

## Chapter-1

### HIGHLIGHTS OF IMPORTANT ACTIVITIES

#### INTRODUCTION

1.1 The Ministry of Labour and Employment is one of the oldest and important Ministries of the Government of India. The main responsibility of the Ministry is to protect and safeguard the interests of workers in general and those who constitute the poor, deprived and disadvantaged sections of the society, in particular, with due regard to creating a healthy work environment for higher production and productivity and to develop and coordinate vocational skill training and employment services. Government's attention is also focused on promotion of welfare and providing social security to the labour force both in organized and unorganized sectors, in tandem with the process of liberalization. These objectives are sought to be achieved through enactment and implementation of various labour laws, which regulate the terms and conditions of service and employment of workers. The State Governments are also competent to enact legislations, as labour is a subject in the concurrent list under the Constitution of India.

#### NATIONAL COMMON MINIMUM PROGRAMME

1.2 After assuming the office in June, 2004, the UPA Government has adopted the National Common Minimum Programme (NCMP). The main points concerning the Ministry of Labour and Employment in the NCMP are given below: -

- (a) **Enhancement of the welfare and well-being of farmers, farm labour and workers, particularly those in the unorganized sector and assure**

**a secure future for their families in every respect.**

- (b) **Ensuring the fullest implementation of minimum wage laws for farm labour. Comprehensive protective legislation will be enacted for all agricultural workers.**
- (c) **Striving for elimination of child labour.**
- (d) **Re-examination of labour laws to reduce Inspector Raj.**
- (e) **Consultation, consensus and cooperation to strengthen labour management relations.**

1.3 The Ministry of Labour and Employment has taken following steps to ensure implementation of the points in the NCMP: -

To ensure the welfare of workers in the unorganised sector which, inter-alia, include weavers, handloom workers, fishermen and fisherwomen, toddy tappers, leather workers, plantation labour, beedi workers, the Government propose to enact a comprehensive legislation for these workers. The Ministry of Labour & Employment drafted the 'Unorganised Sector Workers Bill, 2004' which, inter-alia, envisages provision for safety, social security, health and welfare matters. The draft Bill was sent to all stakeholders including National Advisory Council (NAC) and National Commission for Enterprises in the Unorganised Sector (NCEUS). The Ministry received a draft Bill namely, 'the Unorganised Sector Workers Social Security Bill, 2005 from NAC. The draft Bill was examined in the Ministry in consultation with the State Governments, central trade unions, employers' organizations and NGOs. The

NCEUS also prepared two bills i.e. (i) Unorganized Sector Workers (Conditions of Work & Livelihood Promotion) Bill, 2005 and (ii) the Unorganized Sector Workers Social Security Bill, 2005.

The draft Bills prepared by the Ministry of Labour and Employment, NAC and NCEUS were examined and discussed in the Meeting presided over by Hon'ble Prime Minister on 18<sup>th</sup> November 2005 and Members / Experts of NAC / NCEUS on 22<sup>nd</sup> November 2005. Subsequently, NCEUS submitted a report in this regard.

The proposal of the enactment of legislation and also formulation of the scheme as well as the report of the NCEUS on the Social Security for the Unorganised Workers was considered by the Committee of Secretaries (COS) chaired by the Cabinet Secretary in a meeting held on 25<sup>th</sup> July, 2006. After detailed discussions, it was decided that a small Group would be constituted by the Cabinet Secretariat, which would examine the various draft Bills and proposals and give their recommendations to the Cabinet Secretary.

The Group constituted by the Cabinet Secretariat held its first meeting under the Chairmanship of Secretary (L&E) on 24.08.2006, which was attended by the Members of the Group and experts/ Professionals in the area of social security for the workers. There were extensive and exhaustive discussions on all vital issues in all the draft bills and various options, including extension of Janshree Bima Yojana and remodeled Krishi Shramik Samajik Suraksha Yojana, to provide social security to the workers in a phased manner. The Group submitted its recommendations to the Cabinet Secretary on 14.09.2006.

Another meeting of Committee of Secretaries (COS) under the Chairmanship of Cabinet Secretary was held on 25.10.2006 in which detailed deliberations were held on the recommendations

proposed by the small Group and NCEUS. After detailed deliberations, it was decided to constitute a small group headed by Finance Secretary to examine the various possible options and components of a social security scheme for unorganized sector workers along with the phasing of implementation and financial implications including administrative expenses. This Group met on 27.10.2006 and discussed various options and financial implications of various schemes proposed by the small Group and NCEUS for unorganized sector workers. The Group made the following recommendations:

- (a) The welfare schemes should be taken up stage-by-stage in a phased manner.
- (b) Life insurance package to be introduced in the initial stage covering for (i) natural death cover of Rs.30,000/- (ii) accidental death / total disability due to accident Rs.75,000/- and (iii) partial permanent disability Rs. 37,500/-.
- (c) The Group recognized the need for health insurance. However, in the absence of appropriate health related infrastructure, both in the public and private sector, Ministry of Health may examine separately the feasibility of providing universal health insurance as a part of the Health Mission.
- (d) Ministry of Labour & Employment to evolve schemes for sectoral workers like weavers, handloom workers, fishermen, toddy tappers, leather workers, plantation labour, etc.
- (e) The Ministry of Agriculture should work on the protective legislation for all agricultural workers in consonance with the National Common Minimum Programme (NCMP).

- (f) To oversee the implementation of the proposed insurance scheme and other such schemes, which may be added from time to time, an institution may be set up by the Ministry of Labour and Employment.

The Chairman of the Group, indicated that a beginning would be made with an allocation of Rs.1000 crore in the year 2007-2008 and would go upto Rs.5000 crore in the year 2011-2012 amounting to total allocation of Rs.15000 crore during the Eleventh Five Year Plan.

The Ministry has drafted a Note on Unorganised Sector Social Security Bill in consultation with National Commission for Enterprises in Unorganised Sector for decision at an appropriate level.

The “appropriate governments” for agricultural workers, in most cases, are the State Governments and minimum wages are fixed and implemented by them. However, the Central Government also fixes minimum wages of agricultural workers coming under Central sphere, such as, military dairy farms, Central Agricultural Research Institutes, etc. Accordingly, all the States / Union Territories have been requested to furnish monthly report regarding implementation of minimum wages. They have also been asked to involve the Civil Society in the monitoring of the implementation of minimum wages. Besides, there is constant interaction with the State Governments by writing letters, personal interaction and holding meetings of the Regional Committees for effective implementation of the Minimum Wages Act, 1948 under the Chairmanship of Union Labour and Employment Secretary. Such meetings were held for the Northern Region on 19.04.2006 at Chandigarh and on 28.09.2006 at Amritsar, for the Southern Region on 28.06.2006 at Triupati, for the North Eastern Region on 06.07.2006 at Guwahati, for the Eastern Region on

23.09.2006 at Ranchi and for the Western Region on 05.10.2006 at Goa.

One of the components of the National Child Labour Policy, 1987, is setting up of the National Child Labour Projects (NCLPs) in areas of high concentration of child labour for their identification, withdrawal and rehabilitation. In pursuance of Government’s commitment to eliminate child labour in hazardous areas, the National Child Labour Project Scheme has been extended to cover 100 more districts in addition to 150 districts where the scheme was already in operation. Besides, a \$40 million project INDUS (Indo-US joint project) on Child Labour has been launched.

Vide a Notification, employment of children as domestic workers or servants or in dhabas , restaurants, hotels, motels, tea-shops, resorts, spas or in other recreational centres has been prohibited under the Child Labour (Prohibition & Regulation) Act, 1986 with effect from 10<sup>th</sup> October, 2006. Anyone employing children in these two categories of occupations would, therefore, be liable to prosecution & other penal action under the Act. While Government servants were already prohibited from employing children as domestic servants, by issuing this Notification, the Government has imposed these restrictions on everyone.

This decision has been taken on the recommendation of the Technical Advisory Committee on Child Labour, which considered these occupations as hazardous for children and recommended their inclusion in the list of occupations, which are prohibited for persons below 14 years under the Child Labour (Prohibition & Regulation) Act, 1986. The Director General, Indian Council for Medical Research (ICMR), heads the Technical Advisory Committee.

The Ministry of Labour and Employment has been emphasizing on the Central Industrial Relations Machinery, as well as on the State Governments, to streamline the existing procedures relating to undesirable visits by the Inspectors. Use of alternative methods like self-certification system is being explored.

There is felt need that the number of registers to be maintained and returns submitted should be reduced so that manpower and resources are better utilized for rising production and productivity in the fast changing market. To address this issue, a Bill to amend the Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988 has been introduced in Rajya Sabha on 22.08.2005. The Bill envisages simplification of forms of returns and registers required to be maintained under certain labour laws. The revised forms can be maintained in computer and the reports transmitted by e-mail.

In order to provide hassle-free industrial environment, and to reduce unnecessary interference of inspecting staff, the following steps have also been taken: -

**(i) Employees' State Insurance Corporation (ESIC):**

The revised policy contemplates inspection only in the case of defaulters and where the compliance is irregular. The regular annual inspection has been retained only in the cases of major employers employing more than 250 workers. The inspections / investigations are also undertaken where complaints about non-coverage of establishments are received or detected during the course of regular surveys.

**(ii) Employees' Provident Fund Organisation (EPFO):**

At present, inspections are carried out only in respect of establishments against which there are specific complaints of evasion or non-compliance. Such inspections are ordered by senior level officers who specifically assign the task, at random, to the inspectors, so that there is no chance of any pre-decided action plan on the part of the inspectors for visiting any particular establishment. The territorial jurisdiction of the inspectors has since been abolished, and they are now engaged for inspections only for specifically assigned cases as decided by the Assessing Circle Officers with whom the inspectors are pooled.

**(iii) Chief Labour Commissioner (Central) CLC(C):**

In respect of IT Software and IT Service Industries, the CLC(C) has advised its subordinate offices that routine and periodic inspections may not be necessary since the employees engaged by these IT industries are usually qualified and, therefore, are in a better position to protect and promote their interests. However, enforcement of labour laws in these establishments through returns submitted by the employers under various labour laws is being continued.

**STRENGTHENING OF TRIPARTISM**

1.4 The Ministry of Labour and Employment has always been striving to promote harmonious industrial relations in the country. The Government, being committed to the ethos and culture of tripartism, took measures to revitalize it.

1.5 The Ministry continues to have consultation with the social partners to obtain a consensus for enacting new laws or bringing about changes in the existing

laws. The objective of the Ministry is to knit the views of all the social partners in framing the policy for working class. Accordingly, the Ministry of Labour & Employment held several tripartite meetings of various Committees / Boards during the year which, inter-alia , include:

- (i) Meetings of Central Board of Trustees (EPF) held on 28.03.2006, 07.11.2006 and 07.12.2006
- (ii) Meeting of Governing Body of Central Board for Workers Education held on 27.11.2006
- (iii) A Meeting with the representatives of the employers and the workers to elicit their views of the provisions of Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Amendment and Miscellaneous Provisions Bill, 2005 held on 22.06.2006.
- (iv) Meeting of Central Advisory Committee under Building and Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996 held on 10.11.2006
- (v) 41<sup>st</sup> Session of the Standing Labour Committee held on 20.12.2006.
- (vi) State Labour Minister's Conference held on 21.12.2006
- (vii) Meeting to discuss issues relating to fixed term employment with representatives of employers and the workers held on 22.12.2006

1.6 Thus, the Ministry, in true spirit, is following the tripartite consultation process to strengthen the labour-management relations.

1.7 A number of other legislative and executive initiatives have also been taken to promote, protect and preserve health, safety and social security for workers through observance of the ethos and culture of tripartism. Some of the important

initiatives taken during the year in this regard are summarized as below: -

## **INDUSTRIAL RELATIONS**

1.8 Maintenance of harmonious industrial relations situation remains an avowed objective of Ministry of Labour & Employment. Due to constant endeavour of the Industrial Relations Machineries, both Central and the State, the overall industrial relations climate has remained peaceful and cordial. The number of incidences of strikes and lockouts has declined from 1305 in 1997 to 458 in 2005 and has exhibited a declining trend over this period. However, the mandays lost on account of these disturbances has increased from 16.97 million in 1997 to 23.27 million in 2005 and show variations over this period.

1.9. Similarly, the spatial / industry wise dispersion of the incidences of strikes and lockouts is concerned, West Bengal, Tamil Nadu and Gujarat are the States most affected while textiles, engineering and financial intermediaries (excluding insurance & pension funds) recorded the maximum number of strikes and lockouts.

1.10 With a view to strengthen the existing adjudicating system, twenty-two Central Government Industrial Tribunal-cum-Labour Courts are functioning at Dhanbad (Jharkhand), Mumbai, New Delhi and Chandigarh (two courts each) and one each at Kolkata, Jabalpur, Kanpur, Nagpur, Lucknow, Bangalore, Jaipur, Chennai, Hyderabad, Bhubaneswar, Ahmedabad, Ernakulam, Asansol and Guwahati. This Ministry has also introduced a system of Lok Adalats, as an alternative dispute redressal mechanism, in the adjudication system of the CGIT-cum-Labour Courts to reduce the pendency of industrial disputes. So far 319 cases have been settled through this mechanism.

## **STANDING LABOUR COMMITTEE**

1.11 The 41<sup>st</sup> Session of Standing Labour Committee was held on 20<sup>th</sup> December, 2006 .The agenda included:

- **Labour Market Governance in the context of globalized economy**
- **Measures to increase employability of the youth**
- **Reforms in Social Security System**
- **Work in the Fishing sector**

## VULNERABLE SECTIONS

### Child Labour

1.12 Elimination of child labour is an area of great concern and commitment for the Government of India. The problem of child labour can be viewed as a socio-economic evil, which is a direct consequence of poverty and illiteracy. Considering the magnitude and the nature of the problem, Government has adopted a gradual & sequential approach to withdraw and rehabilitate working children, beginning with those working in hazardous occupations / processes.

1.13 Government announced a comprehensive National Policy on Child Labour in August, 1987 which among other things envisaged a Project-based Action Plan for the welfare of working children in areas of high concentration of child labour. Under the action plan, National Child Labour Project (NCLP) Scheme was launched in 12 child labour endemic districts in 1988. The number of districts covered under the Scheme has been substantially enhanced to 250 under the current Plan.

1.14 Major activity undertaken under the NCLP Scheme is the establishment of the special schools/centres to provide non-formal/formal education, vocational

training, supplementary nutrition, monthly stipend and regular health check ups, etc. to children withdrawn from employment so as to prepare them to join mainstream schools.

1.15 The number of schools under the Scheme has been increased from 4,000 to over 6,000 in the current year.

1.16 Elimination of child labour is the single largest programme in this Ministry's activities. Apart from a major increase in the number of districts covered under the scheme, the priority of the Government in this direction is evident in the quantum jump in Budgetary allocation during the 10<sup>th</sup> Plan. Government has allocated Rs.602 crore for the Scheme during the 10<sup>th</sup> Plan, as against an expenditure of Rs.178 crore in the 9<sup>th</sup> Plan.

1.17 Similar scheme for rehabilitation of working children has been started in additional 21 districts of the country under the INDO-US Project (INDUS), which has inter-alia, strong additional component of vocational training for adolescents. Government of India has allocated Rs.65 crore for the Project. Around 850 schools have been opened under this Project covering 48,800 working children.

1.18 The implementation of NCLP and INDUS Schemes is being closely monitored through periodical reports, frequent visits and meetings with the District and State Government officials. The Government's commitment to achieve tangible results in this direction in a time bound manner is also evident from the fact that in last Regional Level Conferences of District Collectors held in Hyderabad, Pune, Mussoorie and Kolkata , district-wise review of the Scheme was conducted at the level of Secretary. These Conferences helped in a big way in early operationalization of Scheme in the newly selected 150 districts.

1.19 Employment of children as domestic workers or servants or in dhabas, restaurants, hotels, motels, tea-shops, resorts, spas or in other recreational centres has been prohibited under the Child Labour (Prohibition & Regulation) Act, 1986 with effect from 10<sup>th</sup> October, 2006

1.20 Anyone employing children in these two categories of occupations would, therefore, be liable to prosecution and other penal action under the Act.

### **Women Labour**

1.21 The Government is committed to improve the working conditions of women workers. In this direction, guidelines for the prevention of sexual harassment of women employees in their workplaces have been framed. Simultaneously, instructions have been issued to the Central Ministries / Departments, State Governments / UT Administrations and all CPSUs for strict implementation of the guidelines. The Conduct Rules applicable to the Central Government and the All India Services have since been amended to give effect to these guidelines. The Industrial Employment (Standing Orders) Central Rules, 1946 have also been amended to make the guidelines applicable to employees in the private sector.

1.22 Further amendments in the Industrial Employment (Standing Orders) Central Rules, 1946 to provide that the Complaint Committee established in each establishment for inquiring into a complaint of sexual harassment shall be deemed to be the inquiring authority appointed by the employer for the purpose of these rules, have been notified on 19.01.2006.

### **Bonded Labour**

1.23 The system of debt bondage in India originated from the uneven social structure characterized by feudal and semi-feudal conditions. The issue of 'Bonded Labour' came to the forefront in national policies when it was included in the earlier 20 point Programme in 1975. To implement this, the Bonded Labour System (Abolition) Ordinance was promulgated. This was later on replaced by the Bonded Labour System (Abolition) Act, 1976. It is such an important programme that its implementation is regularly monitored and reviewed under the 20-point programme of the Government.

1.24 In order to assist the State Governments in their task of rehabilitation of released bonded labourers, the Ministry of Labour and Employment launched a Centrally Sponsored Scheme on 50:50 basis in regard to funding in May 1978. Under the Scheme, rehabilitation assistance of Rs.20,000/- per bonded labourers is provided. The modified scheme also provides for financial assistance to the State Governments/Union Territories for conducting survey of bonded labourers, awareness generation activities and impact evaluation. A sum of Rs.6874.65 lakh has been released under the Scheme to the State Governments upto 30.11.2006 for rehabilitation of 266738 bonded labourers.

### **SOCIAL SECURITY**

1.25 The Government has enacted a number of legislations in the area of Social Security for the workers. The important

Acts in this regard are the Workmen's Compensation Act, 1923, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972 and the Employees' State Insurance Act, 1948. Several initiatives have been recently taken to accord larger benefits to workers under these Acts as detailed below: -

### **Employees' State Insurance Corporation**

1.26 To provide health care and cash benefits in the case of sickness, maternity and employment injuries, the Employees State Insurance Act was enacted in 1948. The Employees' State Insurance Corporation(ESIC) is implementing the ESI Scheme introduced since 1952. The achievements are as under:-

- The ESI Corporation has increased its network to 144 hospitals, 42 hospital annexes, 1422 dispensaries, 45 Regional / Sub-Regional / Divisional Offices, 646 Branch Offices and 179 Pay Offices covering 3.54 crore beneficiaries.
- The total number of insured persons covered under the ESI Scheme increased from 84.98 lakh as on 31.03.2005 to 91.48 lakh as on 31.03.2006 and number of beneficiaries increased from 3.29 crore as on 31.03.2005 to 3.54 crore as on 31.03.2006.
- At present, the ESI Scheme is extended to all factories covered under the Employees' State Insurance Act, 1948 under Section 2(12). Other establishments, such as, (i) Shops (ii) Hotels and Restaurants (iii) Cinemas & Preview Theatres (iv) Road Motor Transport Undertakings and (v) Newspaper Establishments are also covered under Section 1(5) of the Act. The scheme is being extended to new sectors e.g. educational institutions,

health care institutions etc. in a phased manner with the consent of respective state governments, so that the infrastructure and other facilities available under the ESIC are fully utilized.

- During the year 2005-2006, the ESI Scheme was implemented in 90 new geographical areas covering additional 1.48 lakh employees. From 01.04.2006 to 30.11.2006 the scheme was implemented in 39 new areas covering 75,630 additional employees. The total number of centres covered under ESI Scheme as on 31.03.2006 was 728.
- Rajiv Gandhi Shramik Kalyan Yojna was introduced to provide unemployment allowance to the insured persons who have been rendered unemployed involuntarily due to the closure of the factory/establishment, retrenchment or permanent invalidity arising out of non-employment injury w.e.f. 01.4.2005. Upto 31.10.2006 payment of Rs.93.13 lakh was made in 755 cases.
- In consonance with the decision to extend ESI Scheme to educational institutions, a notification under Section 1(5) of the ESI Act is required to be issued by the respective State Governments after seeking the approval of the Central Government. The present position is as under:-
  - (a) The State Governments of Rajasthan, Bihar, Pondicherry, Jammu & Kashmir, Uttaranchal, Chhattisgarh, Jharkhand and West Bengal have issued the final notifications under Section 1(5) for extending coverage to educational institutions.
  - (b) The State Governments of Karnataka, Tamil Nadu and Himachal Pradesh have issued intention notifications u/s 1(5) to

extend the scheme to educational Institutions and these states are in process of issuing of final notifications. The Govt. of Madhya Pradesh, Assam and Uttar Pradesh have also obtained approval of the Central Government for issue of intention notification under Section 1(5) of the Act.

- The Corporation has also approved extension of ESI Scheme to private medical institutions. As on date, the Government of West Bengal has issued final notification and Governments of Uttaranchal, Rajasthan, Pondicherry and Bihar have issued intention notification. The State Governments of Himachal Pradesh, Punjab, Assam and Kerala have obtained the approval of the Central Government in this regard.
- The wage ceiling limit for coverage of employees under the ESI Act has been enhanced from Rs.7500/- to Rs.10,000/- per month and ten more slabs of maximum daily standard benefit rates have been added from Rs.150/- to Rs.195/- w.e.f. 01.10.06.
- The Corporation has increased the rehabilitation allowance being paid to disabled insured persons receiving training through vocational training centres from Rs.45/- to Rs.123/- per day.
- The Corporation has decided to take over the Medical Care under the ESI Scheme in States subject to willingness of the State Govt.
- The ceiling on expenditure on medical care per insured person family unit per annum has been enhanced from Rs.750/- to Rs.900/-.
- The Corporation has launched a pilot project for providing IT(Information Tech.) enabled services for disbursement of

cash benefits and on-line registration of employers & employees on 11.10.2006. In that module the following functions have been computerized:-

- On-line registration of employers and employees
  - On-line payment of ESI Contributions by employers.
- The Corporation has also launched a pilot project for computerization of medical care in ESI dispensaries and hospitals on 29.11.2006. This module of the pilot project of computerization in ESIC will include:-
    - OPD registration
    - Doctor's prescription
    - Diagnostic tests
    - Issue of medicines by ESI Stores
    - Pharmacopoeias of ESI medicines stores
    - Referral cases to hospital by dispensaries etc.
  - The ESIC embarked upon a new initiative for having a standardized quality system for its services. In the quest of quality management, the Corporation hired the services of National Productivity Council (NPC) for improving the overall functioning of its different offices. Consequently, a lot of qualitative changes were brought in the processes of the functioning. In this process, the ESI Corporation also adopted a new quality policy. For achieving all the required improvements and stringent documentation, the NPC conducted an in-house quality audit and thereafter the external quality audit team inspected all the offices of the Corporation. On completion of all the quality requirement, the Indian Register Quality System(IRQS), Mumbai a duly accredited body by RVA, Netherlands awarded the ISO 9001:200 certificate to –

- ESIC Headquarters office
  - ESI Hospital, Basaidarapur, New Delhi
  - ESI Dispensary, Factory Road, Sarojini Nagar, New Delhi
  - Regional Office, New Delhi
  - Three Divisional Offices under Regional Office, New Delhi
  - 13 Branch Offices under Regional Office, New Delhi
- The Corporation has also introduced a Toll Free Helpline No.1800 11 2526 to offer personalized services to all its stakeholders.

### Employees' Provident Fund Organisation

1.27 The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 provides for compulsory provident fund, pension and deposit linked insurance in factories / establishments employing 20 or more employees in scheduled industries. The Government of India through the Employees Provident Fund Organisation (EPFO), administers the Employees Provident Fund and Miscellaneous Provisions Act 1952 and the following three Schemes framed there under :

- **Employees' Provident Funds Scheme, 1952**
- **Employees' Pension Scheme, 1995 and**
- **Employees Deposit Linked Insurance Scheme, 1976**

1.28 As on 31.03.2006, there were 444464 establishments covered under the act out of which 2558 were exempted establishments. The total membership in the Employees Provident Fund was 429.53 lakh with membership in the Pension Fund being 323.05 lakh. During 2005-2006, 48.18 lakh members' claims were settled with an amount of Rs.10521.15 crore being disbursed against these claims. There was a total corpus of Rs.216110.08 crore in respect of contributions received so far as on 31.03.2006 under all three schemes being

administered by EPFO. During the year 2005-2006, the total contributions received under all three schemes amounted to Rs 23682.70 crore. The rate of interest declared on the deposits of members to the employees provident fund was 8.50% (on monthly running balance) for 2005-2006. During the year, 537.50 lakh annual statements of accounts were issued to members of unexempted establishments

1.29 During the year 2005-06, 8366 prosecutions cases were launched against defaulting establishments under Section 14 of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 with 1922 cases being decided during the year. 21191 Recovery Certificates for amount of Rs 238.77 crore dues under EPF scheme were issued under Section 8 of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 . 18013 recovery certificates issued against dues of Rs 145.13 crore under EPS'95 scheme and 18329 recovery certificates were issued against dues of Rs 8.78 crore under EDLI schemes. 457 FIRs were filed with the police and 7 Challans were filed by the police in various courts under section 406/409 IPC for recovery of dues from defaulting establishments .

1.30 The modernization project "**Reinventing EPF India**" initiated in the year 2000 has crossed a milestone in November 2006 with the project being fully implemented in the first instance in six pilot offices of the Organization in Hyderabad, Mangalore, Indore, Patna, Kota and Karnal with the following aims :-

- To Maintain real time updated annual accounts of PF members
- Double accounting system compatible with modern accounting practices

- New IT enabled banking arrangements to save the loss of interest
- To reduce the turn around for settlement of claims from 30 days to 2-3 days
- To introduce electronic fund transfer and electronic clearance system for disbursement of money to beneficiaries
  
- To establish an intelligent coverage and compliance machinery
- To enhance customers satisfaction through any time any where facility

### **FOCUS ON WORKERS IN THE UNORGANISED SECTOR**

1.31. The term ‘unorganised labour’ has been defined as those workers who have not been able to organize themselves in pursuit of their common interests due to certain constraints like casual nature of employment, ignorance and illiteracy, small and scattered size of establishments, etc.

1.32 As per the survey carried out by the National Sample Survey Organisation in the year 1999-2000, the total employment in both organized and unorganized sector in the country was of the order of 39.7 crore. Out of this, about 2.8 crore were in the organized sector and the balance 36.9 crore in the unorganized sector. Out of 36.9 crore workers in the unorganised sector, 23.7 crore workers were employed in agriculture sector, 1.7 crore in construction, 4.1 crore in manufacturing activities and 3.7 crore each in trade and transport, communication & services. The workers in unorganised sector fall in various categories but a large number of them are home based workers which are engaged in occupations like beedi rolling, agarbatti making, papad making, tailoring, zari and embroidery work.

1.33 The unorganised sector workers suffer from cycles of excessive seasonality of employment, absence of formal employer employee relationship and lack of social security protection. Several legislations, like, the Minimum Wages Act, 1948; the Workmen's Compensation Act, 1923; the Maternity Benefit Act, 1961 and the Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 are directly or indirectly applicable to the workers in the unorganised sector . The Government has constituted some welfare funds also to provide social security to workers in occupations like beedi rolling etc. There are some employment-oriented schemes like Swarnjayanti Gram Swarajgar Yojana, Pradhanmantri Gram Sadak Yojana, Sampoorna Gramin Rojgar Yojana, etc. The Government has also launched Group Insurance Schemes like Janshree Bima Yojana. Despite these initiatives, the working and living conditions of the unorganised sector workers continue to be pathetic.

### **Umbrella Legislation for workers in the Unorganised Sector**

1.34 The Second National Commission on Labour (1999-2000) has suggested an umbrella legislation for ensuring a minimum level of protection to the workers in the unorganised sector. The Government has contemplated to bring forward a legislation to regulate the employment and service conditions of the unorganised sector workers and to provide for their safety, social security had health. The action taken in this regard has been indicated above.

### **LABOUR WELFARE FUNDS**

1.35 The Ministry of Labour & Employment is administering five Welfare Funds for beedi, cine and certain categories of non-coal mine workers. The Funds have been set up under the following Acts of



the State Machinery ensures the enforcement of the Act.

1.40 In order to protect the minimum wages against inflation, the Central Government has made provision of Variable Dearness Allowance (VDA) linked to Consumer Price Index. As regards States/UT Administrations, 26 of them have made VDA as a component of minimum wages. Both Central and State Governments are revising the minimum wages in respect of these scheduled employments from time to time. In the Central sphere, the rates were last revised w.e.f .01.10.2006.

1.41 Though the concept of a Uniform National Minimum Wage has been discussed at various fora over the years, the same has not got evolved so far. The fixation of minimum wages depends on various factors like income, prices of essential commodities, productivity, paying capacity, local conditions etc. Since these vary from place to place and from industry to industry, there are disparities in the wages throughout the country. In the absence of a uniform national minimum wage, the Central Government introduced a national floor level minimum wage. Initially, it was fixed at Rs.35/- per day in 1996 based on the recommendations of the National Commission on Rural Labour, 1991 and subsequent increase in price level. The national floor level minimum wage is periodically revised, the last revision being Rs.66/- per day with effect from 1.2.2004. The State Governments are impressed, from time to time, to ensure that in none of the scheduled employments, the minimum wages are below the national floor level wage. Most of the States have revised their minimum wages in tune with the national floor level minimum wage.

## REVIEW OF LABOUR LAWS

1.42 Labour figures in the Concurrent List of distribution of power in the

Constitution. Thus, both the Centre and the State can legislate in this area. There are **43 labour** related statutes enacted by the Central Government dealing with minimum wages, accidental and social security benefits, occupational safety and health, conditions of employment, disciplinary action, formation of trade unions, industrial relations, etc.

1.43 Review / updation of labour laws is a continuous process in order to bring them in tune with the prevailing situation and emerging needs of the stakeholders.

1.44 At present, the status of amendment / updation of various labour laws is as given below: -

### **The Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988**

1.45 A Bill has been introduced in Rajya Sabha on 22<sup>nd</sup> August, 2005 to make amendments in this Act for simplifying the forms of returns and registers prescribed under certain labour laws; and to make amendments in the Scheduled Acts to prescribe penalty on uniform basis for obstructions and non-maintenance of records etc. It is proposed to apply this Act to establishments employing upto 500 employees as against 19 at present, and increase the coverage of Acts from 9 to 16. It is expected that the simplified forms to be introduced by the proposed amendment Bill will give much needed relief to employers in maintaining registers and submitting returns under various labour laws. The registers can be maintained on the computer and the annual report can be transmitted by e-mail.

### **The Maternity Benefit Act, 1961**

1.46 A proposal to amend the Maternity Benefit Act, 1961, to provide for

enhancement of the medical bonus, and to empower the Central Government to increase the amount of medical bonus from time to time is under examination.

**The Payment of Gratuity Act, 1972**

1.47 A proposal to amend the Act to specify and classify matters regarding teachers under the scope of the Act is under examination.

**The Factories Act, 1948**

1.48 The Government has decided to amend Section 66 of the Factories Act, 1948 for which the Factories (Amendment) Bill, 2003 was introduced in the Lok Sabha on 29<sup>th</sup> July, 2003. The bill was referred to the Standing Committee on Labour and Welfare. The Committee in its report had approved the amendment in the Factories Act, 1948 provided the Government take some extra safeguards, in addition to the safeguards already available, under the provision to Section 66. The Ministry of Labour & Employment submitted Action Taken Note on these recommendations to the Secretariat of the Committee. However due to dissolution of the 13<sup>th</sup> Lok Sabha, the Bill had lapsed. It was subsequently decided to re-introduce the Bill. Accordingly, the Factories (Amendment) Bill, 2005 has been introduced in Lok Sabha on 16<sup>th</sup> August, 2005.

**The Payment of Bonus Act, 1965**

1.49 A proposal to enhance the two wage ceilings for reckoning entitlement and for calculation of bonus from Rs.3,500/- per month to Rs.7,500/- per month and from Rs.2,500/- per month to Rs.3,500/- per month respectively as recommended by the Second National Commission on Labour is under examination.

**Employees' State Insurance Act, 1948**

1.50 A proposal to amend the Act for extending the coverage of facilities is under examination of the Ministry of Labour and Employment.

**MANISANA WAGE BOARDS**

1.51 A Central Level Monitoring Committee, constituted under the Chairmanship of Labour and Employment Adviser, Ministry of Labour and Employment, for reviewing the implementation of the recommendations of the Mansiana Wage Board have so far met on five occasions on 08.03.2002, 13.11.2002, 06.06.2003, 28.01.2004 and 11.08.2005.

1.52 To review the implementation of the Award in the States / Union Territories, the Central Level Monitoring Committee have so far visited Guwahati in Assam, Kolkata in West Bengal and Bhubaneswar in Orissa during 10-12 July, 2003, Bhopal and Indore in Madhya Pradesh during 26-27 October, 2005, Hyderabad in Andhra Pradesh during 4-6 January, 2006, Jaipur in Rajasthan during 2-3 March, 2006, Bangalore in Karnataka and Thiruvananthapuram in Kerala during 10-14 March, 2006

1.53 It has been decided to constitute a new Wage Boards for the Working Journalists and Other Newspapers Employees.

**OCCUPATIONAL SAFETY AND HEALTH (OSH)**

1.54 The provisions on Occupational Safety & Health (OSH) of workers as provided for in the Constitution of India are being implemented through the offices of Directorate General of Mines Safety (DGMS) and the Directorate General of Factory Advice Service & Labour Institutes (DGFASLI). The DGMS enforces the safety and health provisions for the workers in the mining industry through its

Inspectors appointed under the Mines Act, 1952. The DGFASLI through its Inspectorate of Dock Safety enforces safety provisions in the Docks and also acts as the coordinating Agency at the national level for the Inspectorate of Factories functioning under different State Governments.

1.55 Some of the important events/initiatives in the area of OSH are :-

- Every year, Ministry of Labour and Employment is distributing awards viz. Prime Minister's Shram Awards, National Safety Awards and Vishwakarma Rashtriya Puraskar and National Safety Awards (Mines) to workers.
- The Prime Minister's Shram Awards are given to the workmen employed in Department / Public Sector Undertakings of the Central and State Governments and the manufacturing units employing 500 or more workers in the Private Sector in recognition of their performance, devotion to duty etc. The Prime Minister's Shram Awards for the year 2004 announced in March, 2005 will be distributed to 45 workers including 6 women by the Hon'ble Prime Minister in the Award Presentation Ceremony proposed to be held shortly. The application for the years 2005 and 2006 are under process.
- The Vishwakarma Rashtriya Puraskar (VRP) is given to individual workers or group of workers for their outstanding suggestions leading to improvement in productivity, safety and health as well as the import substitution resulting in the savings of foreign currency. The National Safety Awards (NSA) are given in recognition of good safety performance on the part of the industrial establishments covered under the Factories Act, 1948, the employers covered under the Dock Workers

(Safety, Health and Welfare) Act, 1986 and Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. Shri Chandra Sekhar Sahu, the then Union Minister of State for Labour and Employment distributed the Vishwakarma Rashtriya Puraskar and the National Safety Awards for the year 2005 in a function held on 17.09.2006 .

- The National Safety Awards (Mines) are given at the national level in recognition of outstanding safety performances in mines covered under the Mines Act, 1952. The National Safety Awards (Mines) for the years 2002 and 2003 have been finalized and are proposed to be distributed shortly.
- The Bill to amend Section 66 of the Factories Act, 1948 to provide flexibility in the matter of employment of women during the night with adequate safeguards for their safety, dignity, honour and transportation from factory premises to the nearest point of residence was introduced in the Lok Sabha on 16<sup>th</sup> August, 2005.

**CENTRAL BOARD FOR WORKERS EDUCATION (CBWE)**

1.56 The Central Board for Workers Education (CBWE) established in 1958, is a tripartite society which implements the Workers Education Scheme at national, regional and unit/village level. The Board undertakes training programmes, which cover workers from organized, unorganized, rural and informal sectors. The main objective of the Board's training programmes is to create awareness among all sections of the working population. Supervisory and managerial cadres are also

covered through Joint Education Programmes.

1.57 With headquarters at Nagpur, the Board has a network of 50 Regional and 9 Sub-Regional Directorates spread throughout the country. The five Zonal Directorates at Delhi, Guwahati, Kolkata, Chennai and Mumbai monitor the activities of the Regional Directorates.

1.58 The Board has set up its 50<sup>th</sup> Regional directorate at Behrampur (Orissa) in September, 2006 and it has started functioning.

1.59 The board has an apex training institute-Indian Institute of Workers Education, Mumbai established in 1970 to conduct national level training programmes for the activists of Central trade Union Organizations/federations, Voluntary Organization besides training programmes for Boards officials

1.60 Since 1970 till November, 2006, the Board has conducted 695 programmes of varied durations at national level for 17,491 participants.

1.61 In the organized, unorganized and rural sector, the Board has in all conducted 3,42,841 programmes of varied duration for 1,01,44,497 workers.

1.62 Besides, the Board has been generating awareness among the informal sector workers about various welfare schemes through the newly designed Labour Welfare and Development Programmes.

## LABOUR STATISTICS

1.63 The feedback of accurate, timely and detailed statistics and actionable research on various aspects of labour activities is necessary for taking effective policy decisions. The Consumer Price Index for Industrial Workers (CPI-IW)2001=100 which are widely used to determine the dearness allowance of industrial workers and employees of Central, State and UT governments as also to fix/revise the minimum wages of organised and unorganised sector workers has replace the earlier base of 1982 = 100.

1.64 Labour Bureau's Website <http://www.labourbureau.nic.in> is being updated regularly .

1.65 Labour Bureau organizes regular training programmes for (i) Price Collectors and Price Supervisors from various States and Union Territories; (ii) senior State/Central government officers dealing with labour statistics collected under various labour laws, and (iii) the primary units furnishing the returns.

1.66 Besides, it also imparts training to (a) IES/ISS probationers (b) the foreign participants of I.S.E.C, Kolkata, sponsored by the C.S.O, and (c) Junior Certificate Course training to Statistical Officers deputed by C.S.O.

## TENTH PLAN OUTLAY

1.67 The Ministry has drawn an ambitious plan for the welfare and development of Labour during the Tenth Plan. Special emphasis is being laid for elimination of child labour, abolition and rehabilitation of the bonded labourers and skill up-gradation. The other important schemes being taken up are : Up-gradation of existing ITIs into "Centres of Excellence" and Establishment of New

ITIs in North-Eastern States, Sikkim and Jammu & Kashmir

1.68 As against total plan outlay of Rs.1,500 crore during the Tenth Plan for Ministry of Labour & Employment, year-wise outlay has been Rs.170.00 crore (BE) and Rs.125.00 crore (RE) for 2002-2003, Rs.170.00 crore (BE) and Rs.125.00 crore (RE) for 2003-2004, Rs.183.00 crore (BE) and Rs.165.00 crore (RE) for 2004-2005 and Rs.232.48 crore (BE) and Rs.200.00 crore (RE) for 2005-2006. The Plan

expenditure has been Rs.117.71 crore for 2002-2003, Rs.124.01 crore for 2003-2004, Rs.151.74 crore for 2004-05 and Rs.192.48 crore for 2005-2006, which have been 94.17%, 99.21%, 91.96% and 96.24% of the RE respectively. The outlay for 2006-2007 is Rs.336.76 crore (BE).

## **ELEVENTH PLAN**

1.69 The Planning Commission has initiated action to formulate the Eleventh Five Year Plan (2007-2012). So far as Labour & Employment sector is concerned, Planning Commission has constituted six Working Groups on issues relating to Labour Force and Employment Projection, Skill Development and Vocational Training, Labour Laws and other Labour Regulations, Social Security, Child Labour and Occupational Safety Health, the last five under the Chairmanship of Secretary (Labour & Employment). These five Working Group Reports have been submitted. The proposals for the Eleventh Plan and Annual Plan 2007-2008 of the Ministry of Labour and Employment have also been furnished to the Planning Commission.

## **INTERNATIONAL COOPERATION**

1.70 The 95<sup>th</sup> Session of the International Labour Conference was held from 31<sup>st</sup> May

to 16<sup>th</sup> June, 2006 in Geneva, wherein a 27 member Tripartite Indian Delegation led by Shri Chandra Sekhar Sahu, the then Minister of State for Labour & Employment had attended. Shri M.R.Singhal Labour Minister, Government of Delhi and Shri J.N.Mishra, Labour Minister, Orissa were also the members of the delegation.

1.71 The European Commission and the Indian Ministry of Labour & Employment signed a memorandum of Understanding (MoU) to strengthen dialogue and exchange on employment and social affairs

issues of common interest. It follows a decision at the EU-India Summit in September 2005 to reinforce cooperation between the two partners, including in the area of employment and social policy. It will provide the framework to exchange ideas on areas such as social protection, social cohesion, labour legislation, employment, labour relations and social dialogue. Vladimir Spidla, EU Commissioner for Employment, Social Affairs and Equal Opportunities and Oscar Farnandes, Indian Minister of State for Labour & Employment headed the EU delegation.

1.72 A Indo-EU Joint Seminar on Skills Development, Training & Employment was held on 27-28 November, 2006 as a first exchange under the MoU.

## **V.V.GIRI NATIONAL LABOUR INSTITUTE (VVGNI)**

1.73 V.V. Giri National Labour Institute (VVGNI), an autonomous body of the Ministry of Labour and Employment, Government of India, set up in July 1974, is a premier Institute of Research, Training and Education in the area of Labour. The main functions, among others, of the Institute are:

- to undertake and assist in organising training and educational programmes, seminars and workshops;
- to undertake, aid, promote and coordinate research on its own and in collaboration with other agencies, both national and international;
- to establish wings for:
  - Education, training and orientation;
  - Research, including action research;
  - Consultancy; and
  - Publication and other such activities as may be necessary for achieving the objectives of the society.

### **NATIONAL ACADEMY FOR RESEARCH AND TRAINING IN SOCIAL SECURITY (NATRSS)**

1.74 NATRSS is administered by the EPFO. This institute primarily conducts various research studies and training programmes on labour welfare, labour standards, social security, personnel management and industrial relations. The trainers and faculty members include professionals from private organisations, officers from EPFO and units of the Ministry of Labour and Employment as also representatives of labour institutions and Governments of various countries in Africa, Asia and the Far East.

### **EMPLOYMENT AND TRAINING**

#### **Activities of Directorate General of Employment & Training**

1.75 Vocational training and Employment being concurrent subject, both Central and State Governments share the responsibility. Laying down of policies, procedures, standard, norms, affiliation, guidelines, conducting of trade test and certification are the responsibility of the Central Government whereas the implementation of

vocational training and administration of employment exchanges rest with the respective State Governments/Union Territories. Most of the States have a Directorate of Training and Employment located in the State capital. In addition to these activities, DGE&T also runs training institutions to meet the training needs of specific target group.

#### **Upgradation of 500 existing ITIs into “Centres of Excellence”**

1.76 Union Finance Minister in his Budget Speech 2004-05 had announced measures for upgradation of 500 ITIs in the country. Subsequently, as per the advice of M/o Finance, action has been initiated for upgradation of 100 ITIs from domestic resources and 400 ITIs through World Bank assistance.

1.77 The said 100 ITIs to be funded from domestic resources have been distributed in 26 States/UTs (other than J&K, Sikkim and NE States) in proportion to the number of Government ITIs in these States. The total cost of the scheme is Rs 160 crore, Central share being Rs 120 crore, in view of ratio of 75:25 as advised by Ministry of Finance.

1.78 The objective of the scheme is to upgrade the existing 100 ITIs into “Centers of Excellence (CoE)” for producing multi skilled workforce of world standard. The highlights of the scheme are introduction of multi-skilling courses during the first year, followed by advanced/specialized modular courses in the second year by adopting industry wise cluster approach, multi entry and multi exit provisions, and Public-Private-Partnership in the form of Institute Managing Committee (IMC) to ensure greater & active involvement of industry in all aspects of training. Details are given at **Chapter 23**

#### **Testing and Certification of skill acquired through non-formal means**



1.	Procurement of equipment	1000
2.	Training of trainers	45
3.	Development of courseware	20
4.	Monitoring & review	50

5.	Contingencies	55
	<b>Total</b>	<b>1170</b>

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