

**THIRTY-NINTH SESSION OF
THE INDIAN LABOUR CONFERENCE
(NEW DELHI – OCTOBER 16-18, 2003)**

**ITEM I : REPORT OF THE SECOND NATIONAL COMMISSION ON LABOUR WITH
EMPHASIS ON RATIONALIZATION OF LABOUR LAWS AND
UNORGANIZED LABOUR**

1. Background

India's Labour Policy is mainly centred towards various labour laws. These laws have evolved over a period of time in response to two main needs. In the first place, they reflected certain needs of individuals; society and the nation based on the Fundamental Rights guaranteed by the Constitution. For example, Article 19 guarantees freedom of speech and expression, freedom to form Association or Unions and freedom to practice any profession or to carry on any occupation, trade or business, subject to reasonable restrictions that may be imposed by law on the exercise of these freedoms. Article 23 prohibits traffic in human beings and forced labour and Article 24 prohibits employment of children in factories etc. These are constitutionally binding and are reflected in the labour laws. In addition, the Directive Principles of State Policy in Part IV of the Constitution are fundamentals in the governance of the country and it shall be the duty of the State to apply these principles in making laws. The Principles enshrined in Articles 39, 41, 42, 43, 43-A are the basic pillars for formulating the policy for our workers.

The labour laws were also influenced by important Human Rights and the conventions and standards that have emerged from the United Nations and the International Labour Organization. These include the Right to: work of one's choice; against discrimination; prohibition of child labour; just and humane conditions of work; social security; protection of wages; redressal of grievances; organize and form trade unions; collective bargaining and participation in management.

The country has, therefore, a plethora of labour laws covering various facets of labour issues such as factories, mines, plantations, transport, shops and commercial establishments, industrial housing, safety and welfare, wages, social security, industrial relations, employment and training, emigration, compensation insurance etc. The labour being in the concurrent list, laws are enacted and implemented both by the Central and State Governments. As on date, we have about 50 Central and more than 100 State Labour Acts.

2. Setting up of the Second National Commission on Labour

In order to bring labour reforms, Government of India constituted the Second National Commission on Labour under the Chairmanship of Hon'ble Shri Ravindra Varma on 15.10.1999. The Commission was given a two-point terms of reference (i) to suggest rationalization of existing laws relating to labour in the organized sector; and (ii) to suggest 'umbrella' legislation for ensuring a minimum level of protection to the workers in the unorganized sector. In developing the framework for its recommendations, the Commission was required to take into account the emerging economic environment involving rapid technological changes, globalization of economy, liberalization of trade and industry and emphasis on international competitiveness and the need for bringing the existing laws in tune with the future labour market needs and demands.

3. Submission of the Report by the Commission

The comprehensive Report was submitted by the Commission to the Govt. on 29th June 2002. The Report is a voluminous document running into 1751 pages and is brought out in two volumes. The Report of the Commission was placed in the Parliament Library and the copies of the Report were distributed to the Members of Parliament. The Report (both in Hindi & English) was also placed on Internet and can be accessed at <http://www.labour.nic.in>. The Commission has comprehensively covered various aspects of labour and given recommendations relating to review of laws, social security, women & child labour, wages, skill development, labour administration, unorganized sector.

A summary of main recommendations relating to rationalization of labour laws and unorganized sector is given at **Annexure-I**.

4. Efforts of the Ministry to implement the Report

The Report has been receiving the highest attention of the Government. The specific recommendations are under in-depth examination in the Ministry of Labour. The Union Labour Minister has discussed the report individually with all recognized trade unions, employers' representatives and eminent personalities to get their considered views. He has also held discussions in various States like Kerala, Karnataka, Andhra Pradesh, Tamil Nadu etc.

The Union Labour Minister has requested the Chief Ministers of all States to initiate appropriate action to rationalize the labour laws falling within their sphere. He has also written to all Members of Parliament and eminent personalities including political parties and their functionaries to send their comments on the recommendations of NCL. The Labour Secretary has also requested to the Chief Secretaries of all States for rationalization of labour laws falling under their spheres.

Certain more specific initiatives taken by the Ministry in this regard are enumerated below: -

(i) Discussions on the Report of NCL in 38th session of Indian Labour Conference on 28-29 September, 2002

The Report of the Commission was discussed as one of the agenda items at the Indian Labour Conference (ILC) meeting held on 28-29 September 2002. The state representatives, employers, trade unions and other social partners expressed their views on the report and requested the Government for a detailed discussion on the report before its acceptance. Even then, there was convergence of views on certain recommendations of National Labour Commission. These, inter-alia, include:

- (a) introduction of umbrella legislation for workers in the unorganized sector and agricultural labour.
- (b) creation of skill development fund for training/retraining of workers.
- (c) encouragement of small scale industries, agri-business and rural sector for higher employment generation.
- (d) bringing about attitudinal changes and changes in the mindset and work culture where employer and worker work with each other as partners, with emphasis on participative management.
- (e) consolidation of social security legislations and establishment of social security system.

At the end of the Conference, it was decided to convene a tripartite meeting to exhaustively discuss the report.

(ii) National Seminar on Unorganised Sector Labour

A two-day national seminar on 'Unorganised Sector Labour: Social Protection, Skill Development and Legislative Interventions' was organized on 7-8 November, 2002. The Seminar was attended by the representatives of trade unions, employers, State Governments and Central Ministries, academicians, NGOs, ILO, social activists and representatives of media. Labour Ministers from the States of Kerala, Karnataka, Tamil Nadu and Maharashtra also participated.

There was a consensus among the delegates that social security should consist of medical care, maternity benefit, old-age pension, unemployment, insurance benefit and education opportunities. It was suggested that the ceiling / threshold limit of EPFO and ESIC need to be modified and package of benefits unbundled to bring the unorganized sector workers within its ambit. The setting of a Central Welfare Fund was recommended to expand the coverage of the existing social welfare schemes.

The need for skill upgradation is paramount for increasing the productivity in the unorganized sector and also for sustaining the employability of the growing workforce. It was felt that earmarking of a certain percentage of the GDP for training and skill development, together with the creation of a Skill Development Fund with contributions from employers, employees and Government would provide necessary resources to enhance the productivity of the unorganized sector workers. Designing and developing Labour Market Information System, development of competency standards and introduction of certification system for skills acquired through informal means and modernization and optimum utilization of existing skill development institutions were also suggested.

The introduction of umbrella legislation was found feasible considering the need for rationalization, simplification and consolidation of labour laws. It was suggested that the legislation should provide for regulating the conditions of service of workers in the unorganized sector particularly in terms of payment of minimum wages, hours of work, collective bargaining etc. apart from ensuring minimum welfare provisions.

(iii) Tripartite Committee Meeting

A two-day Tripartite Committee Meeting was held on 18-19 February 2003 at V.V. Giri National Labour Institute. The agenda items for the meeting were: -

- (i) Comprehensive Social Security
- (ii) Skill Development & Training
- (iii) Industrial Relations
- (iv) Social Protection for Unorganized Sector Workers

In the meeting, representatives of Central trade unions, employers organizations, key officials from the Government (both Central and States) and labour experts participated. The important suggestions of the tripartite meeting were as follows: -

- ❖ The social partners unanimously supported the proposal of Unorganized Sector Workers Bill, 2003. It was also suggested that Government should meet the cost of welfare schemes for the vulnerable sections of the society.
- ❖ Social security may be made as a fundamental right by amending the Constitution and to earmark 2-3% of GDP for social security.

- ❖ Trade Unions felt that Government should ratify the ILO Convention, especially Convention No. 102 on Social Security (Minimum Standards).
- ❖ Need was felt for integrated social security schemes with single window operation where all the social security benefits may be put under one basket.
- ❖ To evolve a comprehensive social security system, a computerized Social Security Number and Card should be issued to the workers.
- ❖ Need of private sector participation in skill development was emphasized through the combined efforts of Government, employers and employees.
- ❖ Necessity of setting up of a Skill Development Fund for training / retraining was stressed. There should not be any cess linked with provident fund. The Skill Development Fund should consist of a corpus from the Government and donations by industry.
- ❖ Presently, as many as 13 Ministries / Departments of Government of India are running various employment generation and vocational training schemes. The need for bringing them under one umbrella was felt. However, reservations were expressed regarding the administrative difficulties in the process of integration.
- ❖ The need for having an efficient labour market information system for skill training was emphasized.
- ❖ State Governments were of the view that private placement agencies should be regulated, as they were charging exorbitant amounts. The employers' organizations were, however, not in favour of any such regulation.
- ❖ The employers suggested contractual and fixed term employments, workers' participation as per TISCO Model, Check-off System, amendment in Section 9-A for enabling restructuring, amendment in Section 11-A for enforcing discipline and restrictive clauses regarding retrenchment and closure should be done away with whereas the trade unions were of the view that unfettered right for retrenchment and closure in the name of flexibility was not conducive to employment generation. No flexibility was required in the matters relating to strike, lockout, closure, lay-off and retrenchment.
- ❖ Unions felt that competition in the market should not be at the cost of workers. Though simplification of law was desirable, it should not be construed as exemption from law itself. Determination of strike on the basis of ballot was not desirable.
- ❖ No consensus could be arrived on the contentious issues of industrial relations. However, it was agreed to discuss the issue under the initiative of the Ministry of Labour to bridge the differences.

(iv) Consultative Committee Meetings

The Draft of the Umbrella Legislation on Unorganized Labour, as recommended by NCL in its Report, was discussed in the Consultative Committee of Ministry of Labour in its meeting held on 07.02.2003. The valuable suggestions of the members on the Draft Bill on Unorganized Sector Workers were incorporated in the Bill.

Report of the 2nd National Commission on Labour was discussed again in a meeting of the Consultative Committee held on 30.04.2003 and the House agreed with the suggestions that decisions on the recommendations will be taken after keeping in view the ground realities and accept such of them which are practicable for implementation. It was also felt that there was need to have a lot of detailed discussions before coming out some conclusions about the type of Bills needed to be brought forward.

In the 39th Session of Standing Labour Committee held on 25.07.2003, it was decided that the Report of Second National Commission on Labour with emphasis on rationalization of labour laws and the unorganized labour would be one of the Agenda Item for the 39th Session of Indian Labour Conference.

5. Rationalisation of Labour Laws: -

The Commission suggested codification of existing laws in 4 to 5 groups and also suggested amendment to the existing laws and to enact the following new draft laws:

(i) Labour Management Relations Bill:- The National Commission on Labour has given a Draft Bill on Labour Management Relations. The details of the new provisions contained in this Bill are as under:

The draft Bill provides provisions to establish a machinery in the form of Labour Relations Commissions, which will offer adjudication/arbitration services to the parties in disputes and also promote healthy industrial relations.

The Bill also provides provisions for appeals against the orders or awards of Labour Courts can be filed before the Central Labour Relations Commission or the State Labour Relations Commission, which shall be deemed to be established under Article 323 –B of the Constitution of India. Appeals against the order or award of the Central or State Labour Relations Commission can be filed before the National Labour Relations Commission, which shall be deemed to be established under Article 32(3) of the Constitution of India. The arrangement will bar the jurisdiction of High Courts and Supreme Court in the industrial disputes covered by the Bill. Since these Commissions will be specialized bodies the system will help evolve a consistent labour jurisprudence.

The draft Bill also provides the provisions of lay-off which shall apply to all establishments instead of their applications to establishments employing 50 or more workers as this has become counter-productive. The requirement of prior permission for lay-off, retrenchment and closure will be required by the factory, plantation or mines employing 300 or more workers instead of 100 workers at present. The compensation in case of retrenchment and closure shall be 45 days wages.

The draft Bill also provides provisions for recognition of trade unions and negotiating agent. At present, there is no provision for recognition of trade unions under the Central Laws.

The draft Bill also contains provisions for prohibition of strikes and lock-outs in socially essential services. At present the Industrial Disputes Act contains notice of strike or lock-out in public utility

services only and there is no provision for taking strike ballot to be taken before issuing notice of strike. The workers employed in any socially essential services cannot resort to strike unless the strike has been called by the Negotiating Agent and the call for strike by the Negotiating Agent has been preceded by Strike Ballot in which not less than 51% of workers have supported the proposed strike.

(ii) Unorganized Sector Workers (Employment and Welfare) Bill: - The NCL has recommended an umbrella legislation to consolidate and amend the laws relating to the regulation of employment and welfare of workers in the unorganized sector in India and to provide protection and social security to these workers. A Draft Unorganised Sector Workers' Bill has been prepared in consultation with the States and the same is presently under consideration of the Group of Ministers headed by Hon'ble Deputy Prime Minister.

(iii) Law on Wages:- The Commission has recommended framing of a new Law on Wages to include the provisions of wage related Acts viz. Minimum Wages Act, 1948, Payment of Wages Act, 1936, Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. It applies to all establishments wherever there are 20 or more workers irrespective of the nature of activity that is carried on in the establishments.

(iv) The Small Enterprises (Employment Relations) Bill: - NCL recommended that considering the limited managerial capability and the financial and administrative burden imposed on small scale units by subjecting them to the same laws as those for the big industries, a separate law be enacted to look after the employment relations of the workers in such units. The draft law suggested by the Commission contains provisions for social security, health, safety, welfare, hours of work, and annual leave in small-scale units employing upto 19 workers.

(v) Umbrella Legislation on Occupational Safety & Health: The Commission has suggested the Umbrella Legislation on Occupational Safety & Health.

(vi) The Hours of Work, Leave and other Working Conditions at the Workplace Bill: The Commission has suggested the Act to provide for regulation of hours of work, leave and other working conditions in all establishments.

(vii) Model Standing Orders: NCL suggested for establishments employing 20 or more but less than 50 workers.

(viii) Indicative Law on Child Labour: The Commission suggested to replace existing Child Labour (Regulation and Prohibition) Act, 1986.

6. Unorganised Sector Workers

According to the survey conducted by the National Sample Survey Organization (NSSO) in 1999-2000, the total employment in both the organized and unorganized sectors in the country was 397 million, of which 28 million are in the organized sector and 369 million (about 93%) are in the unorganized sector. Of this, 237 million workers are in the agricultural sector, 41 million in manufacturing and 91 million in services including construction (37 million in trade, 37 million in transport, communication and services, and 17 million in construction). On account of their unorganized nature, these workers do not get adequate labour protection in terms of job security, wages, working conditions, social security and welfare. Nor is the expression unorganized sector capable of any compact definition.

Over the years, the status of unorganized labour in the country has been studied in several contexts – by First National Commission on Labour National Commission on Self-Employed Women

(1987), National Commission on Rural Labour (1987) and National Council for Applied Economic Research (NCAER) and Self-Employed Women's Associations (SEWA, 1997). All these studies have projected the plight of workers in the unorganized sector and called for substantial measures to improve their labour protection.

Considering the enormity of the persisting problems of labour protection in this area, the Second National Commission on Labour (NCL) appointed by the Government was asked; inter alia, "to suggest an umbrella legislation for ensuring a minimum level of protection to the workers in the unorganized sector." The Commission which has given its report in June, 2002, while addressing this specific Term of Reference has identified the following important characteristics of unorganized labour:

- Casual, seasonal, contractual, kinship-based labour relations;
- Home-based / self-employed nature of work, whether production is on own account or for wage;
- Marginal work (that is, work for less than 180 days in a year);
- Migrant nature;
- Access to finance through exploitative private channels and debt bondage;
- Application of indigenous resources and technologies;
- Dependence on common property resources;
- Health hazards;
- Feminisation of labour and employment of child labour;
- Casualisation / informalization from organized sector enterprises.

As NCL has pointed out, most of our labour laws are relevant only to the organized sector. Even the major focus of the Trade Unions both at Centre and in the State is on the problems relating to the organized sector workers only. The medical facilities, provident fund, insurance and pension like benefits under the Employees' State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions Act, 1952 are for this category of workers. On the other hand the unorganized sector workers which comprise of 93% of the total labour force and comprises the most vulnerable section of the society viz. SC/ST minorities and OBC, who are generally living below the poverty line are deprived of any social security cover.

The Central Government has constituted five Welfare Funds for specific groups of unorganized sector workers – for those engaged in beedi, non-coal mines and cine industries. Implementation of the progressive legislation like the Building and Other Construction Workers (RECS) Act, 1996 will go a long way in providing safe and healthy working environment along with social protection measures. These are apart from National Social Assistance Programme (NSAP) consisting of schemes for old age pension, family benefit and maternity benefit, group insurance schemes and poverty alleviation (employment assistance) schemes generally meant for those living below poverty line including job seekers and some categories of workers.

Some of the State Governments also have been implementing welfare programmes for a few categories of unorganized sector workers. The Government of Kerala have been operating a number of

welfare funds for last many years covering like agriculture workers, construction workers, cashew workers, toddy tappers, tailoring workers etc. Similarly, Government of Tamil Nadu is also implementing welfare funds for construction workers, tailoring workers, transport workers, handicraft workers, rickshaw and taxi drivers workers, handloom and silk weaving workers etc. The Government of Goa has also recently started 'Dayanand Social Security Scheme' for old, destitute and single women which also includes certain category of workers in the unorganized sector like auto rickshaw & taxi drivers, toddy tappers, etc. Similarly, the Government of Punjab is implementing a scheme to provide financial assistance to the farmers and labourers in case of death or injury by operating the agricultural machinery/implements and other operations. Besides, the Government of Karnataka, Andhra Pradesh, Madhya Pradesh are in the process of enacting of their own umbrella legislations for the workers in unorganized sector. The major benefits being provided by the State Governments under existing welfare schemes for the unorganized sector include group insurance, education assistance, medical care etc.

Despite all these efforts, there are colossal deficits in the coverage of unorganized sector workers in the rural as well as urban areas by labour protection and social security measures. NCL while dealing with the impacts of globalization and new economic and industrial policies has observed that traditional industries are facing problems of demand contraction; that enterprises are downsizing or closing; that they are not embarking on new projects or expansion because of mergers and acquisitions; that employment in general is not growing and where it grows, is limited to narrow fields; and that workers are getting "casualized and contractualized".

The NCL justified the need of an Umbrella Legislation for the unorganised sector workers and also gave an indicated Bill. The report of the NCL has been discussed at various fora. The 38th session of the Indian Labour Conference held in September, 2002 had convergence of view on the need for the umbrella legislation. Subsequently, the recommendations of NCL in regard to unorganized sector including the draft Bill suggested by it were examined and consultations on the matter were held by the Ministry in a National Conference on Unorganized Labour in November, 2002. This conference was attended by representatives of Trade Unions, employers, non-governmental organizations, State Governments, Central Ministries and academics. The Conference endorsed the need for the umbrella legislation and suggested that it should provide for regulation of conditions of service of workers including payment of minimum wages and provision of social security. Keeping in view the recommendations of the NCL and views of all stake holders, a draft Unorganized Sector Workers Bill, 2003 was prepared by the Ministry. The draft was also circulated to the State Governments and discussed in a meeting of State Labour Secretaries in January, 2003. This was further discussed in a meeting of the Parliamentary Consultative Committee for the Ministry on 7th February, 2003. There was also a tripartite consultation on the Draft Bill on the 18th and 19th of February, 2003 and then in the meeting of CTUs held on 24th May 2003. The draft Bill envisage to regulate the employment and conditions of service of unorganised sector workers and to provide for their safety, social security, health and welfare. The Cabinet in its meeting held on 23rd July, 2003 considered the proposal and decided to refer it the Group of Ministers (GoM) under the Chairmanship of the Deputy Prime Minister. First meeting of the GoM was held on 14th August 2003. The second meeting is likely to be held shortly.

7. Present status on the action taken on the recommendations.

The future course of labour reforms strategy would be mainly guided by the recommendations of the NCL. In order to systematically adopt the recommendations of the Commission and initiate action on labour reforms, the following action have been taken or are being taken: -

(i) Social Security Legislation: The Government proposes to establish social security system by providing for old age pension, medical insurance, workers injury scheme, maternity benefits and

unemployment insurance and also for providing efficient service delivery in terms of social security benefits.

Action has been initiated for amending the provisions of various Social Security Acts in line with the recommendations of Second National Commission on Labour and suggestions received by the Ministry. The reforms in labour legislation include the need to extend coverage of the ESIC and EPFO to various categories of workers and the need for efficient service delivery in terms of social security benefits.

The Employees' State Insurance Act, 1948, the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 are both being amended appropriately. A few suggestions have also been received regarding the Workmen's Compensation Act, 1923 and the Maternity Benefit Act, 1961. These suggestions are being examined in terms of the need for amendment, if any. The focus is now on launching different benefit schemes to suit the need of the workers in various sectors.

ESIC is now widening the coverage of its hospitals by setting up the Model Hospitals and Super-speciality hospitals.

A major thrust area is the ambitious scheme for allocation of Social Security Numbers to all the subscribers of EPFO. The Scheme provides for a unique identification number for each subscriber and a unique business number for each employer. This measure alone will solve the problems related to identification of workers in the present trend of high labour mobility and casualization of labour.

An important recommendation of the NCL Report is the setting up of the National Social Security Authority under the chairmanship of the Prime Minister. This recommendation is being processed presently.

(ii) Labour Management Relations Bill:- The amendment in the Industrial Disputes Act in the light of the recommendations of NCL is under consideration of the Government in consultation with the social partners.

(iii) Umbrella Legislation for Workers in Unorganized Sector: - The Ministry of Labour proposes to bring an umbrella legislation for workers in unorganized sector to provide social security and other benefits under various labour laws. This is an enabling legislation that will lead to growth of economy, improve the quality of employment and provide a decent life to the workers. The modalities with regard to operation and mobilization have been worked out and the draft legislation is presently before the Group of Ministers for their consideration.

(iv) Unified Law on Wages:- The Commission has recommended framing of a new Law on Wages to include the provisions of wage related Acts viz. Minimum Wages Act, 1948, Payment of Wages Act, 1936, Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. This recommendation is under examination of the Ministry.

(v) Law for Workers in Small Scale Units: - NCL recommended that considering the limited managerial capability and the financial and administrative burden imposed on small scale units by subjecting them to the same laws as those for the big industries, a separate law be enacted to look after the employment relations of the workers in such units. The draft law suggested by the Commission contains provisions for social security, health, safety, welfare, hours of work, and annual leave in small-scale units employing upto 19 workers. The law is basically to be implemented by the State Governments and hence the draft law has been circulated to State Governments for their comments

and also the comments of the Ministry of Small Scale Industries have been sought to consider Bill for the Small Enterprises.

(vi) Simplification of Forms, Returns and Registers under various Labour Laws:- Various laws regulating different aspects of labour related matters were enacted from time to time. Whenever a new law was enacted, various registers were prescribed to maintain the details of wages, employment conditions, etc for enforcement thereof. Simultaneously, forms were also prescribed for furnishing returns of various details by the employers to the law enforcing agencies. Over the time, the number of such registers and returns to be maintained/submitted by the employers under different laws have increased considerably. Hence, there have been persistent demands from various quarters to simplify the forms of various returns/registers being submitted/maintained by employers under different labour laws. With this end in view, a Working Group to consider simplification of existing forms of returns and registers prescribed under the existing labour laws and suggest measures to adopt the simplified forms. The Working Group has submitted its report and the same is under examination. A copy of the same is enclosed as **Annexure-II**.

(vii) Participation of Workers in Management Bill: - NCL in its report has recommended introduction of a Bill namely "participation of workers in management" in the wake of globalization where there is continuous demand for introduction of new technologies, improving work processes and making the enterprises capable of standing upto global competition. The Bill is under consideration of the Ministry.

(viii) Amendment of Contract Labour (Regulation & Abolition) Act, 1970: NCL in its report has recommended outsourcing of certain activities of an establishment and granting of contract labour. The proposal to amend the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 are under examination of a Group of Ministers.

(ix) Umbrella Legislation on Occupational Safety & Health: The Commission has recommended Umbrella Legislation on Occupational Safety & Health. The draft Legislation was prepared by the Group under the Chairmanship of DGFASLI. It was circulated during the 45th Conference of Chief Inspectors of Factories to all participants for seeking their comments. A final view in the matter will be taken on the basis of comments received from the State Governments. Further, the Second National Commission on Labour also recommended for framing of a National Policy on Occupational Safety and Health. Action for formulating the National Policy has already been initiated by the Ministry of Labour on the basis of recommendations given by the Working Group on Occupational Safety and Health for the 10th Five Year Plan which was constituted by the Planning Commission. This Working Group had reviewed the existing set up for Occupational Safety and Health in the country in the light of the growing demands of all sectors of the economy. A Draft National Policy on Occupational Safety and Health was prepared by the Core Group under Directorate General, Factory Advice Service and Labour Institute (DGFASLI). A copy of the Draft National Policy on Safety, Health and Environment at Workplace is enclosed as **Annexure-III**.

This Draft was circulated for wider consultations to all the stakeholders. A National Level Conference was held on 17.09.2003 for threadbare deliberations on the subject. The intention of the Government in bringing out such a policy were well appreciated by all the stakeholders in the Conference. Important suggestions / inputs were received. Action is being taken to modify the provisions of the policy in the light of the suggestions received.

The House may also provide its valuable suggestions on the Draft Policy.

Further, in respect of action for reforms in Labour Legislations, the Factories (Amendment) Bill, 2003 was introduced in the Lok Sabha on 29.07.2003. The Bill proposes to amend Section 66 of the

Factories Act, 1948 so as to provide flexibility in the matter of employment of women during night with adequate safeguards for ensuring their safety, dignity and honour of women at workplace.

8. EMPLOYMENT & TRAINING

Keeping in view the recommendations of the Second National Commission on Labour, the course curricula are being revised to keep pace with technological changes taking place in the industry. Obsolete trades are deleted and new trades are introduced as per need of the industry. The details are as follows: -

- (a) Introduction of 36 new trades w.e.f. January, 2003, revision of curriculum of 37 trades and deletion of 9 trades under the Craftsman Training Scheme
- (b) Introduction of 17 new trades besides 13 new trades under the scheme covering informal sector, revision of curriculum of 42 trade syllabi and deletion of 10 trades under the Apprenticeship Training Scheme.
- (c) DGET gives due importance to industry institute linkages, Institute Managing Committees (IMCs) for 221 Government ITIs in 15 States have already been set up and formation of IMCs in three more States are in final stages. The State Directors have already been requested to set up IMCs for Government ITIs in their respective States.

DGET proposes to take up a scheme to develop 100 Government ITIs as Centre of excellence during 10th Plan period. The various conditions for providing central assistance to such Institutes of Excellence are:

1. The Institute should have established tie-ups with industry and formed an Institute Managing Committee.
2. The institute will have sufficient functional, administrative and financial autonomy.
3. The institutes will conduct new modern courses as per the demand of the industry.

The House is requested to express the valued opinions the recommendations pertaining to the major issues for facilitating the Government to take decisions of those respective recommendations.

ANNEXURE-I

SUMMARY OF RECOMMENDATIONS OF SECOND NATIONAL COMMISSION ON LABOUR.

- 5.4 Labour laws are not the only cause of our unsatisfactory economic development and there are other factors that affect the efficiency of the industry.
- 5.6 This does not mean that we do not believe in the need for changes both in laws and attitude.
- 5.8 The wages have to be looked upon as incomes that are earned through hard work.
- 5.24 We have maximum number of holidays. A study reveals that out of seven days an average govt. servant works for three days. If the Government offices are closed all economic activities dependant on government departments come to a standstill.
- 5.29 There should be three national holidays. In addition there can be two more holidays and ten restricted holidays in a year.
- 5.32 The attitude to hours of work should not be rigid, but hours of work put in beyond nine hours a day and 48 hours a week must be compensated by payment of O.T. wages.
- 5.34 In transforming the basis of employment (by meeting the demand of hire and fire), it is equally necessary to create social acceptability for change and the social institutions that can take care of the consequences.
- 5.35 A fundamental change of this kind has to be preceded by the evolution of socially accepted consensus on new perceptions of jobs, evolution of a system of constant upgradation of employability through training and setting up of social security including unemployment insurance.
- 6.16 Whatever be the employment limit, there are certain provisions like maternity benefit, child care, workmen's compensation, medical benefits and other elements of social security and safety which must be applicable to all workers, irrespective of the employment size of that establishment, or the nature of its activity.
- 6.19 We recommend that Government may lay down a list of such highly paid jobs who are presently deemed as workmen as being outside the purview of the laws relating to workmen and included in the proposed law for the protection of non workmen. Another alternative is that the Government fix a cut off limit of remuneration which is substantially high enough, in the present context, such as Rs.25,000/- p.m. beyond which employees will not be treated as ordinary "workmen".
- 6.20 Supervisors would be kept out of definition of 'workers' and would be clubbed alongwith managerial and administrative employees.
- 6.21 The existing set of labour laws should be broadly grouped into four or five groups of laws pertaining to (i) industrial relations, (ii) wages, (iii) social security, (iv) safety and (v) welfare and working conditions and so on.
- 6.22 Managerial and other excluded employees too may be provided a minimum level of protection against unfair dismissal or removals.

- 6.24 There is no need for different definitions of the term 'appropriate government'. There must be a single definition of the term, applicable to all labour laws. (List of activities or industries for which Central Government would be the appropriate Government has been given in the report).
- 6.26 The provisions of all laws be judiciously consolidated into a single law called the 'Labour Management Relations Law'. However, we would carve out a section of these workers who are employed in establishments with an employment size of 19 and below, for a different kind of dispensation. We also recommend the repeal of the Sales Promotion Employees (conditions of Service) Act, 1976 and other specific Acts governing industrial relations in particular trades or employments and also specific laws.
- 6.28 Special law for small scale units which employ nineteen or less workers be enacted.
- 6.32 Term 'Workmen' be changed as workers.
- 6.33 There no agreement or understanding between the two parties is reached, the recourse to third party should be through arbitration or adjudication.
- 6.34 Provisions must be made in the law for determining Negotiating Agents on behalf of workers.
- 6.35 The law must provide for authorities to identify the negotiating agent in the shape of labour courts and labour relations commissions to adjudicate the disputes and so on.
- 6.37 Changes in labour laws should be accompanied by well defined social security package.
- 6.38 Definition of certain terms such as worker, wages, establishment, etc. should be common in all the labour laws. Domestic service should be covered under the proposed type of umbrella legislation, particularly in regard to wages, hours of work, working conditions, safety and social security.
- 6.40 It is desirable to define two terms, 'wages' and 'remuneration' for the purpose of contributions to social security and for other claims while the wages will include basic wages and dearness allowance, the remuneration will include all other allowances and over time wages.
- 6.41 "Go slow" and "work to rule" are forms of action which must be regarded as misconduct.
- 6.43 Retrenchment should be defined precisely to cover only termination of employment arising out of reduction of surplus labour.
- 6.48 In socially essential services like water supply, there may be a strike ballot and if the strike ballot shows that 51% of workers are in favour of a strike, it should be taken that the strike has taken place, and the dispute must forthwith be referred to compulsory arbitration.
- 6.50 We are recommending a ceiling on the total number of trade unions of which an 'outsider' can be a member of executive bodies is needed. Trade Unions of workers in the unorganised sector should be registered even where there is no employer employee relationship or such relationship is not clear and provision stipulating 10% membership for registration shall not apply in their case.
- 6.53 Inter-union or intra-union disputes should be resolved by labour courts by reference of such disputes by the disputing parties or suo motto.

- 6.54 Federations or Central organisations of workers should be subject to the same discipline as primary trade unions.
- 6.55 Craft or caste-based trade unions should not be entitled to any privileges, immunities or rights.
- 6.66. We recommend that the negotiating agent should be selected for recognition on the basis of the check off system. A union with 66% membership be entitled to be accepted as the single negotiating agent, and if no union has 66% support, then unions that have the support of more than 25% should be given proportionate representation on the negotiating college.
- 6.73 Check off System in an establishment employing 300 or more workers must be made compulsory for members of all registered trade unions and may be applicable in the case of establishment employing less than 300 persons.
- 6.76 Recognition once granted, should be valid for a period of four years, to be coterminous with the period of settlement. The individual workers' authorisation for check off should also be co-terminus with the tenure of recognition of the negotiating agent or college.
- 6.77 All establishments employing 20 or more workers should have standing orders or regulations. Employers of establishments employing 50 or more workers will discuss and decide the standing orders in consultation with the negotiating agent. In case no understanding is reached, the matter shall be decided by the certifying officer appointed by the appropriate govt.
- 6.79 Subsistence allowance would be payable to workers suspended pending domestic enquiry.
- 6.80 A Grievance Redressal Committee for organisations employing 20 or more should be constituted.
- 6.82 There need be no statutory obligation for the employer to give prior notice, in regard to item 11 of the Fourth Schedule increase in the workforce, as is the position now under sec 9A. Notice of change, issued by an employer as per provisions of Sec 9A, should not operate as a stay under Sec 33 though such a decision of the management will be justiciable under Sec 33 A.
- 6.83 Refusal to go for training, which must be at the employers' cost and in the employer's time, may be included as an act of misconduct under the standing orders if such refusal is without valid reasons.
- 6.87 Government should not compel unviable undertakings to continue to bear the financial burden. Such units must be allowed for closure, provided adequate compensation to the workers is paid.
- 6.88 Prior permission is not necessary in respect of lay-off and retrenchment in an establishment of any employment size. However, in cases of establishments employing 300 or more workers if the lay off is continued for more than 30 days, post facto permission of the appropriate govt. shall be required. The provisions of Chapter VB pertaining to permission for closure should be made applicable to all establishments to protect the interests of workers in establishments which are not covered at present by this provision if they are employing 300 or more workers. All dues of the workers have to be first settled as a precondition to retrenchment or closure. In case of retrenchment, the profit making units shall be required to pay sixty days wages as compensation for every completed year of service and the establishments which are making losses will have to pay 45 days wages as compensation. In case of closure, the units which have

been incurring losses continuously for three years or more will pay thirty days wages for every completed year of service as compensation and the establishments which are not making losses but want to close down shall pay 45 days wages as compensation. Units employing less than 100 workers will have to pay 50% of the amount mentioned above as compensation for retrenchment and closure.

- 6.91 The provision for permission to close down an establishment employing 300 or more workmen should be made a part of Chapter VA, and Chapter VB should be repealed. A sixty days notice will be required to be given or wages will be required to be paid in lieu of notice for retrenching or closing down.
- 6.92 We have recommended arbitration or adjudication for determining disputes between management and labour. We feel arbitration is the better of the two. Every settlement should contain an arbitration clause including the name(s) of arbitrator(s) who shall arbitrate in case of any dispute.
- 6.93 Panel of arbitrator shall be maintained by the Labour Relations Commissions.
- 6.94 Labour courts, lok Adalats and Labour Relations Commissions shall form the adjudicatory system to deal with all matters. The labour court will function under the supervision of LRC. The conciliation function will remain with the executive.
- 6.95 Officials of labour departments at the Centre and the State who are of and above the rank of Deputy Labour Commissioners/Regional Labour Commissioners with ten years experience in the labour department and a degree in law would be eligible for being appointed as presiding officers of labour courts.
- 6.96 All matters pertaining to individual workers be determined by recourse to the grievance redressal committee, conciliation and arbitration/ adjudication by the labour court. In this view, section 2A of the Industrial Disputes Act 1947 may be amended. A union, which does not have at least 10% membership amongst the employees in an establishment, should have no locus-standi in that establishment. All disputes, claims or complaints under the law on labour relations should be raised within one year of the occurrence of the cause of action. As regards Sec. 11-A, if a worker has been dismissed or removed from service after a proper and fair enquiry on charges of violence, sabotage, theft and/or assault, and if the labour court comes to the conclusion that the grave charges have been proved, then the court will not have the power to order reinstatement of the delinquent worker. The union having at least 10% membership amongst the workers of an establishment shall only have the right to represent cases of individual workers.
- 6.97 System of Lok Adalats on labour matters appears promising and should be pursued.
- 6.99 We would also recommend levy of a token court fee in respect of all matters coming up before labour courts and labour relations commissions.
- 6.102 We recommend that a strike should be called only by the recognised negotiating agent and that too after it had conducted a strike ballot amongst all the workers, of whom at least 51% support the move to strike. For declaring lock out, the decision should be taken at the highest level in the management. No strike or lock out should be declared without giving 14 days' notice. In case of illegal strike, the workers shall lose three days' wages for every day of illegal strike. For

- illegal lock out, the employer shall pay three days wages for every day of such lock out to the workers.
- 6.103 The time has come to legislatively provide for a scheme of workers participation in management. It may be initially applicable to all establishments employing 300 or more persons. For the smaller establishments, a non-statutory scheme may be provided.
- 6.104 The existing provisions in labour laws (on which no recommendation has been made) should be suitably incorporated in the consolidated laws, if not otherwise inconsistent with the recommendations of this Commission.
- 6.105 We would urge that recommendations should be taken up as a whole.
- 6.106 Small Entrepreneurs (Employment Relations) Act that we have recommended seeks to cover all aspects of employment including wages, social security, safety and health, bonus and so on (which will be a composite law and will apply to all establishments employing 19 workers and below).
- 6.109 Contract labour shall not be engaged for core production/ services/activities. However, for sporadic seasonal demand, the employer may engage temporary labour for core production/service activity. We are aware that off loading perennial non-core services like canteen, watch & ward, cleaning, etc. to other employing agencies has to take care of three aspects – (1) there have to be provisions that ensure that perennial core services are not transferred to other agencies or establishments; (2) where such services are being performed by employees on the pay rolls of the enterprises, no transfer to other agencies should be done without consulting, the bargaining (negotiating) agents; and (3) where the transfer of such services do not involve any employee who is currently in service, the management will be free to entrust the service to outside agencies. The contract labour will, however, be remunerated at the rate of a regular worker engaged in the same organization doing work of a comparable nature or if such worker does not exist in the organization, at the lowest salary of a worker in a comparable grade, i.e. unskilled, semi-skilled or skilled. The principal employer will also ensure that the prescribed social security and other benefits are extended to the contract worker.
- 6.110 No workers should be kept casual or temporary for more than two years continuous.
- 6.112 The minimum wage payable to anyone in employment, in whatever occupation, should be such as would satisfy the needs of the worker and his family (consisting in all of 3 consumption units) arrived at on the Need Based formula of the 15th Indian Labour Conference supplemented by the recommendations made in the Judgment of the Supreme Court in the Raptakos Brett & Co case.
- 6.113 The Commission recommends that every employer must pay each worker his one-month's wage, as bonus before an appropriate festival. Any demand for bonus in excess of this upto a maximum of 20% of the wages will be subject to negotiation. Wage ceiling for coverage of workers and for calculation of bonus be raised to Rs.7500 and Rs.3500 respectively.
- 6.114 Central Government may notify the National Floor Level Minimum Wage. Each State/Union Territory should have the authority to fix minimum rates of wages, which shall not be, in any event, less than the National Floor Level Minimum Wage when announced.
- 6.115 Piece rated workers, if not provided work by the employer, should be paid at least 75% of the wages.

- 6.116 We, therefore recommend that fixation of piece rate wages must be so done as to enable a diligent worker to earn after 8 hours work what would be the time rated daily rate.
- 6.117 There is a case to distinguish between regular wage employment or food or remuneration in return for some token work for which opportunities are created.
- 6.118 There is no need for any wage board, statutory or otherwise, for fixing wage rates for workers in any industry.
- 6.121 We would recommend consolidation of all laws of the kind and the enactment of a general law relating to working conditions at the work place. For safety, we recommend an omnibus law with different rules for different activities (such as factories, mines, construction, etc.). Every worker must be provided an appointment letter and a copy of this standing orders. List of activities for the purpose of exemption under Section 64 of Factories Act be extended, but the workers must be paid double the wages if ask to work for more than 9 hours a day or 48 hours a day. There should be no restriction on employment of women worker during night workers, if there are at least 5 women workers working in the establishment during that time and the employer provides for their safety and transport. There should be no exemption from labour laws for export processing or special economic zones. Appropriate Govt. may grant exemptions under the laws in case of extreme emergency or hardship. Normal amenities like canteen, drinking water, washing facilities, be prescribed under the law. Help of local bodies, or NGOs may be sought in this regard. All establishments employing 20 or more workers must provide crèche.
- 6.124 Workman's Compensation Act 1923 - the Commission recommends that the domestic sector be kept out of the purview of the Act.
- 6.125 Schedule II of Workmen's Compensation Act be widened. Categories like clerical should not be excluded from application of the Act.
- 6.128 Small enterprises should not be deprived of having apprentices under the law. The law should be made flexible to enable the same.
- 6.131 Bonded Labour System (Abolition) Act be dealt by Labour Ministry. Commission has suggested a new law on Child Labour. Pledging of Child Labour should be made of crime under the Criminal Law. DFGASLI should be enabled to advise the State Government on safety matters in minor ports. We have provided for equal wages for equal work for female workers under the composite law on wages. The other provision of Equal Remuneration Law should be suitably incorporated either in law on wages or on working conditions. In case an inter-State Migrant Worker in unskilled category is engaged by an establishment, the establishment shall inform the state of region of the workmen and the state in which the establishment is located and there shall be no need for separate law in this regard. The simplification of returns and registers required to be maintained by the employers should be simplified.
- 6.132 The law on the welfare boards on mathadi workers in Maharashtra and head-load workers in Kerala though advantageous, the system has lent itself to certain abuses. Perhaps better results can come from the system if due steps are taken to prevent the closed shop system and work by proxy.
- 6.133 Social security protection including economic security is a sine qua non and also the starting point of labour protection and infancy clauses have no place.

- 6.134 We would broadly exclude from coverage of labour laws, all functions and functionaries performing sovereign function. However, those employed in sovereign task should get adequate protection including right to form associations and unions.
- 6.136 All offences must be made triable by a labour court which will have to be empowered for the purpose. Any offence which is not only violation of labour laws but also violation of basic human right should attract stringent punishment.
- 6.137 Law may provide for compounding and such compounding may be permitted.
- 6.141 Right to file a complaint may be vested in addition to an inspector or an officer authorised for the purpose, in the person aggrieved or an office bearer of a trade union or in a recognised welfare institution.
- 6.142 Rules and regulations must be published as draft giving a period of 90 days for commencement and must be finalised only thereafter after examining the comments.
- 6.143 Every large State and groups of small States set up Institutions for training and research in labour matters. V.V.Giri National Labour Institute will help the State Governments in their effort to transform the calibre of labour administration.
- 6.147 All matters needing adjudication including under Workmen's Compensation Act or claims or disputes relating to Social Security will be determined by labour courts with provision for appeal to LRCs. Collective disputes between the negotiating and the employer, if not resolved bilaterally or in conciliation or arbitration should be dealt with by the LRCs. This will need considerable increase in the number of labour courts and setting up of labour commissions will also increase the demands for high level labour adjudicating functionaries. We recommend an All India Labour Judicial Service which in the new dispensation will be viable and necessary.
- 6.148 Equally important is the need for constituting an All India Labour Administrative Service which will enable exchange of officers between centre or state.
- 6.150 We have attempted to make a draft of what a comprehensive law on labour management relations as visualised would look like. It may be taken as an indicative draft.
- 7.15 The unorganised sector is too vast to remain within the confines of conceptual definition. Hence, descriptive means are used to identify the unorganised sector.
- 7.399 To achieve recognition as a worker each person who is actually working should be given an official identity card. The identity card gives the worker a definite legal identity and recognition.
- 7.405 The right to work would have to be viewed as a necessary concomitant of the right to social security. According to us, social security must contain at least healthcare (including maternity, injury), childcare, shelter and old age support that strengthens productivity.
- 7.433 We have to address the question, what is the minimum that the Umbrella legislation for workers in the Unorganised Sector should ensure. There should be a policy framework that ensures the generation and protection of jobs, access to jobs; protection against the exploitation of poverty and lack of organisation: protection against arbitrary or whimsical dismissals; denial of minimum wages and delay in payment of wages, etc. The system of Welfare should include access to compensation for injuries sustained while engaged in work; provident fund; medical care; pensionary benefits; maternity benefits and childcare.

- 7.434 The law should be capable of being implemented and monitored easily. It should include machinery for disposal of claims and complaints at a place that is closer to the place of work with expeditions.
- 7.435 The system of social security must be such that the worker can make commensurate contribution to the cost, consistent with as many as of his needs as possible. The machinery should not be cumbersome, costly, centralise and burden with many administrative layers and overheads.
- 7.472 It is clear to us that the crucial guarantees of justice lie in the minimum wage, job security, safety and social security.
- 7.473 To meet these crucial requirement we propose the constitution of unorganised sector workers board with constituent bodies that will extend to the level of Panchayats.
- 7.475 An indicative bill for the workers in the unorganised sector to ensure their minimum protection and welfare has been appended in our report.
- 8.96 The term 'workman' may be replaced by the firm 'employee' so as to make the Workmen's Compensation Act applicable to all categories of employees.
- 8.97 The Workmen's Compensation Act should be converted from an employers' liability scheme to a social insurance scheme.
- 8.101 In the unorganised sector women workers need separate legislations for maternity benefits.
- 8.108 Casual and contract workers may be covered under ESI for limited benefits at reduced rates of contribution.
- 8.111 Extension may be granted from ESI in cases there establishment provide similar or superior benefits.
- 8.114 The provision for payment of funeral expenses should be substituted by the term emergency expenses so as to include care of sick and elderly members.
- 8.115 A law to place all provident fund under a common seems to be called for.
- 8.117 EPF Act be made applicable to all classes of establishments, subject to such exceptions as may be considered necessary for specified reasons.
- 8.118 The Task Force on Social Security has recommended that the employment threshold should be brought down to 10 immediately, to 5 during the next 3-5 years, and to one within a short time frame thereafter. The Commission agrees with these suggestions.
- 8.122 The provision of EPF Act to cover persons employed as casual and contract labour has been operating largely to the disadvantage of these workers. Although the EPF scheme requires that every employ should be provided with a pass book, the organisation has failed to do the same.
- 8.123 Provision may be made in the EPF act to enable the organisation to frame different schemes with different contributory and benefit packages.

- 8.149 The Payment of Gratuity Act may be integrated with the EPF Act and converted into a social insurance scheme.
- 8.415 We strongly recommend the constitution of a high-powered National Social Security Authority, preferably under the chairmanship of the Prime Minister of India. The functions of the Authority will be mainly to formulate the National Policy on Social Security and to co-ordinate the Central and State level programmes.
- 8.416 We would suggest a Department of Social Security within the Ministry of Labour.
- 8.433. A social security fund of India and a social security fund of each state may be set up.
- 9.208 A definition of child labour, which equates all children not going to school with child labourers, emanates from the rights-based approach towards development which considers being-out-of school as a denial of the child's right to education.
- 9.258 The implementation of the Act depends entirely on the State's bureaucratic machinery. It assumes that the bureaucracy, poorly staffed and ill-equipped as it is today, will be able to ensure that children do not work in hazardous processes and occupations, and conditions of work in non-hazardous settings will be upgraded.
- 9.275 We are proposing an indicative law on child labour which would replace the existing Child Labour (Regulation and Prohibition) Act 1986.
- 11.25 It is necessary to have a clear and unambiguous definition of the 'appropriate government'.
- 11.26 There is a need to have uniformity in the definition of the term 'workman' which appears in many labour laws.
- 11.27 The ambiguity in the definition of 'appropriate government' and the multiplicity of the term 'workman' will be resolved if the amendments that we have suggested in Chapter VI are adopted.
- 11.30 In the Chapter on Review of Labour Laws, we have recommended that the Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988 should be made applicable to all establishments, and the penalty prescribed under the respective laws should be enhanced to make it at par with the Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988.
- 11.31 The employer should be required to maintain registers and display notices at the work-spot and not elsewhere.
- 11.32 The procedure for prosecution for non-payment of wages and payment of less than minimum rates of wages should be simplified.
- 11.33 To make enforcement effective, there should be commensurately deterrent punishment under all enactments.

- 11.34 Laws like Payment of Wages Act and Minimum Wages Act should contain a provision for recovery officers to be appointed by the Labour Department, as has been done in Section 8-B of the Employees' Provident Fund & Miscellaneous Provisions Act 1952.
- 11.35 Provisions to grant exemptions from various laws, in case of extreme emergency or hardship, should vest with the appropriate Government, and should be exercised by officers not below the rank of the Joint Secretary.
- 11.36 Minimum Wages Act should apply to all establishments and not be confined only to certain scheduled employments.
- 11.37 Criminal cases under labour laws be tried by Labour Courts, as is being done in Madhya Pradesh.
- 11.39 In rights disputes over dismissal, denial of regularisation, promotion, etc., conciliation should be optional. The party should have the right to approach Labour Courts and the Labour Relations Commission straightway. However, conciliation should be compulsory in case of industrial disputes related to interests disputes, like wages, allowances, fringe benefits etc. Conciliation proceedings should also be compulsory in the case of strikes and lockouts over any issue.
- 11.40 Industrial disputes not settled in conciliation should go for either voluntary arbitration or by arbitrators maintained by the Labour Relations Commission or adjudication. In the case of essential services the dispute should go for compulsory arbitration. In other cases, it should go for adjudication. Arbitrators should be chosen from eminent persons in industry, conciliators, trade unionists and labour judiciary.
- 11.43 All employing Ministries should be advised to implement awards or sanction prosecution within one month of the matter being referred to them, failing which it should be deemed that the sanction has been given.
- 11.59 Qualifications for appointment of Presiding Officers of Labour Courts, be relaxed to enable Conciliation Officers to be considered for appointment.
- 11.60 Labour Courts be given powers to issue decrees or initiate contempt proceedings for non-implementation or non-compliance of awards.
- 11.61 A Central Labour Relations Commission should be set up for Central sphere establishments, and State Labour Relations Commission should be set up for establishments in the State sphere. Above the Central and State Labour Relations Commissions, there will be the National Labour Relation Commission to hear appeals against the decisions of the two other Commissions. The National LRC, Central LRC and the State LRCs will be autonomous and independent. These Commissions will function as appellate tribunals over the Labour Courts. They will be charged with the responsibility of superintendence of the work of labour courts.
- 11.75 The Central Government should lay down some norms for the laws – inspector ratio and the infrastructure of the Labour Departments.
- 11.81 For effective labour administration, there should be legislative backup for the simplification of laws and procedures through uniform definitions of 'appropriate government', 'workmen', 'employer', etc., enabling provisions to cover all employments in the unorganised sector under the Minimum Wages Act, speedy recovery of the dues payable to workers, empowerment of the appropriate government to exempt from the provisions of the laws in deserving cases, ensuring that the employment of contract labour is restricted for areas beyond those of core

competence, deterrent punishment to make the cost of violation dearer than the cost of implementation, clubbing of the existing set of labour laws into five or more groups pertaining to (i) industrial relations, (ii) wages, (iii) social security, (iv) safety and (v) welfare and working conditions etc., and reduction in the number of registers to be maintained and returns to be submitted.

- 11.82 Voluntary resolution of disputes should be encouraged over legalistic approach of settlement of disputes through adjudication. Labour Administration should encourage better human resource management practices.
- 11.83 There should be a legislative framework for voluntary dispute settlement. A basic prerequisite is to place a system of recognition of negotiating agency on the statute. The responsibility of conducting verification of trade union membership for recognition of trade unions should be vested in the Central Labour Relations Commission and the State Labour Relations Commission. The Works Committee required to be constituted under Section 3 of the Industrial Disputes Act should be substituted by an Industrial Relations Committee to promote in-house dispute settlement.
- 11.84 The National Labour Relations Commission should function as the appellate authority in respect of the decisions of the Central and State LRCs.
- 11.228 We endorse the proposal that a Commission on Occupational Safety and Health should be set up by the Central and State Governments. A draft bill for establishment of such a Commission is given in appendix-III.
- 11.229 A Model Safety and Health Policy for organisations is given in appendix-IV to this Chapter.
- 12.54 The time has come for the Government to enact a law to provide for participatory forums at all levels.
- 12.454 The Commission recommends that a legislation like the Census Act, 1948 be introduced so that such surveys can be conducted throughout the country at fixed intervals.

REPORT OF THE WORKING GROUP CONSTITUTED BY THE MINISTRY OF LABOUR TO CONSIDER SIMPLIFICATION OF EXISTING FORMS FOR RETURNS AND REGISTERS PRESCRIBED UNDER THE EXISTING LABOUR LAWS

On the recommendation of the second National Commission on Labour the Ministry of Labour constituted a high powered group to consider the following terms of reference and to submit its report to the Ministry.

- a) To consider simplification of existing forms for returns and registers prescribed under various labour laws and suggest the simplified forms for replacement thereof.
- b) To suggest measures for introduction/adoption of these simplified forms for returns and registers in the respective labour laws.

The meeting of the group was held on 27.01.03. In a day long meeting the group deliberated at length on various aspects of consolidation, simplification and rationalisation of forms of registers, returns etc. prescribed under different labour enactments. The group took into account initiatives made in this regard by Government of Andhra Pradesh, Kerala etc and also took note of recommendations of the Girotra committee and another committee constituted to simplify and rationalise various returns and forms under the Factories Act, 1948.

After detailed discussions, a major part of which was devoted to the report submitted by the Girotra Committee during the year 1998, the group makes the following observations and recommendations in respect of consolidation, simplification and rationalisation of forms of returns and registers etc prescribed under various Labour Laws

1. OBSERVATIONS

- 1.1 The group noted that there are more than 15 Labour Laws in the central sphere and almost equal number of Labour Laws if not more in the state sphere which prescribe a variety of returns which the employers must furnish to the authorities and registers which they are required to maintain at or near the workplaces. Employers are also required to display various notices and abstracts of Acts and send their copies to prescribed authorities. Furnishing the returns, maintenance of registers, issue and display of the notices including abstracts of the laws involves a lot of paper work resulting in poor compliance particularly by the employers of small and medium size establishments. The number of returns to be furnished, registers to be maintained etc is quite large. Reducing the number of returns and registers through consolidation and simplifying them through rationalisation may lead to better compliance by the employers.
- 1.2 There is an apathy on part of the employers in furnishing returns, maintaining registers although not furnishing the returns and non-maintenance of registers is a punishable offence under the Labour Laws. However, penalties/ punishments provided for such offences are so meagre that they do not have a deterrent effect.

- 1.3 There are many registers which have columns for information/details which is overlapping or is common to all these registers. Maintaining these registers results in duplication and repetition of work which can be avoided if these are consolidated and rationalised.
- 1.4 After studying the provisions of various Labour Laws and the rules thereunder the group concludes that it is possible to combine the annual returns and some of the registers prescribed under some of the Labour Laws and rules. These are as under :-
- A) REGISTERS OF EMPLOYED PERSONS
 - B) MUSTER ROLL CUM WAGE REGISTER
 - C) ANNUAL RETURN
- 1.5 The group observed that in addition to above the Girotra Committee has recommended clubbing of club wage slip and employment card prescribed under some Labour Laws and rules made thereunder. Similarly the committee has recommended that notices like notice of opening/commencement and notice of closure/ abandonment as also notice required to be displayed within the establishment under some Labour Laws be combined and accordingly the committee has proposed combined forms of
- A) Wage Slip cum Employment Card
 - B) Notice of opening/ commencement and completion/ closure etc.
 - C) Notices to be displayed
- 1.6 Certain Acts which deal with safety and health of workers such as Factories Act, Mines Act, Plantation Labour Act, Building and other Construction Workers (RE&CS) Act also prescribe a variety of registers and returns. However, keeping in view the specific safety provisions prescribed under these laws it is desirable that registers pertaining to safety and health provisions under these enactments are allowed to be maintained separately. A Task Force constituted by DGFASLI has examined the question of rationalisation of various return and registers under Factories Act and has recommended considerable reduction in the no. of registers and returns by deletion of some registers/returns and clubbing of some other registers/ returns.
- 1.7 Enactments such as Employees State Insurance Act, Employees Provident Fund and Miscellaneous Provisions Act, which deal with social security also prescribe registers to be maintained and returns to be furnished by the employers. The information incorporated in the registers under these enactments reflect individual accounts of contribution etc by workmen and employers. It is desirable that these registers are not clubbed with the registers proposed above.
- 1.8 Permitting the employers to transmit the annual returns to concerned authorities through E-mail, floppy and maintenance of registers on computers will minimize paper work and afford the employers ease of furnishing/ maintaining these documents.

2. **RECOMMENDATIONS**

The detailed recommendations of the High Powered Group in respect of the returns, registers etc to be consolidated and simplified are as under :-

2.1 Register of Employed Persons :-

Maintenance of registers of employed persons has been provided for under the following enactments

- Contract Labour (R&A) Act, 1970 and Central Rules, 1971
- The Child Labour (P&R) Act, 1986 and Central Rules
- The Equal Remuneration Act, 1976 and Central Rules, 1977.
- The Interstate Migrant Workmen (RE&CS) Act and Central Rules, 1980.
- Building and other Construction Workers (RE&CS) Act, 1996 and Central Rules, 1988
- Sales Promotion Employees (conditions of service) Act, 1976 and rules made thereunder.
- Working Journalists and other Newspaper Employees (conditions of service) and Miscellaneous Provisions Act, 1955 and rules made thereunder.

After studying in detail the forms of registers of employed persons under the above mentioned enactments/rules the group is of the view that the registers of employed persons prescribed under the above mentioned rules except Sales Promotion Employees Act (conditions of service) Act, 1976 and Working Journalists and other Newspaper Employees (conditions of service) and Miscellaneous Provisions Act, 1955 can be consolidated into one register. The register of employed persons under these two enactments/rules cannot be clubbed along with the consolidated register proposed above as these two enactments/rules are industry specific and the registers prescribed under these enactments and rules contain columns requiring specific information pertaining to sales promotion employees and working journalists respectively.

The consolidated form of the register of employed persons to be maintained by employers in lieu of similar register prescribed under the above mentioned enactments/rules except the last two enactments/rules is appended to this report as Form I.

2.2 Muster Roll cum Wage Register :-

The Labour Laws (Exemption from Furnishing Returns and Maintenance of Registers by Certain Establishments) Act, 1988 has provided for maintenance of a combined muster roll cum wage register in lieu of the ones provided under Payment of Wages Act, Weekly Holidays Act, Minimum Wages Act, Factories Act, Plantation Labour Act, Working Journalists and other Newspaper Employees Act, Contract Labour (R&A) Act, Sales Promotion Employees Act and Equal Remuneration Act. Some of the above mentioned enactments have also prescribed separate registers of fines, OT wages, advances etc. The Girotra Committee has recommended that the muster roll registers, register of wages, register of deductions for damage or loss, register of fines, register of OT wages, register of work done by piece rate, etc prescribed under CL(R&A) Central Rules, 1971, ISMW (RE&CS) Central Rules, 1980, the MW (Central) Rules 1950, PW (Mines, Railways, ATS) Rules can be consolidated into one muster cum wage register. The BOCW (RE&CS) Rules also prescribes maintenance of muster roll, wage register and registers of fines, and other deductions. The High Powered Group recommends that the muster rolls, wage register and register of other deductions prescribed under the following enactments/rules can be consolidated into one register.

- Payment of Wages Act 1936 and rules made thereunder
- Minimum Wages Act and Rules made thereunder
- CL(R&A) Act and Rules made thereunder.
- ISMW (RE&CS) Act and Rules made thereunder.

- BOCW (RE&CS) Act and Rules made thereunder.

The format of this register is appended as Form II to this report.

2.3 Annual Return :-

Employers are required to furnish Annual Returns under the 9 enactments given in the schedule of the Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988 and has prescribed a common core annual return in lieu of the annual returns required to be furnished under these Laws. The Girotra Committee has further identified the annual returns under Payment of Bonus Act, ISMW Act and Rules and PW (Mines) Rules for this purpose. The High Powered Group studied the forms of Annual Returns prescribed under all the above mentioned enactments as well as those under Factories Act, Maternity Benefit Act, BOCW (RE&CS) Act, EPF and MP Act and ESI Act, Sales Promotion Employees (conditions of service) Act, 1976 and rules made thereunder and Working Journalist and other Newspaper Employees (conditions of service) and Miscellaneous Provisions Act, 1955 and rules made thereunder.

The group is of the view that the annual return prescribed under all the above enactments except Factories Act, Maternity Benefit Act, EPF and MP Act, ESI Act, Sales Promotion Employees Act, Working Journalists Act 1955 and Payment of Bonus Act, 1965 can be consolidated into one common form of annual return. The forms of annual return prescribed under these enactments are distinctly different from the annual returns under the rest of the enactments and therefore, these cannot be combined and employers will have to continue to furnish them separately under each of these six laws. The format of annual return devised by the group will replace the requirement of furnishing the annual and half yearly returns under the following enactments/rules

- ISMW Act and Rules
- Minimum Wages Act and Rules.
- PW Act and Rules made thereunder including PW(Mines) Rules, PW(Railways) Rules, PW(ATS) Rules.
- BOCW(RE&CS) Act and Rules.
- Contract Labour (R&A) Act and Rules

The format of the annual report devised by the group is appended as Form III to this report.

2.4 Notice of opening or commencement and closure or completion, notices to be displayed and wageslip cum employment cards.

The employers are required to issue notices of opening or commencement or of discontinuance or closure and also regarding change in the address or name of the establishment etc under the following Rules :-

- PW(Mines, ATS) Rules,
- CL(R&A) Central Rules, 1971
- PG(Central) Rules, 1972
- BOCW (Central) Rules, 1988

The MW Rules, CL(R&A) Rules and BOCW (Central) Rules provide for issue of wage slip and/or employment card to the workers.

Display of notices by the employers/contractors and also sending a copy of the same to the Inspector has been provided under Rule 22 of the Minimum Wages (Central) Rules, 1950, Rule 8 of Payment of Wages (Mines) Rules, 1956, Rule 81 of CL (R&A) Central Rules, 1971, Rule 51 of ISMW (RE&CS) Central Rules, 1980. There are no prescribed Proforma under these rules, though the items/ information to be included in the notices have been indicated in the said rules.

The group is of the view that keeping in view the fact that the notices, wage slip and employment card discussed above have been prescribed only under three or four enactments, and also the fact that these, except the wage slip are required to be issued only once, there is no necessity to club them.

- 2.5 Some enactments provide for display of abstracts of Acts and Rules at the workplace. The group is of the opinion that this requirement can be done away with.
- 2.6 Place at which the registers are to be maintained have been prescribed differently under different enactments. The group suggests that the registers be maintained only at the workplace and not as near as possible the workplace or within the radius of 3 kilometers of the workplace as specified under some Labour Laws.
- 2.7 As regards rationalisation of forms of return and register under Factories Act, the group recommends that the recommendation of the committee constituted by DGFASLI during the year 2002 may be pursued for giving effect to the same.
- 2.8 Suitable provisions in the Labour enactments may be made to enable the employer to furnish annual returns, notices etc to concerned authorities through E-mail and floppy and to maintain the prescribed registers on computers.
- 2.9 The group is required to suggest measures for introduction/ adoption of the proposed simplified forms of returns and registers. In order to give effect/ to adopt the simplified forms of returns and registers etc in the respective Labour Laws as proposed by the group, the relevant provisions of these laws and rules will have to be amended. The Girotra Committee has suggested repeal of Labour Law (Exemption from Furnishing Returns and Maintenance of Registers by Certain Establishments) Act, 1988 and enactment of a new law which will require all employers, irrespective of the size of the establishment to maintain the consolidated registers, submission of only one return, submission of opening/ closing notice and issue of wage slip cum employment card. The committee has also prepared a draft of the proposed law. This group has carefully perused the draft and is of the opinion that the same with some changes can be adopted for enactment. The amended draft of the proposed law is enclosed to this report.
- 2.10 In case the schedule of the proposed draft law appears voluminous or complicated the Group would like to suggest an alternative proposal on simplification and rationalization of register and returns. This alternative proposal is placed at Annexure of the report.

DRAFT OF THE PROPOSED LAW

LABOUR LAWS (MAINTENANCE OF REGISTER, SUBMISSION OF ANNUAL RETURN, NOTICES ETC) ACT.

Sec.1 The Act shall be applicable to all establishments to which laws given in Schedule-I apply provided that the appropriate Govt. may add any other law in Schedule-I to provide for maintenance of registers as per this Act in lieu of the Act added to the said schedule by the appropriate Govt.

Sec.2 Definitions

All the definitions under this Act will have the same meaning as assigned to them in the respective enactments given in Schedule-I.

Employer shall include a Principal Employer a contractor as defined under Contract Labour (R&A) Act and ISMW (RE&CS) Act or any other law.

Sec.3 On and from commencement of this Act, the Acts given in Schedule-I shall have effect subject to provisions of this Act.

Sec.4 (1) Exemption from maintenance of registers required to be maintained under certain labour laws.

On and from commencement of this Act, it shall not be necessary for an employer in relation to an establishment to which the Acts given in Schedule-I apply.

- (a) To maintain the registers given in part-I of Schedule-II provided such employer maintains the register of persons employed as per Form-I prescribed under this Act at the work spot.

Provided further that it shall not be necessary for an employer of a mining establishment to maintain register as per Form-I of this Act if a register is being maintained as per Form-B prescribed under Mines Act.

- (b) To maintain the registers given in Part-II of Schedule-II provided such employer maintains a consolidated Muster Roll-cum-wage-cum Deduction register as per Form-II prescribed under this Act at the work spot.

(2) The employer may maintain the registers prescribed under Cluse(a) & (b) on a computer. Where the registers are maintained on a computer, the employer shall furnish a print of the register or print of a portion of the register to the inspector on demand.

Sec.5 Submission of Annual Return and Notice of opening / closing, etc.

On and form commencement of this Act, it shall not be necessary for an employer in relation to an establishment to which the Acts given in Schedule-I apply to :-

- (a) Furnish the retuns given in Part-III of schedule-II provided such employer furnishes a consolidated return as per Form-III prescribed under this Act to the inspector and the Assistant Labour Commissioner concerned.

- (b) The employer may furnish the return prescribed under sub section (a) through E-mail if the inspector and the Asstt. Labour Commissioner concerned has E-mail address or through a floppy of a computer.

Sec.6 Dispensing with the requirements of display of abstracts.

On and from commencement of this Act it shall not be necessary for an employer in relation to an establishment to which the Acts given in Schedule-I apply to display abstracts of Acts and Rules.

Sec.7 Saving of other provisions of relevant enactments: -

The commencement of this Act shall not affect the requirement of: -

- (a) Maintenance of any records / registers or Submission of any return by an employer other than those mentioned in Scheduled-II of this Act.
- (b) Any investigation, legal proceedings or remedy in respect of any such privilege, obligation, liability, penalty, forfeiture or punishment already incurred before the commencement of this Act.

Sec.8 Power to amend forms or make additions in schedules

- (1) The Appropriate Govt. may if it is of the opinion that it is expedient to do so by the notification in the official Gazette add any Act to the Schedule-I and also prescribe any form in which any record may be required to be maintained or amend the forms given under this Act or any format or rule in any part of the Schedule-II indicating that it shall not be necessary to maintain any record or furnish any information as per the format or rule so added.

Provided that where any amendment is made by state Govt. being the appropriate Govt. the same shall apply to the establishments for which the concerned State Govt. is the appropriate government.

- (2) Any notification issued under this Section shall be laid before the State Legislature or before the Parliament as the case may be by an appropriate Govt. within six months of notification.

Sec.9 Delegation of Powers.

Where the Central Govt. is the appropriate Govt. any delegation made by that Govt. to the State Govt. under any Act given in schedule-I and where a State Govt. is appropriate Govt. any delegation made by that State Govt. to the Central Govt. shall be automatically deemed to be a delegation under this Act.

Sec.10 Power to Exempt: -

The appropriate Govt. or any authority duly authorized by the appropriate Govt. may exempt any establishment from maintenance of any register or records or furnishing of any return or notice under this Act if the appropriate Govt. or the authority is satisfied that a satisfactory alternative mechanism or method of maintenance of record electronically or otherwise exists or any arrangement which is intended to be introduced in an establishment meets the requirements or the concerned register or record or furnishing of any return or notice to the concerned authorities.

Sec.11 Penalties: -

- (a) In case of first conviction, imposition of fine which may extend to Rs. 2000/- or imprisonment upto three months or with both and
- (b) In case of any second or subsequent offence imposition of fine which will not be less than Rs. 5000/- or with imprisonment upto six months or with both.

SCHEDULE – I

- 1) The Payment of Wages Act, 1936 and the Rules made thereunder.
- 2) The Minimum Wages Act, 1948 and the Rules made thereunder.
- 3) The Contract Labour (Regulation and Abolition) Act, 1970 and the Rules made thereunder.
- 4) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Rules made thereunder.
- 5) The Equal Remuneration Act, 1976 and the Rules made thereunder.
- 6) The Child Labour (Prohibition and Regulation) Act, 1986 and the Rules made thereunder.
- 7) BOCW (RE&CS) Act and Rules made thereunder

SCHEDULE – II

Part I

The registers not required to be maintained if a register in Form – I prescribed under this Act is maintained.

- (1) Register of workmen employed by contractor in Form-XIII under the Contract Labour (Regulation and Abolition) Rules, 1971.
- (2) Register of children employed or permitted to work in Form-A under the Child Labour (Prohibition and Regulation) Rules, 1988.
- (3) Registers of workers employed in Form-D under the Equal Remuneration Rules.
- (4) Registers of workers employed in Form XV under BOCW (RE&CS) Rules 1998.
- (5) Register of workmen employed by contractor in Form XIII under ISMW (RE&CS) Central Rules, 1980.

Part-II

The registers not required to be maintained if a register in Form-II prescribed under this Act is maintained.

- (a) Under the Contract Labour (Regulation and Abolition) Rules, 1971 –
 - (1) Muster Roll Register in Form-XVI.
 - (2) Register of Wages in Form-XVII.
 - (3) Register of Wages-cum-Muster Roll in Form-XVIII.
 - (4) Register of deductions for damage or loss in Form-XX.
 - (5) Register of Fines in Form XXI.
 - (6) Register of O.T. in Form –XXII.

- (b) Under the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Central Rules, 1980.
 - (1) Muster roll register in Form-XVII.
 - (2) Register of wages in Form-XVIII.
 - (3) Register of deduction for damage or loss in Form-XIX.
 - (4) Register of fines in Form-XX.
 - (5) Register of advances in Form-XXI.
 - (6) Register of overtime in Form-XXII.

- (c) Under Minimum Wages (Central) Rules, 1950.
 - (1) Register of fines in form-I.
 - (2) Register of deduction for damage or loss in form-II.
 - (3) Muster roll register in form-V.
 - (4) Overtime register in form-IV.
 - (5) Register in wages in form-X.

- (d) Under Payment of Wages (Railway) Rules, 1938.
 - (1) Register of fines in form –I.
 - (2) Register of deductions for damage or loss in form –II.

- (e) Under payment of Wages (Mines) Rules, 1936.
 - (1) Register of fines in form –I.
 - (2) Register of deductions for damage or loss in form –II.
 - (3) Register of wages in Form-III.
 - (4) Register of work done by piece rate workers in form-IV A.¹
 - (5) Register of advances made to employees in form-VI.

- (f) Under Payment of Wages (Air Transport Service) Rules , 1968.
 - (1) Register of fines in form –I.

 - (2) Register of deductions for damage or loss in form –II.

¹ Comment of the Ministry:- Not to be accepted as a provision to issue such slip is being proposed in second proviso of clause 4 of the Bill.

- (3) Muster roll register in Form-IV.
 - (4) Register of wages in Form-V.
 - (5) Muster roll-cum-register of wages in form-VI.
 - (6) Register of advances made to workers in form –IX.
 - (7) Register of loans granted to employees e.g. house building, etc. in form-X.
- g) Under BOCW (RE&CS) Central Rules 1998
- (1) Muster Roll in Form XVI
 - (2) Register of Wages in Form XVII
 - (3) Register of Wages cum Muster Roll in Form XVIII
 - (4) Register of Deduction for damage or loss in Form XIX
 - (5) Register of fines in Form XX
 - (6) Register of advances in Form XXI
 - (7) Register of overtime in Form XXII

Part-III

The annual returns not required to be submitted if the annual return in form-III prescribed under this Act is furnished.

- (1) Annual return in form-III under the Minimum Wages (Central) Rules,1950.
- (2) Annual return in form-V under the Payment of Wages (Mines) Rules,1956.
- (3) Annual return in form-VIII under PW (ATS) Rules, 1968.
- (4) Annual return in form-III under PW (Railway) Rules, 1938.
- (5) Annual return by the principal employer in form-XXV under the Contract Labour (Regulation and Abolition) Rules, 1971.
- (6) Half yearly return by contractor in form-XXIV under the Contract Labour (Regulation and Abolition) Rules, 1971
- (7) Annual return in form-XXIV by principal employer under the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Central Rules, 1980.
- (8) Half yearly return by contractor in form-XXIII under Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Central Rules, 1980.
- (9) Annual return in Form XXV under BOCW(RE&CS) Act, 1996.

FORM – I

Register of Persons Employed

Name of the Estt. and Address

Location of Work

Name and Address of Employer

1. Name of workman/ employee

2. Father's/ Husband's Name

3. Address

(i) Present

(ii) Permanent

4. Designation/Category

5. Date of Birth/ Age

6. Qualification

7. Date of entry

8. Worker's ID No./ESI/EPF/LW.F. No.

9. If the employed person is below 14 years, whether a certificate of age is maintained

10. Sex : Male or /Female

11. Nationality

12. Date of termination of employment with reason

13. Signatures /thumb impression of worker/ employee

14. Signature of the employer/ Authorised officer with designation

Form – II

MUSTER ROLL-CUM-WAGE REGISTER

Name of Establishment and address:- ...

Location of work:

Name and address of Employer:

1	2	3	4	5	6	7	8
Sl. No.	Name of the worker (ID No. if any) and father's /husband's name/	Designation/ category	Attendance (Dates of the month 1, 2 ... to 31)	Leave Due	Leave availed (specify)	Wage rate/ pay or piece rate/ wages per unit	Other allowances e.g. (a) D.A. (b) HRA (c)Night allowances
							(a) (b) (c)

9	10	11	12	13	14	15	16
Overtime worked Number of Hours in the month	Amount overtime wages	Amount of advance and purpose of advance	Total/ gross earnings	Deductions e.g. (a) PF (b) Advance (c) ESI (d) Other amount	Net amount payable (11-12)	Signature/ receipt of wages/ allowances for column No. 13	Remarks
				(a) (b) (c) (d)			

Form.III

ANNUAL REPORT

(To be furnished to the Inspector and the Astd. Labour Commissioner concerned before 31st January of the following year.)

(Ending 31st December 20__)

1. Name of Establishment, its postal address & location.....
.....
2. Name and Address of the Employer.....
.....
3. Name and Address of PE, if the employer is a contractor.....
.....
4. Name of Manager responsible for supervision & control.....
.....
5. (i) Name of Business, industry or trade or occupation carried on by the Employer.....
(ii) Date of commencement of the business, industry, trade or occupation.....
6. Employer's No. under ESI/EPF/Welfare fund/PAN No. if any
.....
7. Maximum no. of workers employed on any day during the year
Category
Highly Skilled Skilled Semi Skilled Un Skilled
Male
Female
Child
Total
8. Average no. of workers employed during the year.....
9. Total no. of mandays worked during the year.....
10. No. of workers during the year
(a) Retrenched.....
(b) Resigned.....
(c) Terminated.....
(d) Retrenchment compensation and terminal benefits paid (provide information completely in respect of each worker).....
11. Mandays lost during the year on account of strike or lockout..
12. Reasons for strike or lockout
13. Total wages paid
14. Total amount of deductions from wages made.....

15. No. of accidents during the year

	Reported to Inspector of Factories	Reported to ESIC	Reported to Workmen Comp. Commr.	Others
Fatal				
Non-Fatal				

16. Compensation paid under the Workmen compensation Act during the year.....

- a. Fatal Accidents.....
- b. Non-Fatal Accidents.....

Signature of Manager / Employer

AN ALTERNATIVE PROPOSAL ON SIMPLIFICATION AND RATIONALISATION OF REGISTERS AND RETURNS

It has come to the notice of the High Powered Group that a committee constituted by the Cabinet Secretariat to examine extant procedures for investment approvals and implementation of projects and to suggest measures to simplify and expedite the process for both public and private investment has recommended that the applicability of Labour Laws (Exemption from Furnishing Returns and Maintenance of Registers by Certain Establishments) Act, 1988 may be extended to industrial establishments employing 500 workmen. It appears that if the applicability of this Act is extended to factories employing 500 workers, many registers relating to safety and health of factory workers would not be required to be maintained. The representative of DGFASLI in the HP Group reiterated that the matters of health and safety of the workers should not be compromised in any circumstances.

Keeping in view the recommendations of the committee constituted by the Cabinet Secretariat it is suggested that if the voluminous schedule proposed in the draft law appears complicated, then alternatively the applicability of the Labour Laws (Exemption from Furnishing Returns and Maintenance of Registers by Certain Establishments) Act, 1988 may be extended to industrial establishments employing not more than 500 workmen and the expression 'Factories Act, 1948' be deleted from the Schedule of the Act.

It is also pertinent to mention here that the present Act applicable to industrial establishments employing not more than 19 workmen is not popular because the penalty prescribed under this Act is higher than the penalty prescribed in the enactments it replaces. It is therefore, suggested that provisions relating to penalty prescribed under the enactments given in the Schedule be amended and enhanced at par with the penalty prescribed under the Labour Laws (Exemption from Furnishing Returns and Maintenance of Registers by Certain Establishments) Act, 1988.

DRAFT NATIONAL POLICY ON SAFETY, HEALTH AND ENVIRONMENT AT WORK PLACE**1. PREAMBLE**

The Constitution of India enshrines detailed provisions for the rights of the citizens and other persons and for the principles to be followed by the States in the governance of the country labeled as “Directive Principles of State Policy”.

These Directive Principles provide a) for securing the health and strength of workers, men and women, b) that the tender age of children are not abused c) that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength, d) just and humane conditions of work and maternity relief are provided and e) that the Government shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organizations engaged in any industry.

On the basis of these Directive Principles, the Government of India declares its policy, priorities and strategies, purposes through the exercise of its power. She is committed to regulate all economic activities among the several states and with foreign nations for management of occupational safety and health risks and to provide measures for protection of national assets and for the general welfare to assure, as far as possible, every working man and woman in the national safe and health working condition and to preserve human resources.

The formulation of policy, priorities and strategies in occupational safety, health and environment at work places, is not undertaken by national authorities alone but in some form of consultation with the social partners i.e. employees’ organization, employers organization, autonomous & voluntary organizations, public etc. for agreement and involvement for ensuring set goals / objectives.

Government of India firmly believes that without safe and healthful working conditions, social justice cannot be achieved and that attainment of safety and health at work is fundamental to economic growth.

The changing job patterns and working relationships, the rise in self employment, greater sub-contracting, outsourcing of work and the increasing number of employees working away from their establishment and home work, pose the problem of management of occupational safety and health risks. New safety hazards and health risks will be appearing along with the transfer and adoption of new technologies. In addition, many of the well known conventional hazards will continue to be present at the workplace many years ahead till the risks arising from exposure to these hazards are brought under adequate control.

Particular attention needs to be paid to the hazardous occupations and of workers in precarious conditions such as migrant workers and various vulnerable groups of workers.

The increasing use of chemicals and biological agents with hazard potential unknown to people; the indiscriminate use of agro-chemicals including pesticides, agricultural machineries and equipment, and their impact on health and safety of exposed population; industries with major accident risks; effects of computer controlled technologies and alarming influence of stress at work in many modern jobs may pose serious safety and health risks.

Work related hazards and occupational diseases in small scale industries and agriculture are likely to increase as the occupational safety and health services are out of reach in these occupations.

The fundamental purpose of this National Policy on Health, Safety and Environment at workplace, is to reduce the incidence of work related injuries, diseases and fatalities.

2. GOALS:

With a view to improve the occupational safety and health performance year by year, it is essential to –

Providing statutory framework including enactment of General Enabling Legislation on OSH in respect of all sectors of economic activities, designing suitable control systems of compliance, enforcement and incentives for better compliance.

Providing administrative and technical support services.

Providing a system of incentives to employees and employers to achieve higher health and safety standards.

Establishing and developing the research and development capability in emerging areas of risk and effective control measures.

Developing a proper interface between the work and the human resource through a system of skill improvement.

Focusing prevention effort and monitor performance through improved data collection system on work related injury and disease.

3. OBJECTIVES:

3.1 The policy seeks to bring the national objectives into focus as a step towards improvement in occupational safety and health performance. The objectives are to achieve.

- a) Continuous annual reduction in the incidence of work related injuries, fatalities and diseases.
- b) Continuous annual reduction in the cost of work place injuries and diseases.
- c) Extend coverage of work related fatalities, incidents and diseases by national data sources as a means of better performance and monitoring the same from time to time.
- d) Continuous increasing community awareness regarding occupational safety and health related areas.

3.2 The formulation of such a policy integrating it into the national economic plan under the collaboration of the government, employers' and workers' organizations will ensure the action with the commitment of all social partners. A key for the success will be the formulation of a practical national policy which could be implemented as suitable to local conditions in phases. The country, as a whole, and the government and the social partners, in particular, are committed for steady and sustainable development for economic growth of the country. We,

the all concerned, are committed to preserve our national assets, the human resource being the most priority concern, including the environment.

- 3.3 For the purpose of achieving the above referred objectives and goals, Government of India draws out the action programme referred hereunder.

4. ACTION PROGRAMME

4.1 Enforcement

- 4.1.1 By providing an effective enforcement program which shall include a prohibition against giving advance notice of any inspection and sanctions for any individual violating this prohibition;
- 4.1.2 By effectively enforcing all applicable laws and regulations concerning safety, health and environment in all economic activities with such technical variations as may be necessary for which there shall be adequate and qualified inspection services.
- 4.1.3 By creating a “National Safety, Health and Environment at Workplace Fund” to enable the effective implementation of the policy.
- 4.1.4 By providing that employers and employees have separate but complementary responsibilities and rights with respect to achieving safe and healthful working conditions;
- 4.1.5 By amending progressively the existing laws dealing with safety, health and environment in line with the international instruments.
- 4.1.6 By monitoring the adoption of national standards by regulatory authorities.
- 4.1.7 By facilitating the sharing of best practices and learning between OHS regulatory authorities.
- 4.1.7 Developing new enforcement methods including innovative sanctions that encourage and ensure improved workplace performance.

4.2 National Standards

- 4.2.1 By appropriately developing standards, codes of practices on safety, health and environment for uniformity at the national level in all economic activities consistent with international standards and implementation by the stake holders in true spirit.

4.3 Compliance

- 4.3.1 By encouraging the States to assume the fullest responsibility for the administration and enforcement of occupational safety and health laws by providing grants to the States to assist in identifying their needs and responsibilities in the area of occupational safety and health, to develop plans and programmes in accordance with the provisions of the Acts, to improve the administration and enforcement of State occupational safety and health laws, and to conduct experimental and demonstration projects in connection therewith;
- 4.3.2 By calling upon the cooperation in application of social partners in supervision of the application of legislations and regulations relating to safety, health and environment at work place.

- 4.3.3 By developing guidance on OSH management systems, strengthening voluntary actions and establishing auditing mechanisms which can test and authenticate management systems.
- 4.3.4 By providing specific measures to prevent catastrophes, and to co-ordinate and make coherent the actions to be taken at different levels, particularly in the industrial zones where undertakings with high potential risks for workers and the surrounding population are stipulated;
- 4.3.5 By recognizing the best safety and health efforts and facilitating others to emulate their examples.

4.4 Awareness

- 4.4.1 By providing forums for consultations with employers' representatives, workers' representatives and community on matters of national concern relating to safety, health and environment at work place with the overall objective in creating awareness and enhancing national productivity.
- 4.4.2 By encouraging joint labour-management efforts to preserve, protect and promote national assets and to reduce injuries and disease arising out of employment
- 4.4.3 By maximizing gains from the substantial investment in awareness campaigns by sharing experience and learning.
- 4.4.4 By including occupational safety and health at work place in schools higher technical, medical, professional and vocational courses.
- 4.4.5 By securing good liaison arrangements with the International organizations.
- 4.4.6 By providing medical criteria which will assure insofar as practicable that no employee will suffer diminished health, functional capacity, or life expectancy as a result of his work experience and that in the event of such occupational diseases having been contracted, suitably compensated.
- 4.4.7 By providing for appropriate reporting procedures with respect to occupational safety and health to help achieve the objectives and to accurately describe the nature of the occupational safety and health problem with a view to carry out national project study, surveys to identify problem areas and pragmatic strategies.

4.5 Research and Development

- 4.5.1 By providing for research in the field of occupational safety and health, including the social and psychological factors involved, and by developing innovative methods, techniques, and approaches for dealing with occupational safety and health problems.
- 4.5.2 By exploring ways to discover latent diseases, establishing causal connections between diseases and work environmental conditions, and conducting other research relating to health problems.

4.6 Occupational Safety and Health Skills Development

- 4.6.1 By building upon advances already made through employer and employee initiative for providing safe and healthful working conditions;

- 4.6.2 By providing for training programs to increase the number and competence of personnel engaged in the field of occupational safety and health;
- 4.6.3 By integrating health and safety into workplace, industry and professional training programme, vocational, professional and enforcement agencies training arrangements.
- 4.6.4 By providing information and advice, in an appropriate manner, to employers and organizations, with a view to eliminating hazards or reducing them as far as practicable;

4.7 Data collection

- 4.7.1 By compiling statistics relating to safety, health and environment at work places, prioritizing key issues for action, conducting national studies/surveys/projects through governmental and non-governmental organizations and ensuring its compliance.
- 4.7.2 By reinforcing and sharing of national occupational safety, health and environment at work place information amongst different stake holders through a national network system on OSH.
- 4.7.3 By extending data coverage relevant to work-related injury and disease, including measures of exposure, and occupational groups that are currently excluded, such as self-employed people.
- 4.7.4 By extending data systems to allow timely reporting and provision of information.
- 4.7.5 By exploring partnerships to address areas where there is overlap between public health and occupational risk.

4.8 Practical guidance

- 4.8.1 By providing practical guidance and encouraging employers and employees in their efforts to reduce the incidence of occupational safety and health risks at their places of employment, and to stimulate employers and employees to institute new and to perfect existing programs for providing safe and healthful working conditions;
- 4.8.2 By giving effect to the decisions by a Courts of Law or other tribunals involving question of principles relating to the application of safety, health and environment at work.
- 4.8.3 By developing the means for improved access to information.
- 4.8.4 By facilities sharing of practical guidance developed within industry sectors and jurisdictions.

4.9 Incentives

- 4.9.1 By innovative financial and non-financial incentives.

4.10 Review

- 4.10.1 National Policy shall be reviewed at periodical intervals to assess relevance of the National Goals, for the adoption of targets and development of action plans for their achievements.

5. Summary

To meet the challenges ahead there is a need to develop the co-operation of social partners in the assessment and control of workplace risks by mobilizing local resources and extending protection to under-served working population and vulnerable groups where social protection is meager.

We are committed to review the National Policy on OSH and legislation under tripartite collaboration; improve enforcement, statistics compilation and analysis; develop special programmes for hazardous occupations and specific sectors; set up training mechanisms; create nation-wide awareness; arrange for the mobilization of available resources and expertise.

The National Policy and Programme envisages total commitment and demonstration by all concerned stake holders such as government and social partners. Through dedicated and concerted efforts, India will, certainly and steadily, march towards economic prosperity consistent with the requirements of safety, health and environment at work place thereby improving the standard of living of the people.

**THIRTY-NINTH SESSION OF
THE INDIAN LABOUR CONFERENCE
(NEW DELHI – OCTOBER 16-18, 2003)**

**ITEM II : EMPLOYMENT GENERATION, EMPLOYMENT PROTECTION AND SKILL UPGRADATION
WITH SPECIAL EMPHASIS ON THE S.P. GUPTA REPORT ON EMPLOYMENT GENERATION.**

1. APPROCH TO EMPLOYMENT IN ECONOMIC PLANNING.

Planning in India focused at realizing a high rate of growth of output in the long term. A basic assumption was that shortage of capital goods in relation to employable persons constituted a fundamental constraint on growth in the economy. Therefore the planning process made no attempt to define an independent employment strategy; the focus on economic growth was viewed as essential for improving the employment situation. Initially, labour force expansion was not seen as a problem to be contented with. Thus, in the Five Year Plans, the generation of employment was viewed as part of the process of development and not as a goal in conflict with, or to be pursued independently of economic development.

2. EMPLOYMENT PLANNING IN INDIA

The approaches to tackling the task of unemployment have varied from time to time. In the initial years of planning reliance was placed primarily on the expectations of a rapid industrial development and control of population. These expectations did not materialise and it was observed that the rate of growth of employment was generally much lower than the GDP rate of growth of the economy. Seasons of severe drought and failure of monsoons exposed large sections of population to extensive deprivations. Successive plans, strategies, policies and programmes were, therefore, re-designed to bring about a special focus on employment generation as a specific objective. The seventies and eighties saw the emergence of special schemes like NREP, RLEGP to provide wage employment through public works programmes and schemes to promote self employment and entrepreneurship through provision of assets, skills and other support to the unemployed and the poor. While employment levels expanded steadily during the seventies and eighties, the rate of growth of employment continued to lag behind that of the labour force. Unemployment among the educated showed a rising trend. Another feature of the employment situation is the sizeable proportion of the employed working at low levels of the productivity and income. The eighties exposed the weakness in the then ongoing strategies of expanding public sector irrespective of competition.

3. **POVERTY ALLEVIATION AND EMPLOYMENT**

GENERATION PROGRAMMES

Anti-poverty strategy comprises of a wide range of poverty alleviation and employment generation programmes, many of which have been in operation for several years and have been strengthened to generate more employment, create productive assets, impart technical and entrepreneurial skills and raise the income level of the poor. Under these schemes, both wage employment and self-employment are provided to the people below the poverty line. In 1998-99, various poverty alleviation and employment generation programmes are grouped under two broad categories of Self-Employment Schemes and Wage Employment Schemes. Funding and organisational patterns are also rationalised to achieve better impact. These programmes are primarily meant for poverty alleviation and have generally not been helpful in sustainable employment generation.

4. **GLOBAL EMPLOYMENT SCENARIO**

The global employment and unemployment situation according to the World Employment Report 1998-99, was as follows:-

- Out of an estimated 6 billion population in the year 1997 around 3 billion was in the labour force.
- 160 million persons have been estimated to be fully unemployed.
- 25 to 30 percent of the employed labour forces were underemployed.
- A large number of young people in the age group of 15 and 24 (around 60 million in 1997) are continuously in search of work ie unemployed.

A few important conclusions which emerge from the above report are:-

- Limited demand for unskilled and less skilled labour.
- Increase in demand for skilled labour on account of technological development and up gradation and changes in the organisation of work
- Problems in maintaining the continued employability of labour force
- Demand for multi skilling.

Some of the important strategies recommended in the World Employment Report are:-

- Timely Investment in skill development and training at enhanced level.
- Enhancement of education and skill level of workers
- Responsive training system.
- Need for effective partnership of all stake holders.

5. EMPLOYMENT & UNEMPLOYMENT SCENARIO IN INDIA

In India, due to the agrarian sector with seasonal operations **time disposition** and availability for work have been the criteria for measuring employment. The accepted method of measuring employment is the usual status. Reliable estimates of employment/unemployment are generated through National Sample Surveys conducted once in five years by National Sample Survey Organisation (NSSO). The concept recognises **time utilisation** only. **Quality of work or income does not get reflected in the approach.**

As per the results of the National Sample Survey conducted in 1999-2000, total work force as on 1.1.2000, as per **Usual Status approach** (considering both principal and subsidiary activities) was of the order of 406 million. About 7 % of the total work force is employed in the formal or organised sector (all public sector establishments and all non-agricultural establishments in private sector with 10 or more workers) while remaining 93% work in the informal or unorganised sector. The size of the Organised Sector employment is estimated through the Employment Market Information Programme of DGE&T, Ministry of Labour. The capacity of the organised sector to absorb additional accretion to the labour force, taking into account the current accent on modernisation and automation, is limited. In other words, an overwhelming proportion of the increase in the labour force will have to be adjusted in the unorganised sector. About 369 million workers are placed today in unorganised/informal sector in India; agriculture workers account for the majority of this work force.

The employment and unemployment scenario as per this approach depict the following picture.

Table-1

Estimates of population, labour force, employment and unemployment (in million)

	<u>1983</u>	<u>1988</u>	<u>1994</u>	<u>1999-2000</u>
Estimated population	718.21	790.00	895.05	1004.10
Labour Force	308.64	333.49	391.94	406.05
Employed	302.75	324.29	374.45	397.00
Unemployed	5.89	9.2	7.49	9.05
Unemployment rate (as percentage of labour force)	1.91	2.76	1.96	2.23
Employment in organized sector	24.01	25.71	27.37	28.11
Employment in unorganized sector	278.74	298.58	347.08	368.89
GDP growth	7.7	3.8	5.9	6.4

Note:-

1. *Employment , Unemployment , Unemployment rate and Labour force are on Usual Status basis and are based on estimates given in various rounds of NSSO*
2. *Population estimates are as per projection made by Expert Committee on Population projection.*

3. *Organized sector employment are on the basis of data collected by DGE&T.*
4. *GDP growth rates are from Central Statistical Organization.*

Growth of labour force, employment and unemployment during 1983-2000 observed **were as under:-**

Table-2

Growth of population, labour force, employment and unemployment

	<u>Growth rate</u> (%)	<u>1983-94</u>	<u>1994-2000</u>
(i)	Population	2.12	1.93
(ii)	Labour Force	2.05	1.03
(iii)	Employment	2.04	0.98
(iv)	Organized sector employment	1.20	0.53
	a) Public	1.52	-0.03
	b) Private	0.45	1.87

Note:-

1. *Employment, Unemployment, Unemployment rate and Labour Force are on usual Status basis and are based on estimates given in various rounds of NSSO.*
2. *Population estimates are as per projection made by Expert Committee on Population Projection.*
3. *Organized sector employment are on the basis of data collected by DGE&T.*
4. *GDP growth rates are from Central Statistical Organization.*
5. *The rates of growth of labour force, employment, population and organized sector employment are compound rates of growth.*

Special Group headed by Dr.S.P.Gupta has adopted Current Daily Status Approach and projected employment, unemployment and labour force. According to this approach the unemployment during 1999-2000 was of the order of 27 million. The number of persons who could have got full employment with the work available in the economy is estimated as employment as per this approach. The difference between labour force and employed gives estimate of unemployment.

Salient points on employment and unemployment scenario are:-

- The rate of growth of employment declined sharply from 2.04% per year in the period 1983-94 to only 0.98% per year in the period 1994 to 2000.

- There was sharp deceleration in the growth of labour force from 2.05% in the period 1983-94 to only 1.03% in the period 1994-2000.
- Growth rate of employment is less than the growth rate of the labour force indicating an increase in the unemployment rate.
- The open unemployment which is of the order of 9 million is not significant compared to the size of the population in the country.
- Though, open unemployment is only 2.23% (9 million), the percentage of the population below the poverty line is as high as 26.1%. The fact of being employed is obviously no guarantee of escaping from poverty, which in our situation refers to a very basic level of subsistence.
- Percentage of population below the poverty line which was of the order of 36% in 1993-94 has come down to 26.1% indicating that during the period 1994-2000 improvement in the income level of the employed had taken place.
- Organised sector employment is not growing and its share is only 7% of the total employment.
- There was decline in self-employment whereas regular salaried and casual employment showed an increasing trend during 1993-94 to 1999-2000.
- There was substantial increase in the average daily wage earnings in the rural areas.

6. **EMPLOYMENT GENERATION IN INDIA**

- 7% of the total employed are in the organised sector i.e., unorganised sector dominates in the employment scenario.
- Additional employment generation in the organised sector is not significant i.e., scope for additional wage employment in the organised sector continued to be less.
- Significant employment generation took place in the tertiary sector particularly in services industries.
- Substantial employment growth was observed in the small and unorganised sector, i.e., in small and tiny enterprises.
- Self-employment and casual labour continued to play a pivotal role in rehabilitation of the unemployed .

7. TRENDS IN EMPLOYMENT AND UNEMPLOYMENT.

Salient points which emerge out from the data are :-

- a) Both growth of population and labour force have shown substantial decrease. This is a positive signal. While the reduction in growth rate of population may be due to special efforts of the Government and the awareness among the people, the reduction of growth rate of the labour force to such an extent has not yet been fully explained. One of the reasons may be that more children (particularly girls) are joining educational institution rather than joining the labour force.
- b) Growth of employment during 1994-2000 has substantially gone down and growth in absolute term is not much. Whatever growth has occurred was in informal sector where quality of employment is poor.
- c) Since labour force growth has substantially come down the decrease in growth of employment does not distort the over all employment and unemployment scenario.
- d) Little Growth in the organised sector employment has been noticed in the private sector. Public sector has shown a negative growth. Share of public sector in the overall organised sector employment being around $\frac{3}{4}$ th the increase in private sector employment can not change the organised sector scenario.
- e) Organised sector employment has not improved in spite of various policy incentives through plan exercises, globalization and economic liberalization. Growth of informal sector has been primarily on account of necessity . Therefore to what extent employment generation through normal growth process, where economic growth in terms of GDP is attempted, took place or can take place is a subject of debate. If unemployment is considered a major issue then question is whether we should have employment objective rather than growth objective in our national plan.
- f) Growth in the organised sector, particularly of small size is hindered by local politics. Small size organised sector is subjected to various pressures e.g. providing employment to persons without any skill, cash subscriptions etc which the establishment may not be able to sustain. The result is either the enterprise is not viable or the entrepreneur finds investment risky.
- g) Due to various reasons which include avoiding labour laws, the entrepreneur prefers to remain on small scale in various locations.
- h) Market being too much competitive in view of globalisation and economic liberalization, marketing of product by small enterprise may be difficult.
- i) Growth rate of employment and growth rate of the economy appears to be uncorrelated. Therefore projection of employment on the basis of GDP growth (by calculating employment elasticity) appears to be not logical. Such projections are being used by Planning Commission and we always find that it is always off the target.

8. Skill level of Labour Force in India

- The overwhelming majority of the work force, not only in rural areas but also in urban areas, does not possess any identifiable marketable skill. In urban, only about 19.6% of male and

11.2% of female workers possessed marketable skills. Whereas, in rural areas only about 10% of male and 6.3% of female workers possessed marketable skills.

- Most of the job seekers (about 80%) in employment exchange are without any professional skill.

International Comparison

- The levels of vocational skills in the labour force in India compare poorly with the position in other countries.
- Only 5% of the Indian labour force in the age category 20-24 has vocational skills obtained through formal training whereas the percentage in industrialised countries is much higher, varying between 60% and 80%, except for Italy, which is about 44%. The percentage for Korea, which has recently been categorised as an industrialised country, is exceptionally high at 96%. The developing countries have percentages which are significantly lower than the developed countries, but they are still much higher than India e.g. Mexico at 28% and Botswana at 22%. Differences in definition may make inter-country comparison somewhat unreliable, but the level in India is clearly far too low.

9. EMPLOYMENT VIS-A-VIS TRAINING NEEDS.

- A part of the unemployment problem emanates from the mismatch between the skill requirements of employment opportunities and the skill base of the job-seekers.
- Rapid expansion of education, particularly of higher education, has also contributed to the mismatch in the labour market. While shortages of middle level technical and supervisory skills are often experienced, graduates and post-graduates in arts, commerce and science constitute a large proportion of job-seekers. **High private rates of return on higher education, to a large extent resulting from low private cost, is an important reason for the rush for higher education despite high incidence of educated unemployment.**
- The mismatch is likely to become more acute in the process of rapid structural changes in the economy.
- It is, therefore, necessary to reorient the educational and training systems towards improving its capability to supply the requisite skills in the medium and long term, and introduce greater flexibility in the training system so as to enable it to quickly respond to labour market changes in the short run.
- The system should also be in a position to impart suitable training to the large mass of workers engaged as self-employed and wage earners in the
- unorganised sector for upgradation of their skills, as an effective means for raising their productivity and income levels.
- The existing training institutions like the ITIs / ITCs (Industrial Training Institutes/Industrial Training Centres. There are 4700 Institutes/ Centres imparting training to 6.9 lakh trainees.) have, no doubt, been meeting a significant part of the requirements of the skilled manpower of organised industry. It, however, seems necessary that the processes of restructuring and

reorientation of their courses are made more expeditious with a view to quickly respond to the labour market.

- As the responsibility for imparting training devolves on a number of agencies - in central and state governments, NGOs and private bodies there is need for clearly identifying and strengthening coordination at various levels.
- A greater involvement of industry in planning and running the training system would also be necessary for this purpose.

10. RECENT POLICY RECOMMENDATIONS

10.1 Considering the problems of employment and unemployment situation in the country Planning Commission set up a Task Force under the chairmanship of Dr. M.S. Ahluwalia to go into the details of the employment generation taking place in the economy and suggest measures for creation of 100 million jobs (10 million per year) in a period of 10 years.

The Task Force has recommended intervention in five major areas as under:

- Accelerating the rate of growth of GDP, with a particular emphasis on sectors likely to ensure the spread of income to the low income segments of the labour force.
- Pursuing appropriate sectoral policies in individual sectors which are particularly important for employment generation. These sector level policies must be broadly consistent with the overall objective of accelerating GDP growth.
- Implementing focused special programmes for creating additional employment of enhancing income generation from existing activities aimed at helping vulnerable groups that may not be sufficiently benefited by the more general growth promoting policies.
- Pursuing suitable policies for education and skill development, which would upgrade the quality of the labour force and make it capable of supporting a growth process which generates high quality jobs.
- Ensuring that the policy and legal environment governing the labour market encourages labour absorption, especially in the organized sector.

10.2 Various agencies like McKinsey & Company have also studied the details and have come out with some policy recommendations. The Policy recommendations suggested in the report of McKinsey & Company are as follows.

- ❖ Remove product reservation for small-scale industry.
- ❖ Equalize sales tax and excise duties for all companies within a sector and strengthen enforcement.
- ❖ Establish an effective regulatory framework and strong regulatory bodies in the telecom and power sectors.

- ❖ Remove all licensing and quasi-licensing restrictions that limit the number of players in an industry.
- ❖ Reduce import duties to ASEAN levels (10 per cent) over next 5 years.
- ❖ Remove ban on FDI in the retail sector and allow 100 per cent FDI in all sectors
- ❖ Resolve unclear real estate titles.
- ❖ Reform tenancy laws to bring rents in line with market value.
- ❖ Privatize all state and central public sector units (PSUs).
- ❖ Reform labour laws by repealing Section-5B of the Industrial Disputes Act and allowing flexibility in the use of contract labour.
- ❖ Transfer management of existing transport infrastructure to private players, and contract out construction and management of new infrastructure to private sector.
- ❖ Strengthen agricultural extension services.
- ❖ Rationalize property taxes, stamp duties, user charges

According to them if these policy recommendations are implemented 75 million jobs will be created and this will be enough to absorb the expected surge in the work force.

- ⇒ While the policy recommendations of the Mckinsey & Company are interesting, it appears from the analysis of the report that this may lead to opening the economy to all multinational companies in each and every sector. Under such situation, the local industries may find it difficult to exist in the labour market and the entire economy will be driven by the outside agencies.
- ⇒ The report does not analyse the job losses which may be occurring due to implementation of the policies recommended. The job losses may outsmart the additional employment generation. Further study is , therefore required before such drastic steps as recommended are considered.

10.3. A special group in the Planning Commission was constituted under the Chairmanship of Dr. S.P.Gupta, Member, Planning Commission to suggest strategies and programmes in the Tenth Plan for creating gainful employment opportunities for one crore people per year during each year of the Tenth Plan. The special group has also submitted its report in May 2002.

The special group has also suggested restructuring in the following sectors in favour of labour intensive activity for generating additional gainful job opportunities for the Tenth Plan.

- a. Agriculture & allied sectors.
- b. Greening the country through Agro Forestry
- c. Energy Plantation for Biomass power Generation.
- d. Rural Sectors and Small and medium enterprises(SMEs).
- e. Education and Literacy.

- f. Employment through ICT Development.
- g. Health, Family and Child Welfare.

According to the Special Group report, out of the proposed 5 crore job opportunities to be generated over the Tenth Plan Period, nearly 2 crore should come from specific employment generation programme and 3 crore from growth buoyancy. The estimated composition of job opportunities is given below: Sectoral programmes in some of the key sectors recommended are given in **Annexure-I**. The recommendations for skill development including vocational training are given in **Annexure-II**.

The Estimates of potential job opportunities in different sectors

Sectors/Programmes	Total Additional job opportunities created over the 10 th Plan (in lakhs)		Total (in lakhs)
	Growth based	Programme based	
Agriculture Including National Watershed Development Project for Rainfed Areas (NSDRPA), Farm Management programme, Agro Clinics, Greening India Programme, Watershed and Wasteland Development, Medicinal Plant, Bamboo Development and Energy Plantation like Ethanol etc.	4.1	90.6	94.7
Mining & Minerals	-2.0		-2.1
Manufacturing (Excl. Prime Minister's Rozgar Yojana (PMRY) & Rural Employment Generation Programme (REGP))	14.2 (large manufacturer) 60.0 (SSI)		14.2 60.0
Electricity, Gas & Water	-2.1		-2.1
Construction	63.0		63.0
Trade, Hotels & Restaurants	112.3		112.3
Transport, Storage & Communications	55.1		55.1
Financial Sector	19.3		19.3
Community Sector	-27.1	32.0	4.9
Special Programmes			
Prime Minister's Rozgar Yojana (PMRY) (SSI) & REGP (KVIC)		22.0	22.0
		20.0	20.0
Sampoorna Gramin Rozgar Yojana (SGRY)		12.9	12.9
Pradhan Mantri Gram Sadak Yojana (PMGSY)		7.7	7.7
& Swarna Jayanti Gram Swarozgar Yojana (SGSY)		8.0	8.0
Total	296.8	193.2	490.0

Note: Totals may not tally due to rounding off.

Source: Report of the Special Group

10.4 A comparison between Task Force Report and the Report submitted by the Special Group indicated below gives us an idea about the divergent of views between these two committees.

	Task Force headed by Dr.M.S.Ahluwalia.	Special Group headed by Dr. S.P. Gupta.
1	Adopted UPSS method for estimating employment & unemployment.	Adopted CDS method for estimating employment and unemployment.
2	Depended largely on past employment elasticities for assessing potential of job creation.	Made sector wise assessment on the basis of past policies.
3	Future job-creation potential in Agriculture was assessed to be near zero and focused on services sectors.	Agriculture has high potential for contributing to employment and therefore heavily focused on Agriculture.
4	Assumed that GDP growth is the key generator of employment and assumed 8 to 9% growth of GDP	Felt it is not possible to sustain such high growth rate. Treated employment generation as a target variable and worked out appropriate policies and Programme to achieve this goal.
5	Did not quantify additional employment generation in various sectors and sub-sectors which were recommended to have employment potential.	Quantified employment generation through normal growth process and through Programme based employment generation.
6	Did not think unemployment is a problem and centered its policy basically on improving the quality of jobs.	Quality of employment and lack of employment opportunities were treated simultaneously.
7	Gave priority to accelerating the growth of the organized sector.	Gave priority to accelerating the growth of the unorganized sector.
8	Freedom of conversion of Rural land into Urban usage and private development of township and estate.	Not to be done as a general rule. It should be done only in selected wastelands.
9	Lowering of import tariffs over a three-year period.	No view until more information is available since it can have adverse effect to domestic industries.
10	Agro companies should be allowed to buy, develop, cultivate and sell the degraded wasteland after taking this land out of the purview of tenancy laws.	Time bound lease in which interest of local landless labour, marginal farmers etc. should be considered.
11	De-reservation of SSI within four years and increase in FDI investment	De-reservation should be done on case-to-case basis as a gradual process. Any increase in the ceiling of FDI investment at the moment is not needed.
12	Fast switch to modern retail trade and removal of ban on FDI in this sector	Continue both modern and traditional retail trade. Does not recommend FDI in retail sector for this plan.

13	Special employment programmes are not effective and entail wastage	It has effective role in generating employment specially during slack season.
14	Recommended flexibility in the hiring and firing of labour.	Relaxation may create more firing than hiring in near future.
15	Dealt extensively labour laws applicable to organized sector.	Exhaustively discussed problems in unorganized sector.

The following three major issues comes to the forefront when we compare between the recommendations of the Task Force and Dr. S.P. Gupta Committee .

- The Task Force found services sector as the main sector which can be harnessed for employment generation whereas Dr. S.P. Gupta Committee found Agriculture is the main sector which can generate substantial employment opportunities.
- The Task Force puts more emphasis on organised sector whereas Dr. S.P. Gupta Committee emphasizes mainly on unorganized sector for employment generation.
- While the Task Force regarded that special Employment Generation Programmes are not effective and entails wastage Dr. S.P. Gupta Committee felt otherwise and suggested creation of job opportunities of around 2 crore people (out of 5 crore) from specific employment generation programmes.

11. CURRENT STRATEGY FOR QUALITY EMPLOYMENT GENERATION AND ITS IMPLICATIONS

The problem of employment, unemployment and creating decent work for the labour force have been drawing attention of the Government. The approach to Tenth Plan focuses on providing gainful high quality employment to the additions to the labour force and it is listed as one of the monitorable objectives for the 10th Plan and beyond. The growth strategy of 10th Plan would lay emphasis on rapid growth of those sectors which are likely to create high quality employment opportunities and deal with the policy constraints which discourage growth of employment. Particular attention would be paid to the policy environment influencing a wide range of economic activities which have a large employment potential. A brief on the Tenth Plan is presented below.

THE TENTH FIVE YEAR PLAN (2002-2007)

NDC Mandated Objectives for the Tenth Plan

1. Doubling per capita income in ten years.
2. Growth rate of GDP to be 8% per annum
3. Harness the benefits of growth to improve the quality of life by:
 - Reduction in poverty ratio by 5 percentage points by 2007 from 26% to 21%.
 - Growth in gainful employment to, at least, keep pace with addition to labour force.
 - All children in school by 2003; all children to complete 5 years of schooling by 2007.
 - Reducing gender gaps in literacy and wage rates by 50%.
 - Providing potable drinking water in all villages.
 - Cleaning of major polluted river stretches.

Fifty Million Employment Opportunities

- ❖ 8% growth with business as usual will contribute only 30 million employment opportunities.
- ❖ 8% growth with emphasis on employment intensive sectors and programmes will yield 50 million employment opportunities.
- ❖ Special emphasis on agriculture, irrigation, agro-forestry, small and medium enterprises, information communication technology and other services.
- ❖ Tourism – an important stimulus to employment – rationalise hotel and entertainment taxes.

Conditions Necessary for 8% Growth

- Larger public investment in infrastructure and social sectors
- Emphasis on:
 - ❖ Allocative efficiency.

- ❖ Policy reforms for investor friendly environment
- ❖ Improvement in governance
- ❖ Efficient delivery systems

Efficient Fiscal Management

- Widening the tax base and improving collections
- Removing tax incentives/concessions
- An integrated Central and State VAT
- Reduction of Central Government Staff by 2% per year
- Reduction in subsidies and administrative overheads.

Stimulating Investment

- Public Investment necessary to stimulate private investment
- Developing institutional capacity for public investment
- Revamping the public works structures at Centre and States
- Simplifying laws and procedures for investment
- Reforming Development Financial institutions for long term financing of small and medium enterprises
- Increasing annual FDI flows to at least US \$7.5 billion.

Unleashing Entrepreneurial Energy

- Eliminating inter- state barriers to trade and commerce
- Essential Commodities Act to be amended
- Amending Agriculture Produce Marketing Act
- Liberalising agri-trading, agri-industry and exports
- Encouraging contract farming
- Integration of various acts dealing with food into one 'Food Act'
- Permit futures trading in all commodities
- Removal of Government & Reserve Bank of India restrictions on financing of stocking and trading.
- Repeal of SICA, introduction and strengthening of bankruptcy and foreclosure laws to facilitate transfer of assets

- Reform Labour Laws
- Policy reforms for village and small scale sectors
- Phased dereservation of small scale industries
- Early enactment of Electricity Bill, Coal Nationalisation Amendment Bill, and Communication Convergence Bill
- Abolish restrictions and encourage decontrol of private road transport passenger services and private sector participation in road maintenance

Invigorating Rural India

- Growth mediated strategy with focus on basic services and direct anti-poverty programmes, and active involvement of the people
- Rural connectivity to all habitations of 500 or more population, by end of Tenth Plan
- Expanding area under irrigation through minor irrigation and watershed management
- Priority for completion/revival of old irrigation projects
- Regulating ground water use on sustainable basis
- Rationalise irrigation charges and ensure community participation in maintenance
- Comprehensive Flood Management Strategy especially for Eastern India
- Utilising waste and degraded lands
- Reforms for agro-forestry
- Improving credit flows and simplifying procedures
- Universalisation of Kisan Credit Cards
- Diversification of cropping systems and production of medicinal and aromatic plants
- Application of science & technology for improving agricultural productivity
- Aoption by States of key features of Multi-State Cooperative Act 1984
- Integrated agriculture markets in private and cooperative sectors
- Complete coverage of all remaining 'not covered' and 'partially covered' habitations with potable water supply
- Promotion of proper hygiene and sanitation

Creating the Productive Base

- Capacity addition of 41,110 MW comprising 22,832 MW in Central Sector and 11,157 MW in State Sector and 7,121 MW in private sector
- Reducing gap between cost of supply and pricing of power
- Reform component included in Accelerated Power Development Programme (now APDRP)
- Electricity 62,000 villages through grid extension, by end of Tenth Plan and 18,000 remote villages by end of Eleventh Plan, through renewable sources of energy
- Actively promote R&D on fast breeder reactor and thorium based technologies for nuclear power
- Railways to focus on provision of transport services – other peripheral activities to be outsourced
- Setting up of Rail Tariff Regulatory Authority
- Expansion of National Highway Development Programme and Strengthening of state highways and district roads
- Make tariff Authority for Major Ports (TAMP) an appellate body and extend its jurisdiction to all ports
- Early adoption of a Civil Aviation Policy & establishment of a regulatory framework for the sector
- Auction international air routes to private Indian operators and early privatisation of major airport services
- Removal of urban land ceiling to ease supply of land, reform of rent control to promote housing stock, rational stamp duty rates etc.
- Improvement of municipal resources (property taxes, user charges); access to financial markets for infrastructure schemes ; restructuring of utilities for higher efficiency
- Simplify and computerise registration of property transactions etc.

Improving the Quality of Life

- 'Education for All' through Sarv Shiksha Abhiyan – total enrolment by 2003; universal retention and achievement (elementary) by 2010
- Plan for strengthening secondary stream (9th to 12th)
- Focus on vocational education to cater to increased numbers from elementary and secondary streams
- Quality improvement of Technical Education – IITs, RECs, other Engineering Colleges and Polytechnics

- Greater autonomy to UGC and higher technical institutes like IIMs, IITs etc
- Nutrition Mission for correcting nutrient deficiencies
- Grain banks in remote areas
- Provide essential public health and family welfare services
- District based differential strategy for providing family welfare and health care
- Mainstream Indian systems of medicine and homeopathy in health care system
- Medicinal Plants Board to realise the full potential of herbal products
- Women's empowerment and gender equity
- Continuing focus on disadvantaged sections of the population like Scheduled Castes, Scheduled Tribes, Other Backward Classes, Minorities and Differently Abled
- Projectised improvement and slums through NSDP, dovetailed with Valmiki Ambedkar Awas Yojana
- Eradication of manual scavenging by 2007
- National Commission for Children to ensure protection of their rights, to be set up
- Protection of life and property of the Aged
- Special focus on unorganised labour

SCIENCE AND TECHNOLOGY :

Catalysing and accelerating development

- Operationalisation of National Natural Resource Management System (NNMRS)
- Major mission mode initiatives, e.g.:
- Nano Science & Technology
- Technology for bamboo products
- Exploration and exploitation of microbial wealth
- Carcass utilisation and eco-friendly leather processing
- Validation and testing of new drugs from medicinal plants

ENVIRONMENT FOR SUSTAINABLE DEVELOPMENT

- National Environment Plan to be prepared annually
- Action Plan for reducing air and water pollution
- Expand treatment and improve management of urban waste
- Conservation and sustainable use of biodiversity and protection of ecologically sensitive areas
- Universalisation of Joint Forestry Management to ensure food and economic benefits to tribals
- Greening of degraded lands by planting medicinal plants, bamboo, jatropha etc.

IMPROVING REGIONAL BALANCE

- Planning Commission's focus is to promote balanced and equitable regional development
- Some steps in this regard include:
 - For the first time state-wise sectoral growth rates, determined in consultation with states
 - Rashtriya Sam Vikas Yojana – Special plans for (i) Most Backward districts (ii) Bihar (iii) KBK region of Orissa and a Reforms agenda
 - Special focus on the North East
 - State Development Reports to lay down road map for accelerating growth
 - On Farm Water Management for Eastern India

ENHANCING THE IMPACT OF PLANNING

Some Major Initiatives include:

- Core plan strategy for States
- Reform based initiatives in crucial sectors
- Accelerated Irrigation Benefit Programme
- Accelerated Power Development and Reform Programme
- Medium Term Fiscal Reforms Programme
- Urban Incentive Fund

- First National Human Development Report – inter-state development analysis and benchmark
- Better monitoring through Quarterly Progress Reviews by Members of PC
- Zero based budgeting resulting in reducing/converging CSSs and CSs from 360 to 188 and from 2247 to 922 respectively

GOVERNANCE

The Essence of success

- Improved people's participation, especially through strengthening Panchayati Raj Institutions and urban local bodies
- Involvement of civil society, especially voluntary organizations, as partners in development
- Enactment of the Right to Information Act
- Civil service reforms for improving transparency, accountability and efficiency ; security of tenure ; a more equitable system of rewards and punishments
- Rightsizing both the size and role of Government
- Revenue and Judicial reforms
- Using Information Technology for good governance

THE COLLECTIVE FOCUS

FOR THE STATES ;

- Fiscal correction
- Power sector reforms
- Removing barriers to inter-state commerce

FOR THE CENTRE ;

- Time bound Action Plans for policies and Programmes
- Monitoring reforms and programme implementation in states

12. ISSUES FOR CONSIDERATION

- a) As per Dr.S.P.Gupta committee report out of 50 million employment opportunities 30 million will come through growth process and the remaining 20 million from special employment generation programme. The work done by the persons through special employment generation programme contributes to the GDP and can not be seen independent of the growth process. Therefore these 20 million may get included in 30 million and finally we may achieve only 30 million.
- b) When we look at the Dr. S.P. Gupta Committee recommendations which have attempted additional employment generation through growth based and Programme based approach, we find that the employment generation will take place mostly in the unorganized sector in which both physical and mental activities will be involved. Considering the unemployment situation, wherein most of the unemployed persons are educated with general education (without any skill) how far there will be takers for such type of job opportunities being attempted in the unorganized sector. In fact most of the educated want regular wage paid jobs with preference to Government jobs.
- c) Organised sector and unorganized sector are having definite linkages with regard to various aspects including employment generation. It is a fact that with the coming of one organised sector establishment, there will be at least few unorganized sector establishments. Therefore, if we create a conducive atmosphere for expansion of the organised sector, unorganized section will automatically be developed and there may not be any need of special Programme or special efforts for employment generation in the unorganized sector. Dr Gupta committee, however in their report has indicated that the informal sector can exist of its own and can be seen as a potential employment generating sector.
- d) Though, poverty alleviation Programme implemented by the Government are important but this does not lead to sustainable employment generation, and therefore, if we are to maintain the level of employment generation every year, the expenditure level on such account will automatically increase which ultimately lead to a permanent liability of the Government. Such special employment generation Programme are required to be restricted to only to the extent of minimum essential. The Report of Dr. S.P. Gupta Committee heavily depend on such Programme based employment.

- e) So far, since, we started our First Five Year Plan, every year emphasis was given on employment generation. Unorganized sector has grown of its own due to various reasons including economic compulsion on the part of the individual and it is unorganized sector which has shown improvement in spite of the fact that organised sector did not grow in spite of focused intervention. Therefore, how far the present proposal of development of the unorganized sector will be grounded is to be seen. It may, perhaps, be better that we try to organize the unorganized sector which will result in improvement in the productivity and income level of the workers and consequently increase the standard of living. This is all the more required since when we look at the income level of the persons already working as per various definitions we find that a large number (about 1/3rd of the total workers) though working are living below the poverty line. The problem in our country, perhaps, is not that of open unemployment but that of creating a situation where the productivity and income level of the workers will increase.
- f) It is recognized and accepted that employment of educated youth has been and will be one of the major issues. It is also accepted that most of the labour absorption in the future will be in the unorganized sector. Therefore employment planning needs to be focused on equipping the labour force keeping in view these two issues.
- g) Both the Task forces headed by Dr. M.S. Ahluwalia and Special group headed by Dr. S.P.Gupta felt that skill development with the work force is an essential input not only to increase the employability but also to increase the productivity and income level of the workers. Both strongly recommended substantial step up of skill training efforts. Tenth plan appears to have emphasized mainly on diploma and above levels of skill development and not much on vocational skill training which is at lower level.

SECTORAL PROGRAMMES

In the Annexure, only specific programmes and schemes have been discussed which have been identified for generating additional employment opportunities over the Tenth Plan. Their corresponding investments are supposed to come partly by reallocation of the existing investment allocations and thereby changing the patterns of growth in respective sectors for increased employment generation, and partly as an additional sum, which is to be provided in the Tenth Plan allocation in respective sectors. However, in case of a shortfall in the stipulated allocation, the employment generation target accordingly may have to be scaled down. The Special Group in anticipation has made adjustments by selectively reducing the employment generation targets of different programmes/schemes suggested by respective Ministries and agencies.

I. Agriculture

1. The Ministry of Agriculture has estimated the potential of generating additional employment in agriculture during the Tenth Plan, based on certain assumptions. This is because of non-availability of precise data about actual employment being generated in various schemes in agriculture. The assumptions are:

- (a) The average man-hours used for producing one quintal of a particular crop based on the results of "Comprehensive Scheme for Cost of Cultivation" will be applicable to the additional production, as a result of additional area to be brought under certain agricultural crops during the Tenth Plan.
- (b) Each ha. of additional irrigated area covered under "On farm Management Scheme" will generate 1.5 additional jobs.
- (c) The average real wage rate during the Tenth Plan period will remain Rs.60 per day per worker.
- (d) Further employment potential has been worked out for the five years of the Tenth Plan as a whole. Year-wise details could be worked out by dividing the information by the number five.

2. The average number of man-hours used for producing one quintal of crop in the year 1998-99 was as follows:

Table A1

Crops	Average number of man-hours used for producing one quintal
Groundnut	69.3
Soya bean	34.4
Rapeseed & Mustard	34.7
Tur	72.4
Gram	31.2

3. Based on the above ratios the additional employment in various sectors of crops husbandry in agriculture has been determined as follows:

(i) It is planned that additional area under **Groundnut** during Tenth Plan shall be to the extent of 5.6 lakh ha. giving an additional production of 6.8 lakh tonnes. Since approximately 690 man-hours are required to produce one tonne of groundnut, for 6.8 lakh tonnes, the total additional man-hours needed would be 4692 lakh man-hours.

(ii) Under **Rapeseed and mustard**, it is planned to bring an additional 5.80 lakh ha. area, which will give an additional production of 5.50 lakh tonnes. Since approximately 347 man-hours are needed to produce one tonne of rapeseed and mustard, additional 5.50 lakh tonnes would require 1908 lakh man-hours.

(iii) In respect of Soyabean, it is planned to bring additional 9.6 lakh ha. under cultivation, which will give an additional production of 10.4 lakhs tonnes. Since in the case of Soyabean approximately 344 man-hours are needed to produce one tonne, the additional production of 10.4 lakh tonnes of soyabean would require approximately 3577 lakh man-hours.

(iv) As per the Department's programme, it is expected to bring an additional area of 0.47 ha. under **Arhar**, which will give an additional production of 0.40 lakh tonnes. A total of approximately 724 man-hours are needed for producing one tonne of Arhar. On this basis the additional production of 0.40 lakh tonnes would require approximately 289 lakh man-hours of employment.

(v) In the case of Gram, it is estimated that an additional area of 2.29 lakh ha. would be brought under cultivation giving an additional production of 2 lakh tonnes during the Tenth Plan. Since one tonne of production of Gram requires approximately 312 man-hours, the additional 2-lakh tonnes of production would need 624 lakh man hours.

4. The above programmes will generate 11009 million man-hours or approximately 139 million mandays of employment during the Tenth Plan as can be seen from Table A2 below:

Table: A2

Additional Employment Generation

No.	Crop	Additional Area (Lakh ha)	Additional Production (Lakh tones)	Additional Man hours (lakh Man Hours)
1.	Groundnut	5.6	6.8	4692
2.	Rapeseed and Mustard	5.8	5.5	1908
3.	Soyabean	9.6	10.4	3577
4.	Arhar	0.47	0.40	289
5.	Gram	2.29	2.20	624
	Total			11090 or 139 Million mandays*

* 11090 lakh man-hours or 1109 million man-hours is equal to 139 million man-days assuming that 8 man-hours constitute one manday.

5. The estimated additional employment (from Table 2) by the Ministry of Agriculture is 139 million mandays per annum on a non-cumulative basis i.e. 0.46 million person years in the last year of the Tenth Plan. However, some of these productions will come after the land is shifted from other crops grown. Therefore, the assessment made by the Ministry may not come true and this may be ambitious. Corrections may be made to lower the estimate of employment to be generated from these

programmes. The net addition to employment as assumed by the Special Group will not be more than 0.35 million person years.

6. During the Eighth Five Year Plan, the average production of food grains was 187 million tonnes. The average production of foodgrains during the Ninth Five Year Plan is expected to be around 205 million tonnes. This gives an average increase of about 18 million tonnes. Stocks of cereals with the FCI as on 1 st June 2001 were estimated to be 60 million tonnes. There will be a procurement of about 20 million tonnes during the current Kharif season. This means that a very large portion of additional production of cereals/foodgrains is going into stocks.

7. The normative requirement has been calculated by the norm of food requirement given by the National Institute of Nutrition, Hyderabad which gives a figure of 182.5 Kgs. Of foodgrains needed per capita, per annum for maintaining good health. The total population figure given by the Population Census is converted into consumption unit by dividing the population figure by a factor of 1.06 and adding to this the requirement for seed, feed and wastage, which is assumed to be 12.5% of the total foodgrains production. The total.100 requirement of foodgrains as assessed by normative approach is always less than the total production of foodgrains. Therefore, there is every reason to move away from production of cereals to horticulture and non-commercial crops. This diversification will be a major policy thrust for agriculture during the Tenth Five Year Plan.

7. The Department is implementing the National Watershed Development Project for Rainfed Areas (NWDPR) since the Eighth Plan. The programme follows an area approach and is not an employment generation programme. However, it provides employment opportunities to small and marginal farmers and agricultural labourers both directly and indirectly. The direct employment is generated mostly in the activities relating to conservation and development of land and water resources such as bunding, check dams, water harvesting structures, nurseries, afforestation etc. The indirect employment is generated as a result of multiplier effect of natural resource conservation and diversification of farming system, livelihood support activities leading to higher production and higher income. Keeping this in view, a calculation has been made for direct employment opportunities based on the Ninth Five Year Plan experience. To assess employment generation, it has been assumed that a wage rate of Rs.60 per day will be paid to the workers during the Tenth Plan. Estimated employment potential in NWDPR during the Tenth Plan will be 30 million in a year as given in Table A3 below:

Table A3

Estimated Employment Potential in NWDPR during Tenth Plan

Year	Area to be treated (ha.)	Average Daily Wage Rate	No.of labour days(millions)
2002-03	10 lakhs	60/day	30
2003-04	10 lakhs	60/day	30
2004-05	10 lakhs	60/day	30
2005-06	10 lakhs	60/day	30
2006-07	10 lakhs	60/day	30
Total for 10th	50 lakhs		

Plan

9. The Working Group on Horticulture constituted by the Planning Commission has estimated that by the end of the Tenth Plan period, horticulture production is required to be increased to 268 million tonnes from existing 148 tonnes. The additional production of 120 million tonnes would require

investment of Rs.12394 crore which will also bring additional private investment and generate additional employment to the tune of 1200 million mandays at farm level and 600 million mandays in allied activities like grading, packaging and post-harvest management.

10. The employment generation, as per standard package and practices of Horticultural operations, though is expected to be 3200 million mandays at farm level only by the end of Tenth Plan. The figure of 1800 million mandays has been cited as a most conservative assessment of employment over the Tenth Plan.

11. As per the standard norms of labour requirement in horticulture crops, the following is the assessment of the employment opportunities.

i) Average requirement of labour for replacement of old orchards and bringing in new areas under horticulture crops is 800 mandays per ha. per year. During the Ninth Five Year Plan, an additional area of 31 lakh ha. was brought under horticulture crops through replacement of old orchards and new areas. The area under horticulture increased from 132 lakh hec. to 163 lakh hec. during this period. As per the estimates of the Tenth Plan Working Group on Horticulture, an additional area of 40 lakh hec. will be brought under horticulture through replacement and new areas. Taking into account a conservative requirement of 800 mandays per hec. per year, 3200 million mandays will be generated only through this activity.

ii) The additional production of 1 tonne would require for post-harvest management activities such as grading, packaging, processing and handling etc., labour of 5 mandays. To reach the targeted 120 million tonnes of additional production during the Tenth Five Year Plan, this would generate 600 million mandays.

iii) Thus, the total mandays employment creation potential of horticulture sector is to be of the order of 3800 million mandays. However, on the very conservative side, the Horticulture Division of Ministry of Agriculture has projected generation of only 1800 million mandays during this Plan period. For each year the mandays generation would be 360 million.

12. The Department of Agriculture and Cooperation would implement a new Scheme "On Farm Water Management" during the Plan period. The scheme will be implemented only in the Eastern States and has following components:

- (i) Assistance for installation of Shallow Tube wells with Pump-sets
- (ii) Assistance for diesel pump sets
- (iii) Assistance for low lift irrigation points
- (iv) Assistance for dug wells in the plateau region

13. During the Tenth Plan period, it is targeted to cover 75 lakh ha. net area under the scheme. Assuming that each ha. of additional irrigated area covered under the scheme would give 1.5 jobs, additional jobs of a total of 112.5 lakh will be created during the entire Tenth Plan period as given in Table A4.

Table A4

Employment Opportunities in On Farm Water Management Scheme

Nature of Schemes	Plan Period	Employment Opportunities Expected
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	('000 Nos.)
On-Farm Water Management Scheme Ninth Plan	
2001-02	1050
Tenth Plan	
2002-03	2250
2003-04	2250
2004-05	2250
2005-06	2250
2006-07	2250
Total 10th Plan	11250

14. The assumption that each hectare of additional irrigated area would give additional 1.5 jobs is based on the present statistics of existing irrigated area and jobs created therein. Irrigation will result in increase in intensity of cultivation. Implicit in this is the assumption that the farmers will grow more than one crop, which will result in higher employment generation. The Group however decided to take a conservative estimate of 1.25 million person years at the end of the Tenth Plan as against 2.3 m targeted.

15. Another new scheme on Agri-clinics will be implemented during the Tenth Plan. Under this scheme, 25000 agri-clinics will be set up during the Plan period. Assuming that each clinic will employ at least three persons, a total of 75000 jobs will be created under the Scheme.

16. It is planned that during the Tenth Five Year Plan, an additional 40-lakh quintals of certified seeds would be produced for distribution to the farmers. This additional quantity would result in generation of 75,000 additional jobs, out of which 68,000 jobs will be created on the field and the remaining 7,000 jobs would be created for processing, cleaning, tagging and bagging of seeds.

17. There are four Farm Machinery Training and Testing Institutes working under the control of the Ministry of Agriculture, imparting training on agricultural implements and machinery to various groups of persons such as farmers, rural youth, mechanics etc. Around 2000 such persons are trained every year by these institutes. About 50 per cent of these 1000 persons get wage employment, while other 50 per cent engage themselves in self-employment. Further about 1-lakh tractors are added every year to the total population of tractors in the country. Each tractor generates several jobs, but at least one job of a Driver can be attributed directly to the agriculture. Therefore, one-lakh jobs of tractor drivers will be generated in the agriculture on farm machinery.

18. Therefore, at the aggregate level the total potential of additional employment generation from different programmes and schemes already formulated by the Ministry of Agriculture comes to 3.55 million man-years by the end of the Tenth Plan, after taking a conservative approach. The Special Group is of the view that this much employment generation in agriculture and allied activities will be possible in the Tenth Plan. This is shown in Table A5.

Table A5

Total Employment expected to be generated in Agriculture during Five Year Plan:

Scheme	Employment Potential
1. Additional areas under Cultivation to be brought Under oilseeds and pulses	0.35 Million man years

2.	NWDPRA	0.50 Million man years
3.	Horticulture	1.20 Million man years
4.	On Farm Management	1.25 Million man years
5.	Agri Clinics and Seed Production	0.15 Million man years
6.	Tractors	0.10 Million man years
	Total	3.55 Million man years.

II. **Greening the Country for Food, Livelihood and Environmental Security**

For Ecological security following areas have to be greened on priority basis:

- 1) Degraded forest areas 31 million hectares
- 2) Wastelands 50 million hectares

Total 81 million hectares

The Task Force on greening the country (Planning Commission) has recommended the following programme during 5 years period:

- (i) 10 m. ha of degraded forestland can easily be regenerated / afforested under Joint Forest Management with the involvement of people on share and care basis. Two million ha can be greened annually on watershed development basis involving 2 million people. A “food for work” scheme maintaining 50:50 ratio of food and cash will be ideal. Cash expenditure of Rs.4500 crores will be required on yearly basis. The area being hilly, integrated watershed development will conserve soil, water and bio-diversity. Cultivation of bamboo, medicinal plants, Jatropha and other multi purpose species will meet food, fodder, fuel, fibre, water and energy needs of the forest dwellers (mostly tribal and majority of them living below poverty line). Avail-ability of water and crude drugs will provide preventive and curative health care. Production of fodder and industrial raw-material will further generate employment in secondary and tertiary sectors. Jatropha oil will substitute for kerosene oil and diesel. Bamboo and timber production will provide cash income to each family and help in construction of their houses. Thus during implementation of the project each beneficiary will get cash wage and food and from the second year onwards forest produce. Surplus forest products are easily marketable yielding cash income to the beneficiaries. JFM will alleviate poverty and eliminate hunger and starvation deaths.
- (ii) About 20 million ha of rainfed agricultural area is available for agroforestry. At present, such areas are monocropped and crop failures are common. Lands are mostly owned by SC, ST and other backward classes. Each family owns about 2 ha. of land. Agroforestry is proposed on field bunds by providing technology, planting material under “food for work” scheme. Thus 10 million families can be covered in 5 years period. Two million families can be provided employment and food annually on a sustainable basis. Agroforestry is expected to conserve rainwater, augment biomass production, increase productivity and improve drainage. Appropriate tech-nology, extension, financial support and removal of various constraints can alleviate poverty of 10

million families. Annual investment required will be of the order of Rs.6000 crore which includes 40% of food component. At present the country is importing forest products worth Rs.8500 crore annually. Prior to 1986 India was net exporter of forest products. Import of forest produce from 1987 onwards has reduced employment opportunities and increased poverty, hunger and unrest in back-ward areas. Without greening activities floods and drought, land degradation, advancing of deserts and environmental pollution cannot be halted. **Thus JFM & Agroforestry can easily employ 4 million people under “food for work” scheme for greening the degraded areas.**

(iii) **Development of Medicinal Plants for Employment Generation-** India, identified as one of the 8 important global centres for plant diversity is immensely rich in medicinal and aromatic plants growing in diverse ecosystems. Enormous opportunity exists worldwide not only for Indian System of Medicine (ISM) but also for the growth of herbal sector. The herbal sector opens fresh opportunities for the production of a whole range of therapeutics as also for food supplements, cosmetics, toilet-ries, nutraceuticals and veterinary medicine. The Task Force on medicinal plants (Planning Commission) has made following recommendations:

- Identification and establishment of MPDA/Vanaspati Van over an area of 1 million ha in forest areas for intensive management of medicinal plants. Under “food for work” scheme 10 lakhs people will get productive employment and food.
- Nearly 1 lakh people will get employment in 10,000 pharmacies, health tourism and manufacture of various products.
- Globalisation of ISM can easily earn Rs.10,000 crore on yearly basis.

On the recommendation of the Task Force, the Medicinal Plant Board has come in existence. GMP (Good Manufacturing Practices) has been introduced to ensure quality, safety and efficacy of drugs. Health tourists have started visiting Kerala and Varanasi, Students from abroad have started coming to our Ayurvedic institutions. **Concerted effort in identified sectors can easily generate 1.1 million jobs on a yearly basis.**

(iv) **Bamboo Development-** Bamboo is an important feature in many parts of India. It has more than 1500 uses. Recent technological developments have given birth to new generation products, which are in great demand inside as well as outside the country. The Task Force on greening India had made following recommendations for this developing sector:

- All existing sawmills and plywood industries may reconstruct themselves to substitute timber by bamboo as their raw material. Use of timber is not permitted by Supreme Court order for environmental reasons. Nearly 3 million jobs are lost due to this. This change over with bamboo will require heavy investments. Private firms owning these industries need loans from the banks.
- Bamboo technology mission should provide technology to the industries for producing quality bamboo products for export.
- CAPART can motivate the growers and NGOs to cultivate useful bamboo species.
- For retarding climatic change global consensus is to change over from timber to bamboo use. For boosting the export, establishment of “Bamboo Board” will be desirable.

All these activities can generate additional employment to 2 million people. According to a study of INBAR, India has potential to boost the bamboo trade to the extent of Rs.30,000 crore annually. The global market will absorb it by the end of this decade.

Therefore, the total potential of additional employment generation from different programmes comes to 7.1 million employment by the end of the Tenth Plan. This is shown in Table A6, alongwith the assessment of Special Group.

Table A6

Employment Generation in Forestry, Medicinal Plants and Bamboo Development during Tenth Five Year Plan: Projections by the relevant Task Forces* and the Special Group

Scheme	Employment Potential
1. Forestry and agro forestry	4 million (1.5 million)
2. Medicinal Plants	1.1 Million (0.5 million)
3. Bamboo Development	2 Million (1.5 million)
Total	7.1 Million (3.5 million)

* (i) Task Force on Greening India; (ii) Task Force on Medicinal Plants.

NB : Brackets denote the Special Group's estimates.107

III. Energy Plantations for Bio-mass Power Generation

1. **Cultivation of fast growing trees such as casuarina equisetifolia and bush crops such as prosopis juliflora can serve as biomass fuel for establishing a national network of decentralized rural power plants.** These power plants, ranging in size from 10-25 MW, can generate thousands of megawatts of power from renewable, forest based fuel sources in a cost effective manner. This would reduce India's dependence on imported fuel oils, stimulate private investment in the power sector, and generate massive income and employment opportunities for the rural poor.
2. In order to meet pent up demand, India needs to create an additional 100,000 MW of power generation capacity during the Tenth Plan period. Establishment of 10 million hectares of energy plantation will be sufficient to generate 25,000 MW of power generation and provide year-round employment for 7.5 million people.
3. **Casuarina** is a fast growing tree that can be cultivated on marginal wasteland and harvested on a rotating basis from the third to fourth year onwards. Casuarina is already commercially cultivated over wide tracks in the southern States, primarily as a rain-fed crop for fuel and construction. It can also be used as pulp for papermaking. It is an excellent species for environmental control of erosion, stabilization of soils and reclamation of poor soils. It requires 10,000 tonnes of casuarina to generate one megawatt for a year. By harvesting the crop on a rotating basis, a standing plantation of 250 hectares is sufficient to generate one megawatt of power. A 2500-hectare casuarina energy plantation can support a 10-12 MW power plant. Assuming a net farm selling price of Rs.700 per tonne, one hectare of casuarinas can generate

year round net income of Rs.28000. Allocating one hectare per person, each 10 MW power plant can provide employment for 2500 persons.

4. **Prosopis** is a thorny plant that grows wild on extensive areas of wasteland and serves as a fence, but is not being harvested or utilised for commercial purposes. It grows rapidly, producing about 10 tonnes of biomass on dry-weight basis per hectare per annum. The biomass is an excellent raw material for power generation. 1000 hectares of rain fed prosopis can provide sufficient fuel to generate one MW of electric power. One hectare of prosopis under rainfed conditions can produce on an average 10 tonnes of fuel per hectare per year, from the 3rd year onwards. By harvesting the crop on a rotating basis, a standing plantation of 1000 hectares is sufficient to generate one megawatt of power. A 10,000-hectare prosopis energy plantation can support a 10 MW power plant. Assuming a net farm selling price of Rs.700 per tonne, one hectare of prosopis can generate year-round net income of Rs.7, 000. Each hectare requires 100 man-days per annum of labour input. Allocating two hectares per person, a 10 MW power plant can provide employment for 5000 persons, each earning Rs.14, 000 per annum.
5. The challenge is how to implement the projects in a manner that will generate maximum income and employment for the rural poor. It can be done by assigning suitable land for each project in different parts of the state, leasing 50% of the required land to corporates willing to invest in the approved agro-enterprises. The balance 50% may be given to rural families for cultivation as a registered crop and supply of produce to the power plants. Cooperative power plants can also be established in regions such as Maharashtra where agricultural cooperatives have proven effective. Nationalised Banks may be directed to extend loans to the farmers.

Bio-fuel from Sugarcane – Ethanol Plantations

6. India is currently producing surplus sugar and is holding stocks equivalent to 8 months domestic requirement. Export of the sugar is not viable because low productivity and high cost of production make Indian sugar uncompetitive on the international market. Excess production of sugarcane and molasses may be utilised as raw material for the production of ethanol that can be mixed with petroleum products as a fuel for motor vehicles.
7. Ethanol can be blended with motor fuels up to 5-10% without any modification of vehicles with fuel injection system and can be used in higher blends up to 95% in modified vehicles. Ethanol blends generate significantly less pollution than alternative petroleum-based fuels.
8. India presently consumes approximately 40 million tonnes of petrol per annum. Assuming a 10% blend of ethanol with petrol and diesel, the total requirement of ethanol would be 4.6 million tonnes per annum. With engine modification, much higher ethanol blends can be utilised. The cost of production of ethanol fuel from sugarcane will be approximately Rs.18 litre, of which 2/3rd will go as income to farmers. Total current production of ethanol in India (primarily from molasses) is 1.3 billion litres, of which 50% is used for industrial purposes and 50% for potable purposes.
9. India currently produces approximately 300 million tonnes of sugarcane annually, of which 60% is crushed for sugar production and 40% for jaggery and other products. The 180 million tonnes of cane is converted into 18 million tonnes of sugar and 8 million tonnes of molasses annually. Current domestic sugar consumption is only 15 million tonnes. Since the cost of production in India is above the international level, surplus sugar accumulates. India's current stock of surplus sugar is 10 million tonnes, equivalent to 8 months consumption. Assuming that 25 million tonnes of sugarcane is diverted from sugar production for production of ethanol fuel, an

additional 1.6 billion litres of ethanol can be produced. By increasing the yield of sugarcane and increasing total area under sugarcane, additional ethanol can be produced.

10. 25 million tonnes of sugarcane (8% of total cane) may be diverted for ethanol production, resulting in production of 1.6 billion litres of ethanol fuel. Additional areas can be identified for growing sugarcane exclusively for ethanol production. By this way, additional cane production of 75 million tonnes would be available which can produce an additional 4.8 billion litres of ethanol. In addition, availability of sugarcane can be increased by a concerted effort to improve the productivity and efficiency of existing sugarcane cultivation. By this way, additional cane production of 75 million tonnes would be available which can produce an additional 4.8 billion litres of ethanol. Total ethanol production from these programmes would be 11.2 billion litres per annum. Existing distilleries can produce this ethanol because they are under utilised.
11. The programme would produce 11.2 million tonnes of ethanol fuel per annum, valued at Rs.17,000 crores, as a substitute for imported oil. **The most significant benefit of the programme is that it can help meet the nation's energy requirements in a manner that generates additional rural income of Rs.10,000 to 12,000 crores, rather than by expenditure of foreign exchange to generate prosperity in petroleum producing countries.** Improving the productivity of sugarcane can bring down the price of sugar to internationally competitive levels so that surplus production can be exported. **The higher cane yield and additional area cultivated will generate 2.5 million additional employment opportunities.** The programme can produce 30 billion units of electricity from bagasse valued at Rs.9000 crores. The employment to be generated from these programmes as well as estimates of Special Group for these programmes are given in Summary Table A7.

Table A7

Summary Table – Energy Plantations & Employment Creation

Project	Area (Ha)	Income Generation (Rs.crores)	Job Creation	Gestation
Energy Plantation				
Prosopis	5 million	6500	7.5	3 years
Casuarina	5 million	13500 million		5 years
	Wasteland			
Ethanal Plantation	800,000	12000	2.5 million	1 year
	Irrigated	5000		
		6000		
Total	10 million	Rs.430000	10 million jobs*	
	wasteland and			
	800,000 irrigated			

* Special Groups has assumed 1.22 million manyears for first project and 0.79 million man years for second project for the 10 th five year Plan.

12. The Special Group is of the view that this much employment generation will not be possible in the Tenth Plan. **Therefore, a conservative estimate has been taken that 2.01 million employment opportunities would be created under this in the Tenth Plan.**

IV. Rural Development Programmes-Sampoorna

(i) Sampooran Gram Rozgar Yojana (SGRY)

The Ministry of Rural Development have been operating two Schemes of Wage Employment, namely, the Employment Assurance Scheme (EAS) and the Jawahar Gram Samridhi Yojana (JGSY). While the EAS was primarily meant for creation of additional employment opportunities during the period of acute shortage of wage employment through manual work for the rural poor living below the poverty line, the JGSY was aimed at creation of need-based rural infrastructure at the village level. These programmes have contributed to a great extent in reducing rural poverty and improving the quality of rural life. These two programmes have been merged into a single wage employment programme namely, the Sampoorna Gramin Rozgar Yojana (SGRY) which was launched in September, 2001 with an annual outlay of Rs. 10,000 crores. This will enable an annual increase in allocation for employment schemes by Rs. 6000 crores. The major objective of this Scheme is to provide food security, additional wage employment and village infrastructure simultaneously. Under the Scheme 50 lakhs tonnes of foodgrains amounting to Rs. 5000 crores (at economic cost) is to be provided every year to the State Governments and UTs. The remaining funds are to be utilized to meet the cash component of wages and material cost. Under the Scheme, 100 crores mandays of employment are envisaged to be generated every year.

Past experience has shown that 50 crores mandays of employment per year have been generated under the EAS and JGSY. Although, it is targeted to generate 100 crores mandays per year under the new scheme of SGRY, in actual fact, at least 90 crores mandays per annum will be generated (depending upon the actual allocation of funds). Therefore, in any case, it can be safely estimated that 40 crores mandays per annum will be the additionality in employment under the restructured SGRY.

(ii) **Swarnjayanti Gram Swarozgar Yojana (SGSY)**

The Ministry of Rural Development implements the Swarnjayanti Gram Swarozgar Yojana (SGSY) which is a restructured Self-Employment Programme of the erstwhile IRDP and allied Schemes. The SGSY came into operation from 1 st April, 1999 and it has been conceived as a holistic Programme covering all aspects of Self-Employment like organisation of the rural poor into Self-Help Groups (SHGs) and their capacity building, training, planning of activity clusters, infrastructure development, financial assistance through bank credit and subsidy and marketing support. It is expected that individuals and Group Swarozgaris will, over a period of time, establish micro-enterprises based on key activities identified taking into account the resource availability and demand potentiality in the area concerned. Under the Scheme, while subsidy is only an enabling component great reliance is placed on the credit component for successful operation of the micro-enterprises started under the Scheme. The various Evaluation Studies of the erstwhile IRDP and allied Schemes have shown that these Schemes have provided productive employment opportunities for the rural poor on a sustainable basis, although certain shortcomings were also noticed in the actual implementation at the field level. It has been possible to establish 7.42 lakhs Self Help Groups under the restructured Self-Help Groups under the restructured Self-Employment Programme of SGSY.

It is targeted to set up 14 lakhs Self-Help Groups (at least 1 SHG in every habitation of the country) by 2004. As the SGSY is a process oriented Programme, it may take some time from the stage of formation of Self-Help Groups to the final stage of setting up of micro-enterprises. Past experience of the operation of the Scheme has shown that on an average, it was possible to provide employment to 8.5 lakh persons per annum, on a sustainable basis (including group and individual swarozgaris). On this basis, it is estimated that it would be possible to provide self employment on a sustainable basis, to about 43 to 45 lakhs persons during the next five years i.e., .8 to .85 m per years. In addition, there will be indirect employment, also consequent to the setting up of micro enterprises by these persons. This estimate is based on the assumption that the current level of investment of Rs. 800 crores per annum will be maintained during the next five years under the programme.

(iii) **Pradhan Mantri Gram Sadak Yojana (PMGSY)**

The allocation for rural roads was about Rs.500 crore in the year 1999-2000. This has now been raised to Rs.2500 crore under the programme **Pradhan Mantri Gram Sadak Yojana (PMGSY)**. **The Special Group has taken a conservative estimate that 0.77 million person-years of additional employment opportunities would be created under this in the Tenth Plan, taking the norm of employment generation from the construction sector.**

The Special Group on a conservative basis assessed that employment opportunities to be created under these 3 programmes would mean a net addition of 2.86 million person-years during the Tenth Plan:

Table A8

Employment Opportunities: Three Special Programmes.

Programme	Increase in employment opportunity during 10 th Plan (million persons years)
SGRY	1.29
SGSY	0.80

PMGSY	0.77
Total	2.86

V. **Employment Generation in Small Scale Industries (SSI) Sector**

1. Employment generation has always been one of the main objectives of the policies aimed at economic development and growth of the nation. A rise in economic growth has always led to increased employment opportunities and similarly enhanced employment generation has always contributed significantly towards economic growth. However, identifying and creating employment opportunities has always been a challenging task in our country, the reasons for which are plenty and well known. More disturbing in this context is the realization that there has not been commensurate growth in employment vis-à-vis economic growth as demonstrated by the GDP indicators over the past decade.

2. The Small Scale Sector currently provides employment to over 18.5 million persons. SSI Units are set up in the Private Sector. Employment in the SSI sector is mainly generated in two forms:

Autonomous – wherein every new SSI unit set up provides employment to entrepreneurs, skilled, semi-skilled and unskilled workers; and

Induced – through specialized employment generation programmes like the Prime Minister’s Rozgar Yojana (PMRY), etc.

3. The average rate of growth of production in SSI sector is estimated at 8% and average employment is about 4% per annum respectively. This gives an employment elasticity of 0.5 for this sector. The target of employment generation in the SSI sector by the terminal year of the 9 th Five Year Plan was 185 lakh persons in 2001-02, giving an additionality of 25 lakh persons from the base year i.e., 1996-97. The estimates of additional employment generated in the SSI sector during the 9 th Plan are that of about 33 lakh persons. The SSI sector provides whole-time and sustainable and durable employment. According to 2 nd All India Census of Registered SSI units (1987-88), the average employment per SSI unit is 6.3 persons. As a result of modernization and technology upgradation of SSI sector and emergence of capital-intensive products, the average employment per unit during Ninth Five Year Plan has been estimated at 5.5 persons per unit.

4. The role of Government is to facilitate and promote entrepreneurship, technology, marketing, credit etc. so that SSI Units can compete. The policy environment enabling this sector to grow includes:

- (i) SSI sector comes under the Priority Sector Lending programme of Banks.
- (ii) Fiscal support to SSI units in the form of Excise Exemption, some direct tax benefit by the Central Government, Sales tax/loan deferment by the State Governments
- (iii) Protection through product reservation (currently 799 items out of about 8000 items manufactured in the SSI sector are reserved).
- (iv) Price Preference and Purchase Preference in purchases by Government Departments.

- (v) Support for technology upgradation through Small Industries Service Institutes (SISIs), Product Cum Process Development Centres (PPDCs), Regional Testing Centres (RTCs), Tool Rooms and Financial incentives for acquiring ISO 9000 certification.
- (vi) Entrepreneurship development programmes conducted by various National level institutes and support to state level industries.
- (vii) Encouraging Ancillaries, Vendor development, sub-contracting exchanges etc.
- (viii) Development of infrastructures.

5. The targeted rate of growth for SSI Sector has been kept at 12% for the Tenth Plan on the ground that economy is expected to grow at 8% (GDP) in the Tenth Plan. With liberalization of the economy and its assimilation into the globalised world order, latest and state of the art technology needs to be adopted by new units coming up in the Small Scale Sector, while the existing units need to carry out technological upgradation from time to time to enhance their competitive strengths. This also entails commensurate improvement in the quality of employment/labour. Emphasis would have to be given to quality of labour along with the quantity of labour to bear the onslaught of globalisation and survive in the changing economic scenario with increasing competitiveness. The Small Scale Sector is poised to be the engine of employment generation/growth in the next 5 years is clear from the projections made by the Sub-Group I of the Working Group on Small Scale Industries for the 10 th Five Year Plan. The growth in employment is dependent on the growth in the number of units, growth rate of the SSI sector and nature of growth i.e. the type of industries i.e. capital intensive or labour intensive. Taking all these factors into account, the Sub-Group projected that in the terminal year of the Tenth Plan i.e. 2006-07 there will be 43.78 lakh units of small scale industries with employment of 237.17 lakhs.

The net addition of employment in the Tenth Plan will be 39 lakh persons from growth buoyancy. The average growth rate for employment for the Tenth Plan will be 4.2% per annum.

6. Taking into account the increased capital intensity in the SSI sector, the current employment per unit is estimated at 5.5 persons. Taking the 2001-02 figure of number of SSI units as the base and applying a growth rate of 4.6% per annum over it we get the number of SSI units coming into existence each year. This annual number of new units is multiplied by 5.0 i.e. the average estimated current employment per unit. A relatively lower per unit employment has been visualized for the Tenth Five Year Plan because of the increased emphasis on technology upgradation and modernization of the SSI Sector, which is considered essential in order to enhance the competitiveness necessitated by the ongoing process of liberalization globalization and adherence to the WTO agreements. There are also indications that in times to come SSI sector will be moving to product lines having higher capital intensity. There is likely to be impetus for setting up more and more self employment ventures because of introduction of Voluntary Retirement Scheme in the Public Sector Undertakings. Similarly, there are also indications that the major part of the service sector will grow as small enterprises. All these factors will help to generate additional employment of 44.10 lakh persons.
7. There are at present nearly 33 lakh SSI units all over the country, of which about 1 lakh are in the organized (factory sector). The unorganized sector comprises of SSI units engaged in manufacturing apart from those in the handloom, handicrafts, coir and KVIs sectors. The organized sector includes powerlooms other than the manufacturing SSIs. There is also a large

sub-sector within the SSI sector known as Tiny Industries, which consist of micro units, which are comparable to rural, and cottage industries.

8. The Special Group has estimated that 4.2 million additional jobs can be created by specific programme in the small industries including KVIC. KVIC submitted a plan of creating additional two million jobs from different special programmes including REGP and those recently announced; Based on the good performance during the last three years in generating new employment opportunities under REGP (Rural Employment Generation Programme) and generating 3.05 lakh new jobs in 1999-2000 and 3.50 lakhs in 2000-01 as also the sanctions already made by CCEA for 20 lakh new jobs through REGP in Tenth Plan, the assessment made by Special Group for the next five years is that KVIC will generate at least 4 lakh jobs a year on a cumulative basis, i.e. 2 million jobs over the Tenth Plan. Added to this is from special cluster development programme and other measures in SSI resulting from the recommendations of the Planning Commission's Gupta Committee and from PMRY another 2.2 million additional jobs are likely to be created. These are added to the normal growth in employment from growth buoyancy of nearly 2.2 million when the growth will be increased from 8 per cent to 12 per cent per annum.

Table A9

The final break up of potential areas of job creation is as follows:

(Million persons years)

I	Program Based	a) KVIC in REGP	2.00	
		b) PMRY in SSI	1.65	4.20
		c) SSI : Cluster Development	0.55	
		(i) Small Manufacturing		
II	Growth induced	a) SSI	3.86	
		b) Coir	0.10	
		c) Handloom		0.40
		d) Power loom	0.10	7.42
		e) Handicraft		0.93
		f) Sericulture		0.50
		g) Wool (unorganised sector)	0.10	
				(ii) Large Manufacturing
		Total Manufacturing (<i>including SME's & Special Employment Programmes in Rural Areas</i>).		11.62

VI. Community Services

A. Employment in Education Sector

Employment in Education Sector may be seen from the following table obtained from Ministry of Human Resource Development.

Table A10

Assessment of present trends in Employment in

Elementary Education and Literacy

Schemes	Estimate of employment Opportunities		Nature of Activities & Establishments
	2002	2007	
Teachers	16,92,159	32,23,757	Primary and upper primary teachers employed under OBB, DPEP, SSA, Lok Jumbish, Shiksha Karmi, AS/EGS, ECCE, Mahila Samakhya, continuing education, SRC & JSS
DIET, BRC, CRC, engineering Staff,	56,469	1,51,890	Resource persons and project staff employed under DPEP and
SPO, DPO			SSA
Mid-day-meal	4,00,000	4,60,000	Cook and Helper employed for mid day meal scheme
Total	21,48,628	38,35,647	

Note:

OBB - Operation Black Board

DPEP - District Primary Education Programme

SSA - Surva Siksha Abhiyan

AS/EGS - Alternative Schooling/Education Guarantee Scheme

ECCE - Early Childhood Care and Education

SRC - State Resource Centre

JSS - Jan Shikshan Sansthan

DIET - District Institute of Education and Training

BRC - Block Resource Centre

CRC - Cluster Resource Centre

SPO - State Project Office

DPO - District Project Office.119

B. Employment in Health and Child Development

Employment in health and child development may be seen from the following table given by the Social Welfare Division. These estimates are based on the Ninth Plan achievements of the sector and the projections for Tenth Plan are as follows:

Table A11

Employment in Women and Child Development Sector

Programmes	Additional Employment
1. Integrated Child Development Projects (ICDS)/ Angan Wadi Workers (AWWs)/ Angan Wadi Helpers (AWHs)	3.00 lakh
2. Support for Training and Employment Programme (STEP)	1.25 lakh
3. Employment and Income Generation, Training-cum-Production Centres for Women (NORAD)	1.39 lakh
4. Socio Economic Programmes (SEP)	1.70 lakh
5. Condensed Courses of Education and Vocational Training for Adult Women for Employment Generation	1.00 lakh
6. National Handicapped Finance and Dev. Corporation*	1.00 lakh
Total	9.34 lakh

* Income generating activities for 9755 persons in Ninth Plan (assumed to be around 10,000 in the Tenth Plan)

The Special Group has assumed that additional 1.7 million employment will be generated in Elementary Education and 0.8 million from Health and Child Development and other Self-Employment Programmes.

SKILL BUILDING AND TRAINING

As we have already mentioned, our focus needs be more on the unorganized sector, as distinct from the capital-intensive corporate sector, since this is the sector that is identified as the main job giver in future, and also where viability is at stake under global competition. The answer is therefore, to increase the productivity of labour in this sector and to make it attractive to improve its job quality. Given our terms of reference, our task is to achieve creation of employment opportunities of better quality in a short to medium term framework of 5 years. Therefore, quick yielding measures for improvement of skills of entrants to labour force become an important instrument of planning. The task is by no means easy because development of human capital (HRD) is necessarily an activity with a long gestation period. (And is becoming all the more difficult as public sector, which has capital- and hence technology, with a well structured training programme for its fresh recruits, cuts down drastically on its intake.) Issues, Strategy for improving Vocational Training The Group, after its deliberation, and also considering recommendations of relevant committees includes the one by MOL as following.

- i. Expansion of vocational training facilities
- ii. Improvement in effectiveness, Efficiency and Relevance of existing training programmes of DGE & T (Ministry of Labour)
- iii. Improvement in Governance and Management of National Vocational Training System (NVTS under the Ministry of Labour)
- iv. Suggestions of/for other Ministries/ Departments to augment various Skill Development Programmes
- v. Training for Informal Sector
 - (i) Expansion of vocational training facilities –the suggested measures
 - Greater involvement of private providers of training and NGOs
 - Adequate resources (earmarking of funds) in States' plan budget
 - Increase in training capacity for in-service workers
 - Enlarge scope of Apprenticeship Training by covering more occupations in emerging high-tech areas, service sector and informal sector
 - Adoption of new training delivery mechanisms (like distance learning)
 - Sufficient in-built component/ outlay for training under all schemes funded by the Central or State Governments related to poverty alleviation/ employment promotion/ social welfare etc.
 - Strengthening of Skill Development Programme for Women and disadvantaged groups.
 - (ii) Improvement in effectiveness, Efficiency and Relevance of existing training programmes of DGE & T (Ministry of Labour)

- Setting up of a Skill Development Fund (SDF) on partnership basis between the industry and the Government, with major voluntary contribution coming from industry
 - Strengthening of interaction between industry and ITIs and developing some ITI's as Centres for Excellence
 - Vertical mobility of craftsmen and apprentices (across levels of proficiency and education)
 - Staff development and motivation
 - Strengthening of monitoring mechanism and joint inspections
 - Vocational guidance & counseling and assistance in placement
 - Strengthening of research capabilities
 - Modularisation and multi-skilling.⁸¹
 - Competency based certification system for workers without formal qualifications
 - Development of a formal policy for vocational training
- (iii) Improvement in Governance and Management of National Vocational Training System (NVTS under the Ministry of Labour)

The problem

- ✓ After the manifold growth of ITIs/ITCs, and continuance of 3 to 4 decades old system of governance and management of vocational training, the NVTS still remains to be upgraded and modernized
- ✓ Weak links between State level (wherever, they are at all existing) and the National Councils
- ✓ Separate national level councils for 'Vocational' (NCVT) and 'Apprenticeship Training'(CAC)
- ✓ No State level forum to design and promote 'Apprenticeship Training'
- ✓ No link across multiple Departments of Central Government rendering training (as exists for higher technical education)

Suggested Approach

- Merger of National Council for Vocational Training (NCVT) and Central Apprenticeship Council (CAC) into an All India Council of Vocational Training (AICVT).
- Formation of State level corresponding bodies (Functions of National level and State level bodies should not be the same; the State level bodies to do field Level functions of

recognition of ITIs etc, and National level body to set guidelines, and assign performance ratings).

- AICVT and corresponding State level bodies to take on board a number of other vocational training providers in ministries/ departments other than Labour.
 - AICVT and corresponding State level bodies to have mandatory representation of the major actors involved in vocational training in the various economic activities.
- (iv) Suggestions of/for Ministries/ Departments, other than Labour, to augment various Skill Development Programmes
- (a) Housing and Urban Development Corporation (HUDCO) - ITIs to provide both in-service and pre-service training.
 - (b) Council for Advancement of People's Action and Rural Technology (CAPART) –to set up more technology resource centres across country
 - (c) Secondary Education – to earmarked funds for vocationalisation of secondary education.
 - (d) Community Polytechnics – to reorient training to demand driven output.
 - (e) Khadi Village Industries Corporation (KVIC) - to identify new target groups involve NGOs
 - (f) Associated Chamber of Commerce (ASSOCHAM) --Autonomous bodies with full autonomy to manage ITIs on experimental Basis – Incentives by Government to private sector to establish ITIs
- (v) Training for Informal Sector – the recommended strategy Training activity, for entrants to organised sector has always received a highly preferential treatment in access to resources, in contrast to those who enter the world of work through the unorganized sector. Market processes in the phase of economic reforms have accentuated this tendency further. Consider the exorbitant capitation fees for training in medicine, high private establishments fees for newly emerging areas of employment- I.T. and I.T. enabled services, engineering, hotel and catering, etc. The problem had already got compounded even before reforms, because the formal training certificates became a screening parameter, for recruitment to public sector/Government. And within the HRD activity, literacy and general education always received greater attention of Central and State Governments than training of prospective entrants to labour force. In short, we have not had a policy for skill building for bulk of the new entrants to labour force, who have to find a job in the unorganized and the informal sector.

The suggestion in this respect, therefore, are:

- ❖ Government to articulate a policy framework for support of informal sector training
- ❖ Use all available methods to increase literacy standard and production skills of persons in the informal sector
- ❖ Detailed surveys on training needs and existing arrangements for training in informal sector
- ❖ Motivate associations in the informal sector to help develop skills and entrepreneurship

- ❖ International agencies such as UNICEF and World Bank to act in collaboration with Government at grass root level for administration and distribution of aid to informal sector.
- ❖ Opening training-cum-production centers in informal sector to enable individuals to earn while they learn e.g., handicrafts sector
- ❖ Common identity cards by local bodies and Police to those working in informal sector clearly specifying the places where informal sector activity is not wanted
- ❖ Refinancing for urban micro-credit that creates training facilities for this sector to open up entrepreneurship in this area
- ❖ Private sector companies to be enabled to create foundations to finance community-based programmes which include training and business support to micro-enterprises, coupled with tax and credit incentives
- ❖ Identify organisations through which action programmes can be developed – trade based guilds, trade unions (including the smaller ones) and self-help groups
- ❖ Government not to enter into curriculum development except for the high return, high technology areas

Construction Sector

An Act enables levy of a cess to generate funds for welfare of construction workers. A part of this to be utilised for financing training of informal sector construction workers.

Reform of Vocational Training Establishments in the States

Mode of Administration of Training Services operated by Government

The services for training are rendered through the Central and State Governments. Most of the ITIs in the state sector, and the institutes for advanced training, and training of instructors under the Ministry of Labour are organised as subordinate offices of Government. In contrast, similar establishments under other departments, Ministry of Information Technology, for example, are organised as autonomous bodies. Administering these establishments by using the normal rules of Governments for personnel and financial matters greatly reduces the flexibility, which a specialized institution should have. Such institutional structures also preclude the possibility of raising any resources from the trainees towards financing at least a part of the cost of the services rendered. Thus, the discipline of a consumer-server relationship that accrues from claims against payments made is not easily possible in the existing departmental set up of the services rendered. These training and training related establishments should therefore be restructured as “autonomous bodies”. As autonomous bodies they would be required to publish their ‘accounts’ and place them as well as a review of their performance before the relevant legislatures. This is more transparent than the operation of an attached office of Government whose details of operations and accounts get submerged in the voluminous accounts of the main Ministry/Department.

As a first step in restructuring of Industrial Training Institutes, one of the prerequisites for extending Central financial assistance for developing 100 State run ITIs as institutes of excellence during the Tenth Plan period will be that the identified ITI (i) be registered as an autonomous body, and (ii) have a formal tie up with industry.

Motivating States by taking up Centrally sponsored schemes

- Developing at least one ITI in each district as a centre of excellence
- Model Instructor training institutes; financial implications to be worked out including the contribution possible by the State Governments
- ITIs in the North East
- ITIs in J & K

Attracting investment into skill building activities

Vocational skill building needs to be developed as an entrepreneurial activity in which the private sector would be willing to invest. Income tax incentives are available to higher technical and medical education establishments. Such establishments can draw in resources from market because of higher returns on such education. Vocational skill building establishments need better income tax incentives than the higher education establishments.

The Tenth Plan Working Group on Skill Building recommends a study to institutionalize management, collection mechanism, contributions and utilization of skill development fund. The purpose is to attract resources from the beneficiaries from training including the employers and the trade unions. This study should be done on priority basis, and should also explore the possibility of extending income tax incentives to the contributions made.

Under Section 37(1) of Income Tax Act, benefit for providing apprenticeship training is available to employers employing 500 or more workers. This benefit should be available to all establishments registered under Factories Act, Shops and Establishment Act, or any other relevant Act that enables setting up of institutions.

Equipment donated to vocational training institutes should be exempt from customs duties.

The group concluded with the caution: unless proper action is taken because the organized sector's remuneration and job quality are very high, all students will move to high-tech centres for skill development. The result is, because of low rate of new recruits in the organised sector, they will end in increasing the unemployment pool.

Information base for planning for skill building – the National Classification of Occupations.

Skills are required for occupations. Manpower planning exercise is linked with the occupation profile of workers. Therefore, any programme for skill building has to take note of the emerging structure of occupations in the economy. This requires a system of classification of occupations. At present, the available classification is the National Classification of Occupations, which was prepared in the year 1968 (NCO, 1968). Thereafter a radical change in the occupational profile of Indian workers has occurred. With urbanization, changes in technology, and radical changes in work practices in agriculture, many of traditional occupations should have vanished, and new occupations emerged.

The Ministry of Labour, in consultation with the Department of Statistics, had taken an initiative to develop a new classification of occupations. This was around the year 1996, i.e., at the commencement of the Ninth Plan. However, due to certain practical problems, the work could not

proceed. Now, in the year 2001, the Ministry of Labour had decided to pursue the exercise with in-house efforts.

**THIRTY-NINTH SESSION OF
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(NEW DELHI – OCTOBER 16-18, 2003)**

**ITEM III : SOCIAL SECURITY ISSUES PERTAINING TO THE EPF AND ESIC WITH SPECIAL EMPHASIS
ON SOCIAL SECURITY NEEDS FOR THE LARGE UNORGANISED WORK FORCE**

INTRODUCTION

It is estimated that globally there are over 2 billion people who are not covered by any form of social security protection. ***This is a major challenge*** to the existing social security system that has evolved in the last century in the form of institutional support required by all persons in order to mitigate hardships in the event of losses due to sickness, injury, loss of income and inability to work.

In the Indian context, Social Security is a comprehensive approach designed to prevent deprivation, assure the individual of a basic minimum income for himself and his dependents and to protect the individual from any uncertainties. The State bears the primary responsibility for developing appropriate system for providing protection and assistance to its workforce. It helps to create a more positive attitude to the challenge of globalization and the consequent structural and technological changes. Social security measures draw their strength from the Directive Principles of State Policy, and also the Concurrent List of the Constitution of India.

With the changing shades of the Indian economy, the working class has greater expectations from the social security apparatus to provide the necessary safeguard. Social protection is increasingly viewed as an integral part of the development process. Social Security programmes vary according to the needs of the people depending on their employment and income status. The crucial factor to be kept in mind while assessing our social security arrangements is the ***deep diversity in the external circumstances and needs of the workforce*** and their dependants.

WORKFORCE IN INDIA

The dimensions and complexities of the problem in India can be better appreciated by taking into consideration the extent of the labour force in the organized and unorganized sectors. The latest NSSO survey of 1999-2000 has brought out the vast dichotomy between these two sectors into sharp focus. While as per the 1991 census, the total workforce was about 314 million and the organized sector accounted for only 27 million out of this workforce, the NSSO's survey of 1999-2000 has estimated that the workforce ***may have increased to about 397 million out of which only 28 million were in the organized sector.***

ORGANIZED AND UNORGANIZED SECTORS

The organized sector includes primarily those establishments which are covered by the Factories Act, 1948, the Shops and Commercial Establishments Acts of State Governments, the Industrial Employment Standing Orders Act, 1946 etc. This sector already has a structure through which social security benefits are extended to workers covered under these legislations. Institutionalised social security cover is provided through the EPFO and ESIC Schemes.

The unorganized sector on the other hand, is characterized by the lack of labour law coverage, seasonal and temporary forms of employment, high labour mobility, discretionary wages, dispersed nature of operations, casualization of labour, lack of organizational support, low bargaining power, etc. all of which make it vulnerable to socio-economic hardships. The nature of work in the unorganized sector varies between regions and also between the rural areas and the urban areas, which may include the remote rural areas as well as sometimes the most inhospitable urban concentrations. In the rural areas it comprises of landless agricultural labourers, small and marginal farmers, share croppers, persons engaged in animal husbandry, fishing, horticulture, bee-keeping, toddy tapping, forest workers, rural artisans, etc. where as in the urban areas, it comprises mainly of manual labourers in construction, carpentry, trade, transport, communication etc. and also includes street vendors, hawkers, head load workers, cobblers, tin smiths, garment makers, etc.

SOCIAL SECURITY LAWS

The principal social security laws enacted in India are the following:

- (i) **The Employees' State Insurance Act, 1948 (ESI Act)** which covers factories and establishments with 10 or more employees and provides for comprehensive medical care to the employees and their families as well as cash benefits during sickness and maternity, and monthly payments in case of death or disablement.
- (ii) **The Employees' Provident Funds & Miscellaneous Provisions Act, 1952 (EPF & MP Act)** which applies to specific scheduled factories and establishments employing 20 or more employees and ensures terminal benefits to provident fund, superannuation pension, and family pension in case of death during service. Separate laws exist for similar benefits for the workers in the coal mines and tea plantations.
- (iii) **The Workmen's Compensation Act, 1923 (WC Act)**, which requires payment of compensation to the workman or his family in cases of employment related injuries resulting in death or disability.
- (iv) **The Maternity Benefit Act, 1961 (M.B. Act)**, which provides for 12 weeks wages during maternity as well as paid leave in certain other related contingencies.
- (v) **The Payment of Gratuity Act, 1972 (P.G. Act)**, which provides 15 days wages for each year of service to employees who have worked for five years or more in establishments having a minimum of 10 workers.

SOCIAL SECURITY IN THE UNORGANISED SECTOR

The existing social security arrangements in the unorganised sector can be broadly classified into four groups as follows:

- i) Centrally funded social assistance programmes;
- ii) Social insurance schemes;
- iii) Social assistance through welfare funds of Central and State Governments; and
- iv) Public initiatives.

Centrally Funded Social Assistance

The centrally funded social assisted programmes include schemes for both rural and urban areas under the National Social Assistance Programme (NSAP), which has three components viz., National Old Age Pension Scheme, National Family Benefit Scheme & National Maternity Benefit Scheme. Important programmes include Sampoorna Grameen Rojgar Yojana, Swarna Jayanti Gram Swarajgar Yojana, Swarna Jayanti Shahri Rozgar Yojana. These programmes are implemented through the Ministry of Rural Development & the Ministry of Urban Employment & Poverty Alleviation. In addition, the Ministry of Textiles implements certain social security schemes for workers in the Handloom & Powerloom sector.

Social Insurance Schemes

The Social Insurance Schemes available to the unorganised sector are operated through the LIC under a number of Group Insurance Schemes covering IRDP beneficiaries, employees of shops and commercial establishments, etc. The most important and comprehensive scheme that has been launched recently, is the Janashree Bima Yojana under which the following benefits are available:

- Rs.20,000 in case of death
- Rs.50,000 in case of death by accident
- Rs.50,000 in case of accident with total disability
- Rs.25,000 in case of partial disability
- The premium for the above benefits is Rs.200/- per beneficiary and 50% of this premium i.e., Rs.100/-, is contributed by Social Security Fund .

Janashree Bima Yojana is available to persons between age of 18 to 60 years and are living below or marginally above poverty line. The scheme is extended groups of 25 members or above.

In order to provide some social security cover to these workers, the Government has launched the Krishi Shramik Samajik Suraksha Yojana, 2001 w.e.f 1st July 2001 through Life Insurance Corporation of India (LIC) in 50 identified districts in the country to cover 10 lakh agricultural workers in each district during the first phase of three years. The scheme envisages providing for life-cum-accident insurance, money back, pension and superannuation benefits. About two lakh agricultural workers have been registered under the scheme as on 31st March 2003.

Welfare Funds

The Central Government through the Ministry of Labour, also operates at present Five Welfare Funds for Beedi workers, Limestone & Dolomite Mine workers, Iron ore, Chrome ore & Manganese ore Mine workers, Mica Mine workers & Cine workers. These Funds are used to provide various kinds of welfare amenities to the workers in the field of health care, housing, educational assistance for children, drinking water supply etc. The coverage under these funds is about forty lakh.

Beedi workers are also covered under the EPFO and ESIC schemes. About twenty lakh beedi workers are covered under the EPFO scheme and coverage under ESIC scheme is about twenty thousand. The coverage of contract labour and workers engaged in construction activities under these schemes is miniscule. In fact there appears a great potential of extensive coverage of workers engaged in various occupations in the unorganised sector under the Provident Fund and Pension Schemes of the

Employees Provident Fund Organisation (EPFO) and the health and medical care under the Employees State Insurance Schemes if the relevant Acts are suitably amended.

In addition to the Central Government, a number of State Governments have also set up welfare funds for various categories of workers. The Govt. of Kerala has set up Welfare funds for different categories of occupations and sectors. These welfare funds cater to the needs of agricultural workers, auto rickshaw workers, cashew workers, coir workers, construction workers, fishermen and women, khadi workers, handloom workers etc. The Govt. of Assam has set up a statutory fund under Assam Plantation Employees Welfare Fund Act, 1951 for the benefit of the plantation workers. Similar funds have also been set up in Gujarat and Maharashtra under Bombay Labour Welfare Fund Act, 1953 and in Karnataka under Mysore (Karnataka) Labour Welfare Act, 1965 and in Punjab under the Labour Welfare Act, 1965. The State Governments of Andhra Pradesh and Uttar Pradesh have also set up Welfare Funds for various categories of workers. All these welfare funds however, cater to a very small segment of the total workforce.

Public Initiatives

In addition to Governmental efforts, several public institutions and agencies are also imparting various kinds of social security benefits to selected groups of workers. Two of the outstanding examples are those of Self-Employed Women's Association (SEWA) and the Mathadi Workers Boards in Maharashtra. Some NGOs and the Social Security Association of India have also made several pioneering contributions.

NEW INITIATIVES FOR THE UNORGANISED SECTOR

(i) INSURANCE & PENSION SCHEMES

The Ministry of Finance has launched Universal Health Insurance Scheme and Varishtha Bima Pension Yojana. The unorganised sector workers are also eligible to get these policies. The **Universal Health Insurance Scheme** is available to groups of 100 or more families. The policy provides for insurance cover of Rs.25,000 on death due to accident and reimbursement of hospitalization expenses upto Rs.30,000/- to an individual/family. The contribution is Re.1/- per day for individuals (Rs.365/- per annum), Rs.1.50 for a family of five (including the first three children) [Rs.548/- per annum], Rs.2/- for family of seven (including first three children and dependent parents) [Rs.730/- per annum]. For families below poverty line, the Government will provide premium subsidy of Rs.100/- per family. **Varishtha Pension Bima Yojana** through Life Insurance Corporation (LIC) has been launched w.e.f 14th July 2003 with an annual return of 9% in the form of a monthly pension for the persons of age 55 years and above. An investment of Rs.1,00,000/- will fetch a pension of Rs.9,381/- yearly or Rs.4,585/- half yearly or Rs.2,267/- quarterly or Rs.750/- monthly. The amount of pension may vary according to the amount invested subject to the minimum (Rs.33,335/-) and maximum ceiling (Rs.2,66,665/-) prescribed. The minimum and maximum monthly pension would be Rs.250/- and Rs.2000/- per month.

(ii) PROPOSED UMBRELLA LEGISLATION FOR UNORGANISED WORKERS

The Second Labour Commission has been constituted by the Government in December, 1998 to suggest rationalisation of existing laws relating to labour in the unorganised sector and to suggest umbrella legislation for ensuring a minimum level of protection to the workers in the unorganised sector. The Commission has submitted its report and made wide-ranging recommendations including enactment of an umbrella legislation towards protection of the rights and for providing social security measures to the unorganised sector workers. The recommendations were discussed in a two day National Seminar on Unorganised Sector organised on 7-8th November 2002 which was inaugurated by the Deputy Chairman, Planning Commission and attended by the representatives of Trade Unions,

Employers, State Governments, Academicians and other concerned. Similarly, tripartite discussions were held at VVGLI in February 2003. The matter was also discussed in the Consultative Committee in the meeting held in February 2003. Based on all above, the Government has drafted the 'Unorganised Sector Workers Bill, 2003'. The Bill envisages regulating the employment, conditions of service of the unorganised sector workers and also providing for their safety, social security, health and welfare.

EXTENSION OF COVERAGE THROUGH EPFO AND ESIC

Currently, social security policy makers and administrators are engaged in a substantive debate to redress the problems in providing social security in the country. This debate has thrown up various arguments on the efficacy of publicly managed social security schemes as opposed to privately managed schemes. There is no standard model that can be adopted on this issue. In the Indian context the privately managed schemes can at best be considered as supplementary schemes after the mandatory schemes managed publicly. It is only the publicly managed scheme, which will extend to all the sectors of the workforce. However the lack of resources definitely affects the actualization of universal coverage. The challenge of closing the coverage gap in social security provisions has to be developed at three levels.

- ❖ The first level involves the ***re-engineering of the institutional arrangements*** to increase efficiency.

- ❖ The second level is to ***restructure the legislative and administrative framework*** to meet the significant increase in the social security coverage especially in the unorganized sector.

- ❖ The third level encourages and facilitates voluntary compliance

MEASURES BEING UNDERTAKEN AT PRESENT

- The various Central Acts on Social Security are being examined in the light of the recommendations of the 2nd National Commission on Labour. Relevant amendments are proposed in the EPF and MP Act as also the ESI Act and the Ministry has circulated the proposals to all concerned Central Ministries as well as State Governments for articulating their suggestions in the matter. The consultation process has also been started with reference to amendment suggestions received in case of the Maternity Benefit Act and the Workmen's Compensation Act.

- Innovative measures are proposed in the running of the Social Security Schemes of EPFO and ESIC. This includes flexible benefit schemes tailored to the specific requirements of different segments of the population. With the National Social Security Number Scheme, the PF subscriber will possess a unique identification number, which is independent of his employer.

- The need to evolve a National Policy on Social Security is being felt by all the administering agencies in the field of social security. For this purpose, we propose to set up a National Social Security Authority under the chairmanship of the Prime Minister and with representatives from various Central Ministries and State Governments. The administrative support to such an authority is proposed to be provided by the Department of Social Security.

OTHER ISSUES

The EPFO is giving serious thought for taking on programmes for extending the reach of EPF schemes to the informal sector, migrant labour and service industry. Some other issues require detailed discussion & analysis viz. the need to involve the employers' organizations for bridging the coverage gap, the need for participation of the extension machinery and grass roots organizations of the States to increase awareness of the need for social security, the need to identify action programmes for skill training, to achieve linkages between such programmes and the multi-benefit Insurance Scheme and so on.

SUMMARY OF PRESENT INITIATIVES IN WORKING OF EPFO & ESIC

The profiles of the Employees' Provident Fund Organization and the Employees' State Insurance Corporation are being changed towards greater accessibility and client satisfaction.

INITIATIVES BY EPFO

- The EPFO offers a unique blend of schemes to a wide spectrum of subscribers, ranging from software professionals to Beedi workers. It extends to the entire country covering over 393824 establishments. At present, over 39 million beneficiaries (EPF Members and their families) are covered under the social security schemes administered by the EPFO. The total corpus of the EPF Scheme 1952, EDLI Scheme, 1976 and Employees Pension Scheme 1995 together amounts to about Rs.1,39,000 crores.
- Over the years, the volume of service rendered to subscribers as well as investments made, etc. by EPFO have grown manifold. With a view to provide better services to subscribers and employers, the organization has launched the Project RE-INVENTING EPF, INDIA since June 2001. The prime objectives of this Project are to provide the subscribers better and efficient services, to help the employers by reducing the cost of compliance and to benefit the organization to register geometric growth in all fields. An important part of this Project is the allotment of the UNIQUE IDENTIFICATION NUMBER-the SOCIAL SECURITY NUMBER to the EPF subscribers, issuing of BUSINESS NUMBERS to the employers and Business Process Re-engineering.
- The strategy for implementation has been evolved and the allotment of the Social Security Number has begun with the entire activity being carried out in smaller phases for effective data collection. The criteria considered for the allotment of SSN include the centralized control of Uniqueness, ensuring the least manual intervention during allotment and near 100% Uniqueness accuracy levels. The Social Security Number in a nutshell is a big effort towards solving the problem of providing social protection to migrant labour and to make the database of EPFO adaptable to the present trend of high job mobility among workers.

INITIATIVES BY ESIC

- The Employees State Insurance Scheme provides need based social security benefits to insured workers in the organized sector. As in the case of the EPFO, the ESIC has also taken up the daunting task of tailoring different benefit schemes for the needs of different worker groups. The scheme, which was first introduced at two centers in 1952 with an initial coverage of 0.1 million workers, today covers 7.1 million workers in about 678 centers in the country. It benefits about 31 million beneficiaries including the family workers of the insured persons, across the country.
- The scheme is being gradually to cover new centers and steps are being taken for creation of requisite infrastructure for providing medical care to a larger number of insured persons and their families. While the cash benefits under the scheme are administered through a network of

about 850 local offices and pay offices, medical care is provided through 141 ESI Hospitals, 43 ESI Annexes, 1451 ESI Dispensaries and 2789 Clinics of Insurance Medical Practitioners. The total number of medical officers under the Scheme is about 10,480.

- There have been a number of new developments in the ESIS during the past five years. Each year, it is extended to new areas to cover additional employees. The new employees covered varied from 30,500 in 1998, 89030 in 2000 to 46430 till Jan., 2003. Low paid workers in receipt of daily wages up to Rs. 40/- have been exempted from payment of their share of contribution. Earlier this limit was Rs. 25/-. This measure has benefited about six lakh insured workers across the country. In order to provide relief to insured persons suffering from chronic and long term diseases, the list of diseases for which Sickness Benefit is available for an extended period up to two years at an enhanced rate of 70% of daily wages, was enlarged by adding four new diseases, keeping in view the international classification of disease profiles and the quantum of malignancies of some diseases which had come to light over the last few years. The contributory conditions for this benefit were also reduced from 183 days to 156 days in the two-year period preceding the diagnosis.
- In order to improve the standard of medical care in the States, the amount reimbursable to the State Governments for running the medical care scheme has been increased to 87.5 % of Rs. 700 per capita with effect from 1.4.2003. The ESIC has formulated action plans for improving medical services under the ESI scheme with focus on modernization of hospitals by upgrading their emergency and diagnostic facilities, development of departments as per disease profiles, waste management, provision of intensive care services, revamping of grievance handling services, continuing education programme, computerization and upgradation of laboratories etc. The action plans have been in operation since 1998.
- The ESIC has made plans to commission Model hospitals in each State. Thirteen States/ UTs have so far agreed, in principle, to hand over one hospital each to the ESIC for setting up of Model hospital. Efforts are being made to provide better community services within model hospitals. Two Hospitals have been earmarked for being developed for superspeciality medical care in cardiology, i.e., Rohini at Delhi and Chinchwad in Maharashtra. The Corporation is in the process of building a new 100 bed Hospital at Gurgaon (Haryana), which will be a part of the chain of Model ESI hospitals. Yet another 50 bed ESI hospital under construction at Jammu is scheduled for commissioning by the end of 2003. ESI Corporation is also running a few hospitals directly for the last many years. These include ESI general Hospital cum Occupational Disease Centres at Basaidarapur, (Delhi), ESI Hospital Rohini, and ESI Hospital Okhla. ESI hospitals at Noida (UP), KK Nagar, (Chennai, TN), Nagda (MP) and Jhoka, (Kolkata, WB) are also administered directly by the Corporation. ESI has prepared a detailed Project report in respect of each individual Hospital for reorganizing the infrastructure, Patient-care areas, supportive services and peri-institutional areas. Some of the logistic services will be outsourced wherever necessary.
- The ESIC has also taken certain new initiatives to promote and popularize Indian Systems of Medicines (ISM) along with Yoga and have drawn up programmes for establishing these facilities in ESI hospitals and dispensaries in a phased manner.
- ESIC has organized a seminar on the 'Working of ESI Schemes' chaired by the Labour Minister in September 2003 in order to review and discuss the Scheme with the State Governments

CONCLUSION

Social protection in India has achieved more effective access in the organized sector through the EPFO and ESIC than in the unorganized sector. The right balance for social protection is yet to be achieved. However efforts are on to integrate all social security and social assistance schemes for optimum impact and synergies. With the opening up of the insurance sector, there are now new avenues for the Government and other stake holders to evolve and put in place a comprehensive social security system which will meet the specific needs of diverse work-groups.

ISSUES FOR DELIBERATION

- Present and future debated are centered around identifying the appropriate mix of public sector-private sector participation in social security.
- Role of the various stake holders in the social security system.
- The adequacy of the existing legislative framework for particular target groups
- Appropriate models for financing of the schemes
- The sustainability and integration of existing schemes
- Need to focus on methods for inclusion of specific groups
- Need to focus on sensitisation of the beneficiaries to improve the delivery system.
- Exploring alternative forms of social security with private sector participation outside the purview of currently mandated schemes.
- Ways and means to encourage voluntary compliance from employers
- Involvement of the extension machinery and grass-roots community organizations of the States to educate workers about the benefits and need for social security.
- Explore methods to link social security programmes with action programmes for training skills.
- The expectations of the workers and efficacy of the delivery system at this juncture can also be discussed.
