

**THIRTY FIRST SESSION OF
THE INDIAN LABOUR CONFERENCE
VIGYAN BHAVAN, NEW DELHI
(3 - 4 JANUARY, 1995)**



**MINISTRY OF LABOUR
GOVERNMENT OF INDIA
NEW DELHI**

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AGENDA



सत्यमेव जयते

**MINISTRY OF LABOUR
GOVERNMENT OF INDIA
NEW DELHI**

31ST SESSION OF THE INDIAN LABOUR CONFERENCE

NEW DELHI : 3 - 4 JANUARY, 1995

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THIRTY FIRST SESSION OF THE INDIAN LABOUR CONFERENCE

A G E N D A

- ITEM 1 : CONFIRMATION OF THE MINUTES OF THE THIRTIETH SESSION OF THE INDIAN LABOUR CONFERENCE HELD ON 7TH AND 8TH SEPTEMBER, 1992 AT NEW DELHI

The Minutes of the Thirtieth Session of the Indian Labour Conference held on 7th and 8th September, 1992 were circulated vide letter no. U-12012/1/92-L.C. dated 22.12.1992.

- ITEM 2 : ACTION TAKEN ON CONCLUSIONS OF THE THIRTIETH SESSION OF THE INDIAN LABOUR CONFERENCE HELD ON 7TH AND 8TH SEPTEMBER, 1992 AT NEW DELHI.

<u>ITEM</u>	<u>CONCLUSIONS</u>	<u>ACTION TAKEN</u>
1.	<p>It was observed that Government of India had, before it, the considered views of the Central Trade Union Organisations, the Central Employers' Organisations and State Governments on the recommendations of the Bipartite Ramanujam Committee. In this context, the Conference felt that it would be more useful to discuss the matter after the views of the Government of India were known in this regard. The Chairman assured that the drafts of the proposed Industrial Relation and Trade Union Bill would be prepared, keeping in view the ideas and suggestions expressed by all the parties and the changes that had since taken place both inside and outside the country. The Chairman also offered to have a discussion on the matter with select group of representatives of parties present in the Conference.</p>	<p>Based on the recommendations of the Ramanujam Committee and further discussions held thereon in various forums, Ministry of Labour have finalised proposals to amend the Trade Unions Act, 1926 and Industrial Disputes Act, 1947. Consistent with the offer made by the Chairman, the draft proposals for amending both Acts were discussed with a select group representing Central Trade Unions and Employers' Organisations on 23rd November, 1992. Accordingly, the Bill to amend the Trade Unions Act was prepared, which has been referred to the Department Related Parliamentary Standing Committee on Labour and Welfare for examination and report. Likewise, proposals to amend the Industrial Disputes Act also have been prepared and approval to introduce the Bill in Parliament is being obtained from the competent authority.</p>

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2. On the impact of the New Industrial Policy, the Chairman referred to the assurance by the Prime Minister that it would not lead to any human distress and the legitimate interests of labour would be protected.

In order to ensure that the cost of structural reforms on account of the new industrial and trade policies do not have to be borne exclusively by the workers, the Government have initiated necessary ameliorative measures by providing for a social safety net to protect the workers from the adverse consequences of the inevitable changes. A National Renewal Fund (NRF) has been constituted for this purpose and target groups have been identified for application of the various rehabilitation packages appropriate to each group.

Proposals for restructuring of Central public sector undertakings are discussed in the Special Tripartite and Sectoral Tripartite Committee meetings, as the case may be, so that the viewpoints of the workers can be articulated and get reflected in the policy decisions concerning restructuring of sick enterprises.

3. In regard to retraining and redeployment, the Conference desired identification of labour for such retraining and redeployment and a scheme for industry-wise and occupation-wise redeployment. The Conference also expressed the view that Government should identify the agency for retraining and indicate what would be the time gap between identification of labour for retraining and their redeployment. The Conference also wanted to know how labour of one unit would be redeployed in

The Government has established the National Renewal Fund (NRF) to provide assistance for training, re-training and redeployment of workers and make available funds for employment generation schemes both in the organised and unorganised sectors in order to provide a social safety net for labour needs arising from the consequences of modernisation, industrial restructuring etc. The employee who is rationalised needs counselling to recover from the trauma of job-loss.

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another unit.

The severance payments for rationalised workers through the Voluntary Retirement Scheme (VRS) are quite substantial. It is imperative that the amounts received are channelised productively. The financial institutions/banks have evolved a variety of investment options. On the basis of the data on skills/educational qualifications, age, etc. of the rationalised workers, the Employee Resource Centres (ERC), located within the industrial units, would identify the employees desirous of entering the labour market as wage earners as well as potential entrepreneurs. The role of the ERC is to provide psychological and financial counselling, informatory materials, identification documents, etc. and direct the job seekers to the local Employee Assistance Centres (EAC). Those interested in self-employment ventures would be directed to the Business Development Cell within the EAC. To begin with, an amount of Rs.50 crores has been earmarked for counselling, training and redeployment out of the NRF and five Employee Assistance Centres have been sanctioned as pilot projects in different areas. These are:

1. Gandhi Labour Institute (GLI), Ahmedabad
2. Confederation of Indian Industry (CII), Bombay
3. National Small Industries Corporation (NSIC), Calcutta

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4. Small Industries Service Institute (SISI), Indore
5. Associated Chamber of Commerce & Industry (ASSOCHAM), Kanpur

These Centres would broadly cover a range of activities including labour market surveys to gather information about potential marketable skills, job counselling, retraining, self-employment and redeployment/placement. In addition to these, a special training scheme has also been sanctioned under the National Renewal Fund for implementation through the Directorate General of Employment & Training under the Ministry of Labour for workers who have been rendered surplus or have taken voluntary retirement. The scheme envisages training of such workers through part-time evening classes in some 15 selected Industrial Training Institutes which are under the administrative control of the respective State Governments. This schedule is also to be implemented in five Advanced Training Institutes located at Bombay, Calcutta, Kanpur, Ludhiana, Hyderabad and one Central Training Institute for instructors located at Madras. As on 30.9.94, 540 workers had received retraining in the above mentioned five Centres and 6096 rationalised workers have been provided services by ERCs set up in 20 Central Public Sector Undertakings (CPSUs). Government is actively considering conversion of the pilot retraining schemes into a country-wide programme.

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4. For absorption of surplus labour, if any, and for maximising capacity utilisation, the Conference suggested diversification and broad-basing by working the units round the clock and on all days of the week.
5. The Conference expressed its serious concern at the low productivity of Indian industry and expressed its determination to improve wherever necessary its productivity, enhance its quality and reduce the price of goods to make them internationally competitive. The Conference decided to strive for improvement in discipline and attitude to work at all levels. It also decided that bipartite efforts to improve productivity and quality should be institutionalised.
- Enhancing the productivity, quality, product diversification and competitiveness of Indian industry are the general issues discussed in various Tripartite Committee Meetings. The question of diversification was specially discussed in the meeting of the Industrial Committee on Jute Industry held on 5.2.94. The Committee observed that the Government had taken several initiatives for modernisation of the jute industry and diversification of the product-mix with the help of UNDP. It was also observed that units which had gone in for diversified products were doing comparatively better. The Committee stressed that efforts should continue to be made to bring about greater diversification in the jute industry. In the meeting of the Industrial Committee on Chemical Industry held on 4.2.94, the Committee observed that workers in various pharmaceutical units had demonstrated considerable sense of responsibility and sacrifice. In the case of IDPL, unions had entered into an agreement with the management for revival of the company wherein workers had agreed to sacrifice certain benefits for the time being until the company was revived. The same trend was discernible in jute and engineering industries. As regards the Bi-partite Productivity Movement, the Central Organisations of Employers have been requested to give a feed-back on the steps taken by them on the recommendation of the 31st Session of the Standing

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Labour Committee held on 25.7.1992 regarding setting up of autonomous Bi-partite Productivity Councils at the National, Regional, Industrial and Plant level across the country.

6. The Trade Unions demanded:

(i) the removal of ceiling on bonus both for eligibility and for computation by promulgation of an ordinance;

The issue of enhancing the ceiling from Rs. 2500/- to Rs.3500/- for eligibility of bonus and from Rs. 1600/- to Rs.2500/- for computation of bonus is under consideration of the Government.

(ii) the immediate implementation of the DA rate of Rs.2 per point of the Consumer Price Index (1960 series);

The Government has since accepted the recommendations of the Tripartite Dearness Allowance Committee, made in its meeting held on 23.7.92, for enhancement of the rate of Industrial Dearness Allowance from Rs. 1.65 to Rs. 2.00 per point shift in All India Consumer Price Index (AICPI) beyond 800 points (1960=100). This decision was conveyed to all the Chief Executives of PSEs by the Deptt. of Public Enterprises vide their O.M. No. 1(2)/90-DPE(WC) dated 19th March, 1993.

(iii) permission for the managements of the public sector units to commence negotiations with the unions on their charter of demands immediately;

The Government has since decided to withdraw the ban imposed in October, 1991 and permitted the managements of the Central & State/PSUs to commence wage negotiations with the respective Trade Unions/Associations. The Deptt. of Public Enterprises, vide O.M.No. 1(3)/86-DPE(WC) dated 12th April, 1993, have issued necessary guidelines for the New Wage Policy.

(iv) clearance by Government to the agreement regarding pension and for the Pension

A Bill to amend the EPF & MP Act for empowering the Central Government to frame

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|------|--|---|
| | Scheme for its early introduction; | a Pension Scheme for the EPF subscribers has already been introduced in the Rajya Sabha. |
| (v) | enhancement of the rate of interest on Employees' Provident Fund to at least 13%; | The EPF subscribers are being paid interest at the rate of 12% on their monthly running balance w.e.f. 1.4.93. This is considered adequate for the present. |
| (vi) | enhancement of the limits of exemption of income tax substantially. | The question is considered every year at the time of annual budget-making exercise. Final decision is taken keeping in view various factors e.g. revenue collections, rate of inflation etc. |
| 7. | The employers wanted postponement of the decision on removal of ceiling on bonus both for eligibility and computation of bonus by one year so that a well-thought out scheme could be evolved. They also wanted productivity linked bonus as prescribed under the law. | The issue of enhancing the ceiling from Rs. 2500/- to Rs.3500/- for eligibility of bonus and from Rs. 1600/- to Rs. 2500/- for computation of bonus is under consideration of the Government. |
| 8. | The Trade Unions indicated that the first National Commission on Labour was appointed about 25 years ago and the time had come to set up another National Commission on Labour to examine the issues that labour was facing today in view of the many changes that has occurred in the meantime. | The proposal for setting up of the 2nd National Commission on Labour is under the consideration of the Government. |
| 9. | The Labour Cell in the Planning Commission may be revived to facilitate consultation with Trade Unions while formulating policies concerning labour. The view expressed by the | A Standing Advisory Committee on Labour has been set up with the Deputy Chairman of the Planning Commission as its Chairman. The composition of the Committee is annexed. |

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participants in the Conference with regard to employment policy may be conveyed to the Planning Commission for its consideration and for the consideration of the two Sub-Committees of the Planning Commission/NDC which are considering strategies for implementation of the employment policy.

The minutes of the 30th Session of the Indian Labour Conference and a copy of the verbatim record of the item on 'employment policy' were forwarded to Planning Commission on 23 April, 1993 for its consideration.

Q-20024/7/93-LP
GOVERNMENT OF INDIA
PLANNING COMMISSION

YOJANA BHAVAN
SANSAD MARG
NEW DELHI-110001

Dated: 1.5.94

O_R_D_E_R_

Subject: Constitution of Standing Advisory Committee on Labour.

As a follow-up of one of the conclusions reached in the 30th Session of the Indian Labour Conference held on 7-8 September, 1992 in New Delhi, it has been decided to set up a Standing Advisory Committee in the Planning Commission to facilitate consultations with trade unions and experts in labour matters in formulating plans and policies concerning labour.

2. The Composition of the Committee will be as follows :

- | | |
|--|-----------------|
| 1. Deputy Chairman, Planning Commission | - Chairman |
| 2. Minister of State for Labour,
Government of India | - Vice-Chairman |
| 3. Member, Planning Commission, incharge
of Labour, Employment and Manpower | - Member |

4-13 Representatives of Trade Union Organisations :
(figure in brackets indicate number of representatives)

- | | |
|---|-----------|
| (i) Indian National Trade Union
Congress (3) | - Members |
| (ii) All India Trade Union Congress (1) | - Member |
| (iii) Hind Mazdoor Sabha (1) | - Member |
| (iv) Bhartiya Mazdoor Sangh (2) | - Members |
| (v) Centre of Indian Trade Unions (1) | - Member |
| (vi) United Trade Union Congress (LS) (1) | - Member |
| (vii) National Labour Organisation (1) | - Member |

14-15 Representatives of two organisations working in the
unorganised sector

- (i) Self-Employed Women's Association - Member
(SEWA), Ahmedabad
- (ii) Fishermen's Federation, Trivandrum - Member

16-17 Experts in labour matters

- (i) Dr. (Mrs.) Swapna Mukhopadhyay, - Member
Institute of Economic Growth, Delhi
- (ii) Shri T.S. Sankaran, - Member
Executive President,
National Labour Law Association,
Delhi

18. Adviser (Labour, Employment & Manpower), Planning Commission - Member Secretary

3. The Chairman of the Committee may co-opt any other person as a Member of the Committee.

4. Member Secretary/Secretary, Planning Commission and Secretary, Ministry of Labour, will be permanent invitees to the meeting of the Committee.

5. The Committee will advise the Planning Commission on labour matters relating to Plan such as employment, manpower, training, productivity and wage policy.

6. The Committee will decide on the frequency and subjects for its deliberations in different meetings.

7. The non-official members of the Committee will be paid travelling and other expenses in connection with the meeting of the Committee, as per government rules in operation from time to time.

8. The Committee will be serviced by the Labour, Employment and Manpower Division of the Planning Commission.

sd/

GURJOT KAUR
Deputy Secretary

ITEM 3 : INDUSTRIAL RELATIONS IN THE CONTEXT OF THE ECONOMIC REFORMS INCLUDING REHABILITATION OF SICK INDUSTRIES, SOCIAL SECURITY, IMPROVEMENTS IN PRODUCTIVITY.

The process of liberalisation, economic reforms and structural adjustment was set in motion with the announcement of the New Industrial Policy on July 24, 1991. This was followed by corrections in the fiscal regime, reforms in Trade and Exchange Rate policies, Foreign Investment policies, Taxation policies, Financial sector reforms and restructuring of the public sector. The basic aim of the economic reforms programme is to transform the protected, inward looking, highly regulated inefficient and heavily subsidised command economy into a vibrant, outward looking liberalised market economy driven by the forces of competition, productivity and efficiency.

India's economic reforms is just over three years old. Already, it has yielded many positive results:

- The rate of economic growth is expected to be in the region of 5.5% this year.
- The rate of inflation has been brought down to single digits.
- Fiscal deficit has been reduced to manageable proportions.
- Exports have grown steadily.
- Foreign exchange reserves have risen sharply to nearly 20 million U.S. dollars.
- The exchange rate of the Rupee has held firm.
- Foreign direct investment has gone up sharply and proposals approved by the Government amount for investments totalling Rs.158.79 billion as on July, 1994.
- India's credit rating is high and foreign institutional investors have reposed confidence in its equity markets.

The integration of the Indian economy with the global economy, which is the basic objective of the economic reforms programme, is far from complete. Government policies will have to continually monitor the dynamic and ever-changing geo-political, economic and social phenomena and carry out the necessary adjustments from time to time. It will be incumbent also on the part of the two other social partners, namely the employers and workers, to appreciate the inevitability of change and maximise the benefits that may be derived from the new work ethos.

The state of industrial relations in the country is a good barometer to measure the health of the economy, its rate of growth and changes in its orientation towards higher productivity, efficiency and competitiveness.

INDUSTRIAL RELATIONS - A COMPARATIVE PICTURE

Loss of Mandays due to Strikes & Lockouts

The industrial relations situation, as reflected in the statistics of loss of mandays due to strikes & lockouts, has shown improvement in the years following the reforms as indicated below:-

Mandays lost due to strikes & lockouts (in millions)

Year	Central	State	Public	Private	Strike	Lockout	Total	Annual Average
1989	4.29	28.38	5.74	26.92	10.70	21.97	32.66	28.37
1990 (P)	3.25	20.84	5.75	18.35	10.64	13.45	24.09	
1991 (P)	2.75	23.68	4.14	22.28	12.43	14.00	26.43	
1992 (P)	0.77	30.49	1.92	29.33	15.13	16.13	31.26	25.78
1993 (P)	1.20	19.10	2.29	18.01	5.61	14.69	20.30	(-7.34%)

(P) = Provisional

There was a reduction of 7.34% in the average loss of mandays in the two post reform years (1992-93) as compared to the two pre-reform years (1989-90). The increase in mandays lost in 1992 was due to the 12.6 million mandays lost as a result of strikes & lockouts in the jute industry in West Bengal. According to the provisional estimates, the mandays lost on account of strikes and lockouts for the period January - August, 1994 was 10.9 million.

Incidence of Strikes & Lockouts

The number of strikes & lockouts in the two post reform years decreased by 16% as compared to the two pre-reform years, as would be seen from the table given below:-

Year	Number of strikes & lockouts						Total	Annual Average
	Central Sphere	State Sphere	Public Sector	Private Sector	Strikes	Lockouts		
1989	483	1303	615	1171	1397	388	1786	1855
1990 (P)	487	1338	628	1197	1459	366	1825	
1991 (P)	517	1293	653	1157	1278	532	1910	
1992 (P)	514	1200	617	1097	1011	703	1714	1553
1993 (P)	272	1121	359	1034	914	479	1393	(-16%)

(P) = Provisional

Trends in Industrial Disputes

Available data on industrial disputes (resulting in work stoppage and involving 10 or more workers) can be distributed cause-wise, as follows :-

(Figures in percentage)					
Cause Group	1989	1990	1991	1992	1993
Wages & Allowances	24.6	24.9	24.6	23.0	26.8
Personnel & Retirement	19.7	16.4	17.4	25.6	15.7
Indiscipline & Violence	15.9	16.1	18.9	9.0	25.1
Bonus	6.3	4.1	4.0	1.2	2.4
Others	33.5	38.5	35.1	41.2	30.0

The figures do not reveal any steady trend. Bonus disputes, however, appear to be declining.

Closure, Retrenchment and Lay Off

Available data on closures, retrenchment & lay off is given below:-

Year	Closures		Retrenchment		Lay off	
	No. of units	No. of workers affected	No. of units	No. of workers affected	No. of units	No. of workers affected
1989	239	6921	174	3258	538	70653
1990	154	4967	268	3037	442	64080
1991	238	21439	235	4396	461	71060
1992	187	12422	222	3836	477	107612
1993	493	25658	189	2891	425	65628

The figures do not reveal any steady trend, apart from an indication that the number of closures and workers affected have slightly increased.

STATE WISE & INDUSTRY WISE ANALYSIS OF STRIKES & LOCKOUTS AND LOSS OF MANDAYS

Incidence of strikes & lockouts in selected States is at Annexure-I. Loss of mandays due to strikes & lockouts in the selected states is at Annexure-II. The number of strike & lockouts and mandays lost in selected industries is at Annexure-III. Distribution mandays lost due to strikes & lockouts by causes, is at Annexure-IV and the resultant mandays lost is at Annexure-V.

STATE WISE ANALYSIS

About 75 percent of the total loss of working days is accounted for by the States of West Bengal, Maharashtra, Tamil Nadu and Andhra Pradesh. Data on loss of mandays due to strikes/lockouts in these states is given below :-

Year	West Bengal		Maharashtra		Tamil Nadu		A.P.	
	Loss of mandays	Annual avrg	Loss of mandays	Annual avrg.	Loss of mandays	Annual avrg.	Loss of mandays	Annl avrg.
1989	12.646	9.819	5.984	5.492	1.875	2.250	4.910	4.166
1990	6.993		5.000		2.626		3.422	
1991	5.822		3.304		7.260		2.759	
1992	17.666	12.459	3.245	3.008	2.868	2.627	2.546	2.274
1993	7.252	(+27%)	2.771	(-45%)	2.387	(+17%)	2.002	(-46%)

(Figures in brackets show percentage changes in the post-reform annual average over the pre-reform average).

Loss of working days due to work stoppages in Maharashtra and Andhra Pradesh in the post reform years was lower by 45% and 46% respectively, whereas the loss increased in West Bengal and Tamil Nadu by 27% and 17% respectively.

INDUSTRY WISE ANALYSIS

Cotton textiles, Jute, Engineering industries, Coal and non-coal Mines, Plantations, Banking and other Financial institutions witnessed about 75% of the total disruption of work due to industrial disputes. Data on the loss of mandays due to strikes/lockouts in these industry-groups is given below:-

(Figures in millions)

Period	Cotton Textiles		Jute		Engineering	
	Loss of mandays	Annual average	Loss of mandays	Annual average	Loss of mandays	Annual average
1989	8.752	6.558	6.196	4.120	4.711	4.711
1990	4.364		2.044		4.711	
1991	8.471		1,926		5.122	
1992	3.930	3.891	12.500	8.408	5.146	4.394
1993	3.852	(-41%)	4.250	(+104%)	3.643	(-9.3%)

Period	Coal mining		Non-Coal Mines		Plantations	
	Loss of mandays	Annual average	Loss of mandays	Annual average	Loss of mandays	Annual average
1989	2.832	2.549	0.394	0.241	0.128	0.178
1990	2.266		0.189		0.220	
1991	1.425		0.212		0.195	
1992	0.555	0.465	0.277	0.399	0.504	0.403
1993	0.375	(-82%)	0.521	(+65%)	0.303	(+126%)

Period	Banks & financial institutions	
	Loss of mandays	Annual average
1989	0.228	0.224
1990	0.220	
1991	0.020	
1992	0.464	0.375
1993	0.287	(+67%)

(Figures in brackets show the percentage change in the post-reform annual averages over the pre-reform averages).

It would be seen that Jute, Plantations, Banking and other Financial institutions and non-coal Mining industries suffered deterioration by 104, 67 and 65 percent respectively in the post reform period, while Coal mining, Cotton textiles and Engineering industries recorded improvements by 82, 41 and 9.3 percent respectively. The most notable and steady improvement in industrial relations in the post reform years has been witnessed in the Coal mining industry, which has in the past been a strike prone industry. Management of industrial relations in the coal industry deserves to be complimented and its success story should be analysed for drawing lessons which could be replicated in other sectors.

"SICK INDUSTRIAL COMPANY"

According to the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), a "sick industrial company" means an industrial company (being a company registered for not less than 7 years) which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth and has also suffered cash losses in such financial year and also in the financial year immediately preceeding such financial year. The law mandates that where an industrial company has become sick, the Board of Directors of the Company shall within 60 days from the date of finalisation of the duly audited accounts of the company for the financial year as at the end of which the company has become a sick industrial company, or if the Board of Directors

form such opinion even before the finalisation of the audited accounts that the company has become a sick industrial company, should make a reference to the BIFR. The SICA empowers the BIFR to take necessary action for determining preventive, ameliorative, remedial and other measures in respect of sick or potentially sick companies owning industrial undertakings and for expeditious enforcement of the measures so determined in the public interest.

The definition of "Sick industrial company" under the Sick Industrial Companies (Special Provisions) Act, 1985 was amended in December, 1993 and the amendment came into force from February, 1994. Under the amended definition, a "Sick Industrial Company" is defined as a company which has been incorporated for at least 5 years and whose net worth has been fully eroded. The condition precedent of cash losses having been incurred during the preceeding two consecutive years for reference to the BIFR has been done away with.

The above definition pertains only to sick industrial companies which come within the purview of the Sick Industrial Companies Act, 1985. The Development Commissioner for Small Scale Industries has defined a sick SSI unit as one which has (a) incurred cash loss in the previous accounting year and is likely to continue to incur cash loss in the current accounting year and has suffered erosion on account of cumulative cash losses to the extent of 50% or more of its net worth and/or (b) continuously defaulted in meeting four consecutive quarterly instalments of interest or two half-yearly instalments of principal on term loans and there are persistent irregularities in the operation of its credit limit with the banks. While both the conditions (a) and (b) should be satisfied in the case of larger SSI units, it would suffice if either alternative (a) or (b) is satisfied in the case of the tiny and decentralised sector units.

According to RBI, an SSI unit may be classified as sick when:

(i) any of its borrowal accounts has become a 'doubtful' advance, i.e., the principal or interest of any of its borrowal accounts has remained overdue for a period exceeding two and a half years and;

(ii) there is erosion in its net worth due to accumulated cash loss to the extent of 50 percent or more of its peak net worth during the preceeding two accounting years.

Apart from SSI sick and non-SSI sick industries (as defined in the SICA) the Reserve Bank of India also collects information on non-SSI weak units. An industrial undertaking is classified as "weak" if at the end of any accounting year it has accumulated losses equal to or exceeding 50% of its peak net worth in the immediately preceding five accounting years.

REVIEW OF INDUSTRIAL SICKNESS BY R.B.I.

The data on industrial sickness is compiled by the Reserve Bank of India. Information relating to the number of sick/weak units and the amounts outstanding against them as at end of March, 1992 and September, 1992 is given below. However, it may be mentioned that data relating to non-SSI sick units shown in the

Table is in accordance with the original definition of "Sick Industrial Company" under the SICA. The position may have undergone some change after February, 1994 as some of the "weak" units may now be covered under the category of "sick units" in terms of the amended definition of "Sick Industrial Company".

(Rs. in crores)

Sl.No.	Number of Units			Outstanding Bank Credit		
	1991 (March)	1992 (March)	1992 (Sept.)	1991 (March)	1992 (March)	1992 (Sept.)
1. SSI Sick units	221472	245,575	233,441	2792	3101	3346
2. Non SSI Sick units	1461	1,536	1,599	5105	5786	6805
3. Non SSI weak units	876	813	828	2870	2646	2436
Total	223809	247,924	235,868	10767	11533	12586

It will be seen from the above Table that the number of sick and weak units as at the end of September, 1992 declined as compared to March, 1992. However, the total bank credit locked up in these units increased during this period. Although, in terms of numbers SSI units represent nearly 99% of all sick/weak units, in terms of outstanding bank credit, their share is only 26.6%. Non SSI sick/weak units account for 73.4% of the total outstanding bank credit locked up in the sick/weak units. As on September 1992, sick/weak units accounted for 17.6% of the total outstanding bank credit advanced to the industrial sector.

The dimension and spread of sickness across industry groups may be seen in the Table below :

(Rs. in crore)

Industry	Total credit outstanding in sick/weak units	Total Bank Credit	% of outstanding in sick/weak units
Engineering	1678	15968	10.5
Electrical	510	2210	23.1
Textiles	1972	4462	44.2
Jute	194	339	57.3
Paper	399	1548	25.8
Rubber	121	1132	10.7
Cement	340	1045	32.5
Iron & Steel	638	4701	13.6
Sugar	152	1078	14.1
Chemicals	940	9199	10.2
Misc	2296	29711	7.7
Total	9241	71390	12.9

(The total outstanding credit in sick/weak units refers only to the non-SSI sector, whereas the total outstanding also includes the SSI sector).

The RBI Report also indicates the composition of the non-SSI sick/weak units according to ownership pattern. The following pattern emerges:

(Rs. in crores)

Sectors	Sick Units		Weak units		Total	
	No.	Amount Outstanding	No.	Amount Outstanding	No.	Amount Outstndg.
Public	95	838	172	976	267	1814
Private	1391	5524	604	1223	1995	6747
Joint	113	443	52	237	165	680
Total	1599	6805	828	2436	2427	9241

The Report also indicates the status of sick and weak units. In the non-SSI sector, out of the total number of 2427 sick/weak units, 1011 units are non-viable, representing 42% of the total. The outstanding bank credit in these non viable units is 24.9% of the total outstanding credit to sick/weak units and 3.2% of the total bank credit to the industrial sector as a whole.

The disaggregated industry level picture of industrial sickness indicates that the relative share of various industry groups in the total locked up funds over the years has not undergone any significant change. Industrial sickness has been very widespread in the traditional sectors like textiles, engineering and jute. These are the older industries located in the Western region around Bombay and Ahmedabad and the Eastern region around Kanpur and Calcutta. Industrial sickness, therefore, also has a regional dimension and concerns the rejuvenation of these cities. Sickness has also been widespread in the industry segments which have been exposed to competition and where technological development has been more rapid, like in the electronics and engineering industries.

Reasons for Industrial Sickness

The main reasons for industrial sickness based on the number of occurrences in respect of 2427 sick and weak non-SSI units as reported by the banks to RBI, are classified in the following Table :

Reasons for Sickness	Percentage to total number of occurrences
(A) Internal factors	
(i) Project appraisal - deficiencies in Technical feasibility	6.0
Economic viability	2.4
	8.4

(ii) Project Management - deficiencies in		
Implementation	3.6	
Production	8.7	
Labour	6.6	
Marketing	7.8	
Financial	11.4	
Administrative	9.3	47.4
(B) External factors		
(iii) Other than marketing		
Non-availability of raw materials	3.8	
Power shortage	4.9	
Transport bottlenecks	0.3	
Financial bottlenecks	3.7	
Change in Govt. policy	3.4	
Natural calamities	0.7	
Strike	1.5	
Increase in import cost	1.0	
Increase in overheads cost	3.6	22.9
(iv) Marketing		
Market saturation	2.2	
Product obsolescence	0.7	
Fall in demand/recession	6.9	9.8
(v) Others (not specified)	11.5	

		100.0

The aforesaid Table reveals that internal manmade factors comprising shortcomings in project appraisal (8.4%) and project management (47.4 per cent) were responsible for 55.8 per cent of the total occurrences. Factors beyond the control of the promoters/managers accounted for the remaining 44.2 per cent of the occurrences. Non-availability of raw materials, power shortages, transport bottlenecks etc. (22.9%), adverse developments in external markets (9.8%) and other factors not within the control of the promoters/ Managers were some of the external factors.

The reasons for industrial sickness could also be policy induced, related to changes in the industrial structure internal to the working of the unit. Some external factors arising mainly from the structural changes in industry and technological obsolescence have also been internalised. The absence of an innovative management has rendered the problem more intractable.

Sickness has also been due to limited promoters' stake in the enterprise. Decades of development financing had created an environment where industrialists believed that soft loans at concessional rates of interest were incumbent for industrial development. Rehabilitation schemes also contained a package of subsidised loans. Research has shown that sick units invariably have a high debt equity ratio, which makes it difficult for the unit to restructure. Since interest on loans has to be paid regardless of performance, a high debt equity ratio introduces greater financial rigidities in the performance of sick/weak companies.

Dealing with Industrial Sickness

Industrial Reconstruction Bank of India (IRBI)

Government has always been concerned with the problem of sickness in the industrial sector. The formation of the Industrial Reconstruction Corporation of India (IRCI) in 1971 was the first institutionalised attempt towards reconstruction and rehabilitation of sick enterprise. In order to facilitate its operations, IRCI was converted into a development financial institution in 1984 under the title Industrial Reconstruction Bank of India (IRBI). By the end of March, 1994, IRBI had extended financial assistance of nearly Rs.1,500 crores to companies requiring rehabilitation.

Government appointed a Committee in 1993 on Industrial Sickness and Corporate Restructuring to study the causes of sickness and suggest appropriate measures to effectively deal with the phenomenon. The Committee in its report has stated that the market structure, high tariffs, price regulation of inputs and barriers to domestic competition had provided a cushion for production and cost inefficiencies. They also prevented reorganisation of the industries at the appropriate time to take advantage of future growth opportunities and have fostered an uncompetitive environment with little incentive to modernise and expand. They also recommended various reforms in the operation of SICA and BIFR. The recommendations of the Committee are under the active consideration of the Government.

The policy initiatives adopted by the Government since July, 1991 for reform of the industrial sector aim at removing some of these distortions to make it easier for industries to adjust to change by relocating their productive resources, both capital and labour. The thrust of the economic reforms programme is to remove the rigidities which had earlier prevented timely industrial restructuring. At the same time, however, it must be appreciated that restructuring of industries involving rationalisation of labour must be effected with minimum hardship to the most vulnerable community of workers. This can be achieved in the short term by putting in place a social safety net to protect the workers from the adverse consequences of modernisation and industrial restructuring. Government have, therefore, constituted the National Renewal Fund, details of which are contained under the appropriate title. In the long run the answer would lie in providing training facilities, creating employment opportunities on a large scale and establishing an effective scheme of social insurance so that the mobility of labour and its employability becomes a real possibility and restructuring of industries can be carried out with the minimum social cost.

Role of Reserve Bank of India/Commercial Banks:

(i) A Sick Industrial Undertaking Cell has been set up in the Reserve Bank of India to function as a clearing house for information relating to sick units and also to act as a coordination agency between the Government, banks, financial institutions and other agencies for tackling the various related issues. This Cell has been closely monitoring the bank's performance in identifying sick units and also taking remedial

action. With a view to checking industrial sickness, the Cell has issued suitable instructions/ guidelines to the banks in the matter.

(ii) State Level Inter Institutional Committees have been set up at all the regional offices of the Department of Banking Operations and Development of RBI for the purpose of ensuring better coordination between the banks, State Governments and Central and State Level Financial Institutions and other agencies. These Committees are being greatly strengthened and activated.

(iii) A Standing Coordination Committee has been constituted by RBI to consider the issues relating to coordination between commercial banks and term lending institutions on an 'on-going' basis.

(iv) A Special Cell has been set up within the Rehabilitation Finance Division of IDBI for attending to references from banks in respect of their sick and problem cases.

(v) Banks have been advised by RBI in 1976 to set up Special Cells in their Head Offices and important Regional Offices for dealing with sick units, which could make use of the information system for detecting early warning signals of industrial sickness. From time to time thereafter, banks have been asked to strengthen organisational arrangements for early detection of sickness and to review the adequacy of their information system.

(vi) As regards the SSI sector, RBI has issued suitable guidelines to the Banks with a view to ensuring that the potentially viable sick units in the SSI sector receive due attention and timely support from the banks.

(vii) RBI has issued guidelines to the banks for strengthening the monitoring system and for arresting sickness at the incipient stage so that corrective measures are taken in time. The banks have also been directed by the RBI to formulate rehabilitation packages for the revival of potentially viable units based on the merits of each case. Guidelines have also been issued by the RBI to the banks indicating the parameters within which banks could grant reliefs and concessions for rehabilitation of potentially viable sick units without reference to RBI, both in the large and small scale sector.

Powers to grant reliefs/ concessions beyond the prescribed parameters have been delegated to banks from December, 1990 to ensure formulation of rehabilitation packages for potentially viable units without delay.

(viii) A system of quarterly reporting by banks has been introduced from March, 1991 to assess the performance of banks in handling sick/weak industrial units vis-a-vis RBI guidelines in the matter. The shortcomings observed are brought to the notice of the banks concerned for corrective action/ follow-up.

Insofar as tackling sickness in the small scale sector is concerned, the responsibility is primarily with the State Governments to initiate measures for arresting industrial sickness. However, Government of India also gives certain reliefs

and concessions for rehabilitation of sick SSI units. In August, 1987 Government of India introduced a Scheme aimed at providing support in the nature of equity assistance to tiny and small scale industrial units engaged in manufacturing activities.

Sickness in Public Sector enterprises

As on 31.3.1990 there were 244 CPSUs with a total investment of Rs.99315 crores and providing employment to 23 lakhs. The disaggregated analysis of these 244 Enterprises reveals that a total of 131 enterprises earned profits of Rs.5741 crores and 98 suffered net losses of Rs.1959 crores. 85% (Rs.72130 crores) of the total capital employed in the 131 profit making PSEs gave a fairly reasonable rate of return. The main reason for poor performance of the public enterprises generally can be traced to the 98 loss making PSEs which accounted for 14.5% (Rs.12211 crores) of the capital employed and about 35.6% (790500) of the total employees in CPSUs. Out of the 98 loss making units, 58 were chronically sick mainly in the industry groups of Engineering, textiles, consumer goods, chemicals and pharmaceuticals, transport equipment, fertilizers, steel and mines. The annual loss per employee in the 58 chronically sick enterprises was of the order of Rs.38714 in 1989-90, the capital employed per employee was of the order of Rs.13093 and the accumulated loss per employee as on 31.3.1990 was Rs.2.09 lakhs. Realising the fact that any policy for reorganisation and restructuring of PSEs has to be directed first towards finding solutions for the loss making public enterprises in the competitive sectors, Government amended the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) in 1991 to bring PSUs within the purview of the Board for Industrial & Financial Reconstruction (BIFR).

Special Tripartite Committee/Industrial Tripartite Committees

A Special Tripartite Committee was constituted by the Ministry of Labour on November 12, 1991 to consider the impact of the New Industrial Policy on labour and other related matters and make appropriate recommendations. In its first meeting held on 21.12.93 the Committee decided to revive Tripartite industrial committees in respect of those industries where sickness is endemic for suggesting remedial and preventive measures.

Based on the decision of the Special Tripartite Committee, the following six industrial committees, viz., Industrial Committee on Cotton Textiles, Jute, Chemicals, Engineering, Electricity (Generation and Distribution) and Road Transport were revived. A statement indicating the dates of meeting of Special Tripartite Committee and six Industrial Tripartite Committee is at annexure-VI.

One of the major conclusions of these tripartite committees was that there should be case by case discussion of sick units for the sake of their revival and, before taking a final decision on sick PSUs, BIFR would be urged to consider the views of the tripartite committees. Another important conclusion of the tripartite industrial committees was that at the enterprise level workers and the management would prepare joint revival plans within two months on the basis of the data supplied by the concerned administrative Ministry/management. The joint revival

proposal would then be considered by the sectoral tripartite committee. However, no revival proposal was received within the stipulated time.

Subsequently, a meeting on the role of the Special Tripartite Committee and Industrial Tripartite Committees under the Ministry of Labour in the process of restructuring of loss making PSUs was convened on 20.12.1993 at the behest of the Minister of State in the Prime Minister's Office, where the Minister of State for Industry and Minister of State for Labour were present. Detailed discussions were held about the need to involve the tripartite committees in the process of restructuring of CPSUs so as to make available to the decision makers, namely the Cabinet and the BIFR, the varied view points and recommendations on particular industrial units.

It was decided that henceforth, as soon as the preliminary techno-economic report prepared by the Operating Agency appointed by the BIFR has been received and before the BIFR has finalised its recommendations, the administrative Department of the concerned CPSU shall forward a copy of the Operating Agency's Report along with a brief summary of the recommendations and its comments thereon to the Ministry of Labour to enable the latter immediately to convene a meeting of the concerned tripartite committee. The representatives of the administrative Department, Department of Public Enterprises, Operating Agency, State Government, Commercial Banks and Financial Institutions shall be invited by the Ministry of Labour to the meeting of the tripartite committee where the report of the Operating Agency would be placed for consideration. The views and recommendations of the tripartite committee would then be articulated by the Ministry of Labour and would constitute an integral part of the note for CCEA. The final decision of the CCEA in respect of the concerned CPSU would constitute the stand of the Central Government in a proceeding in the BIFR.

In the case of PSUs not yet referred to BIFR, but where substantial industrial restructuring is contemplated, restructuring proposals prepared by the administrative department directly or through any consultant should also be discussed in the tripartite committees after ascertaining their techno-economic feasibility. The Committee's suggestions would then be incorporated in the note for the CCEA for facilitating Government's decision.

As a follow up of this decision, Ministry of Labour have held tripartite industrial committee meetings for the following industry sectors:

Industrial Committee on Chemical Industry	4.2.94
Industrial Committee on Engineering industry	4.2.94
	14.2.94
	and 30.11.94
Industrial Committee on Jute industry	5.2.94
Industrial Committee on Cotton Textile	9.2.94
	and 31.5.94

The Turn Around Strategy for NTC and BIC mills formulated by the Ministry of Labour was approved by the Cabinet in August, 1992. The key elements of the strategy were rationalisation of

employees, selective modernisation, provision of margin money, creation of a rehabilitation fund for retraining and redeployment, etc. However, while the Turn Around Strategy was under implementation, the tempo of VRS slowed down after March, 1993. On the request of MOS(Textiles) and certain other members of the Parliamentary Consultative Committee, Ministry of Labour constituted a Special Committee on NTC on 26.6.93. In its first meeting, the Special Committee decided to constitute a Sub-Committee under the Chairmanship of MOS(Textiles) to consider the implementation of the Turn Around Strategy of NTC mills. The Sub-Committee held eight rounds of meetings and also visited NTC units in Bombay, Ahmedabad, etc. The recommendations of the Sub-Committee were placed before the Special Committee on 2.2.94. Because of certain differences among members of the central trade unions, the discussions remained inconclusive. Therefore, to discuss the matter further, a meeting of the Industrial Committee on Cotton Textiles was held on 9.2.94. However, no decision could be taken in that meeting also. The issue was finally placed before the Special Tripartite Committee and an unanimous agreement was forged on 9.4.94 on the issue of modernisation of NTC.

Based on the agreement reached in the meeting of the Special Tripartite Committee (STC) the Ministry of Textiles have prepared a note for the Group of Ministers(GOM). The key elements of the revised Turn Around Plan are summarised below :

- (i) Nationalisation of 15 taken over mills.
- (ii) Merger of 38 unviable units into 18 viable units.
- (iii) Rationalisation of 69,471 surplus officers/employees.
- (iv) Modernisation of 79 mills at a cost of Rs.2005.72 crs.
- (v) Waiver of Govt. loan amounting to Rs.2952.09 crores.
- (vi) Encouragement to workers' cooperatives.
- (vii) Sale of surplus land.

In the meetings of the Industrial Committee on Engineering Industry held on 4.2.94 and 14.2.94, the following 15 Central Public Sector Undertakings under reference to the Board for Industrial and Financial Reconstruction (BIFR) were considered:

1. Heavy Engineering Corporation.
2. Mining & Allied Machinery Corporation.
3. Cycle Corporation of India Limited.
4. Nagaland Pulp & Paper Corporation.
5. Mandya National Paper Mills Limited.
6. Scooter India Limited.
7. Triveni Structurals Limited.
8. Bharat Process & Mechanical Engineering Limited.
9. Bharat Brakes & Valves Limited.
10. Bharat Ophthalmic Glass Limited.
11. Tannery & Footwear Corporation Limited.
12. National Instruments Limited.
13. Weighbird India Limited.
14. Braithwaite & Company Limited.
15. Tyre Corporation of India Limited.

It was decided that the Trade Unions would furnish their comments on the proposals in respect of the 15 CPSUs to the General Secretary, INTUC who would send the consolidated comments of the Trade Unions to the Government. The comments received from the Trade Unions would be incorporated by the administrative

Ministry in their proposals for approval of the Group of Ministers/ Cabinet. The comments of the Trade Unions in respect of 14 out of 15 CPSUs in the Engineering sector have since been received and forwarded to the Department of Heavy Industry.

In the Industrial Committee meeting on Jute held on 5.2.94, it was observed that the Government had taken several initiatives for modernisation of the jute industry and diversification of the product mix with the assistance of UNDP. The Committee observed that units which had gone in for diversified products were performing relatively better. It was also observed that greater utilisation of funds from the Jute Special Development Fund and Jute Modernisation Fund was desirable to facilitate modernisation and diversification of the jute industry.

In the meeting of the Industrial Committee on Chemical Industry held on 4.2.94, it was observed that there is genuine desire and sincere efforts by workers, their unions and the Management of PSUs to revive the Pharmaceutical as well as Fertilizer Industries. In the case of IDPL, the Management and Workers' Unions (40 out of 45 unions) had entered into agreements for revival of the company wherein workers had agreed to sacrifice certain benefits for the time being until the company was revived. In respect of Fertilizer Corporation of India and Hindustan Fertilizer Corporation, discussions with Trade Unions were in progress for preparation of an acceptable revival package.

The Special Tripartite Committee also considered the issue of IISCO modernisation on 9.5.94 and 16.8.94. Presently the issue is under consideration of the Sub-Committee of the Special Tripartite Committee.

Follow up of the Special Tripartite and Industrial Tripartite

CPSUs considered by Industrial Tripartite Committees.

All the 15 CPSUs considered by the Tripartite Industrial Committee on Engineering Industry have been considered by the Group of Ministers (GOM). It has been observed that while preparing the notes for the GOM, the comments of the trade unions together with the comments of the administrative Ministry thereon were also incorporated.

Apart from the cases considered by the Tripartite Committee, the GOM has also considered other CPSUs which required important policy decisions/financial support for their revival. A list of cases considered by the GOM/ under consideration of GOM is at Annexure VII. A statement indicating decisions of the GOM is at Annexure VIII. Certain cases have been referred to the Committee of Secretaries/concerned Departments for further examination.

Position of cases referred to BIFR

The available information in regard to cases referred to BIFR as on 30.9.94 is as follows:

(Figures for PSUs given in brackets)			
	Total	Centre	State
1. No. of Units referred to BIFR	2207	(62 + 95 = 157)	
2. No. of units registered with BIFR	1602	(54 + 66 = 120)	
3. No. of units registration declined	603	(8 + 29 = 37)	
(a) Under Scrutiny	2	Nil	
4. No. of Ist Hearings	1564	(53 + 64 = 117)	
5. No. of units where OA appointed	967	(46 + 35 = 81)	
(a) OA report received	851		
6. Disposal			
(a) Not Maintainable	334	(2 + 20 = 22)	
(b) Revival Schemes drawn up	463	(4 + 7 = 11)	
(c) Winding up Recommended	343	(2 + 5 = 7)	
(d) Others	11		
Total	1151	(8 + 32 = 40)	
(e) Winding up Notice/Draft Scheme published	106	(6 + 11 = 17)	
(f) Failed & Reopened/Remanded/stayed by High Courts	84	(5 + 0 = 5)	
7. Under Process	261	(35 + 23 = 58)	
8. No. of workers involved*	988951	244747 + 197681)*	

* Excluding 364 cases where details are not available. These include 245 declared non-maintainable. The figures were taken from the references filed and show only the order of magnitude.

There has been a steady increase in the number of cases registered with BIFR, from 962 in 1990 to 1117 in 1991, 1294 in 1992 and 1446 in 1993.

VOLUNTARY RETIREMENT SCHEME

A model scheme of VRS was formulated by the Bureau of Public Enterprises in 1985 for the Central PSUs with the object of rationalising surplus manpower. The scheme came into operation in 1987. According to this scheme, an employee opting for VRS would receive an ex-gratia payment of 45 days emoluments (pay plus DA) for each completed year of service or the balance of service remaining at the time of his separation multiplied by his monthly emoluments, whichever is less. This would be in addition to the various terminal benefits and statutory dues payable to him. The ex-gratia payments under the BPE model would be exempted from the payment of income tax. The exemption from the Income-Tax Act has also been extended to the private sector. According to the available information, 98513 number of workers have so far opted for voluntary retirement in 131 Central Public Sector enterprises since introduction of the model schemes in CPSUs. In addition, there are many more workers who have opted for VRS in the private sector.

There has been no authoritative study on the whereabouts of workers after accepting VRS. In a study on VRS in India conducted by the Shri Ram Centre of Industrial Relations, it is revealed that Managements by and large do not keep any record of employees who have accepted VRS and left the enterprise. A large number of VRS beneficiaries were reported to have left for their native places or to other parts of the country. Discussions with some beneficiaries revealed that most of them found the scheme fairly beneficial including private sector which is why they opted for the scheme, to obtain lump sum assistance which helped them in the construction of their houses, payment of past loans, etc.

International experience of VRS.

There has been a vast change in the global social, political - economic scenario in recent years. Radical reforms have taken place in the erstwhile socialist republics with the objective of economic integration in the global context. Structural adjustment and economic reform programmes have been initiated in most of the regions and countries of the world. One important aspect of the structural reforms programmes is industrial restructuring involving rationalisation of surplus manpower. Policies concerning retrenchment and voluntary severance have been important features of the labour policies of many countries. A study of the structural adjustment programmes in UK, Japan, Pakistan, China, USA, Canada and the Scandinavian countries reveals that each country has devised voluntary severance schemes suited to its own needs for the rationalisation of surplus manpower.

NRF, the social safety net

The statement on the new industrial policy declared:

"Government will fully protect the interest of labour, enhance their welfare and equip them in all respects to deal with the inevitability of technological change. Government believes that no small section of society can corner the gains of growth, leaving workers to bear its pain. Labour will be made an equal partner in progress and prosperity. Workers' participation in management will be promoted. Workers' cooperatives will be encouraged to participate in the packages designed to turn around sick companies. Intensive training, skill development and upgradation programmes will be launched."

In all transitional periods of industrial re-structuring, workers' groups are particularly vulnerable to the adverse impacts of change. In some advanced countries, workers' safety nets of some complexity and comprehensiveness have been designed to absorb this painful process. In developing countries, the task is harder because of the sheer magnitude of the numbers involved, lack of prior experience and pressure from other disadvantaged groups. These obstacles will have to be overcome since success in building up workers' safety nets is crucial to the future of the economic reforms programmes in these countries.

The Department of Industrial Development in the Ministry of Industry prepared a Concept Paper on the National Renewal Fund (NRF) on the basis of discussions held in the Steering Committee on Economic Reforms and other Inter-Ministerial Meetings. This

on Economic Reforms and other Inter-Ministerial Meetings. This Concept Paper was considered by the Special Tripartite Committee constituted by the Ministry of Labour in its second meeting held in January 20, 1992.

The labour-side of the Special Tripartite Committee (STC) opposed the ideas contained in the Concept Paper on the ground that it did not reflect the views expressed by all the parties and that it related only to retrenchment compensation. However, the STC unanimously agreed that the country was facing a deep economic crisis and it would require the concerted efforts of all sections of the people for the economy to overcome the crisis. The Labour-side in the STC made it clear that they were not against modernisation of industry. In fact, they acknowledged that modernisation is a continuous process and is essential for the development of the economy. They were agreeable to labour being retrained and their technological skills upgraded and suitably redeployed. But in all these cases there should be prior consultations with the trade unions.

The National Renewal Fund was established in February 1992 through a resolution issued by the Department of Industrial Development. After consultations/ discussions with all concerned including State Governments, public sector enterprises, trade unions, financial institutions, etc. on the issues concerning funding of schemes for retraining and redeployment of workers, guidelines for operationalising the NRF were finalised and the Cabinet Committee on Economic Affairs (CCEA) approved the guidelines on 28th October, 1992. The guidelines, which were notified on 21 December, 1992, contained the following objectives.

a) to provide funds, where necessary, for compensation to employees affected by restructuring or closure of industrial units, both in the public and private sectors,

b) to provide assistance to cover the costs of retraining and redeployment of employees arising as a result of modernisation, technological upgradation and industrial restructuring,

c) to provide funds for employment generation schemes both in the organised and unorganised sectors in order to provide a social safety net for labour needs arising from the consequences of industrial restructuring.

NRF guidelines provide a wide scope for workers' compensation payments under different circumstances. However, the major problem before the NRF has been financial constraint. The following table would give an idea of the progress of various components of the NRF:

(a) Budgetary allocation and disbursement (Rs. in crores)		
Year	Allocation	Disbursement
1992-93	829.66	650.24
1993-94	1020.00	548.75
1994-95	700.00	--

(b) Progress of VRS in CPSUs as on 30.6.94	
Year	No. of workers covered under VRS.
1992-93	38531

1994-95

820

Total:

70286

Total No. of CPSUs where VRS was introduced with NRF assistance-60

Retraining of workers

To protect the employees from the possible adverse consequences of industrial restructuring, the social safety net needs to provide a range of services and evolve clear cut organisational centres where responsibility can vest. The employee who is rationalised needs counselling to recover from the trauma of job loss. The severance payments of rationalised workers through the Voluntary Retirement Scheme (VRS) are quite substantial. It is imperative that these are channelised productively. Towards this the financial institutions/ banks have developed a variety of investment options. On the basis of the data on skill/ educational qualification, age, etc. of the rationalised workers, the Employee Resource Centres (ERC) located within the industrial units would identify the employees desirous of entering the labour market as wage earners as well as potential entrepreneurs. The role of the ERC is to provide psychological and financial counselling, informatory materials, identification documents, etc. and direct the job seekers to the local Employee Assistance Centre (EAC). Those interested in self-employment ventures would be directed to the Business Development Cell within EAC. An amount of Rs.50 crores has been earmarked in 1994-95 for counselling and execution of training and redeployment schemes out of the NRF funds and five Employee Assistance Centres have been sanctioned as pilot projects at the following locations :

Sl.No. Agency**Location**

- | | |
|--|------------|
| 1. Confederation of Indian Industry | Bombay. |
| 2. SISI | Indore. |
| 3. Gandhi Labour Institute | Ahmedabad. |
| 4. ASSOCHAM | Kanpur. |
| 5. National Small Industries Corporation | Calcutta. |

These centres would broadly cover a range of activities including labour market surveys to gather information about potential marketable skills, job counselling, retraining, self-employment and redeployment/placement. In addition to these, a special training scheme has also been sanctioned under the NRF for implementation through the Directorate General of Employment and Training under the Ministry of Labour for workers who have been rendered surplus or taken voluntary retirement. The scheme envisages training of such workers through part-time evening classes in 15 selected Industrial Training Institutes which are under the administrative control of the respective state governments. This schedule is also to be implemented in five Advanced Training Institutes located at Bombay, Calcutta, Kanpur, Ludhiana, Hyderabad and one Central Training Institute for Instructors located at Madras. As on 30.9.94, 540 workers had received retraining in the above mentioned five Employee Assistance Centres and 6096 rationalised workers have been provided services by ERCs set up

in 20 Central Public Sector Undertakings (CPSUs). Government is actively considering conversion of the pilot retraining schemes into a country-wide programme.

Age-profile of retired employees

If we look at the age profile of workers who availed of VRS (66030 out of 70286 workers who exited under VRS with NRF assistance and whose age profile is available) 34161 or 51.73% of the workers were over 50 years of age, 28761 or 43.56% of the workers were in the age group of 35 to 50 years and 3108 or 4.71% of the workers were below 35 years.

Introduction of VRS in CPSUs with assistance from the NRF is a recent development. While compilation of information of the employees retired under VRS has become necessary, no detailed information on the age profile was collected earlier. In the study on VRS conducted by the Shri Ram Centre, it is mentioned that the majority of retired employees were above 50 years of age and they had accepted the VRS as they found that their retirement would not put them in any financial loss with substantial ex-gratia payments available to them. However, the middle aged employees took voluntary retirement not because the ex-gratia payments were attractive, but because of other reasons like securing alternative and better employment elsewhere, family circumstances, perennial ill health, etc..

Structural changes affect not only the formal sector but also the informal sector. The figures mentioned above show that NRF has so far concentrated only on the formal sector, particularly the Central Public Sector. It is good to note that modest provisions are being made for State PSUs and the intention eventually is to extend the coverage of NRF to the private sector units referred to the BIFR, as envisaged in the original NRF guidelines. While it is appropriate that NRF should eventually cover all sectors, for the present, in view of the limitation of resources, the coverage of NRF may remain restricted to the formal sector. The various special schemes for poverty alleviation, employment generation etc. should focus more clearly on the informal sector.

NRF should not be confined to merely funding voluntary separation of redundant employees. The problem of redundancy is faced not only by sick industries but also by other functioning industries. Greater emphasis should be given to retraining so that the employability potential of redundant workers can be raised. The task of retraining for continuous skill upgradation of employees should basically be the interest and responsibility of the management. In fact, the managements should not depend on the Government for financing retraining schemes. Wherever large scale retirement is contemplated, the concerned management may be charged with the responsibility of providing counselling, training and re-training with a view to raising the employability potential of redundant workers. The retrained workers can then be absorbed either in the same enterprise in different activities or in sister organisations. It is the management which can properly assess the skill requirements of industry and impart training for acquisition of the necessary skills.

Mobilisation of resources for retraining and deployment schemes is another important matter for the success of the structural adjustment programme. Government would try to seek internal as well as external funding for the non-VRS components of the NRF.

PRODUCTIVITY

The Indian economy was a protected and relatively high cost economy with scant attention being paid to the consideration of efficiency, productivity and quality. India's share in world exports declined from 2 per cent in 1950-51 to less than 0.5 per cent in 1989-90. Our dismal performance on the export front was largely responsible for the Balance of Payments crisis of 1990-91. The overall aim of the liberalisation of industrial and economic policies and the structural adjustment programme is to integrate the Indian economy with the global economy. In short, Indian industry must significantly raise its levels of productivity and efficiency and pay greater attention to cost, quality, delivery schedules, etc. in order to become internationally competitive. We must also move ahead from the export of traditional, low technology based and commodity exports to the export of hi-tech, high value added products.

A deeper analysis of productivity reveals that although the investment rate increased from 10 per cent in 1950-51 to over 20 per cent in 1980-81, it did not lead to a higher growth rate mainly on account of low levels of productivity. The decline in the growth rate of GDP from 4.1 per cent in the fifties to 3.8 per cent and 3.3 per cent in the sixties and seventies, respectively was mainly due to a negative or virtually negligible growth in productivity. The Table below would indicate that despite a higher rate of investment during the period 1959-60 to 1979-80, the total factor productivity remained negative, which explains the low growth rate of GDP during the same period. In contrast, the sharp increase of GDP growth rate from 3.3 per cent in the seventies to 5.6 per cent in the eighties is attributable to significant improvement in total factor productivity at the rate of 2.8 per cent per annum.

Productivity Growth in the Manufacturing Sector

Year	Total Factor Productivity	Labour Productivity	Capital Productivity
1959-60 to 1979-80	-0.5	2.1	-2.8
1980-81 to 1988-89	2.8	7.5	-0.5

The following Table would give a comparative status of labour productivity in some of the Asian Countries. Computation of productivity is based on the Purchasing Power Parity Adjusted GDP in terms of a common unit called the International Dollar, as computed by the International Comparison Programme, which takes into account the relative purchasing power of the currencies of various countries.

GDP per person in International Dollars

Country	Y e a r s		
	1988	1989	1990
Bangladesh	3769	3839	3959
India	2618	2796	3261
Japan	29927	31804	34041
Rebublic of Korea	15778	17333	18270
Pakistan	6337	6710	6935
Phillipines	6385	6532	6484
Sri Lanka	6345	6537	7159
Thailand	6362	7199	7704

Based on a Study carried out by the Asian Productivity Organisation (Tokyo), the National Productivity Council has tabulated the rates of growth of labour productivity in different Asian Countries during the eighties, as follows:

Country	Percentage growth
India	3.18
Bangladesh	2.27
Pakistan	3.52
Srilanka	2.75
Thailand	5.47
Korea	9.54
Japan	4.04

There is yet another productivity challenge facing the country. It would be seen from the Table below that whereas the share of the agriculture sector in the overall GDP gradually declined from 55 per cent during 1950-56 to 33 per cent during 1985-90, the manufacturing sector's contribution to GDP during the same period increased from 13.4 per cent to about 24 per cent. At the same time services sector's contribution to GDP which was about 32 per cent in 1950-56, went up to 43 per cent in 1985-90. The services sector is likely to contribute more than 50 per cent to the GDP in the foreseeable future. In some of the developed countries, the services sector's contribution to GDP is as high as 70 per cent.

Contribution by different sectors to GDP (%)

Year	Agriculture	Industry	Services
1950-51 to 1955-56	54.91	13.41	31.68
1956-57 to 1960-61	51.86	15.20	32.94
1961-62 to 1965-66	46.61	17.95	35.44
1966-67 to 1970-71	43.76	18.73	37.51
1971-72 to 1975-76	42.04	19.66	38.24
1976-77 to 1980-81	38.75	21.10	40.15

1981-82 to 1985-86	36.48	22.38	41.14
1985-86 to 1989-90	32.82	23.90	43.28

In the years to come, priority must therefore be given to raising productivity in the services sector. According to one productivity expert, the country that can do so first will dominate the twenty-first century, economically; those who lag behind must face the consequences of increased social tension, polarisation and radicalisation. In developing economies like ours, opportunities and avenues for growth are generally available to those who possess higher qualifications. But they have always been outnumbered by those who possess low skills or no skills. Unless the levels of productivity and earnings of the under-privileged groups are improved, unless they can earn middle class wages and acquire middle class status in society, despite their lack of qualifications and skill, they have the potential to constitute a major threat to the social fabric.

STEPS TAKEN BY THE GOVERNMENT TO IMPROVE WORKING CONDITIONS AND SOCIAL SECURITY

The Central Government have revised the minimum wages in respect of the 40 scheduled employments in the Central sphere. The minimum rates of wages for the scheduled employments in agriculture in the Central sphere were revised on 12.8.92. The minimum rates of wages for the workers employed in 39 scheduled employments relating to Mines, Construction and Railway establishments were revised on 12.7.94. The minimum basic rates for different categories of workers in different areas range from Rs.28 to Rs.60 for Mine workers, Rs.28 to Rs.65 for Construction workers, Rs.29 to Rs.42 for the workers engaged in loading/unloading and Ashpit cleaning in Railways and Rs.26 to Rs.58 for Agricultural workers. A component of special allowance linked to consumer price indices has also been provided as a component of the minimum wages. This allowance is revised every six months based on the movement of the Consumer Price Index number. The last revision of the variable dearness allowance was made w.e.f. October 1, 1994. Approximately, 25 lakh workers working in the scheduled employments in the Central sphere are expected to be benefitted by these revisions.

As a follow up of the recommendations of the Indian Labour Conference, 1985, the Government in 1987 had set up six Regional Minimum Wages Advisory Committees, since renamed as Regional Labour Ministers' Conference. Several Regional Conferences were held during the current year, for the Eastern and North-Eastern regions on 29-30 September, 1994, the Southern regions on 4th October, 1994 and the Northern & Central regions on 25th October, 1994. The meeting of the Western region is expected to be held very shortly. The agenda of the Conferences included Minimum Wages, Child Labour, Bonded Labour, Equal Remuneration Act, Social Security for the Unorganised Labour and problems of Beedi workers. These Conferences have resolved to reduce the disparities in minimum wages between different States within the same region, to provide the component of special allowance linked to consumer price indices and to revise the Minimum Wages after two years if the provision of special allowance linked to consumer price indices is not provided, to enhance the penal provisions under the Minimum Wages Act, to strengthen enforcement of the Minimum Wages

Act, to give wide publicity to the provisions of the Minimum Wages Act, etc. The Conferences have also resolved to make efforts to secure total elimination of child labour in hazardous employments by the year 2000 A.D., to constitute Child Labour Advisory Boards, in each State, to set up State Authorities for Elimination of Child Labour, to undertake surveys to identify bonded labourers, and to revise the minimum wages for Beedi workers in order to bring uniformity in the minimum wage levels for Beedi workers on a regional basis.

Persuant to the recommendations of the Tripartite Industrial Dearness Allowance Committee, the Government on 16.3.93 have decided to enhance the rate of Industrial Dearness Allowance (I.D.A.) payable to the employees of the Central Public Sector enterprises from Rs.1.65 to Rs.2.00 per point increase linked to All India Consumer Price Index (AICPI) 800 points w.e.f. 1.1.1989. The issue of multiple slab system of Industrial Dearness Allowance is under consideration in the Department of Public Enterprises.

The Government has further decided to permit negotiations for the revision of wages in the Central Public Sector enterprises. The new wage settlement which is to be concluded, shall be valid for a period of five years. The Department of Public Enterprises have issued guidelines for the next round of wage negotiations. According to the guidelines, the Central Public Sector Enterprises are free to negotiate the wage revision subject to the condition that no additional budgetary support would be provided by the Central Government and there should not be any increase in the administered prices and labour cost per unit of production.

In the field of Social Security, the main endeavour of the Government has been to extend the coverage and improve the benefits of the existing schemes. In furtherance of these objectives the Government has amended the following Acts/Schemes in the recent past, as per the details given below :-

(i) The ceiling on the maximum amount of the benefit under the Employees Deposit Linked Insurance (EDLI) Scheme was enhanced from Rs.25,000/- to Rs.35,000/- w.e.f. 1-4-1993.

(ii) The Payment of Gratuity Act, 1972 was amended (w.e.f. 24-5-1994) to remove the wage ceiling for coverage of the Act, thereby making all employees legally eligible for gratuity, irrespective of their wages. The ceiling on the maximum amount of gratuity was also enhanced from Rs.50,000/- to Rs.1,00,000/-.

(iii) For widening the coverage of the EPF Scheme, the wage ceiling under the scheme was enhanced from Rs.3,500/- to Rs.5,000/p.m. w.e.f. 1-10-1994.

(iv) The rate of EPF contribution in the Textile Industry has been enhanced from 8.33% to 10% w.e.f. 31-8-1994.

(v) The Government has also decided inter alia to enhance the minimum amount of compensation payable under the Workmen's Compensation Act, 1923 from Rs.20,000/- to Rs.50,000/- in the case of death and from Rs.24,000/- to Rs.60,000/- in the case of permanent total disablement. The rates of compensation are being revised from 40% of the monthly wage to 50% of the monthly wage in

the case of death and from 50% to 60% of the monthly wage multiplied by the relevant factor in the case of permanent disablement. Under the proposed formula, depending on the wage and age of the workman at the time of accident, the maximum amount of compensation may go upto Rs.2.28 lakhs as against Rs.91,000/- admissible at present.

(vi) In order to introduce a suitable pension scheme for the EPF subscribers, a Bill to amend the EPF & MP Act has been introduced in the Rajya Sabha. The proposed scheme provides for grant of monthly pension in the contingencies of retirement, superannuation, death, etc.

ANNEXURE - I

INCIDENCE OF STRIKES AND LOCKOUTS
IN SELECTED STATES (1988-94)

NO. OF STRIKES AND LOCKOUTS

STATE/U.T.	1988			1989			1990 (P)			1991 (P)			1992 (P)			1993 (P)			1994 (JAN.-AUG.) (P)		
	S	L	T	S	L	T	S	L	T	S	L	T	S	L	T	S	L	T	S	L	T
ANDHRA PRADESH	238	92	330	374	61	435	436	34	470	340	200	540	214	325	539	110	176	286	55	91	146
BIHAR	66	10	76	65	4	69	66	17	83	51	12	63	27	17	44	8	16	24	4	11	15
DELHI	..	..	..	14	7	21	6	6	12	15	0	15	8	1	9	7	1	8	2	1	3
GOA, DAMAN&DIU	10	2	12	12	2	14	7	2		22	1	23	16	2	18	6	2	8	3	1	4
GUJARAT	169	19	188	171	22	193	182	27	209	146	21	167	134	26	160	138	15	153	60	5	65
HARYANA	36	10	46	64	15	79	60	4	64	57	10	67	31	12	43	34	11	45	20	4	24
KARNATAKA	52	13	65	44	8	52	31	5	36	20	1	21	3	0	3	4	1	5	7	0	7
KERALA	56	18	74	33	20	53	28	12	40	39	11	50	37	20	57	21	25	46	6	11	17
MADHYA PRADESH	72	3	75	66	0	66	39	2	41	24	2	26	28	0	28	26	0	26	7		8
MAHARASHTRA	108	69	177	119	65	184	97	64	161	105	68	173	101	69	170	122	54	176	39	21	60
ORISSA	50	7	57	25	8	33	39	1	40	55	5	60	42	8	50	40	5	45	18	1	19
PONDICHERY	10	0	10	4	0	4	5	0	5	1	1	2	3	0	3	1	0	1	0	0	0
PUNJAB	41	4	45	47	5	52	66	4	70	46	2	48	26	2	28	38	4	42	13	0	13
RAJASTHAN	64	16	80	76	18	94	81	13	94	75	25	100	47	20	67	35	16	51	21	9	30
TAMIL NADU	194	20	214	170	17	187	181	30	211	154	25	179	192	40	232	203	34	237	93	12	105
UTTAR PRADESH	67	17	84	78	10	88	78	23	101	70	34	104	25	26	51	29	19	48	27	12	39
WEST BENGAL	42	138	180	16	126	142	23	116	139	18	108	126	30	125	155	16	89	105	8	50	58
OTHERS	29	3	32	19	1	20	34	6	40	40	6	46	47	10	57	76	11	87	7	0	7
TOTAL	1,304	441	1,745	1,397	389	1,786	1,459	366	1,825	1,278	532	1,810	1,011	703	1,714	914	479	1,393	390	230	620

(P) = PROVISIONAL

S = No. of strikes

L = No. of lockouts

T = Total

0 = NIL

.. = NOT AVAILABLE

SOURCE | LABOUR BUREAU, SHIMLA

LOSS OF MANDAYS (IN THOUSANDS) DURING 1988-94 BY SELECTED STATES

STATE/UT	1988			1989			1990 (P)			1991 (P)			1992 (P)			1993 (P)			1994 (JAN - AUG.) (P)		
	S	L	T	S	L	T	S	L	T	S	L	T	S	L	T	S	L	T	S	L	T
ANDHRA PRADESH	1219	471	1689	2959	1950	4910	3123	299	3422	1052	1708	2759	1046	1501	2546	349	1653	2002	216	1349	1565
BIHAR	403	87	490	189	55	244	201	130	331	254	159	412	131	364	495	65	398	463	16	185	201
DELHI				50	21	70	226	132	358	128	0	128	95	1	95	53	1	54	4	1	6
DCA, DAHMAN&DIU	15	21	36	113	200	313	10	3	12	23	2	26	20	5	26	5	4	9	12	7	19
GUJARAT	193	101	294	412	136	547	441	316	757	354	297	651	216	227	443	367	345	713	233	171	404
HARYANA	122	206	328	201	282	483	691	14	705	314	845	1159	146	960	1106	148	312	460	35	143	179
KARNATAKA	456	697	1152	289	1258	1546	205	20	225	876	2	878	135	0	135	295	61	356	6	0	6
KERALA	1331	335	1666	1051	287	1339	194	194	388	390	171	561	173	411	584	467	1377	1846	17	495	512
MADHYA PRADESH	404	13	417	339	0	339	207	5	212	51	54	105	39	0	39	153	0	153	13	0	13
MAHARASHTRA	1347	3282	4629	1262	4722	5984	572	4429	5000	523	2781	3304	442	2803	3245	631	2140	2771	284	731	1015
ORISSA	190	217	407	121	50	171	66	6	72	128	75	203	106	176	282	87	13	100	43	1	44
PONDICHERRY	33	0	33	5	0	5	16	0	16	1	2	3	6	0	6	0	0	0	0	0	0
PUNJAB	227	42	269	574	29	603	260	41	301	286	8	294	177	54	231	249	51	301	135	0	135
RAJASTHAN	388	104	492	565	296	861	1254	52	1306	517	105	622	276	122	399	164	138	302	214	140	354
TAMIL NADU	1569	415	1984	1559	316	1875	1955	671	2626	5959	1300	7260	2025	843	2868	2007	381	2387	464	267	730
UTTAR PRADESH	803	369	1172	533	129	662	742	526	1268	335	685	1019	326	533	859	175	661	836	182	162	344
WEST BENGAL	1751	15022	18773	413	12233	12646	401	6592	6993	60	5762	5822	9676	7990	17666	239	7013	7252	140	5173	5312
OTHERS	79	35	115	63	4	67	76	17	93	1177	43	1220	95	139	233	160	138	298	25	0	25
TOTAL	12530	21417	33946	10695	21968	32663	10640	13446	24086	12428	14000	26428	15132	16127	31259	5615	14686	20301	2038	8826	10864

S = MANDAYS LOST DUE TO STRIKES

L = MANDAYS LOST DUE TO LOCKOUTS

T = TOTAL MANDAYS LOST

(P) = PROVISIONAL

= NOT AVAILABLE

0 = NIL OR LESS THAN 500

TOTAL MAY NOT NECESSARILY TALLY DUE TO ROUNDING OFF OF FIGURES.

SOURCE: LABOUR BUREAU, SHIMLA

TABLE-3.1 | Number of Strikes & Lockouts, Mandays lost (in thousands) 1989-1994 | By Selected Industry Groups

INDUSTRY GROUP	1989			1990 (P)			1991 (P)		
	NO. OF STRIKES & LOCKOUTS		MANDAYS LOST	NO. OF STRIKES & LOCKOUTS		MANDAYS LOST	NO. OF STRIKES & LOCKOUTS		MANDAYS LOST
	LOCKOUTS	STRIKE	LOCKOUT	LOCKOUTS	STRIKE	LOCKOUT	LOCKOUTS	STRIKE	LOCKOUT
FOOD PRODUCTS	67	288	122	69	519	69	65	197	140
BEVERAGES, TOBACCO & TOB. PRODUCTS	10	407	1	14	90	21	20	826	70
COTTON TEXTILES	203	1521	7231	208	1802	3562	166	5967	2504
WOOL, SILK & SYNTHETIC TEXTILES	49	461	206	40	177	177	23	51	14
JUTE, HEMP AND MESTA TEXTILES	24	13	6183	18	22	2022	18	13	1913
TEXTILES PRODUCTS	22	71	304	35	328	303	38	49	295
ENGINEERING	345	1472	3239	236	1424	3287	355	894	4228
CHEMICAL AND CHEMICAL PRODUCTS	95	324	656	94	469	1004	68	282	332
NON METALLIC MINERALS PRODUCTS	79	706	522	93	498	571	75	150	337
OTHER MANUFACTURING INDUSTRIES	18	33	83	15	31	58	25	70	54
COAL MINING	402	2797	35	429	2228	38	470	583	842
NON COAL MINING	36	390	4	31	108	9	32	209	13
PLANTATIONS	26	66	62	22	161	59	32	64	131
RUBBER, PLAST., PETRO. & COAL PROD.	57	217	497	74	129	488	107	268	1306
BANK & SIMILAR FINANCIAL INST.	30	228	0	12	220	0	12	20	0
OTHERS	324	1701	2824	435	2434	1778	304	2784	1821
ALL INDIA	1786	10695	21968	1825	10640	13446	1810	12428	14000

INDUSTRY GROUP	1992 (P)			1993 (P)			1994 (JAN. - AUG.) (P)		
	NO. OF STRIKES & LOCKOUTS		MANDAYS LOST	NO. OF STRIKES & LOCKOUTS		MANDAYS LOST	NO. OF STRIKES & LOCKOUTS		MANDAYS LOST
	LOCKOUT	STRIKE	LOCKOUT	LOCKOUT	STRIKE	LOCKOUT	LOCKOUT	STRIKE	LOCKOUT
FOOD PRODUCTS	59	319	133	45	130	187	23	56	105
BEVERAGES, TOBACCO & TOB. PRODUCTS	14	15	203	16	24	43	4	10	17
COTTON TEXTILES	214	1517	2413	220	1628	2224	86	562	977
WOOL, SILK & SYNTHETIC TEXTILES	20	62	244	21	103	86	11	197	104
JUTE, HEMP AND MESTA TEXTILES	13	9005	3558	16	33	4217	9	6	2757
TEXTILES PRODUCTS	24	54	133	28	99	1144	11	35	306
ENGINEERING	288	886	4260	271	1000	2643	122	260	1382
CHEMICAL AND CHEMICAL PRODUCTS	56	159	226	74	84	604	31	72	171
NON METALLIC MINERALS PRODUCTS	64	294	351	52	278	631	18	32	400
OTHER MANUFACTURING INDUSTRIES	20	33	48	17	292	124	6	18	73
COAL MINING	484	148	407	236	97	278	122	34	98
NON COAL MINING	22	21	256	19	422	99	9	17	0
PLANTATIONS	50	63	441	70	116	187	8	2	73
RUBBER, PLAST., PETRO. & COAL PROD.	102	325	1453	85	226	644	35	126	369
BANK & SIMILAR FINANCIAL INST.	18	464	0	14	285	2	23	153	0
OTHERS	266	1767	2001	209	798	1573	102	459	1994
ALL INDIA	1714	15132	16127	1393	5615	14686	620	2038	8826

0 -> nil or less than 500

(P) => PROVISIONAL

-> NOT AVAILABLE

SOURCE | LABOUR BUREAU, SHIMLA

TOTAL MAY NOT NECESSARILY TALLY DUE TO ROUNDING OFF OF FIGURES.

DISTRIBUTION OF STRIKES AND LOCKOUTS BY CAUSES DURING 1987-94

ANNEXURE - IV

CAUSE GROUP	1987				1988				1989			
	NO. OF		% OF TOTAL		NO. OF		% OF TOTAL		NO. OF		% OF TOTAL	
	STRIKES (1)	LOCKOUTS (2)	TOTAL (3)	TO CAUSE (4)	STRIKES (1)	LOCKOUTS (2)	TOTAL (3)	TO CAUSE (4)	STRIKES (1)	LOCKOUTS (2)	TOTAL (3)	TO CAUSE (4)
WAGES&ALLOWANCES	423	61	484	27%	413	60	473	27%	391	34	425	24%
BONUS	94	41	135	8%	83	34	117	7%	92	16	108	6%
PERSONNEL	209	27	236	13%	202	27	229	13%	274	26	300	17%
RETRENCHMENT	61	3	64	4%	58	1	59	3%	36	3	39	2%
LEAVE&HOURS OF WORK	18	4	22	1%	17	11	28	2%	18	3	21	1%
INDISCIPLINE&VIOLENCE	62	184	246	14%	72	196	268	15%	100	175	275	15%
OTHERS	447	122	569	32%	424	101	525	30%	446	112	558	31%
NOT KNOWN	34	9	43	2%	35	11	46	3%	40	20	60	3%
ALL CAUSES	1348	451	1799	100%	1304	441	1745	100%	1397	389	1786	100%

CAUSE GROUP	1990 (P)				1991 (P)				1992 (P)			
	NO. OF		% OF TOTAL		NO. OF		% OF TOTAL		NO. OF		% OF TOTAL	
	STRIKES (1)	LOCKOUTS (2)	TOTAL (3)	TO CAUSE (4)	STRIKES (1)	LOCKOUTS (2)	TOTAL (3)	TO CAUSE (4)	STRIKES (1)	LOCKOUTS (2)	TOTAL (3)	TO CAUSE (4)
WAGES&ALLOWANCES	406	36	442	24%	367	68	435	24%	283	104	387	23%
BONUS	64	8	72	4%	58	12	70	4%	113	21	134	8%
PERSONNEL	225	11	236	13%	212	58	270	15%	273	92	365	21%
RETRENCHMENT	46	8	54	3%	35	4	39	2%	27	2	29	2%
LEAVE&HOURS OF WORK	22	1	23	1%	15	2	17	1%	14	14	28	2%
INDISCIPLINE&VIOLENCE	114	171	285	16%	111	223	334	18%	67	306	373	22%
OTHERS	552	107	659	36%	456	151	607	34%	218	147	365	21%
NOT KNOWN	30	24	54	3%	24	14	38	2%	16	17	33	2%
ALL CAUSES	1459	366	1825	100%	1278	532	1810	100%	1011	703	1714	100%

CAUSE GROUP	1993 (PROVISIONAL)				1994 (JAN.-AUG.) (PROVISIONAL)			
	NO. OF		% OF TOTAL		NO. OF		% OF TOTAL	
	STRIKES (1)	LOCKOUTS (2)	TOTAL (3)	TO CAUSE (4)	STRIKES (1)	LOCKOUTS (2)	TOTAL (3)	TO CAUSE (4)
WAGES&ALLOWANCES	289	73	362	26%	165	26	191	31%
BONUS	82	14	96	7%	12	9	21	3%
PERSONNEL	201	53	254	18%	84	29	113	18%
RETRENCHMENT	17	4	21	2%	11	2	13	2%
LEAVE&HOURS OF WORK	14	9	23	2%	6	5	11	2%
INDISCIPLINE&VIOLENCE	60	212	272	20%	30	98	128	21%
OTHERS	229	95	324	23%	77	57	134	22%
NOT KNOWN	22	19	41	3%	5	4	9	1%
ALL CAUSES	914	479	1393	100%	390	230	620	100%

SOURCE | LABOUR BUREAU, SHIMLA

(N.B.) - % INDICATES NUMBER OF STRIKES AND LOCKOUTS BY EACH CAUSE AS % TO TOTAL NUMBER OF STRIKES AND LOCKOUTS.

(P) = PROVISIONAL

DISTRIBUTION OF MANDAYS LOST (IN'000) BY CAUSES DURING 1987-94

CAUSE GROUP	1987				1988				1989			
	A	B	C	D	A	B	C	D	A	B	C	D
WAGES&ALLOWANCES	7749	2433	10182	29%	5103	2172	7274	21%	6615	1359	7974	24%
BONUS	819	884	1704	5%	1299	1057	2356	7%	805	503	1307	4%
PERSONNEL	1419	682	2101	6%	1518	564	2082	6%	702	354	1057	3%
RETRENCHMENT	170	10	179	1%	116	18	134	0%	108	8	116	0%
LEAVE&HOURS OF WORK	33	53	85	0%	19	123	142	0%	134	2	136	0%
INDISCIPLINE&VIOLENCE	452	12137	12589	36%	576	14038	14614	43%	470	11930	12400	38%
OTHERS	3280	4576	7856	22%	3656	3278	6935	20%	1748	5500	7248	22%
NOT KNOWN	103	558	662	2%	244	167	410	1%	112	2312	2424	7%
	14026	21332	35358	100%	12530	21417	33946	100%	10695	21968	32663	100%

CAUSE GROUP	1990 (P)				1991 (P)				1992 (P)			
	A	B	C	D	A	B	C	D	A	B	C	D
WAGES&ALLOWANCES	2946	1512	4458	19%	3543	799	4342	16%	1605	857	2462	8%
BONUS	351	58	409	2%	196	260	456	2%	129	559	688	2%
PERSONNEL	936	63	999	4%	784	492	1276	5%	283	527	810	3%
RETRENCHMENT	130	74	204	1%	106	181	287	1%	38	27	65	0%
LEAVE&HOURS OF WORK	72	1	73	0%	16	2	17	0%	13	93	106	0%
INDISCIPLINE&VIOLENCE	1083	5927	7009	29%	492	8422	8914	34%	261	10845	11106	36%
OTHERS	5040	4838	9878	41%	7162	3725	10888	41%	12700	2995	15695	50%
NOT KNOWN	83	974	1056	4%	129	119	248	1%	103	223	326	1%
	10640	13446	24086	100%	12428	14000	26428	100%	15132	16127	31259	100%

CAUSE GROUP	1993 (PROVISIONAL)				1994 (JAN. - AUG.) (PROVISIONAL)			
	A	B	C	D	A	B	C	D
WAGES&ALLOWANCES	1884	985	2870	14%	1136	413	1549	14%
BONUS	376	270	646	3%	99	166	265	2%
PERSONNEL	957	1516	2474	12%	240	569	809	7%
RETRENCHMENT	87	25	112	1%	18	12	30	0%
LEAVE&HOURS OF WORK	10	96	106	1%	25	16	41	0%
INDISCIPLINE&VIOLENCE	281	8397	8678	43%	92	5410	5503	51%
OTHERS	1929	3084	5013	25%	418	2164	2582	24%
NOT KNOWN	90	313	402	2%	9	76	85	1%
	5615	14686	20301	100%	2038	8826	10864	100%

SOURCE-LABOUR BUREAU, SHIMLA

(P) - PROVISIONAL

A-MANDAYS LOST DUE TO STRIKES

B-MANDAYS LOST DUE TO LOCKOUTS

C-TOTAL MANDAYS LOST DUE TO STRIKES&LOCKOUTS

D-LOSS OF MANDAYS BY EACH CAUSE AS % TO TOTAL LOSS

TOTAL MAY NOT NECESSARILY TALLY DUE TO ROUNDING OFF OF FIGURES.

Special Tripartite Committee

1st Meeting of the STC 21.12.91
2nd Meeting of the STC 20.01.92
3rd Meeting of the STC 04.05.93
4th Meeting of the STC 16.03.94
5th Meeting of the STC 30.03.94
6th Meeting of the STC 09.04.94
7th Meeting of the STC 09.05.94
8th Meeting of the STC 16.08.94

Industrial Committee on Cotton Textiles

1st meeting 21.02.92
2nd meeting 09.02.94
3rd meeting 31.05.94

Industrial Committee on Jute Industry

1st meeting 03.04.92
2nd meeting 05.02.94

Industrial Committee on Chemical Industry

1st meeting 21.04.92
2nd meeting 04.02.94

Industrial Committee on Road Transport

1st meeting 13.03.93

Industrial Committee on Engineering Industry

1st meeting 18.08.92
2nd meeting 04.02.94
3rd meeting 14.02.94
4th meeting 30.11.94

Industrial Committee on Electricity Generation and Distributions

1st meeting 13.11.92

ANNEXURE-VII

List of Cases considered/ under consideration of Group of Ministers

- 1.* Heavy Engineering Corporation (HEC)
- 2.* Mining & Allied Machinery Corporation (MAMC)
- 3.* Cycle Corporation of India Ltd. (CCIL)
- 4.* Nagaland Pulp & Paper Company Ltd. (NPPCL)
- 5.* Mandya National Paper Mills Limited (MNPL)
- 6.* Scooter India Limited (SIL)
- 7.* Triveni Structurals Limited (TSL)
- 8.* Bharat Process & Mechanical Engineering Ltd. (BPMEL)
9. Biecco Lawrie Limited (BLL)
10. Bharat Pumps & Compressors Limited (BPCL)
- 11.* Tannery & Footwear Corporation of India Ltd. (TAFCO)
- 12.* National Instruments Limited (NIL)
- 13.* Weighbird India Limited (WIL)
14. Bengal Immunity Limited (BIL)
- 15.* Tyre Corporation India Limited (TCIL)
16. Bengal Chemicals & Pharmaceuticals Ltd. (BCPL)
17. Bharat Gold Mines Ltd. (BGML)
18. Mica Trading Corporation of India Ltd. (MITCO)
19. Smith Stanistreet Pharmaceuticals Ltd. (SSPL)
20. Hindustan Photo Films Manufacturing Company (HPMC)
21. Richardson and Cruddas Ltd. (RCL)
22. Engineering Projects Indis Ltd. (EPIL)

* Cases considered by Industrial Committee on Engineering industry (12 out of 15 cases).

Summary decision of the cases considered by the GOM

(a) Cases approved for revival/rehabilitation

1. Nagaland Pulp and Paper Co. Ltd. (NPPL)
2. Bienco Lawrie Ltd. (BLL)
3. Smith Stanistreet Pharmaceuticals Ltd. (SSPL)
4. Bengal Chemicals and Pharmaceuticals Ltd. (BCPL)
5. Mica Trading Corporation of India Ltd. (MITCO)
6. Tyre Corporation of India Ltd. (TCIL)
7. Bengal Immunity Ltd. (BIL)

(b) Cases to be examined by a committee headed by Secretary(Expenditure)

1. Bharat Pumps and Compressors Ltd. (BPCL)
2. Triveni Structurals Ltd. (TSL)
3. Mandya National Paper Mills Ltd. (MNPL)
4. Richardson and Cruddas Ltd. (RCL)

(In case of disagreement among the parties, the Committee of Secretaries would look into the areas of disagreement and make suitable recommendations to the GOM.)

(c) Cases to be considered by Committee of Secretaries (COS)

1. Mining and Allied Machinery Corporation (MAMC)
2. Scooter India Ltd. (SIL)
3. Bharat Gold Mines Ltd. (BGML)

(d) Cases to be looked into by Experts/ Inter-Ministerial Committee

1. Heavy Engineering Corporation (HEC)
2. Engineering Projects India Ltd. (EPL)

(e) Case returned for formulation of suitable revival proposal

1. Hindustan Photo Films Manufacturing Corpo. (HPMC)

(f) Case where efforts of Private parties for revival/ restructuring suggested by BIFR will be supported by Govt.

1. Tannery and Footwear Corpo. of India Ltd. (TAFCO)

(g) If no private party takes over, winding up recommended as last resort

1. National Instruments Ltd. (NIL)

(h) Cases recommended for winding up

1. Cycle Corporation of India Ltd. (CCIL)
2. Weighbird India Ltd. (WIL)
3. Bharat Process and Mechanicals Engineers Ltd. (BPMEL)

Cases to be considered in the next meeting

1. Bharat Opthalmic Glass Ltd.
2. Braithwait & Comapny Ltd.
3. Instrumentation Limited
4. Nepa Limited
5. Bharat Brakes and Valves Ltd.
6. National Textiles Company.

ITEM 4 : EMPLOYMENT AND VOCATIONAL TRAINING

The Directorate General of Employment & Training (DGET) in the Ministry of Labour is the apex organisation responsible for:-

- (a) Development and organisation of vocational training programmes at various levels i.e. for semi-skilled/skilled workers, technicians, supervisors, foremen, instructors and training managers in addition to the training of women as a special target group in the country primarily to meet the trained manpower needs of industries in the organised sector.
- (b) Development and coordination on a national basis of programmes relating to employment services.

VOCATIONAL TRAINING :

2. So far as Vocational Training is concerned, a large number of organised training schemes have been introduced. The subject being in the Concurrent List both the Centre and the States share the responsibility of their implementation. A wide network of training institutions administered by the Central and State Governments now exist in the country.

3. The important vocational training schemes administered by the DGET are :

1. Craftsmen Training Scheme
2. Apprenticeship Training Scheme
3. Training of Craft Instructors
4. Training of highly skilled workers
5. Foremen Training Programme
6. Training Programme for Women
7. Staff training/research, development of teaching materials

4. The objectives, support structures available to implement the above schemes and the activities/work sharing between the Centre and the States are as follows:-

Sl. No.	Scheme	Objectives	Support Mechanism	Activities / Work Sharing	
				Centre	State
1.	Craftsmen Training Scheme	To provide institutional training leading to development of semi-skilled workers in 63 designated trades.	2651 Industrial Training Institutes including 370 ITIs/ITI Wings exclusively for women.	Laying down of policies and procedures, standards and curriculum of designated trades, affiliation, trade testing	Administrative and financial control of ITIs.

and
certification.

2. Apprenticeship Training Scheme	To provide on the job training facilities in industries leading to development of skilled workers in 132 designated trades.	138000 apprentices under training in over 16000 industrial establishments administered through 6 Regional Directorates of Apprenticeship Training and the State Apprenticeship Advisors.	Framing of rules under the Apprentices Act, 1961; Amendment of the Act from time to time; laying down of policies, procedures, standards and curriculum etc. of the designated trades; trade testing and certification; implementation of the provision of the Act in the Central establishments.	Implementation of the provisions of the Act in the State and private sector establishments; carrying out the apprenticeship training programmes according to the guidelines prescribed by the Centre.
3. Training of Craft Instructors	To train instructors of ITIs, BTCs, RICs and Training Centres of industries.	Five Advanced Training Institutes and one Central Training Institute.	Laying down of policies and procedures; implementation of training programmes in the Central training institutes.	Nomination of instructors of ITIs and Training Centres for utilising the facilities created in the Central training institutes.
4. Training of Skilled Workers	To provide updated training or retraining to workers from industries under the Advanced Vocational Training Scheme	Six Advanced Training Institutes and 16 ITIs. More ITIs being added under VTP.	Train in-service workers in the Central institutes for upgradation of their skills in accordance with the needs of industry.	Train in service workers in the selected ITIs of the States/UTs.
5. Training of skilled workers in the specialised fields of electronics and	To provide updated training and retraining in the fields of industrial	Two Advanced Training Institutes for Electronics and Process Instrumentation	To train fresh candidates from ITIs and diploma holders in the field of Electronics and	Utilise the facilities created by the Centre by nominating their staff for

processronics
instrumentation

electronics,
domestic
electronics,
medical
electronics and
process
instrumentation

Process
Instrumentation
through
long-term
courses in the
training
institutes
established by
the Centre;
train in-service
personnel from
industries for
upgradation of
their skills.

upgradation of
their skills in
the specialised
fields.

6. Supervisory
Training.

To train first
line managers
from industries

Two Foremen
Training
Institutes.

Train first
line
supervisors,
foremen and
also engineers
in technical
and managerial
skills.

To utilise the
facilities
created by the
Centre to meet
their needs for
training of
supervisory
staff wherever
required.

7. Research &
Development in
Vocational
Training

To conduct
applied
research in
vocational
training,
develop
instructional
material and
teaching aids.

The Central
staff Training
& Research
Institute and
the Central
Instructional
Media
Institute.

To conduct
applied
research
studies in the
different
aspects of
vocational
training to
assist in
evolving
national
policies for
overall
improvement of
the National
Vocational
Training System

To utilise the
outcome of
research
studies for
improvement of
vocational
training in
their concerned
areas of
working.

8. Women's
Training

To train women
in Basic and
Advanced
Courses and
also train
instructors for
women ITIs.

One National
Vocational
Training
institute for
women and nine
Regional
Vocational
Training
Institutes for
women.

Laying down of
policies and
procedures,
standards and
curriculum of
designated
trades, and
overall
coordination.

To conduct the
training
programmes in
Women ITIs
according to
the guidelines
prescribed by
the Centre.

PRESENT STATUS:

5. The foregoing table reveals that except for the schemes at S.No.1 & 2, i.e. Craftsmen and Apprenticeship Training Schemes, the other schemes are run on institutional basis in the field institutes under the DGET. As regards Craftsmen Training Scheme (CTS), the execution of the scheme and the financial and administrative control of the ITIs where this scheme is implemented rest with the respective State Governments/ Union Territories. In matters relating to the Apprenticeship Training Scheme (ATS), industry plays an important role in providing a major part of the training, with supervision and control retained with the Central and State Governments in their respective spheres of working.

6. In formulating policies, procedures and training standards etc. in the execution of various schemes, the Ministry of Labour is advised by two Tri-partite bodies, namely, the National Council for Vocational Training (NCVT) and the Central Apprenticeship Council (CAC) which have representatives from Government, Employers and Trade Unions.

7. The CTS, however, forms a major part of the total vocational training effort and deserves special attention. The institutional base for implementation of the schemes in ITIs has made tremendous progress quantitatively over the years. During the last one decade, the number of ITIs has more than doubled (please see Annexure-I). However, the system of functioning, execution and control has not undergone any significant change. As a result, certain issues as indicated below have become pronounced:

- i) Difficulty in prescribing uniform standards which will have acceptability throughout the country.
- ii) Delayed response to changing requirements.
- iii) Lack of flexibility in meeting local and regional trained manpower needs.
- iv) Time consuming process of granting NCVT affiliation to ITIs;
- v) Lack of supervision of functioning of ITIs and monitoring the qualitative aspects of training courses.
- vi) Inadequate revision/modification of trade syllabi.

In consideration of these issues and the present day needs, the following aspects need serious consideration:

- i) Revitalising the State Councils for Vocational Training (SCVTs) and the need for strengthening the linkages between NCVT and SCVTs.
- ii) Strengthening linkages with industries and other institutions of learning to bring the training courses more in line with the current requirements of industry.

8. STATE COUNCILS FOR VOCATIONAL TRAINING (SCVTs):

The scheme for implementation of training in ITIs requires constitution of SCVTs in each State/ UT on lines similar to the NCVT at the National level, having representatives from Government, Employers and Trade Unions. In many States, SCVTs have been non-functional or in some cases even non-existent for years. There is a need for the nodal departments in the States/ UTs i.e. the Directorates of Employment & Training or Directorates of Technical Education, as the case may be, to revitalise the SCVTs to supplement the efforts of the NCVT in improving the National Vocational Training System as a whole. A very close linkage needs to be developed between the SCVTs and the NCVT on activities/work sharing, so that SCVTs function as regional set-ups for the NCVT, besides taking care of the regional training needs. The proposed work sharing aspects are:

NATIONAL COUNCIL FOR VOCATIONAL TRAINING	STATE COUNCILS FOR VOCATIONAL TRAINING
1) The National body to consider issues relating to Vocational Training on All-India basis.	A State body to function as State/Regional set up for NCVT and also to consider issues specific to the concerned State.
2) Delineate time-bound tasks and assign them to different SCVTs, for example issues like (a) assessment of current training needs and manpower requirement; (b) preparation/revision of training standards, syllabi, equipment, specifications and other details, for effective training in different areas etc.	Carry out the task assigned by NCVT for adoption on an all India basis.
3) Prescribe the norms, standards, policies and procedures for affiliation of ITIs to the NCVT, taking into consideration the current practices.	Work according to NCVT prescribed norms, standards and procedures and report to the NCVT about the institutes which come up to these standards for reference, record and trade testing and certification. (without further scrutiny of individual cases at NCVT level.)
4) Maintain training data base with all-India level details.	Maintain and furnish basic data from the institutional level and the State level to NCVT periodically according to a pre-determined procedure.

- | | | |
|----|---|---|
| 5) | Arrange for system of Trade Testing according to prescribed standards. | Adoption of the system to meet the regional needs (e.g. considering the diverse language needs etc), as required. |
| 6) | Develop a system to keep the training areas updated and assign tasks to SCVTs to carry out regional surveys and feed information to NCVT. | Carry out the assigned tasks and suggest new areas of training (discarding old areas, if no longer relevant) for consideration and adoption on all-India basis. |
| 7) | Maintain data base on employability of ITI trained persons and evolve corrective measures. | Carry out studies and surveys from time to time and analyse the results for evolving corrective measures & report findings to NCVT. |

The above list of activities/work sharing is only illustrative and will have to be reviewed/updated from time to time, as required.

INSTITUTE- INDUSTRY LINKAGE

9. This issue has been discussed on various forums and the need for such a linkage requires no further emphasis. The training institutes cannot work in isolation. Industry, who are the end users of the products of the training institutes should be effectively associated with the training programmes, for which a close interface is essential. While some efforts have been made in a few states, there is no tangible evidence of any positive outcome. The efforts, therefore, need to be strengthened to ensure that the desired results are achieved. Formal Memoranda of Understanding have been signed by some States with Industries Associations, like the Confederation of Indian Industry (CII). The execution of such MOUs needs to be strengthened to make them more relevant to the current needs. Such linkages should provide commitment on the part of both parties i.e. the industry and the training institutes, for mutual benefit. A more important role however lies with the industry, who could consider adopting some of the training institutions or making available their infrastructure for making the institutional training programmes more effective and relevant. The nodal departments in the State Government and the SCVTs have to play a lead role in operationalising such linkages.

CONSOLIDATING THE GAINS OF THE WORLD BANK AIDED VOCATIONAL TRAINING PROJECT:

10. A Vocational Training Project with World Bank assistance was undertaken 5 years ago for implementation in 28 States/UTs, besides certain training institutions under DGE&T. As a result of the implementation of the project, significant progress has been made in the efficient functioning of a large number of Government run ITIs in terms of modernisation of equipment, improvement of training facilities, training of instructors, etc. A number of significant inputs are further expected to be made during the

remaining project period. In this connection, a special reference needs to be made to the establishment of the Management Information System (MIS) for the National Vocational Training System (NVTs) in the country. This is proposed to be made operational at the State Headquarters, their regional offices, DGE&T field institutes and DGET Headquarters. This system is expected to provide extensive data base which would facilitate decision making at the State and the National levels. Utmost co-operation and co-ordination between the States and DGET would be essential for the success of the scheme. Equally important would be the availability of continuous support to the scheme by the State Governments after the expiry of the project period.

11. A mention also needs to be made with regard to the qualitative aspects of the Vocational Training which, in effect, is the primary objective of the Vocational Training Project. The objective is related to substantial upgradation of skills and knowledge of the trainers. Sufficient provision has been made in the project for training of instructional staff which are to be deployed by the State Governments in the ITIs where the VTP schemes are under implementation. However, according to available information, the State Governments so far have been able to fill about 50% of the required positions and the number of persons trained is still less. In order to remedy the situation, special attention will have to be paid by the State Governments to providing the necessary manpower and have them trained as per the provisions made in the VTP so as to ensure the desired results.

INVOLVEMENT OF NON-GOVERNMENT ORGANISATIONS

12. The Training Programmes as of now are meant for meeting the needs mainly of organised industries and are conducted through institutions-Central and State.

13. These programmes are of fixed nature and do not provide enough flexibility to meet the needs of other needy segments of the society, especially in the rural areas and for the women. The requirements in such cases being often of short term duration need very quick responses to changing situations and can be better handled by non-Governmental organisations. Such organisations are already engaged in a number of productive activities which can also be oriented to meet the skill-development needs of special groups by providing some Government assistance, wherever required. This aspect needs to be considered seriously at the State Government level.

SUMMARY POINTS FOR DELIBERATIONS

In the light of what has been stated above, the Indian Labour Conference may kindly consider the following issues:

- (i) Revitalizing SCVTs and strengthening linkages between NCVTs and SCVTs.
- (ii) Strengthening Institute - Industry linkages for demand driven training programmes.

- (iii) Consolidating the gains of World Bank aided Vocational Training Project for updating, uptoooling and upgrading the training infrastructure in the Country.

EMPLOYMENT :

14. The National Employment Service in India owes its origin to the need for resettlement of de-mobilised Defence personnel after the Second World War. The Directorate General of Resettlement and Employment was set up in July 1945 for this purpose. Subsequently, refugees coming from Pakistan were also rehabilitated through the Employment Service. Later, the organisation was thrown open for all categories of employment seekers. The National Employment Service today consists of a network of Employment Exchanges and University Employment Information and Guidance Bureaus (UEIGBs) functioning throughout the country, except in the State of Sikkim. At the end of March, 1994, there were 885 Employment Exchanges functioning in the country, which included 83 UEIGBs. During the period January-December 93, these employment exchanges registered 5532.1 thousand employment seekers. The number of vacancies notified and filled during the same period were 386.4 thousand and 231.4 thousand respectively. The Live Register of job-seekers at the end of Dec., 1993 was 36275.54 thousand.

15. Employment Service is the responsibility of both the Central and State Governments. The subject 'Employment and Unemployment' has been included in the Concurrent List of the Constitution of India. However, the responsibilities of the Central and State Governments have been identified and delineated for effecting harmonious functioning of the Employment Service.

16. The primary functions of the Employment Service have traditionally been as follows :-

- (i) Registration and Referral of job-seekers;
- (ii) Vocational Guidance and Counselling; and
- (iii) Collection of Employment Market Information.

17. The main role of Employment Exchanges has been registration and referral. At one point of time, Employment Exchanges were the sole referral agency. However, several recruiting agencies, such as Staff Selection Commission, Banking Service Recruitment Boards, Railway Recruitment Boards, etc. have since been set up. As a result, the number of vacancies notified to Employment Exchanges has decreased from about 9 lakhs in 1981 to nearly 4 lakhs in 1993. However, the number of registrants has not decreased proportionately. Whereas 63 lakhs registered for employment assistance in 1981, the number approaching the employment exchanges in 1993 for registration was about 55 lakhs.

18. According to the estimates made by the Planning Commission, unemployment at the beginning of the 8th Plan has been placed at 23 million. In the 8th Plan Document, it has been projected that the labour force would increase by about 35 million during 1992-97 and by another 36 million during 1997-2002. Thus,

the total number of persons requiring employment is estimated to be 58 million during 1992-97 and 94 million over the ten-year period 1992-2002. The economy will need to generate 94 million jobs in order to reach the goal of near full employment by the year 2002. Thus, we need to create 9.4 million jobs every year (with effect from 1.4.92).

19. As revealed from the results of the 43rd round of the NSS, self-employment is the major provider of jobs; it has been so over a period of time and the trend is expected to continue. It is also well recognised that a high rate of industrial growth can create additional employment opportunities in the organised manufacturing sector which will absorb only a fraction of the unemployed and under employed labour force. Moreover, employment generation is not synonymous with creation of wage-paid employment. It is, therefore, necessary to combine the provision of wage employment with creation of conditions for self-employment.

20. In order to deal more effectively with this issue, it is necessary that the employment service should play its appropriate role by adopting the following alternatives in promoting employment and self-employment, depending upon the local situation and needs:

- (i) Nodal agency for promotion and monitoring.
- (ii) Implementation of specific schemes

In either case, the Employment Exchanges may have to maintain a comprehensive and up-to-date data-base on self-employment opportunities and facilities available to disseminate among and motivate potential job-seekers. With this change in their functioning, the Employment Exchanges may be renamed as "Employment Promotion Centres" or something similar. Further, the Employment Exchanges have so far been linked only to providing employment to the job-seekers in the organised sector. There appears to be a need to change this impression so that people realise that the employment exchanges promote employment rather than provide employment. For this reason as well, it may be necessary to have the name of employment exchanges changed to Employment Promotion Centres or something similar.

21. In this context it may also be stated that the Employment Market Information Programme (EMI) of the D.G.E.&T. also suffers from criticism of lack of comprehensiveness of the Employers' Register and inadequate coverage. The Central Government has formulated a Centrally Sponsored Scheme to provide staff to the EMI Units, depending upon the size of the Employers' Register, so that the EMI Programme could be made more comprehensive. The EMI programme presently is also inadequate with respect to the unorganised sector and in its relationship with the formal sector. This aspect could also be one of the major areas for studies to be launched for determining the relationship between the formal and informal sectors.

22. The data thus thrown by the EMI Programme can become an efficient instrument for providing effective Vocational Guidance and Employment Counselling. This will also create an awareness about the changing occupational pattern in the country and motivate the unemployed to opt for newly emerging labour market.

SUMMARY POINTS FOR DELIBERATIONS

In the light of what has been stated above, the Indian Labour Conference may kindly consider the following issues:

- (i) Making Employment Exchanges as nodal/specific agency for all Self Employment Promotion Schemes.
- (ii) Re-naming the Employment Exchange as 'Employment Promotion Centres', or something similar, in tune with their new role.
- (iii) Strengthening of Employment Market Information (EMI) Programme to make it more broad based.
- (iv) Developing efficient instruments for providing effective Vocational Guidance and Employment Counselling, especially for the benefit of Students of delta classes.

This paper was circulated for consideration of the Standing Labour Committee meeting held on 27th October, 1994.

ANNEXURE - I

NUMBER OF ITIS

Sl. No.	As on	Govt. ITIs	Private ITIs/ITCs	Total	Increase in No. of ITIs over the previous Year
1.	31.12.84	694	574	1268	-
2.	31.12.85	719	728	1447	179
3.	31.12.86	825	889	1724	277
4.	31.12.87	852	1035	1887	163
5.	31.12.88	862	1037	1899	12
6.	31.12.89	903	1167	2070	171
7.	31.07.90	964	1173	2137	67
8.	31.07.91	981	1259	2240	103
9.	31.07.92	1008	1439	2447	207
10.	31.07.93	1028	1623	2651	204