

**43rd SESSION OF
THE INDIAN LABOUR CONFERENCE
(NEW DELHI)**

Item No.1: Global Financial downturn – its impact – job losses – comprehensive package for protection of labour force, etc.

Global Financial Downturn

1.1. The year 2008-09 had a negative impact on the pace of economic activity the world over including India. Internationally, there were several crises, beginning with questions raised about the value of sub-prime mortgage derivatives in the face of rising delinquencies and home foreclosures. It created difficulties for a number of large financial institutions. There was galloping inflation with commodity prices rising enormously. Fighting inflation put already embattled and weakened financial system under tremendous strain with liquidity drying up. It created a generalized financial panic impacting all classes of assets. As the contagion spread, job losses rose, eroding further general consumer demand in both the US and other developed nations which adversely affected export markets of developing countries. There was consequential job loss all over the world. The equity market also took a severe beating, failing as an institution to raise risk capital to finance corporate investment. In order to face the situation, a number of countries took various remedial measures mainly by way of reducing interest rates, augmenting liquidity and other support measures like bailout packages etc. It is estimated that such fiscal stimulus amounted to about 13% of GDP in USA (\$1917.4 billion), 8.9% in China (\$586 billion), 2% in Japan (\$105 billion), 1.5% in EU (\$254 billion) etc. by December, 2008. Because of these measures, there were signs of global recovery during 2009-10, though the signals were not very strong.

Global Development

1.2. A 'Global Jobs Pact' has been evolved during the 98th Session of the International Labour Conference (ILC) of the ILO held in June 2009. It was based on the conclusions arrived at in the meeting of the Committee of the Whole on Crisis Responses, which was tripartite in nature and representatives of Governments, Workers and Employers participated in the deliberations. The Global Jobs Pact is envisaged as a policy contribution by the ILO to mitigate the impact of the crisis on working families and enterprises, including the informal and rural sectors and to help in shaping a productive and sustainable recovery. Its strategic objective is to place employment and labour market issues, together with social protection and respect for workers' rights, at the heart of stimulus packages and other relevant national policies to confront the crisis, using social dialogue as a key consensus-building tool. Putting employment and social

protection at the core of recovery policies will essentially require placing emphasis on the following:

- Ensuring support and credit flows to enterprises, foremost to small and medium-sized enterprises.
- Safeguard viable jobs through skill support and to limit wasteful lay-offs.
- Support jobseekers through well-designed unemployment benefits.
- Reinforce active labour market programmes to avoid the risk of long-term unemployment and social exclusion.
- Employment guarantee programmes are effective, especially in developing countries.
- Young people, and in particular disadvantaged youth, require special support measures.
- Increase investment in employment-intensive infrastructure and public goods.
- Invest in tomorrow's green economy.
- Invest in food security and rural development
- Introduce or extend social protection to low-income groups and informal workers.
- Support for migrant workers
- All countries should consult recovery policies with social partners.
- Protect and promote workers' rights and international labour standards.
- Review of current public expenditure and its reorientation, as necessary, to prioritize employment, labour market and social protection objectives within existing budget, especially to support enterprises and workers in the private, public and social sectors, in particular small enterprises and the informal economy.

1.3. Besides, in G-20 Leaders Summit in Pittsburgh held on 24-25 September, 2009 broad views such as giving emerging countries like Brazil, China and India a prominent place in any international decision-making architecture, continuance of stimulus measures, multilateral consensus-building, raising regulatory standards for financial institutions through the Financial Stability Board, resisting protectionism etc. emanated.

Economic Situation in India

1.4 The following table showing the growth rate of GDP, sector wise, during the period 2007-08 to 2009-10 portrays the economic situation as well as onset of recovery in India.

Rate of growth at factor cost at 2004-05 prices (percent)

	2007-08	2008-09	2009-10
Agricultural, Forestry & Fishing	4.7	1.6	0.2
Mining & Quarrying	3.9	1.6	10.6
Manufacturing	10.3	3.2	10.8
Electricity, Gas & water supply	8.5	3.9	6.5
Construction	10.0	5.9	6.5
Trade, Hotels & Restaurants	9.5	5.3	9.3*
Transport, Storage & Communication	13.0	11.6	-
Financing, Insurance, Real Estate & Business Services	13.2	10.1	9.7
Community, Social & Personal Services	6.7	13.9	5.6
GDP at Factor Cost	9.2	6.7	7.4

*Transport & communication included for 2009-10 in trade, hotels and restaurants.

Impact on Employment Trends in India

1.5. With a view to assess the impact of global financial downturn on employment in the industries/sectors affected by the slowdown during the quarter October-December, 2008, Labour Bureau of the Ministry of Labour & Employment carried out a survey in 2,581 units spread over 11 States/UTs in the sectors like mining, textiles, metals, gems & jewellery, automobiles, transport and IT/BPO. These sectors contributed more than 60% to GDP in the year 2007-08. It was revealed that about half a million workers lost their jobs during October-December, 2008. The major impact of the slowdown was noticed in the export-oriented units. The most affected sectors were gems & jewellery, transport and automobiles where the employment declined by 8.58%, 4.03%, and 2.42%, respectively.

1.6 In the second quarterly survey to assess the impact of financial downturn on employment during January-March, 2009, the sample of 3,192 units, spread over 12 States / UTs, was drawn. In addition to sectors covered in the first survey, leather and handloom-powerloom were also covered during the second survey. It was revealed that the sectors registering increase in employment during January-March, 2009 period were gems & jewellery (3.08%), textiles (0.96%), IT-BPO (0.82%), handloom-powerloom (0.28%) and automobiles (0.10%). A decline in employment during Jan-Mar, 2009 was observed in leather (2.76%), metals (0.56%) and transport (0.36%). As compared to October-December, 2008 quarter wherein about half a million workers lost their jobs, the

employment in selected sectors increased by a quarter million during the January-March, 2009 period.

1.7 The Labour Bureau conducted the third quarterly survey to assess the impact of economic slowdown on employment during April-June, 2009. 3,003 establishments covered in previous quarterly survey were revisited. It was revealed that the overall employment declined by 0.13 million during April-June 2009 over March, 2009. Most effected sectors were export-oriented units especially in textiles, IT/BPO and gems & jewellery. Seasonal factor was stated as one of the reasons as during this period the migrant workers generally visit their place of origin resulting in their less availability for work.

1.8 The Labour Bureau conducted the fourth quarterly employment survey for the period July- September, 2009. The information was collected from 2,873 sample units by revisiting the earlier sample units. It was observed that overall employment increased by 0.50 million. Only employment in leather industry showed a marginal decline during this period.

1.9 The Labour Bureau conducted the fifth quarterly employment survey for the period October – December, 2009 in which 2,953 sample units were covered, of which about 70 percent were newly selected and the rest was from among the sample earlier visited. During this quarter employment increased by 0.64 million in the sectors covered, ITO/BPO being the main contributor to the increase.

1.10 The Labour Bureau conducted the sixth quarterly employment survey for the period January-March, 2010 in which 2815 sample units were covered. During this quarter overall employment increased by 0.06 million, though employment in textiles, transport and handloom/power loom sectors showed marginal decline. IT/BPO sector was main contributor to the increase.

1.11. The employment picture emerging out of these surveys broadly conforms to the decline and recovery in GDP growth rate as indicated above. Steps have been initiated to undertake an annual survey of employment and unemployment.

Initiatives taken to mitigate adverse impact

1.12. Various initiatives have been taken by the Government of India to mitigate the adverse impact of the global financial downturn. These measures, while promoting economic growth, also protect workers' interests, by increasing job opportunities.

Fiscal and Monetary Measures

1.13. Following three stimulus packages have been announced in the past.

(i) **First Stimulus Package (07.12.2008)**

- Across-the-board 4% excise duty cut

- Rs.20,000 crore in additional expenditure
- Benefits worth Rs.2,000 crore for textiles, handloom, handicraft, gems & jewellery, leather & marine food sectors
- India Infrastructure Finance Company Limited (IIFCL) to raise tax-free bonds worth Rs.10,000 crore

(ii) **Second Stimulus Package (02.01.2009)**

- State governments allowed to borrow another Rs.30,000 crore
- Interest ceiling on External Commercial Borrowing (ECB) removed.
- Foreign Institutional Investment (FII) cap for domestic corporate debt hiked to \$15 billion from \$6 billion.
- Special Purpose Vehicle (SPV) created to lend Rs.25,000 crore to Non Banking Financial Companies (NBFCs)
- Refinance facility of Rs.4,000 crore for National Housing Bank (NHB)
- IIFCL allowed to raise another Rs.30,000 crore via tax-free bonds

(iii) **Third Stimulus Package (24.02.2009)**

- General rate of central excise duty cut to 8% from 10%
- 4% excise duty cuts to be extended into next fiscal
- Service tax decreased to 10% from 12%
- Customs exemption on naphtha import extended
- Ceiling for 2009-10 fiscal deficit for states raised

1.14. In absolute terms, the first three stimulus amounted to about Rs. 1.86 lakh crore. In the Budget 2009-10, fiscal incentives were extended by way of relief in direct and indirect taxes and expenditure enhancing measures etc. This budget was also treated as the fourth stimulus package, taking which into account the total stimulus amounted to about Rs.2.18 lakh crore.

1.15 The Monetary measures adopted include measures taken by Reserve Bank of India for enhancing the availability of credit at lower cost for financing the economic activities.

Employment Generation Schemes

- The Ministry of Rural Development is implementing Swarnajayanti Gram Swarajgar Yojana (SGSY) on 75:25 cost sharing basis between the Centre and the States. Under this Scheme, financial assistance is provided to members of Below Poverty Line (BPL) families for creating income generating assets through a mix of bank credit and subsidy. Salient features of the scheme include organization of the beneficiaries into Self Help Groups (SHGs), their capacity building, training, selection of key activities, planning of activity clusters, provision of infrastructure, technology and marketing support etc.
- Ministry of Housing & Urban Poverty Alleviation is implementing an employment-oriented urban poverty alleviation scheme namely, Swarna Jayanti Shahari Rozgar Yojana (SJSRY). The scheme strives to provide gainful employment to the urban unemployed and under employed poor, to help them set up self employment ventures and also through providing wage employment by utilizing their labour for construction of socially and economically useful public assets.
- The Ministry of Micro, Small & Medium Enterprises is implementing the Prime Minister's Employment Generation Programme (PMEGP) which directly creates self-employment by providing credit linked subsidy for setting up of micro enterprises.
- To tackle the problem of rural unemployment, the National Rural Employment Guarantee Act (NREGA), 2005 was enacted. The name of the Act has been changed to 'The Mahatma Gandhi National Rural Employment Guarantee Act' (MGNREGA) w.e.f. 2.10.2009. The MGNREGA provides for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. A very significant feature of this Act is that if a person who has applied for work under MGNREGA is not provided employment within 15 days from the date on which work is requested, an unemployment allowance shall be payable by the State Government at the rate prescribed. The scheme was implemented first in 200 districts with effect from 2.2.2006, extended to 330 districts with effect from 1.4.2007 and to all districts in the country w.e.f. 1.4.2008. The scheme being implemented by the Ministry of Rural Development is working as a social safety net. It has prevented distress migration and helped in empowerment of women.

Social Security Schemes

- In order to provide social security to unorganized sector workers, who constitute about 94% of 459.1 million work force, an Act, namely, the Unorganized Workers' Social Security Act, 2008 has been enacted.

Under the Act, the Government has to formulate, from time to time, suitable welfare schemes for different sections of the unorganized sector workers on matters relating to life and disability cover, health and maternity benefits, old age protection, etc.

- A Scheme called the Rashtriya Swasthya Bima Yojana (RSBY) to provide health cover to unorganized BPL workers has been made operational with effect from April 1, 2008. Under the scheme, a Smart Card is being issued to each beneficiary and it covers a family of 5 persons facilitating cashless/paperless transaction up to Rs.30,000/- per annum. Government has also approved inclusion of Maternity Benefit under the RSBY. About 17 million Smart Cards have been issued so far under the scheme which is being implemented by the Ministry of Labour & Employment.
- The Indira Gandhi National Old Age Pension Scheme being implemented by Ministry of Rural Development covers all BPL citizens above the age of 65 years. Per capita grant of Rs. 200/- per month is provided by the Government of India in addition to the amount under the pension schemes being provided by the States/UTs.
- The Aam Admi Bima Yojana provides death and disability insurance cover to members of rural landless households aged between 18-59 years. The benefits include Rs. 30,000/- in case of natural death and Rs. 75,000/- in case of death due to accident or permanent disability. The scheme also provides scholarship up to a maximum of two children studying in 9th to 12th standard at the rate of Rs. 300/- per quarter per child. It is being implemented by the Ministry of Finance.
- In order to provide a social safety net, the Employees' State Insurance Corporation (Ministry of Labour & Employment) is implementing a Scheme, namely, "Rajiv Gandhi Shramik Kalyan Yojana" with effect from 01.04.2005. Under the scheme, employees who lose their employment due to retrenchment, closure of factories/ establishments or permanent invalidity due to non-employment injury, after being insured for five or more years, are entitled to unemployment allowance in cash equal to 50% of their wage up to 12 months during his entire service. In addition, he and his family members are also entitled to medical care.

Skill Development

- So far as skill development and vocational training is concerned, an effort has been made to identify and implement reforms in administration of Industrial Training Institutes (ITIs) so as to facilitate closer interaction with the industry and improve quality of training and make the graduates better employable. Vocational training is provided to about 1.12 million trainees in 112 trades every year through a network of 8,039 Industrial Training Institutes/Centres. Government of India has taken steps to upgrade 100 Government ITIs through domestic funding and 400 with the World Bank assistance into Centres of Excellence. The remaining 1,396

Government ITIs are being upgraded in a Public Private Partnership mode at a cost of Rs 25 million per ITI being provided by the Central Government as interest free loan. About 0.74 million apprentices are being trained every year in 188 trades under Apprentices Act, 1961 to meet the demand of skilled manpower in the country. Another scheme titled 'Skill Development Initiative' has been started which will provide training to one million persons in next five years and thereafter, one million persons every year in modular employable skills with multi-entry and multi-exit options in flexible delivery schedules. In order to meet the growing need of skilled manpower of different sectors of economy, Government of India has decided to set up 1,500 new ITIs and 5,000 Skill Development Centres.

- The Government has declared a National Skill Development Policy and is in the process of finalizing another important policy, namely, National Employment Policy which will help in promoting employment and employability in the country. Prime Minister's National Council on Skill Development under the Chairmanship of Prime Minister has been set up as an apex institution for policy direction and review. A National Skill Development Co-ordination Board has been set up under the Chairmanship of Deputy chairman, Planning Commission. The National Skill Development Corporation has been set up under the Ministry of Finance as a non-profit company. Employment Exchanges are being upgraded on a mission mode under e-governance project.

Other Measures

1.16. Various other measures taken by the Government such as agricultural loan waiver, enhancement of minimum support price, investment in rural infrastructure etc. had a salutary effect on moderating the impact of the crisis. Mention needs to be made about certain announcements made in the Budget 2010-11 as indicated below which will have positive impact:

- Allocation for Mahatma Gandhi National Rural Employment Guarantee Scheme stepped up to Rs. 40,100 crore in 2010-11.
- An amount of Rs.48,000 crore allocated for rural infrastructure programmes under Bharat Nirman.
- Allocation for Micro, Small & Medium Enterprises sector to be increased from Rs, 1,794 crore to Rs. 2,400 crore for the year 2010-11.
- National Social Security Fund for unorganized sector workers to be set up with an initial allocation of Rs. 1000 crore. This fund will support schemes for weavers, toddy tappers, rickshaw pullers, bidi workers, etc.

- Rashriya Swasthya Bima Yojana benefits extended to all such Mahatma Gandhi NREGA beneficiaries who have worked for more than 15 days during the preceding financial year.

Areas of concern

1.17. Presently, there are two major areas of concern. First, the price rise needs to be controlled. Government has taken various steps to increase domestic availability and moderate price rise in essential commodities. This include fiscal measures like reducing import duties to zero for rice, wheat, pulses, edible oils (crude), maize and butter & ghee, reducing import duties on refined and hydrogenated oils and vegetable oils to 7.5 % extending import of raw sugar at zero duty under OGL to 31.12.2010 etc., administrative measures like removal of levy obligation in respect of imported raw sugar and white/ refined sugar, banning export of non-basmati rice, edible oils and pulses (except kabuli chana) etc. and medium term measures such as the National Food Security Mission (NFSM), Rashtriya Krishi Vikas Yojana (RKVY), to improve production and productivity in agriculture. Enactment of a National Food Security Act is being contemplated. It may be noted that the All India Consumer Price Index for Industrial workers (2001=100) stood at 174 for June, 2010 as against 172 for May, 2010. As a result, the point to point rate of inflation for the month of June, 2010 was 13.73% as compared to 13.91 % in May, 2010. Secondly, the withdrawal of stimulus package requires to be carefully calibrated so that there is an effective balance among growth, fiscal stability and employment generation.

Item No.2: Problems of contract labour – social security, wages, etc. and amendments in the contract labour legislations

2.1. Employment of contract labour has been keenly debated at various labour and employment fora among Trade unions and Employers' Organizations. Whereas, it is the case of Trade unions that Contract Labour is exploited, The employers contend that Contract Labour are extended all statutory benefit as are applicable to regular and permanent workmen and assure that they provide decent working conditions. The Government, however, has been considering these aspects. In the 2nd Five Year Plan, the Planning Commission made certain recommendations, viz. Undertaking of studies to ascertain the extent of problem of contract labour, progressive abolition of the system of contract labour and improvement of service conditions of contract labour. The matter was discussed at various meetings of Tripartite Committees at which State Governments were also represented and the general consensus of opinion was that the system of contract labour should be abolished wherever possible and practicable, and that in cases where the system of contract labour could not be abolished altogether, the working conditions of contract labour could be regulated so as to ensure payment of wages and provision of essential amenities.

2.2. The Contract Labour (Regulation & Abolition) Act, 1970 received the assent of the President on 5th September, 1970 and it came into effect on 10th February, 1971. It aimed at the abolition of contract labour in respect of such categories as may be notified by the appropriate Government in the light of certain criteria laid down under Section 10 of the said Act, and at regulating the service conditions of contract labour where abolition is not possible. It also provides for setting up of Advisory Boards of tripartite character, representing various interests, to advise the Central and State Governments in administering the Act and registration of establishments and contracts. It further provides for provisions and maintenance of certain basic welfare amenities for contract labour like drinking water, first –aid – facilities, and in certain cases rest-room and canteens. Provisions are also there to guard against defaults in the matter of wage payment.

2.3. The Group of Ministers, 2002 had identified the following ten such activities which are mainly of ancillary, supportive/peripheral in nature and which may be kept outside the purview of prohibition of employment contract labour under Section 10 of the Act:-

- i) sweeping, cleaning, dusting and gardening
- ii) collection and disposal of garbage and waste;
- iii) security, watch and ward;
- iv) maintenance and repair of plant, machinery and equipments;

- v) housekeeping, laundry, canteen and courier;
- vi) loading and unloading;
- vii) information technology;
- viii) support services in respect of an establishment relating to ports/dockyards, airports, railway stations, inter-state bus terminals, hospitals, educational and training institutions, guesthouses, club and transport;
- ix) export oriented units established in Special Economic Zones and units exporting more than 75% or more of their production; and
- x) Construction and maintenance buildings, roads and bridges.

2.4. The provision of the law that requires consideration is Section 10 of the Act. This Section provides for prohibition of contract labour under specific circumstances. Accordingly, the Central Government after following the due process has issued 77 Notifications prohibiting the engagement of contract labour in various activities of establishments. From time to time, workers and their representatives have agitated for extending prohibition to other categories in other establishments as well, whereas there has been increasing resistance from the employers on the matter. The situation became critical in view of the Supreme Court's judgment of December, 1996, in the case of Air India Statutory Corporation v/s United Labour Union and others (AIR 1997 Supreme Court 645) where the Apex Court ruled, inter alia, that Central Government would be the Appropriate Government in all undertakings in which it has a deep and pervasive interest and in such cases where contract labour has been prohibited, such contract labour would automatically become the employees of the principal employers.

2.5. The Special Subject Group constituted by the Prime Minister's Council on Trade and Industry had recommended as below:-

“Regulate contract labour in various industries to non-core activities of a company and not abolish it. This should be made explicit in the Contract Labour (Regulation & Abolition) Act, 1970 by amending the relevant portions of the Act. This clause should clearly define that contract labour could not be utilized in the concerned company's continuing manufacturing process and should be relegated only to company's non-core needs.”

2.6. Ministry of Finance vide their O.M.No 7(2)/E. Co.ord/2005, dated 23-11-2005 issued financial instructions on Budget/Expenditure: economy measures, rationalization of expenditure and measures for augmentation of revenues. These instructions contained that there shall be a ban on creation of new posts in all Ministries/Departments/ autonomous Institutions till further orders. Any unavoidable proposal for the creation of posts , including Groups 'B','C' and 'D' posts , is to be referred to Ministry of Finance (Department of Expenditure) for approval.

2.7. The proposals necessarily have to be based on 'new organization' and accompanied by matching savings from the existing related establishment. Outsourcing of routine services such as cleaning, maintenance, moving papers / dak, etc., may have to be encouraged. Subsequent O.M. of Ministry of Finance of even number dated 22-07-2006 also stressed that the existing ban on creation of posts should be enforced strictly and the provisions for outsourcing have also been included in the GFR.

2.8. In view of the above instructions, various Ministries/Departments have resorted to hiring of contract labour through various agencies in the private sector. However, it has been observed that the engagement of Contract Labour is not limited to routine services such as cleaning, maintenance, moving papers / dak, etc., but the contract workers are hired for the jobs in Group 'C' posts also e.g. job of Data Entry Operators, Drivers, etc.

2.9. In the light of the above developments, the demand to revisit the provisions of the Contract Labour (Regulation & Abolition) Act, 1970 and make it more effective and practicable in the context of the changed global economic and working environment with a view to safeguarding the interest of both the Contract Labour and Employers, has been expressed by various interest groups from time to time and the Working Group constituted in 42nd Indian Labour Conference held on 20-21 February, 2009 in New Delhi recommended for the Constitution of a Tripartite Group for the purpose.

2.10. Various representations have been received from Trade Unions representing the workers Group for amendment of the Contract Labour (Regulation and Abolition) Act, 1970.

2.11. **Constitution of Tripartite Group**

Pursuant to the recommendation of the Working Group constituted in the 42nd ILC, a Tripartite Group was constituted vide Ministry of Labour & Employment Order No. S-16011/01/09 LW dated 30th June, 2009 to examine the provisions in the Contract Labour (Regulation & Abolition) Act, 1970 with a view to facilitating greater social protection to the contract workers and suggest amendments to the Act. The Tripartite Group had submitted its Report on 31-12-2009.

2.12. A copy of the Report of the Tripartite Group is attached as **Annexure-I**. It may be seen from the same that there was no consensus among the Members.

2.13. The issue of the amendment to the CL(R&A) Act, 1970 was also discussed in the State Labour Ministers Conference held on 22.1.2010. The proposal to carry out the following amendments was unanimously accepted in the conference:-

- i) In case where the contract labour performs the same or similar kind of work as the workmen directly appointed by the Principal Employer, the wage rates, holidays, hours of work social security and other conditions of service of contract labour shall be the same

as is available to the workmen on the rolls of Principal Employer. In case same or similar kind of work is not being performed by the workmen directly employed by the Principal Employer, the Appropriate Government will notify the wage rates, holidays, hours of work, social security and other conditions of service.

- ii) Whenever a contract is given to a contractor, the contract agreement between the Principal Employer and the Contractor should clearly indicate the wages contribution towards social security schemes and other benefits that are to be paid by the contractor to the contracted workman.

**REPORT
OF
THE TRIPARTITE GROUP
ON
CONTRACT LABOUR**

Prepared By

**Directorate of Labour Welfare
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Constitution of Tripartite Group

1. Pursuant to the recommendation of the Working Group constituted in the 42nd ILC, the following Tripartite Group was constituted vide Ministry of Labour & Employment Order No. S-16011/01/09 LW dated 30th June, 2009 to examine the provisions in the Contract Labour(Regulation & Abolition) Act, 1970 with a view to facilitating greater social protection to the contract workers and suggest amendments to the Act:-

1.	Shri R V Subba Rao, All India Vice President, BMS, TRT-141, Jawahar Nagar, Hyderabad-500020	-	Member
2.	Shri V K Sharma, General Secretary, INTUC Qtr. No.398/B, Sector-3 P.O. Balco Nagar, Korba, Bilaspur- 495 684	-	Member
3.	Shri Michael Dias, Secretary, The Employers' Association, Delhi, 54 Kailash Kunj, Greater Kailash-1 New Delhi-110 048	-	Member
4.	Shri G Ramanand, Secretary, All India Manufacturers Organisation, GF-01 Crescent Classic, 105, Wheeler Road, Opposite ITI Factory, Cookes Town, Banagalore-56005	-	Member
5.	Shri B.A.Khan, Director, Office of DG (LW), Ministry of Labour & Employment, New Delhi.	-	Convenor

2. The terms of reference of the Tripartite Group is to examine the provisions in the Contract Labour (Regulation & Abolition) Act, 1970 and suggest amendments to the Act in terms of the following views of the Workers' and Employers' Groups expressed in the meeting of the Working Group constituted in 42nd Indian Labour Conference held on 20-21 February, 2009 in New Delhi:-

“The Employers' Group felt that the Contract Labour has come to stay. Hence, banning of Contract Labour does not provide solution to the problems relating to Contract Labour. The inevitability of Contract Labour needs to be recognised. However, a fresh thought has to be given to the protection of working conditions of Contract Labour. This protection mechanism needs to be clearly defined in the legislation itself so as to ensure that the Contract Labour is not exploited in terms of appropriate wages, working conditions and social security.

The Workers' Group unanimously maintained that the Contract Labour (Regulation and Abolition) Act, 1970 should be amended to provide for absorption of contract employees in regular jobs after prohibition under section 10(2), insertion of provisions in the main Act for paying more wages and other benefits for same and similar nature of work, the ceiling of 20 workers should be deleted, license should not be given for employment of contract labour in perennial nature of jobs.”

Methodology:

3. In the meeting held on 17.7.2009 the Group decided that to deliberate upon the issues relating to contract labour, these can be subdivided into the following categories:-

- a) The issues that relate to the Statutes
- b) The issues necessitating proper implementation of various provisions of the Act.

4. It had emerged in the first meeting of the Tripartite Group that initially the focus should be on statutes and accordingly the members of the Group were requested to identify the provisions under existing statutes that created rights and facilities for regular employees. The next step after this identification would be to see which of these provisions are presently not applicable to contract labour.

5. Shri Michael Dias, Member, presented a list of 15 Labour Laws (Central enactments) applicable to workmen employed through a contractor under the provisions of CL(R&A) Act, 1970. Shri B. A. Khan, Director (LW) also presented a note after thorough study of various Labour Acts being implemented by the Ministry of Labour and Employment relating to the facilities/benefits available to contract workers vis-a-vis to regular workers which were examined.

6. Shri Subba Rao, Member also presented synopsis of the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 which guarantee benefits and facilities to contract workers.

7. Shri Dias, member had emphasized that the Committee should necessarily visit various industries and establishments in the Public and Government sectors including local Governments to examine in depth at ground level the truth with regard to the engagement of contract labour, as also their status and working conditions. However, field visits could not be taken due to paucity of time, budget constraints and austerity measures of the Government.

8. The documents received from the following Persons/ Organisations were also taken into account:-

- i) Note on Contract Labour forwarded by Shri Ashok Sahu, LEA
- ii) Suggestions of Dr. V. Monterio, Secretary, CITU and member Central Advisory Contract Labour Board (CACLB)
- iii) Economic Survey (2008-2009) in the context of Contract Labour
- iv) Representation of Shri T.V. Mohandas Pai
- v) Representation of IBM India Pvt. Ltd.
- vi) 'An informal Economy Perspective' submitted by National Commission for Enterprises in the unorganized sector (NCEUS)
- vii) Copy of Dr. G. Sanjeeva Reddy's letter addressed to Prime Minister.
- viii) New Employment Contract Law of China
- ix) Suggestions from Maharashtra Rajya Sarv Shramik Sangh, Pune Branch, forwarded by PMO.

Meetings

9. Six meetings have been held by the Tripartite Group. DGLW only participated occasionally in the discussions in three meetings first, second and fourth meetings. The first meeting was convened on 17th July 2009 wherein the issues of wages, benefits and allowances were discussed at length. It was suggested by one of the members that wages and other benefits and allowances to contract labour should be at par with ILO Standard and with the employees of the central PSUs and Central Government. It was also suggested that CL(R&A) Act, 1970 should be amended suitably to provide on the spot and speedy verification about the nature of job viz. whether the job is of perennial nature and if so to absorb the contract labour. The Group agreed that initially the focus should be on the statutes and the provisions under the existing statutes which provide legal rights and facilities for regular employees should be identified. Once this identification takes place, the next step would be to see which of the provisions are presently not applicable to contract labour and to extend the same to them. The feasibility of incorporating the relevant provisions from other Acts in the CL(R&A) Act should also be considered.

10. The 2nd meeting of the Tripartite Group was held on 31.7.2009. The Group was of the view that the focus of the law should be from abolition to regulation of contract labour. Hence, protection of the interest of contract workers is imperative. The Group felt that Section 10 of the Act needed to be revisited in the following context:

Contract labour had come to stay and had become necessary in the changed global scenario. However, any revision should focus on assuring social security which is normally available through regularisation entailing continuity of service, gratuity and bonus and retirement benefits.

11. The Group emphasised that the main focus should be on protecting the interest of workers. The engagement of a worker on contract is inevitability and the contract labour had to stay. However, whenever there are discrepancies in various Acts especially CL(R&A) Act, 1970 with regard to the facilities and benefits available to regular workers vis- a- vis the contractual workers, those discrepancies will have to be removed in order to protect the interest of contractual workers. The Group was of the view that the maximum exploitation of the contractual workers took place in the context of wages. The question arose as to what parameter could be adopted to rationalise the wages and what should be the quantum of minimum wages for contract labour.

12. It was suggested that the minimum wages of a contractual worker should be equal to that of a skilled worker or a worker doing the same job or elsewhere in the said Establishment. After discussions, it was decided to reframe Rule 25(2)(v)(a) as under:-

“In case where the contract labour perform the same or similar kind of work as the workmen directly appointed by the Principal Employer , the wage rates, holidays, hours of work and other condition of service of contract labour shall be the same as is available to the workmen on the rolls of principal Employer. In case same or similar kind of work is not being performed by the workmen directly employed by the principal employer, it should be notified by the appropriate Government for that kind of work in respect of contract Labour as a scheduled employment.”

13. The Third Meeting of the Group was held on 10.8.09. The provisions of Sec10 of CL(R&A) Act, 1970 were discussed in order to arrive at a conclusion whether it would be feasible to replace the word *abolition* by *regularisation*, keeping in view the larger interest of the workers. It was unanimously agreed that the abolition of the contract labour in certain establishments does not ensure the protection of the interest of the workers as the management of the establishment where the contract labour is prohibited by the Government through Notification is not willing or legally bound to absorb/regularise the workers. Therefore, it would be more beneficial for the workers if a middle way is adopted. The essence of the judgement in SAIL case and some other judgements also does not envisage the automatic absorption of the workers on regular basis after a prohibition of the contract labour by the Government under section 10 of CL(R&A) Act but while recruiting employees on regular basis preference be given to the serving contract labour.

14. Shri R.V. Subba Rao, Member was of the view that a provision should be added in CL(R&A) Act to provide for regularization of the contract workers and if it is not feasible to regularize contract workers, adequate wages, social security, job security, wage security, provident fund, gratuity and bonus, retirement benefits etc. may be provided.

Views:

(a) Views of the Members representing workers' Group:

- i) All benefits and allowances to contract labour should be on par with ILO Standards and with the employees of Central PSUs and Central Government.
- ii) The CL (A&R) Act, 1970 should be amended suitably to provide on the spot and speedy verification about the nature of job (i.e. whether perennial) and to absorb the Contract Labour.
- iii) The issue of minimum wages should be looked into and the contract labour should be paid wages at par with the regular workers.
- iv) The contract workers should not be terminated from the work without any justifiable reason.
- v) A provision be inserted in the main Act itself providing 100% absorption of the Contract labourers on the job after the same has been notified as prohibited U/ S 10(2) of the Act.
- vi) Licensing Officer/Registering Officer under Contract Labour Act be vested with statutory powers to decide if the particular job entrusted to the Contract workers is similar to any job done by the regular worker in the Industry/Establishment or elsewhere. The decision of the Licensing Officer/Registering Officer be declared as final.
- vii) The Ceiling of 20 workers be deleted.
- viii) The Licensing Officers be vested with powers to decide if a particular work of an establishment is of perennial nature so as to refuse the License for such work of perennial nature.
- ix) Principal Employer is always in a better position to deal with the defaulting contractors in comparison to the poor workers. As such in cases of statutory liabilities, the responsibility should remain with the Principal Employer.
- x) There are undoubtedly good employers as well as bad employers and the prohibition/ abolition clause is required for the latter.

(b) Views of the Members representing employers' Group:

- i) The contract labour should be provided with all statutory facilities and benefits as are available and applicable to regular employees.
- ii) Licensing Officer is an Executive. He should not be vested with statutory powers to decide whether a particular job entrusted to contract worker is similar to any job done by the regular worker is not legally tenable and violates fundamental principles of natural justice. This issue needs to be suitably adjudicated upon where there is appreciation of evidence and a reasoned Order is passed by the statutory authority while determining whether a particular job entrusted to a contract worker is similar to the job done by a regular worker in the industry/establishment where he is posted or elsewhere.
- iii) Similarly, to vest the powers to Licensing Officers to decide whether a particular work of the establishment is of a perennial nature; so as to refuse a License for such work; amounts to the prohibition of engagement of contract labour. Hence, it is impermissible under the law to vest the Licensing Officer with such wide powers; as he would be judge and prosecutor in the same cause of action.
- iv) The onus and responsibility in respect of the Contract Labour in the first instance shall be that of the contractor but should he fail to honour his responsibilities; the Principal Employer will be required to ensure statutory compliances. As such, Principal employer should be absolved of the responsibility and the Contractor be made liable and responsible for all statutory compliances as the Employer of the Contract Labour.
- v) In the present context, the Contract Labour has to stay as such the provisions of prohibiting employing contract labour should be amended suitably especially as it would adversely impact the growth of employment in the country. There are various Acts applicable to Contract Labour, enacted to take care of the Contract Labour and employers have to abide by them. As such, there is no need for abolition.

Item No.3: Employment generation and skill development

(a) Employment Generation

3.1. The objective of providing employment is enshrined in the Constitution of India. It guarantees equality of opportunity for all citizens in matters relating to employment, irrespective of race, caste, sex, descent and place of work. Expansion of employment opportunities has been one of the major objectives in the consecutive Five Year Plans in India and different policy measures have been adopted from time to time with a view to achieve this objective.

3.2 India is a vast country with a population of more than one billion and a labour force of around 470 million. There is an open unemployment of 10.8 million as per estimates available for the year 2004-05. India is also having the problem of working poor. Open unemployment in India is not much compared to the size of population but it is the under employment in terms of productivity and income which is of great concern. The employment scenario combined with the population below poverty line depicts a situation where about 28 % though employed are still unable to earn sufficient wages to bring their families above the poverty line. About 6% of the total work force in India is employed in formal sector while remaining 94% are in the non-formal sector. Scope of additional employment generation in the organized sector for additional wage employment continues to be less. Significant employment generation is taking place in tertiary sector, particularly, in services industries. Self-employment and casual employment continue to play a vital role in rehabilitation of unemployed.

Employment & Unemployment Scenario in India

(In millions)				
Sl.	Item	1993-94	1999-2000	2004-05
1	Total Labour Force	382.0	406.0	469.9
2	Total Employment	374.0	397.0	459.1
3	Open Unemployment	7.5	9.0	10.8
4	Unemployment rate as percentage of total labour force	1.9	2.2	2.3
5	Employment in organized sector	28.0	28.0	26.5
6	Employment in unorganized sector	346.0	369.0	432.6
7	Jobs created per annum	-	4.6	12.4
8	Working Poor	-	122.0	130.0

TRENDS IN EMPLOYMENT AND UNEMPLOYMENT

3.3. During 2000-05, 62.1 million jobs were created on Usual Principal plus Subsidiary Status (UPSS) basis. On the contrary, only 22.55 million jobs were created during the 6 years span of 1994-2000. As per UPSS, the total number of employed as on 1st January 2005 was 459.10 million persons of which 310.12 million were males and 148.98 million were females. The long term rate of growth of employment during the last quinquennial (2000-2005) was 2.51 percent for

males and 3.90 percent in case of female. During 1994-2000, the corresponding figures were 1.35 for males and 0.19 for females.

STRATEGY FOR EMPLOYMENT GENERATION

3.4. The successive Five Year Plans in India have always stressed on realizing high rates of growth in all economic activities, with a view to generating additional employment for the unemployed, and also to create decent sustainable work for those already employed. Further, to keep the labour market policies active, the industrial policy and other policies in force are reviewed from time to time and corrective measures are taken by announcing new policies having a direct bearing on the labour force and employment generation. In the present context of liberalization, globalization and the changed economic scenario, the emphasis needs to be on upgrading the skill of the labour force keeping in mind the demand of the labour market.

3.5. The 11th Five Year Plan provides an opportunity to restructure policies to achieve a new vision based on faster, more broad-based and inclusive growth. It aims at making employment generation an integral part of the growth process and devise strategies to accelerate not only growth of employment but also of wages of the poorly paid. The Eleventh Five Year Plan contains following important policy initiatives for generation of employment:

- (i) In order to make growth more inclusive, it is vital that more people gain access to more productive assets with which they can themselves generate decent incomes and also the GDP growth generates sufficient demand for wage labour so that those who cannot be self employed are employed at decent wages.
- (ii) Targetting faster growth in GDP and doubling of agriculture growth will help in this process. Besides, additional employment opportunities would be generated in the services and manufacturing sectors. Measures would need to be taken to boost labour intensive manufacturing sectors, such as, food processing, leather products, footwear, textiles and service sector, such as, Tourism and Construction.
- (iii) Village and small scale enterprises (VSE) will provide most of the new employment opportunities during the Eleventh Plan.
- (iv) The National Rural Employment Guarantee Act, 2005 (NREGA) assures every rural household at least 100 days of manual work at minimum wages.

3.6. As per the 11th Five Year Plan Document, as approved by National Development Council, 58 million new job opportunities will be created during the 11th plan period. Additional employment opportunities in future will be generated mainly in the services and manufacturing sectors. The sector-wise distribution of this target is as follows:

Sector	Incremental Employment (million)
Agriculture	0.00
Mining and Quarrying	0.00
Manufacturing	11.94
Electricity, Water etc.	0.02
Construction	11.92
Trade Hotel and Restaurants	17.40
Transport, Storage and Communication	9.02
Financial, Insurance, Real Estate and Business Services	3.43
Community, Social & Personal Services	4.34

PROPOSED NATIONAL EMPLOYMENT POLICY

3.7. Ministry of Labour & Employment have prepared a draft National Employment Policy with an objective to accelerate employment growth, particularly in the organized sector and improve the quality of jobs in terms of productivity, average earnings and protection of workers, especially in the unorganized sector. Under the Policy, macroeconomic policy issues, sectoral policy issues, Labour Policy, micro and small enterprises' issues, skill development issues, issues relating to women and other vulnerable workers have been considered and steps suggested for improving avenues of employment.

POTENTIAL SECTORS FOR EMPLOYMENT GROWTH

3.8. The sectors with prospects for high growth in output, creation of new establishments and for creation of new employment opportunities (direct as well as indirect) are:

Services

- IT-enabled Services
- Telecom Services
- Tourism
- Transport Services
- Health Care
- Education and Training
- Real Estate and Ownership of Dwellings
- Banking and Financial Services
- Insurance
- Retail Services
- Media and Entertainment Services

Other Sectors and Sub-Sectors

- Energy-Production, Distribution and Consumption of Horticulture
- Floriculture
- Construction of Buildings
- Infrastructure Projects Construction

Industry Groups

- Automotive
- Food Products
- Chemical Products
- Basic Metals
- Non-Metallic Mineral Products
- Plastic and Plastic Processing Industry
- Leather
- Rubber and Rubber Products
- Wood and Bamboo Products
- Gems and Jewellery
- Handicrafts
- Handlooms
- Khadi and Village Industries

VARIOUS EMPLOYMENT GENERATION SCHEMES

3.9. Presently, Government of India is implementing various employment generation and poverty alleviation programmes in both rural and urban areas to increase employment opportunities, such as, National Rural Employment Guarantee Scheme, Swarnjayanti Gram Swarozgar Yojana (SGSY); Swarna Jayanti Shahari Rozgar Yojana (SJSRY); and Prime Minister's Employment Generation Programme (PMEGP) in order to provide opportunities for gainful employment to the unemployed. SGSY has been restructured as the National Rural Livelihood Mission to make it universal in application, focused in approach and time bound for poverty eradication by 2014-15. Stress will be laid on the formation of women Self Help Groups (SHGs). Apart from providing capital subsidy at an enhanced rate, it is also proposed to provide interest subsidy to poor households for loans upto Rs. one lakh from banks.

3.10. **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):** Recognizing the serious problem of unemployment, the National Rural Employment Guarantee Act (NREGA) was enacted on 7.9.2005. MGNREGA provides for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. Thus, MGNREGA makes the Government legally accountable for providing employment to those who ask for it and thereby goes beyond providing a social safety net towards guaranteeing the Right to Employment. A very significant feature of this Act is that if a worker who has applied for work under MGNREGA is not provided employment within 15 days from the date on which work is requested, an unemployment allowance shall be payable by the State Government at the rate prescribed in the Act.

3.11. **Swarnjayanti Gram Swarozgar Yojana (SGSY):** Swarnjayanti Gram Swarozgar Yojana (SGSY) is a holistic scheme aimed at bringing the rural BPL above poverty line by organizing them into Self Help Groups (SHGSs), their training and capacity building, provision of credit linked subsidy, technology inputs etc. in order to enable them to be self employed and taking up some income generating activity. Additionally, in order to tap the wage employment opportunities in the private sector, especially implemented under the Special Projects component of SGSY. A special initiative has been taken up under SGSY to set up Rural Self Employment Training Institutes (RSETIs), one in each district of the country for skill development training of rural BPL youth to enable them to undertake micro enterprises and wages employment. The RSETIs are being set up in partnership with the public sector banks, 500 RSETIs are proposed to be set up in the country within 11th plan period.

3.12. **Swarna Jayanti Shahari Rozgar Yojana (SJSRY):** Ministry of Housing & Urban Poverty Alleviation is implementing an employment oriented Urban Poverty Alleviation Centrally Sponsored Scheme, namely, Swarna Jayanti Shahari Rozgar Yojana (SJSRY), on all India basis, with effect from 1-12-1997. The scheme strives to provide gainful employment to the urban unemployed and under employed poor, to help them set up self employment ventures and also through providing wage employment by utilizing their labour for construction of socially and economically useful public assets. The scheme of Swarna Jayanti Shahari Rozgar Yojana (SJSRY) has been comprehensively revamped with effect from 2009-2010.

3.13. **Prime Minister's Employment Generation Programme (PMEGP):** The Ministry of Micro, Small & Medium Enterprises is implementing the Prime Minister's Employment Generation Programme (PMEGP) which was launched in August, 2008. The programme came into existence after merger of two earlier schemes namely *Rural Employment Generation Programme (REGP)* and *Pradhan Mantri Rozgar Yojana (PMRY)*. The programme directly creates self-employment by providing credit linked subsidy for setting up of micro enterprises. The scheme is for implementation from 2008-09 to 2012-13 with an estimated expenditure of Rs. 4735 crore towards margin money and Rs. 250 crore towards

backward and forward linkages with the target for generation of 37.37 lakh employment opportunities.

STRATEGY FOR GENERATION OF EMPLOYMENT

3.14 **Growth of GDP:** The successive Five Year Plans in India have always stressed on realizing high rates of growth in all economic activities, with a view to generating additional employment for the unemployed. The GDP growth rate in India during last few years has been as follows:-

2005-06:	9.5%
2006-07:	9.7%
2007-08:	9.2%
2008-09:	6.7%
2009-10:	7.2%

3.15. **Promotion of Exports:** The global slowdown has affected some of the export oriented industries in India, such as textiles, handicrafts, leather, and gems & jewellery, which led to moderation of industrial growth to 2.8 percent in 2008-09 as compared to 8.5 in 2007-08.

3.16 Several measures have been taken to support exports such as interest subvention of 2% for pre & post shipment export credit for identified labour intensive industries, additional funds to ensure full refund of terminal excise duty/central sales tax, additional allocation for export incentive schemes, Government backup guarantee to Export Credit Guarantee Corporation (ECGC) to enable to provide guarantees for exports to difficult markets/products and enhancement of duty drawback benefits on specific items.

3.17. With a view to assess the impact of economic slowdown on employment in the industries/sectors supposed to be badly affected by the slowdown, *which also include export oriented industries*. Ministry of Labour & Employment has carried out quarterly surveys in important sectors, viz. Mining, Textiles, Metals, Gems & Jewellery, Automobile, Transport and IT/BPO etc. The employment data was also collected separately for export and non-export units. Major findings of Surveys by Labour Bureau are:

- Employment declined by 4.91 lakh during the quarter Oct-Dec, 2008.
- Employment increased by 2.76 lakh during Jan-March, 2009.
- Employment declined by 1.31 lakh during Apr-June, 2009 probably due to seasonality.
- Employment increased by 4.97 lakh during the quarter July-Sep, 2009.

- As per latest quarterly quick survey for the period Oct.-Dec. 2009, overall employment has improved by about 6.38 lakh during Dec., 2009 over Sep. 2009 due to substantial increase in employment by 5.70 lakh in the IT/BPO Sector.
- The estimated employment in the selected sectors has experienced a net addition of 7.89 lakh during October, 2008 to December, 2009.
- Employment has further increased by 0.60 lakh during the quarter January- March, 2010.

3.18. **Infrastructural Development:** 11TH Plan envisages total investment in physical infrastructure (electricity, railways, roads, ports, airports, irrigation, urban and rural water supply and sanitation) to increase from around 5 percent of GDP in 2006-07 to 9 percent of GDP by the end of the plan period if the targeted rate of growth of 9 percent for the 11th Five Year Plan period is to be achieved.

3.19. Consistent with the above projection, the investment in physical infrastructure alone during the 11th Plan has been estimated to be about Rs. 2,002 thousand crore (at 2006-07 prices).

(Source Economic Survey 2007-08, paras 9.132 & 9.133)

- Rs 1,73,532 crore has been allocated for development of infrastructure in the country which accounts for 46% of the total plan allocation.
- Another 25% of the plan allocation has been devoted to development of rural infrastructure.
- Govt. has targeted construction of national highways at pace of 20 kilometers per day.
- The allocation of road transport has been increased from Rs. 17,520 crore to Rs. 19,894 crore, which is an increase of 13%.
- Allocation for Bharat Nirman has been increased to Rs. 48,000 crore.
- Allocation for Indira Awas Yojna has been increased to Rs. 10,000 crore.
- Backward region grant fund has been increased from RS. 5,800 Crore to Rs. 7,300 crore, which is an increase of 26%.
- Allocation for Rajiv Awas Yojna has been increased from Rs. 150 crore last year to Rs. 1,217 crore for 2010-11, which is an increase of 700%.

3.20. **Investment in Social Infrastructure:** Central Government expenditure on social services and rural development has gone up consistently over the year. The share of the Central Government expenditure on social services including rural development in total expenditure (Plan and non Plan) has increased from 10.46 per cent in 2003-2004 to 19.46 per cent in 2009-10 (BE) Central support for social programmes has continued to expand in various forms although most social-sector subject fall within the purview of the States through centrally sponsored schemes.

3.21. Expenditure on social services which include education ,sports ,art and culture , medical and public health, family welfare, water supply and sanitation, housing, urban development; welfare of Scheduled Castes (SCs), Scheduled Tribes (STs) and other Backward Classes (OBCs), labour and labour welfare, social security and welfare, nutrition, relief for natural calamities, etc. by the Government (Centre and State combined) has also shown increase in recent years reflecting higher priority to social services. Expenditure on social services as a proportion of total expenditure increase from 19.9 per cent in 2004-05 to 21.6 per cent in 2006-07 and further to 23.8 per cent in 2009-10 (BE). Expenditure on education as proportion of total expenditure has increased from 9.7 per cent in 2004-05 to 10.6 per cent in 2009-10 (BE). The share of health in total expenditure has also increased from 4.3 per cent in 2004-05 to 4.8 percent in 2009-10 (BE).

ANNUAL REPORT TO THE PEOPLE ON EMPLOYMENT

3.22 Ministry of Labour and Employment has prepared and released Annual Report to the People on Employment on 1st July, 2010. The Report presents state of employment in the country, issues, initiatives taken and proposed plan of action. It provides a framework to understand the contemporary employment scenario. It dwells on the idea that high economic growth and growth of quality employment reinforce each other. The Report firmly puts on the agenda to best utilize the 'demographic dividend' by focusing on generating gainful employment opportunities for all the persons entering labour force with particular emphasis on the disadvantaged sections.

(b) "Skill Development for Employment"

Need for Skill Development

3.23. Skill development is critically important to address the twin issues of enhancing the competitive strength of industry and employment generation that is socially inclusive and equitable. Skill Development of persons working in the organized and unorganized sectors are important for translating the benefits of high rate of economic growth into a faster pace of poverty reduction, in other words, inclusive growth, through the generation of productive employment and decent work. Therefore, National Policy on Skill Development addresses the needs of skill development of a huge population, by providing them with skills that make them employable and help them secure a 'decent work.

3.24. Over the last decades, India's growing population is being increasingly recognized as strength rather than a constraint in the context of economic development. Further, India being one of the youngest countries in the world with about 54 per cent of its population below 25 years of age and with the largest English speaking population is well poised to help countries with aging populations. However, this strength can be capitalized, only by building and constantly upgrading the skill levels of the working population.

3.25. The Indian industries are growing at an average growth rate of 7 to 8 percent. It is expected that it will grow by 8.5 percent in 2010-11. The growth rate of industries has also created an upsurge of demand for skilled workforce in the manufacturing sector like Power, Chemical & Petro Chemicals, IT, Textiles, Steel etc. Also in the service sector, there is a huge demand for trained manpower where the growth rate is even higher. Therefore, growing GDP would necessitate the demand for skilled manpower.

3.26. The Eleventh Five-Year Plan indicates that "generation of productive and gainful employment, with decent working conditions, on a sufficient scale to absorb our growing labour force must form a critical element in the strategy for achieving inclusive growth." The Plan stresses that the ability to sustain labour-intensive growth depends crucially on the expansion of the labour force's skill capabilities with skills and knowledge as driving forces of economic growth. National Policy on Skill Development recognizes the unprecedented challenge faced by India, for skilling or up-skilling 500 million people in the next 13 years. With this challenge in view, there is an urgent need to transform India's Skill development landscape over the next decade.

Issues in Skill Development system of the country

3.27. **Limited capacity:** While realizing the transformation of Skill Development, the first major roadblock is our limited capacity vis-a vis the number of aspirants joining the vocational training courses.

3.28. Potentially, the target groups for skill development comprise all those in the labour force, including those entering the labour force for the first time which was estimated to be 12.8 million per annum, the work force in the organized sector (26.0 million) and in the unorganized sector (433 million) in 2004-05. The estimated current capacity is only about 3.1 million.

3.29. **Quality and relevance:** Quality and relevance of skill development are key to India's global competitiveness as well as improving an individual's access to decent employment. For enterprises to compete in the global economy, the quality of training must reach internationally comparable standards and be relevant to the needs of national and international markets. To increase the relevance with future employment market including promotion of self employment, soft skills and entrepreneurship skills need to be made integral *part of skill development*.

3.30. **Mismatch:** The second biggest issue in skill development is mismatch between the demand and supply of skills. Presently the labour market is facing a strange situation, where on the one hand, an employer does not get manpower with requisite skills and on the other; millions of job seekers do not get employment. Mismatch between the supply and demand of skills is costly both for the economy and for the individual. Such a mismatch compromises potential economic development because the economy lacks the relevant skill base, while individuals suffer from unemployment or underemployment because they lack skills needed by the labour market. To overcome this issue there is a need for establishing a mechanism for providing access to information on skill inventory and skill map on real time basis.

3.31. **Low industry participation and Setting up of Sector Skills Council:** In order to make the skill development system relevant and driven by labour market signals, it is necessary to increase participation of industries through Sector Skill Councils. Functions of SSCs include identification of skill gaps, preparation of Skill Development plans and establishment of well structured sector specific Labour Market Information System to assist planning and delivery of training.

3.32. **Shortage of Trainers:** There is an urgent need for improving the quality and size of trainer resource. Skill up-gradation of trainers, their quality assurance, and improvement of their status in society are important to improve quality of training.

3.33. **Expansion of outreach and equity access.** Providing opportunities of Skill Development to all sections of society including women and disadvantaged sections such as SCs, STs, OBCs, minorities and economically challenged and disabled persons of society is necessary to achieve faster and inclusive growth. Also providing skill development opportunities in rural areas, hilly areas, border and difficult areas, naxal affected and remote areas of the country enhancing their access to training; improving employability and increasing employment opportunities for them is essential for development of a just and equitable society.

3.34. Establishment of **National Vocational Qualifications Framework** which will, inter-alia, include opportunities for horizontal and vertical mobility between school and technical education, recognition and certification of competencies irrespective of mode of learning. This will also facilitate life long learning.

3.35. Use of **modern training technologies** for Skill Development including distance learning, e-learning, web based learning, etc and necessary to reach out to larger number of people in every nook and corner of the country.

3.36. To promote Skill **Development in Unorganized sector** following issues need to be addressed:

- a) Skill upgradation and certification
- b) Recognition of prior learning.
- c) Provision of literacy and basic education.

- d) Replication of successful models.
- e) Setting up of Skill Development Centres (SDCs)
- f) *Provision of mobile training vans for larger out reach.*

3.37. **Financing of Skill Development:** All stakeholders, the governments-Centre and State, the enterprises-public and private and direct beneficiary- the individual should share the burden of mobilising financial resources for skill development.

Government initiatives to address the challenges of “Skill Development System” of country:

Initiatives taken at national level:

3.38. **“National Policy on Skill Development”:** Government has formulated “National Policy on Skill Development”. Policy was approved by Union Cabinet on 23rd February 2009. The policy is a guiding document for implementation of various skill development programmes in the country. Aims of the policy include “Enhancing individuals’ employability (wage/self employment) and ability to adapt to changing technologies and labour market demands”. The policy has set a target of skilling 500 million persons by the year 2022. Training target for all Ministries / Departments, offering training programmes for sectors under their control have been indicated in policy document and they have been mandated to fulfill their commitments.

3.39. **“Coordinated Action Plan for Skill Development”** has been approved by the cabinet with following 3-tier structure, aiming to create a pool of skilled personnel in appropriate numbers with adequate skills across the economy

3.40. **Prime Minister’s National Council on Skill Development** has been set up as an apex institution to review the spectrum of skill development efforts for policy direction. The Ministers for Human Resource Development; Finance, Industries; Rural Development; Labour & Employment; Micro, Small and Medium Enterprises; Housing & Urban Poverty Alleviation; Tourism; Social Justice and Empowerment ; Youth Affairs ; Sports and Minister of State (Independent Charge) for Women and Child Development are members and Dy. Chairman, Planning Commission, Chairperson of the National Manufacturing Competitiveness Council, Chairperson, National Skill Development Corporation and 6 experts in the area of skill development are other members. Principal Secretary to the Prime Minister is the Member Secretary to the Council. The functions of the above council are as under:

- i. Lay down overall broad Policy objectives, strategies, financing and governance models to promote skill development ;
- ii. Review progress of activities relating to skill development periodically and provide mid-course corrections, including changes in part or whole of current schemes under implementation;

- iii. Orchestrate Public Sector/Private Sector initiatives in a framework of a collaborative action.

3.41. **A National Skill Development Co-ordination Board** has been set up under the Chairmanship of Dy. Chairman, Planning Commission. Secretaries of Ministry of Human Resource Development, Labour & Employment, Rural Development, Housing and Urban Poverty Alleviation, Micro Small & Medium Enterprises and Finance are members. Chairperson/Chief Executive Officer of National Skill Development Corporation, Secretaries of four States by rotation, for a period of two years and three distinguished academicians/subject area specialists are other members. Secretary, Planning Commission is Member Secretary of the Board. The Board enumerates strategies to implement the decisions of the Prime Minister's National Council on Skill Development and develop appropriate operational guidelines and instructions for meeting the larger objective of meeting skill needs of the country.

3.42. **A National Skill Development Corporation** has been set up by the Government as a non-profit company under Section 25 of the Companies Act, 1956, under the Ministry of Finance. It has an equity base of Rs 10/- crore of which 49% is contributed by the Government and 51% by the private sector.

The main objective of this corporation is:

- to mobilize funds for skill development and to manage those funds.
- to establish, manage, run and promote institutes and polytechnic for imparting skills training.
- to play the role of a "market maker" by establishing a price mechanism, correlating and bridging demand-supply asymmetries, and creating a viable skill development chain.
- to establish credible independent Certification systems.
- to constitute Sector Skills Councils (SSCs).

3.43 **State Missions on Skill Development:** State Governments have also been advised to set up State level missions under the chairmanship of Chief Ministers of respective States to guide and review the Skill Development activities at State level. As a follow-up, 25 States and 4 Union Territories have set up State Level Skill Development Mission (Status may be seen at **Annexure-II**)).

Initiatives of "Ministry of Labour & Employment" to meet challenges of Skill Development programmes:

3.44. DGE&T in the Ministry of Labour and Employment is an apex organization for development and co-ordination of vocational training including women's training. DGE&T offers range of training courses catering to the requirement of various sectors of economy through a network of 8306 (as on

15/7/10) Industrial Training Institutes (ITIs)/Industrial Training Centres (ITCs). There are 78 Central Institutes under the control of DGE&T which impart training to ITI instructors, industrial workers, technicians, junior and middle level executives, supervisors, foremen, women, physically challenged persons and members belonging to SC/ST. These Institutes also conduct training related research and development of course curriculum and instructional media packages for the use of trainees and instructors. DGE&T runs the following two flagship schemes to impart training to school leavers which form the backbone of the national vocational training system of the country:-

Craftsman Training Scheme (CTS) (as on 15th July,2010)

- Number of ITIs/ITCs 8306 (2140 ITIs in Government Sector
6166 ITCs in private Sector)
- Seating Capacity 11.61 lakh (4.42 lakhs in Govt. ITIs and
7.18 lakhs in private ITCs)
- Period of Training 6 months to 3 years
- Age 14 years and above
- Number of Trades 115

Apprenticeship Training Scheme (ATS) (as on 13th August, 2010)

- Establishments covered 25,472
- Capacity 2.86 lakhs
- Trades 215
- Entry Qualification 8th to 12th standard
- Period 6 months to 4 years

3.45. Broad approach adopted by Ministry for Skill Development

- (i) Modernize/ upgrade all govt. Institutes according to industrial requirement.
- (ii) Set up large number of new institutes in public, private and public-private partnership especially in region where no such facility exists.
- (iii) Run existing ITIs/ ITCs in 2 -3 shifts to optimally utilise existing infrastructure.
- (iv) Involve industry closely in running of skill development programs.

- (v) Introduce long term and short term modular courses to cover all sectors of economy.
- (vi) Training of large number of trainers.
- (vii) Fill up existing vacancies of Principals & Instructors.
- (viii) Use Information & Communication technology tools to upscale skill development efforts.
- (ix) Undertake systemic reforms such as development of National Vocational Qualification Framework (NVQF), setting up of Sector Skills Councils (SSC), development of Labour Market Information System (LMIS), introduction of Soft Skills for better employability, etc.

Recent initiatives taken by DGE&T for qualitative & quantitative improvement in Skill Development

3.46. DGE&T has taken up various new schemes for qualitative & quantitative enhancement of vocational training. Objective of these Schemes are to improve the quality of vocational training in the country and make it demand driven so as to ensure better employability of the graduates. For quality improvement in training, following major schemes have been taken up:-

(i) Upgradation of 100 ITIs into Centres of Excellence with domestic funding:

Union Finance Minister in his Budget Speech 2004-05 announced measures for upgradation of 100 ITIs through domestic funding and 400 ITIs through World Bank assistance. 100 ITIs distributed in 22 States/UTs were taken up for upgradation and imparting training in new multi-skill courses. Total cost of the scheme is Rs. 160 crore out of which 75% is centre share and 25% State share. Out of Central share of Rs. 120 crore, an amount of Rs. 115 crore has been released to the States. The scheme has closed on 31.03.2010. The proposals received from the States for additional funds are being examined and action has been initiated to get the “end term” evaluation done for the scheme.

(ii) Upgradation of 400 ITIs through World bank assistance – Vocational Training Improvement Project (VTIP)

The next 400 ITIs are required to be upgraded under the World Bank assisted Vocational Training Improvement project.

The total cost is Rs. 1581.00 crore out of which central share is Rs. 1231 crore and State Share is Rs. 350 crore. The funding pattern is in the ratio of 75:25 between Centre and State Governments (90:10

for North Eastern States). So far (till August, 2010), central share of Rs. 631 crore has been released to States. Also, Rs. 51 crore has been spent by central institutes. Thus total expenditure against central share of Rs.1231 crore is Rs. 682 crore up to June, 2010.

(iii) Upgradation of the remaining 1,396 Government ITIs through Public Private partnership

This scheme was launched during 2007-08 with an outlay of Rs. 3,550 crore for a period of 5 years. Under the Scheme, 300 ITIs are being covered every year and an amount of Rs. 2.5 crore is being released to each ITI as interest free loan repayable in 20 equal annual installments in 30 years after a moratorium of 10 years. Under the scheme an Institute Management Committee headed by an industry partner is constituted with five members from the industry, five members from the Government and Principal as Member Secretary. The Institute Management Committee is registered as a society and academic and financial powers are delegated to the IMC societies for day to day functioning of the ITI. IMC functions as an autonomous management. It prepares an institute development plan which lays down the road map for the modernization of the institute. Apart from the financial and academic autonomy, the IMCs are also allowed to determine 20% admissions in the ITI.

During each FY year i.e. 2007-08, 2008-2009 and 2009-2010; 300 ITIs were taken up for upgradation. An amount of Rs. 2,250 crore was released to the IMC societies of 900 ITIs. During 2010-11 interest free loan of Rs. 7.50 crore has been released upto 20th August, 2010 for 3 ITIs for the current financial year. Proposal of 9 ITIs are under process.

Out comes of the schemes are visible now as many ITIs have upgraded their infrastructure and started new courses.

(iv) PM's Package for establishment of new ITIs and upgradation of existing ITIs in North East and Jammu & Kashmir

A Scheme was launched in 2001-02 with an objective to set up 22 new ITIs and strengthening 37 existing ITIs with the cost of Rs.100 crore. Another three additional new ITIs, two in Sikkim and one in Assam were approved later on with an additional allocation of Rs.13.7 crore.

This Scheme was merged with and other centrally sponsored scheme for J&K "Setting up of one new women ITI in Jammu and 37 existing ITIs of J&K' in the year 2005-2006 with the total allocation of Rs. 150.7 crore (Rs.113.7 crore for north East and Rs.37.0 crore for J&K). Both the Schemes have closed on March, 2010.

For quantitative improvement in training, following major schemes have been taken up:-

(v) Skill Development Initiative :

About 20 million children enroll in the first standard every year. However, by the time they reach 10th standard, 63% of the children drop out and by the time they reach the 12th standard, 90% children drop out for various reasons. In order to impart relevant skills for their gainful employment in the industry, it was decided to formulate a scheme which can cover this vast magnitude of youth for skill development and gainful employment. A new scheme titled 'Skill Development Initiative' (SDI) based on the modular employable skills was formulated in 2006-07. The scheme covers early school leavers and existing workers of 14 years of age or above.

Under the scheme, demand driven short term modular skill development programmes are being run in consultation with the industry. MES is minimum skill set which is sufficient for gainful employment. The training is imparted through a flexible delivery mechanism (part time, weekends, full time, on-site and off-site) to suit needs of various target groups. The services of existing or retired faculty or guest faculty are utilized. Existing ITIs/ITCs or any other reputed institutions with adequate infrastructure to impart training are empanelled as vocational training providers. On completion of the training, the competencies of trainees are assessed by independent assessing bodies and on the basis of independent competency assessment, NCVT certificate is awarded to the trainee which is valid throughout the country as well as outside. The costs of successful trainees are met by Government of India.

A total of 6,255 vocational training providers have been registered across the country. 1,159 course modules covering 52 sectors of economy have been developed and approved by National Council for Vocational Training. Forty two organizations have been empanelled as Assessing Bodies for conducting assessment of competencies. So far 10,01,250 trainees have been trained.

(vi) Kaushal Vikas Yojana project to set up 1,500 ITIs & 5,000 SDCs in PPP mode

In compliance with the announcement made by Hon'ble Prime Minister, DGE&T, Ministry of Labour & Employment has taken up a project titled Kaushal Vikas Yojana to set up 1500 new Industrial Training Institutes (ITIs) & 5,000 Skill Development Centres (SDCs) in PPP by involving three partners:-

- (a) Private Training Provider playing the lead role
- (b) State Governments are expected to extend all the possible logistical support, land & provide basic infrastructural facilities free of cost and
- (c) Central Government providing Viability Gap Funding (VGF).

A Transaction Advisor (TA) has been appointed to prepare Detailed Project Report and design appropriate PPP structure. The “Draft Feasible Report” has been submitted by them which is under examination. A separate Concession Agreement is proposed to be signed between DGE&T, State Govt. and the Private Developer for each institute. In the first phase, approx. 500 institutes would be set up suitably packaged as commercially viable project. Thereafter rest 6000 institutes would be set up by replication process @ 1500 institutes every six month.

The typical features of an ITI will be as under:

- Training Capacity : 200 persons/shift
- Duration of Training : as per NCVT norms (6 months to 3years)
- Field of Training : In demand driven 5 trades under high growth manufacturing and service sectors of economy with assured employment
- Land requirement : about 3-5 acres.
- Indicative cost : Rs.6 crore

The typical features of a SDC will be as under:

- Training Capacity : 300 persons/shift/ annum
- Duration of Training : short term courses (3-6 Months)
- Field of Training : In demand /technology driven area of service sector with assured employment.
- Land requirement : about 500 -1000 Sq Mts.
- To be located near / attached with the Common Service Centre of ‘Ministry of Communication & IT’ or with local Panchayat serving the training need of conglomerate of villages.
- Indicative cost : Rs.50 lakhs

(vii) Skill Development Plan for 34 district affected by LWE:

DGE&T under Ministry of Labour & Employment has formulated a scheme “Skill Development Plan for youth of 34 districts affected by Left Wing Extremism (LWE)” at an estimated cost of Rs.4,133.52 crore Under the scheme 228 Industrial Training Institutes (ITIs) and 927 Skill Development Centres (SDCs) are proposed to be set up. As a short Term Measure 5,000 youth are proposed to be trained in existing training infrastructure in Government as well as private institutes. Planning Commission has accorded ‘in-principle’ approval for the scheme. Approval of EFC is yet to be obtained.

Government Strategy to address the challenges in Skill Development programme:

Expansion of outreach, increasing capacity & capability of existing system to ensure equitable access to all:

3.47. National Policy on Skill Development is committed to provide opportunity of Skill Development to all sections of society including women and disadvantaged sections such as SCs, STs, OBCs, minorities and economically challenged and disabled persons of society. Also providing skill development opportunities in rural areas, hilly areas, border and difficult areas, naxal affected and remote areas of the country. Enhancing their access to training; improving employability and increasing employment opportunities.

3.48. DGE&T has taken initiatives for setting up of 1500 ITIs and 5000 SDC across the country to meet the Skill Development need in line with policy direction. Focus will be on modular courses, short term relevant and effective courses, suitable for employment.

3.49. Training programmes will be conducted in multiple shifts and possibility will be explored to utilize spare capacity of High Schools/ Polytechnics/ Engineering Colleges and industries for skill development.

Skill deficit mapping to make training relevant to the needs of the country.

3.50. In order to reduce the mismatch between the supply and demand, Government has taken initiative for setting up of Sector Skills Council with National Skill Development Corporation. The function of SSCs will include:

- a) Identification of skill development needs including preparing a catalogue of types of skills, range and depth of skills to facilitate individuals to choose from them.
- b) Development of a sector skill development plan and maintain skill inventory.
- c) Determining skills/competency standards and qualifications.

- d) Standardization of affiliation and accreditation process.
- e) Participation in affiliation, accreditation, examination and certification.
- f) Plan and execute training of trainers.
- g) Promotion of academies of excellence.
- h) Establishment of a well structured sector specific Labour Market Information System (LMIS) to assist planning and delivery of training.

Labour Market Information Systems and HR Planning Mechanism

3.51. Hon'ble Finance Minister, in his Budget Speech on 6th July, 2009 has proposed to launch a new project for modernization of Employment Exchanges in public private partnership so that a job seeker can register on-line from anywhere and approach any employment exchange. Under the project, a national web portal with common software will be developed. This will contain all the data regarding availability of skilled persons on the one hand and requirements of skilled persons by the industry on the other. It will help youth get placed and enable industry to procure required skills on real time basis.

3.52. In compliance of above announcement, the Employment Exchanges are being strengthened and upgraded under the National Employment Service to provide counseling, guidance and placement services to the employment seekers. They will also channel the candidates into jobs, apprenticeship and training.

Providing mobility between education and training and establishing a national qualifications framework

3.53. DGE&T has taken initiative for developing National Vocational Qualifications Framework which will, inter-alia, include opportunities for horizontal and vertical mobility between general and technical education, recognition and certification of competencies irrespective of mode of learning.

Target of training 500 million persons by 2022

3.54. PM's National Council on Skill Development has set a target of training 500 million persons by the year 2022. National Policy on Skill Development has carried out benchmarking of the training target for various Ministries/ Departments for developing Skill Development Programme in the sectors under their control. Training target for Ministry of Labour & Employment is 100 million. Planning Commission is coordinating with Ministries/Departments for preparing skill development plans and setting up the targets for 11th, 12th & 13th Five year plans.

Training of trainers

3.55. Government has taken initiatives for improving the quality and size of trainer resources. DGE&T is taking initiatives to set up 15 new Advanced Training Institutes under PPP mode with seating capacity of 2000 per year, to meet the requirement of training need of trainers. Under the World Bank project, central govt. has already given assistance to set up 5 instructor training wings in five States namely Karnataka, Orissa, Andhra Pradesh, Uttar Pradesh & Gujarat. Assistance to set up 5 more ITW will be given in current financial year.

Issues for deliberation

- (i) Over half the workforce continues to depend on agriculture even though it accounts for less than a fifth of the total GDP. This distortion implies a vast gap in incomes and productivity between the agriculture and non-agriculture sectors and points to the need for a large employment shift to non-agriculture occupations. However, there has been, during the last two decades, inadequate growth of productive employment opportunities outside agriculture.
- (ii) The organised sector that offers work that would be considered decent, employs about 6 per cent of the workforce and, in recent years, has been characterized by a low and declining employment intensity of output growth.
- (iii) A large number of workers whether wage-employed or self-employed earn below poverty line incomes and are 'working poor'.
- (iv) There is a need to go beyond special programmes and integrate employment concerns into policy-making at various levels. The crucial issue is to ensure that the employment objective is factored or mainstreamed in the country's socio-economic development strategy.
- (v) A range of social considerations constrain the utilization of productive potential of large sections of the workforce, such as women and some vulnerable groups. Supportive structures and an enabling environment need to be created to ensure that not only productive employment opportunities increase, but also there is an increase in the participation of these groups in mainstream economic and social activities.
- (vi) National Vocational Qualifications Framework which will, inter-alia, include opportunities for horizontal and vertical mobility between school and technical education, Recognition and certification of competencies irrespective of mode of learning.
- (vii) Setting up of Sector Skills Council with National Skill Development Corporation. Functions of SSCs include identification of skill gaps, preparation of Skill Development plans and establishment of well

structured sector specific Labour Market Information System to assist planning and delivery of training.

- (viii) To promote Skill Development in Unorganized sector. Promotion of lifelong learning among working adults in organized and unorganized sector.
- (ix) Providing sector wise technical skill resource personnel from trade unions and industries / employers organizations, whose expertise can be used in identification of occupations, identification of skills and competencies, design of course curriculum, examination and certification etc.
- (x) Expansion of outreach using established as well as innovative approaches. Providing opportunity of Skill Development for employment/self employment, to all sections of society including women and disadvantaged sections such as SCs, STs, OBCs, minorities and economically challenged and disabled persons of society. Also providing skill development opportunities in rural areas, hilly areas, border and difficult areas, naxal affected and remote areas of the country. Enhancing their access to training; improving employability and increasing employment opportunities.

Status Report on Setting up of State Skill Development Missions (As on 10th August, 2010)

Sl. No.	Name of the State	Mission	Headed By
1.	Andhra Pradesh	SSDM set up	Chief Minister
2.	Arunachal Pradesh	SSDM set up	Chief Minister
3.	Assam	SSDM set up	Chief Minister
4.	Bihar	SSDM set up	Chief Minister
5.	Chhattisgarh	SSDM set up	Chief Minister
6.	Goa	SSDM set up	Chief Minister
7.	Gujarat	SSDM set up	Principal Secretary, Education
8.	Haryana	SSDM set up	Chief Secretary
9.	Himachal Pradesh	SSDM set up	Chief Secretary
10.	J&K	SSDM set up	Chief Minister
11.	Jharkhand	SSDM set up	---
12.	Karnataka	SSDM set up	Chief Minister
13.	Kerala	State Council for Skill Development	Chief Minister
14.	Madhya Pradesh	Council for Vocational Education & Training	Chief Minister
15.	Maharashtra	SSDM set up	---
16.	Manipur	SSDM set up	Chief Minister
17.	Meghalaya	SSDM not set up	---
18.	Mizoram	SSDM not set up	---
19.	Nagaland	SSDM set up	Chief Minister
20.	Orissa	High Powered Employment Mission	Chief Secretary
21.	Punjab	SSDM set up	Chief Minister
22.	Rajasthan	Rajasthan Mission on Livelihoods	Chief Minister
23.	Sikkim	Directorate of Capacity Building Set Up#	Chief Minister
24.	Tamil Nadu	SSDM set up	Deputy Chief Minister
25.	Tripura	SSDM set up	
26.	Uttar Pradesh	SSDM set up	Chief Secretary
27.	Uttarakhand	SSDM set up	---
28.	West Bengal	SSDM set up	Chief Minister
Union Territories			
1.	Chandigarh	UT Level SDM not set up	---
2.	Lakshadweep	UT Level SDM set up	Administrator, Lakshadweep
3.	Puducherry	UT Level SDM not set up	---
4.	A&N Islands	UT Level SDM set up	Secretary (Labour)
5.	D&N Haveli	UT Level SDM not set up	---
6.	Daman & Diu	UT Level SDM set up	Administrator, Daman & Diu as Chairman
7.	Delhi	UT Level SDM set up	General Council headed by Chief Minister/Executive Council headed by Chief Secretary

The State has State Institute of Capacity Building (SICB), setup in 2009. As per their communication (02-02-2010) the SICB is line with the SSDM.

25 States and 4 UT's have already set up SSDM's