 to 1986-87 (as against around 4 per cent during the 1970s) but employment growth during this period has been of the order of around 2.5 per cent only. This trend suggests that productivity has shown an increase and the service sector has not grown merely as a residual low productivity sector. Still, this sector has significant potential for employment generation both in rural and urban areas. Tourism, rural transport and repair services are subsectors identified as having relatively high growth as well as employment potential. In the rural areas, employment in the services sector can be expected to grow with the faster development of agri-business resulting in increasingly larger volume of goods to process, trade and transport.

36. In general, one may not expect any significant increase in public sector employment as there is already a high degree of overmanning both in the public enterprises and the Government Departments. But, in line with the aim of meeting certain basic objectives in areas like education and health, it



would only be logical that more manpower is utilised for strengthening educational and health institutions, particularly in rural areas. Strengthening of teaching staff in rural areas, particularly single-teacher schools, and adequate manning of the health system, particularly in technical and para-medical occupations are likely to generate considerable job opportunities for the educated.

37. The urban informal sector has exhibited a high rate of growth of employment of around 6 per cent per annum. Manufacturing and services sector activities, including trade and transport constitute important segments of the urban informal sector with large employment potential. Recent studies indicate that there is a large unsatisfied demand for a number of services; that the quality of existing services needs to be improved; and that the major constraints on fuller development of this sector are the lack of inputs like credit and raw materials, facilities for skill development and space for carrying on such activities. Steps and policies including streamlining of existing municipal and other laws and regulations would be necessary to overcome these constraints. In general, a policy environment favourable for the growth of entrepreneurship and selfemployment in medium and large towns and cities requires to be created. Besides streamlining existing schemes like Self-Employment Programme for Urban Poor (SEPUP), SelfEmployment for Educated Unemployed Youth (SEEUY) and Nehru Rozgar Yojana (NRY) (Micro-entrepreneurs scheme), it would also be useful to adopt the approach of the Society for Employment Promotion and Training in the Twin Cities of Hyderabad-Secundrabad (SETWIN) on the basis of the experience gained.

38. As observed earlier, employment generation needs to be seen not merely in terms of creation of new opportunities for wage employment; an equally important thrust will need to be laid on creation of necessary conditions for an increasingly larger number of people to undertake activities on a self-employment basis, as well as raise the productivity and income levels of those already self-employed so as to see that they are not compelled to leave them and join the ranks of the openly unemployed. Infrastructure, access to credit and market linkages are found to be the most crucial factors in the development of a vibrant self-employment sector. Institutional arrangements for supply of these services along with suitable programmes for the development of technical skills and entrepreneurship would need to be evolved.

39. Given the variegated nature of work requirements of different workers, particularly the underemployed, and also the varied nature and structure of work in different activities, the goal of providing work to all can only be achieved on the basis of detailed local level planning. Since a major part of unemployment and underemployment is to be found in rural areas where variations of these kinds are particularly marked across regions and areas and among activities, employment planning on a decentralised basis assumes special significance. While a certain degree of mobility, particularly among the openly unemployed and the educated, should be expected and even be encouraged, for a large mass of underemployed and unemployed, particularly, women, marginal farmers and those engaged in seasonal activities, work needs to be generated locally, in the villages or nearby small towns. An



exercise to assess and plan for work opportunities within an area to match the labour supply characteristics of the unemployed and the underemployed workers can only be effectively undertaken on an area-specific basis.

#### VI. SKILLS, TRAINING AND EMPLOYMENT :

40. A part of the unemployment problem emanates from the mismatch between the skill requirements of employment opportunities and the skill base of the job-seekers. The mismatch is likely to become more acute in the process of rapid structural changes in the economy. It is, therefore, necessary to orient the educational and training systems towards improving its capability to supply the requisite skills in the medium and long terms, and introduce greater flexibility in the training system so as to enable it to quickly respond to labour market changes in the short run. Besides, the system should also be in a position to impart suitable training to the large mass of workers engaged as self-employed and wage earners in the unorganised sector for upgradation of their skills, as an effective means for raising their productivity and income levels.

41. The existing training institutions like the ITIs have, no doubt, been meeting a significant part of the requirements of the skilled manpower of the organised industry. It, however, seems necessary that the processes of restructuring and reorientation of their courses are made more expeditious with a view to quickly responding to the labour market. A greater involvement of industry in planning and running the training system would also be necessary for this purpose. For skill upgradation of the workers in the unorganised sector, flexibility in the duration, timing and location of training courses would need to be introduced. To the extent a sizeable proportion of employment would have to be self-employment in tiny and small units in various sectors, the training system should also gear up not only for providing 'hard' skills in suitable trades, but also the 'soft' skills of entrepreneurship, management and marketing, as part of training courses.

42. It is widely recognised that the rapid expansion of education, particularly of higher education, has also contributed to the mismatch in the labour market. While shortages of middle level technical and supervisory skills are often experienced, graduates and post-graduates in arts, commerce and science constitute a large proportion of job-seekers. High private rates of return on higher education, to a large extent resulting from low private cost, is an important reason for the rush for higher education despite high incidence of educated unemployment. At the same time, efforts to divert the school leavers to vocational stream have so far been too little in relation to the size of the problem. While these efforts need to be strengthened, appropriate mechanisms also need to be evolved in the training and employment system to ensure that those graduating out of the vocational and middle level technical training courses, have the route to higher ladders open to them, through upgradation of their qualifications and skills by undergoing training in higher level courses during their employment career.



VII. LABOUR POLICY AND EMPLOYMENT :

43. A few important aspects of labour policy also need to be addressed from the viewpoint of employment expansion. First, excessive regulation of conditions of employment making labour adjustment highly difficult, has often been cited as a factor restricting employment expansion. To the extent it is so, it also seems to reduce the overall degree of protection to labour as only a small number are engaged in the highly protected segments leaving an overwhelming majority of workers to work in completely insecure and unprotected conditions in the unorganised sector. It would, therefore, be desirable to rationalise the regulatory framework with a view to providing reasonable flexibility for workforce adjustment for effecting technological upgradation and improvement in efficiency.

44. On the other hand, it would be necessary to ensure that the quality of employment in the unorganised sector improves in terms of earnings, conditions of work and social security. Technological upgradation and development of markets for their products would lead to an increase in productivity and wage paying capacity of those sectors. But, suitable organisational arrangements would need to be developed to provide a minimum measure of social security for workers in the unorganised sector. The Welfare Boards for mine workers, beedi and cigar workers etc. set up by the Government of India and financed out of the cess levied on the production of the commodity concerned and the Welfare Boards for cashew workers, coir workers set up by the Government of Kerala are one set of examples of such arrangements. Other models are the Mutthadi Workers Board in Maharashtra, similar Boards in Kerala for unorganised workers and the Mutta and Jattu Hamal Boards being set up in Andhra Pradesh. Another model is the set of insurance schemes launched by the Government of India and State Governments of Gujarat, Kerala, Karnataka and Madhya Pradesh for landless agricultural labourers. All these need to be reviewed and a suitable model adopted. Alternatively, feasibility of a Central Fund, with tripartite contribution (or bipartite in the case of the self-employed) should also be examined.

45. A rational and equitable wage policy has been conspicuous by its absence for quite some time. Statutory provision of minimum wages for workers in the scheduled employments exists, but its coverage and implementation has been inadequate, so that a large part of the workforce is still outside the purview of wages fixed under the Minimum Wages Act, and the actual wages on the ground are often much lower than those fixed by the appropriate Governments under the Act. While the tendency to fix minimum wages at unreasonably high level should be checked, implementation of wages once fixed must be ensured. The implementation machinery which consists of the labour administration machinery in the States has been far from effective. It is desirable that a greater role is played by the workers' organisations, non-governmental voluntary organisations and organised trade unions, in ensuring implementation of minimum wages, instead of enlarging the army of 'inspectors' for this purpose.



46. It is necessary to evolve a wage policy which guides the changes in wage and salary levels and wage structure. Wide differences in wages prevail between the organised and the unorganised sectors even in similar activities and occupations and among different regions. Even minimum wages fixed statutorily vary widely among States and regions. Further, changes in wage rates and wage levels over time vary significantly, mostly in the direction of increasing wage disparities. The levels of and changes in wages and salaries often have no relation with productivity and wages thus do not function as instruments that induce efficiency. It is, therefore, necessary that a national wage policy is evolved to guide steps in the direction of removing irrational and inequitous disparities in wage and salary levels and inducing efficiency; and also to streamline institutional mechanisms for wage fixation. In the past, besides the minimum wage fixation machinery, tripartite Wage Boards and collective bargaining at industry and unit level have been the major mechanisms for wage fixation and revision. It is desirable that tripartite bodies at all levels, starting from the Indian Labour Conference at the national level to region-cum-industry level, are constituted and utilised for consultations and agreements on wages and other matters of labour policy. In the past, such bodies either at the national and regional level or at the industry level have been confined to the organised sector only. Besides developing mechanisms to relate wage levels and wage increases to some measure of efficiency in the high wage sectors of the economy, efforts also need to be made to see that the unorganised sector is also brought under the purview of tripartite machinery.

#### VIII. SPECIAL EMPLOYMENT PROGRAMMES (SEPs) :

47. It is recognised that the adoption of an employment-oriented strategy will be able to reach the goal of near full employment, but only over a period of time. According to the present estimates, such a goal could be realistically fixed for 2002 AD. Provision of short-term employment for those still unemployed and underemployed, particularly among the poor and the vulnerable, would be necessary in the interim period. Special Employment Programmes as in the past would, therefore, have to be continued. It may, in fact, be necessary to suitably extend such programmes with a view to providing a measure of guarantee of work, particularly as a safety net to the poor. It would, therefore, be all the more necessary that these programmes are recast with a view to making them more effective in meeting not only the short-term objective of providing temporary work to the unemployed, but also in contributing to the productivity of local resources and productive capacity of individuals to lead to generation of larger employment opportunities on a sustained basis.

48. It is important, in any case, to recognise that the Special Employment Programmes could be only an interim measure, to provide supplementary employment and assistance to build capabilities for sustained employment, to the underemployed and the unemployed, particularly among the poor, till they are able to secure stable employment generated in the development process. Therefore, the main thrust should be on the acceleration of the rate of employment growth over the years so that the need for special programmes declines in successive years and tapers off by



the end of the decade. Continuing necessity of such programmes on a large scale would, in fact, imply failure of the employment oriented development strategy that is envisaged as the main plank of the Eighth Plan.

#### IX SUMMING-UP :

49. The main elements of the strategy, policies and programmes towards expansion of employment opportunities during the Eighth Plan, as described in the preceding Sections of this Chapter, may be summarised as follows :

i. A faster and geographically diversified growth of agriculture, so that the hitherto lagging regions have a larger share in agricultural growth; and diversification of agriculture into high value, more labour intensive crops like vegetable and fruits, particularly in the agriculturally better developed regions;

ii. Development of infrastructure and marketing arrangements for agro-based and allied activities like dairy, poultry, fishery and sericulture to accelerate growth of these sectors;

iii. An expanded programme of development and utilisation of wasteland for crop-cultivation and forestry;

iv. Development of an appropriate support and policy framework for the growth of nonagricultural, particularly manufacturing activities, in rural areas, including rural towns;

v. Greater attention to the needs of the small and decentralised manufacturing sector as a major source of industrial growth, particularly in the production of consumption goods and manufactured exports;

vi. Large scale programmes of construction of infrastructure and residential accommodation, the latter to be encouraged particularly in the private sector through appropriate land, financial and fiscal policies;

vii. Strengthening of basic health and education facilities, particularly in the rural areas;

viii. Facilities for faster growth of the services and informal sector activities through greater ease of entry and suitable support systems;

ix. Identification and relaxation of legislative and policy measures found to restrict growth of employment;

x. Greater flexibility in special employment programmes and their integration with sectoral development with a view to ensuring their contribution to growth and sustainable employment, and;

xi. Revamping of training systems to introduce greater flexibility and responsiveness to labour market trends,, and larger involvement of users of the system's output, and to provide

opportunities for upgradation of skills of the employed workers and also, for the development of entrepreneurship for the actual and potential self-employed.

50. These measures are expected to contribute to the faster growth of the economy and, at the same time, increase the overall employment content of growth. It is assessed that the relatively faster growth of the sectors identified above can raise employment elasticity close to 0.5, side by side leading to perceptible improvements in labour productivity. The envisaged GDP growth rate of 5.6 per cent during the Eighth Plan, would thus result in an employment growth of around 2.6 to 2.8 per cent per annum, or an average of about 8 to 9 million additional employment opportunities per year. A continuation of employment growth of the Eighth Plan into Ninth Plan, implying an average of 9.5 million employment opportunities per annum, should be able to reduce unemployment to a negligible level by 2002, by and large taking care of the backlog alongwith the addition of 37 million in the labour force during 1997-2002.

51. It must, however, be admitted that the ongoing structural reforms may entail a slow down in the growth rate of GDP and, therefore, of employment during the initial one or two years of the Eighth Plan. Institutional arrangements for retraining and redeployment and various measures of safety net for the workers affected by contraction in employment and erosion in the real income of those with nonindexed incomes are being considered. But the most effective way to deal with the problem would be to create conditions, particularly in the informal sector, to generate larger productive employment by making entry of individuals and tiny units into processing, repair, transport and other services sectors easier, and access to credit, space and other inputs wider. Such a strategy would not only provide a temporary safety net but will also protect employment on a sustainable basis.



Table 6.1  
Growth of Employment 1977-78 to 1987-88

	Rural			Urban			Total		
	M	F	T	M	F	T	M	F	T
Employment (million)									
1977-78	136.2	59.8	196.0	36.1	7.7	43.8	172.3	67.5	239.8
1983	147.9	65.9	213.8	45.4	9.6	55.0	193.3	75.5	268.8
1987-88	157.7	70.5	228.2	51.7	11.0	62.7	209.4	81.5	290.9
Annual Rates of Growth (%)									
1977-78 to									
1983	1.51	1.77	1.59	4.23	4.18	4.22	2.11	2.06	2.10
1983 to									
1987-88	1.43	1.52	1.46	2.97	2.95	2.96	1.80	1.71	1.77
1977-78 to									
1987-88	1.48	1.66	1.53	3.66	3.62	3.66	1.97	1.90	1.95

\* Usual Principal Status (UPS).

Source: NSSO (32nd, 38th and 43rd Rounds) and Estimates of Population based on 1971 & 1981 Census population and provisional population totals of 1991 Census.

M - Male F-Female T-Total

Table 6.2  
Growth Rates of Employment\* by Major Sectors

Sl. No.	Sector	1977-78 to 1983	1983 to 1987-88	1977-78 to 1987-88
		( per cent per annum )		
1.	Agriculture	0.91	0.94	0.92
2.	Mining	6.32	5.68	6.03
3.	Manufacturing	3.76	2.18	3.05
4.	Construction	7.93	13.03	10.19
5.	Elect. Gas & Water Supply	6.01	3.15	4.71
6.	Trade	3.52	3.83	3.66
7.	Transport, Storage and Communication	6.66	2.35	4.70
8.	Services	4.49	2.06	3.39
	Total:	2.10	1.77	1.95

\* UPS

Source: ibid

Table 6.3  
Growth in Organised Sector Employment : 1978-88

Sr. No.	Sector	1978-83	1983-88	1978-88
(per cent per annum)				
1.	Agriculture	1.30	1.11	1.21
2.	Mining & Quarrying	2.56	0.88	1.71
3.	Manufactureing	2.07	(-) 0.09	0.99
4.	Elec., Gas & Water	3.67	3.26	3.47
5.	Construction	1.92	1.25	1.59
6.	Trade	1.94	1.43	1.69
7.	Trans., Storage & Communication	2.25	1.20	1.72
8.	Services	2.96	2.25	2.60
Total:		2.48	1.38	1.93
Public Sector		2.99	2.17	2.58
Private Sector		1.41	(-) 0.43	0.48

\* Based on data from Employment Market Information Programme of the Ministry of Labour.

Table 6.4  
Average Annual Rates of Growth of Employment\* of the  
Educated: 1977-78 -- 1987-88

Sex/Residence	1977-78 to 1983	1983 to 1987-88	1977-78 to 1987-88
( per cent )			
Rural	6.61	8.35	7.39
Urban	4.88	6.21	5.48
Male	5.51	6.76	6.07
Female	6.58	11.08	8.58
Total	5.59	7.14	6.29

\* Usual Principal Status (age group 15 +) Based on NSSO 32nd, 38th and 43rd Rounds.



Table 6.5  
Percentage Distribution of Workers \*by 9 Major Sectors

Sector	1977-78	1983	1987-88
1. Agriculture	70.70	66.31	63.90
2. Mining & Quarrying	0.52	0.65	0.77
3. Manufacturing	10.00	10.93	11.13
4. Electricity, Gas and Water Supply	0.26	0.32	0.34
5. Construction	1.82	2.47	3.96
6. Trade	6.18	6.67	7.30
7. Transport	2.13	2.71	2.78
8. Financing, Real Estate Insurance and business services	0.55	0.73	0.83
9. Community, Social & Personal Services	7.82	8.78	8.80
Total	100.0	100.0	100.0

\* UPS

- Notes: 1. Total includes a negligible group 'industry not recorded'.  
2. Based on NSSO 32nd, 38th and 43 Rounds.

Table 6.6  
Percentage Distribution of Workers\* by Category of Employment

	Rural			Urban			Total		
	M	F	T	M	F	T	M	F	T
Self Employment									
1977-78	62.2	56.3	60.4	39.9	42.2	40.3	57.9	54.8	57.0
1983	59.5	54.1	57.8	40.2	37.3	39.7	55.0	52.0	54.1
1987-88	57.5	55.1	56.7	41.0	38.6	40.5	53.8	53.1	53.6
Regular Salaried Employment									
1977-78	10.9	3.7	8.6	47.2	30.8	44.2	17.9	6.6	14.6
1983	10.6	3.7	8.5	44.5	31.8	42.2	18.5	7.3	15.3
1987-88	10.4	4.7	8.6	44.4	34.7	42.7	18.0	8.3	15.2
Casual Wage Employment									
1977-78	26.9	40.0	31.0	12.9	27.0	15.5	24.2	38.6	28.4
1983	29.9	42.2	33.7	15.3	30.9	18.1	26.5	40.7	30.6
1987-88	32.1	40.2	34.7	14.6	26.7	16.8	28.2	38.6	31.2

\* UPS

Source: ibid

M-Male F-Female T-Total

Table 6.7  
Unemployment Rates\* by Sex, Residence and Status

Sector/ Status	1972-73			1977-78			1983			1987-88		
	M	F	T	M	F	T	M	F	T	M	F	T
Rural												
UPS	-	-	-	2.22	5.52	3.26	2.12	1.41	1.91	2.87	3.52	3.07
UPSS	1.16	0.48	0.92	1.28	2.01	1.54	1.41	0.66	1.13	1.81	2.27	1.98
CWS	3.02	5.51	3.86	3.57	4.13	3.74	3.72	4.26	3.88	4.16	4.27	4.19
CDS	6.83	11.22	8.21	7.12	9.18	7.70	7.52	8.98	7.94	4.58	6.91	5.25
Urban												
UPS	-	-	-	6.48	17.76	8.77	5.86	6.90	6.04	6.07	8.77	6.56
UPSS	4.79	6.05	5.03	5.40	12.40	7.01	5.08	4.85	5.02	5.16	5.93	5.32
CWS	5.96	9.09	6.53	7.12	10.93	7.86	6.69	7.46	6.81	6.71	8.93	7.12
CDS	8.02	13.67	8.99	9.40	14.55	10.34	9.23	10.99	9.52	8.79	12.00	9.36
Total												
UPS	-	-	-	3.07	7.01	4.23	3.02	2.14	2.77	3.60	4.19	3.77
UPSS	1.90	1.02	1.61	2.09	3.19	2.47	2.28	1.16	1.90	2.56	2.72	2.62
CWS	3.61	5.87	4.32	4.29	4.97	4.48	4.44	4.70	4.51	4.75	4.92	4.80
CDS	7.07	11.46	8.35	7.59	9.86	8.18	7.93	9.26	8.28	5.54	7.61	6.09

\* Unemployed as percentage of labour force.

UPS : Usual Principal Status; UPSS : Usual Principal & Subsidiary Status; M-Male  
CWS : Current Weekly Status; CDS : Current Daily Status F-Female

Source : NSSO: 27th, 32nd, 38th & 43rd Rounds.



Table 6.8  
State-wise Unemployment Rates\* 1987-88

	Usual Principal Status	Current Weekly Status	Current Daily Status
1. Andhra Pradesh	3.90	5.10	7.35
2. Assam	5.62	5.02	5.09
3. Bihar	2.84	3.77	4.04
4. Gujarat	2.57	4.03	5.79
5. Haryana	5.86	6.57	7.59
6. Himachal Pradesh	3.19	3.05	3.12
7. Jammu & Kashmir	2.67	5.36	5.57
8. Karnataka	2.44	3.28	5.06
9. Kerala	17.07	17.62	21.19
10. Madhya Pradesh	1.51	2.51	2.86
11. Maharashtra	2.86	3.63	4.67
12. Manipur	2.20	2.03	2.10
13. Meghalaya	0.31	0.32	0.32
14. Nagaland	4.45	4.41	4.41
15. Orissa	4.66	5.16	6.44
16. Punjab	4.04	4.28	5.07
17. Rajasthan	2.68	4.21	5.74
18. Sikkim	3.83	2.77	2.88
19. Tamil Nadu	5.25	7.61	10.36
20. Tripura	4.41	4.31	4.66
21. Uttar Pradesh	1.83	2.78	3.44
22. West Bengal	6.06	6.69	8.13
23. A & N. Islands	4.01	4.52	5.77
24. Arunachal Pradesh	0.20	0.28	0.28
25. Chandigarh	8.55	8.91	8.80
26. D & N Haveli	0.42	0.68	0.95
27. Delhi	5.01	4.68	4.77
28. Goa, Daman & Diu	8.99	9.72	11.30
29. Lakshadweep	21.36	21.78	22.14
30. Mizoram	0.11	0.11	0.23
31. Pondicherry	6.73	10.70	21.14
All India	3.77	4.80	6.09

\* Unemployed as percentage of labour force.

Source: NSSO - 43rd Round Survey.

Note: The survey did not include figures for rural areas of Nagaland and Ladakh and Kargil districts of Jammu & Kashmir.

# ERRATA

Page No.	Para/Line	For	Read
1.	1. (iii)/5	view	views
6.	1/6	(Amendment Bill,	(Amendment) Bill,
	1/13	its on	its Report on
7.	1/10	The Committee observes	the Committee observed
8.	4./3	p.a. workers	p.a. for workers
9.	14./1	Section 17 & 18 trade union act	Sections 17 & 18 Trade Unions Act
10.	6/1	domistic	domestic
14.	IV-2/6	that union leaders	that the question of union leaders
15.	1./1	State except	States except
16.	3.-(iii)/3	more that	more than
19.	7.2(RH)/10	secret ballt	secret ballot
26.	1/3 1/8	interfer it would	interfere it could
28.	1-3/4	unanimous	unanimously
30.	1. (a)/8	non-cumbatnant	non-combatant
35.	(iv)/3 (vii)-3/4	unpire whereever	umpire wherever
39.	2/3 12(a)/5	The wanted retrenched	They wanted retrenchment
40.	13(a)-2/3	days for	day for



Page No.	Para/Line	For	Read
41.	14(a)/8	iner-union	inter-union
	14(a)/11	revalvies idiologies	rivalries ideologies
42.	15(b)/6	principle	principal
44.	1/8	technical	technological
45.	(ii)/2	closed by BIFR	closed on the recommendation of BIFR
	(v)/1	estimates for	preparation of estimates for
	(vi)/1	mode of	devising mode of
46.	1/10	in the industrial	in industrial
47.	2/3	there revival	their revival
48.	(i)/2 (iii)/5	that country management	that the country managements
50.	II./6 II/last two	criterion humans are is therefore suggested	criteria humans are, therefore, suggested
51.	3/3rd from last	avenues of the	avenues for the
52.	III./2	criterion	criteria
53.	I.(iii)/2	compiled who	compiled for those who