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INTRODUCTION

The concept of social security is multidimensional in its form, and it has social, psychological, legal, ethical and political overtones, besides economic one. Social security is being increasingly recognised as a dynamic concept which has widely influenced the social and economic policies of all the developed and the developing countries. The concept of social security in a modern welfare state is much too broad enough providing comprehensive social security from 'Womb to Tomb'.

The rapid growth of industrial life all over the world has brought about disintegration of the old social structure and demanded a new social order based on work life. The myriad of hazards to which a worker of modern industrial society is exposed, have forced various social groups to jointly explore measures for assuaging the workers' feeling of uncertainty. These measures are chiefly aimed at fighting against the contingencies which the individual, who has small means, cannot afford or himself. These contingencies include sickness, invalidism, widowhood, orphanhood, unemployment and death.

The concept of social security can be said to be inherent in the traditional joint family system which has been prevalent in India since ages. Nevertheless, the modern concept of social security
came to attract attention of the authorities concerned in India only in the early twenties of the present century. With the growth of industrialisation in the wake of World War I, and under the impact of modern economic forces, the joint family system came to be gradually undermined. Migration of workers from villages to urban areas led to an increase in the ranks of industrial workers in the country which generated demands for protection and improvements in the working and living conditions of industrial workers and the beginning of governmental attention to social contingencies.

India, a signatory member of International Labour Organisation, has been showing pioneering zeal in almost all matters of policy formulation as well as implementation. Many of the recommendations and conventions suggested by the International Labour Organisation have also been adopted by India. But the extent of application of these guidelines have yet to reach their full standard because of difference prevailing in the perception of welfare concept. Welfare, after all, is a relative concept invariably associated with the standard of living of the people, value systems, and the resourcefulness of the country.

The Indian Constitution contains clear provisions relating to her welfare goals. The welfare ideals have been made abundantly clear in its two parts, viz. the preamble and the directive principles
of state policy. But the directive principles only reaffirm what is laid out in the preamble according to which the functions of the Republic are to secure to all its citizens social, economic and political justice. As a sequel to this determination, since the time of independence till now, India has experienced the passing of a series of unending legislations in various economic, social, industrial and other fields.

In India, the Employees' State Insurance Act, 1948 has been recognised as a foundation for a comprehensive and potentially nationwide social insurance programme. The Employees State Insurance is the first attempt of its kind in South-East Asia, introducing a compulsory and integrated system of social insurance providing cash benefit in case of sickness, maternity, and employment injury, payment in the form of pension to the dependents of the workers and medical benefits to the workers and their families. In spite of the scheme having so many welfare-oriented goals, it is to be regreted that there continues to be witnessed a dwindling trend both from the points of view of its growth and social acceptance. To speak the truth, the scheme is presently being administered in most fields without any noticeable co-operation from the employees and employers. To make the Scheme widely acceptable and socially useful, it is necessary that the Scheme must undergo legislative amendment to correct its inherent drawbacks which hinder productiveness and efficiency.
The present study is thus confined to the socio-economic aspects in contrast to the socio-legal study of the scheme over a section of industrial workers in Assam. It is proposed to study the scheme under two core hypotheses viz.,

i) that the E.S.I. Scheme is a productivity link scheme,
ii) that the E.S.I. Scheme is a welfare link scheme.

**Productivity - The only pedestal to employers' initiative**

It is admittedly true that in spite of various measures adopted in India for providing social security to the industrial workers only a fringe of the problem has been tackled. With a few exceptions, the employers usually resist every measure providing benefits to the industrial workers on the plea that it will entail additional cost burden on the industry. It is often pointed out by the employers that the burden of employers' contribution will increase the cost of production, diminish the margin of profit, and retard the mobility of labour because of conditions of qualifying period¹.

The common complaint of any conscious employer against the E.S.I. scheme is that it encourages workers to resort to unjust and undue absenteeism in the form of sickness leave. The spate of

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¹. Qualifying condition under E.S.I. Scheme refers to contributory conditions attached with the benefits. There are two contribution periods of six months each in a year in respect of an employer with corresponding benefit period of six months. However, no contributing condition is attached with disablement, dependent's, medical, funeral and re-habilitation benefits.
increase in the maternity cases have also raised the eyebrows of many employers. The grant of unrestricted maternity leave indirectly encourages women employees to adopt unplanned and uncalled for motherhood. Which results in frequent interference with work efficiency. It is worth noting that although the scheme comprises different welfare benefits into a comprehensive whole, yet in many cases it has been realised that the workers are not satisfied with the ongoing operations of the scheme. During the course of investigation, it was experienced that in a few cases the workers' unions had, scrapping of the scheme, as one of their unfulfilled demands. Besides the demand for scrapping by the employees, there are instances where some employers have unilaterally stopped contribution towards E.S.I. simultaneously with application for exemption from the scheme. To speak the truth, many applications for such exemption are yet lying undisposed with the corporation's office.

On the other hand, a demand for scrapping by the union is not easily acceptable to the employer for such an overturning step requires sanction from the concerned authorities. Besides that, any step for exemption has to run through certain procedure in which state government, central government and the corporation

2. The Regional Director, E.S.I.C. North Eastern Region disclosed this information during my visit to his office.
have to put their assent. This has resulted in the B.S.I. Corporation facing huge arrears and the recovery of the same is seemingly uncertain. Notwithstandingly, if the Government intends to use the scheme as cohesive instrument for boosting up social welfare, it must be built as an economically viable and socially acceptable programme both for the employers and the employees. Many employers have wilfully attempted to get away from within the coverage of the scheme for either they feel its exercise to be disappointing or they are apprehensive of the additional liability without commensurate increase in utility. The scheme in its first implementation requires fulfilment of minimum conditions as to the number of persons employed in an establishment. An unwilling employer, therefore, could find means to avoid the scheme deliberately by maintaining the work force below statutory margin.

Since there are technical limitations on the part of the Government in its bid to implement the scheme, a voluntary compliance by the employers is the only surviving scope for the future expansion and growth of the scheme.

**Labour Welfare - Sole criterion of employees' acceptance**

The concept of labour welfare is considered to be a subject of considerable controversy, since no single expert's opinion is
identical with the views expressed by others. A careful study helps one in identifying that labour welfare has two connotations. One is narrower in scope while the other is broader in its outlook. Whereas the latter includes the concept of social security in labour welfare the former excludes it. In tune with the former view the study team on labour welfare indentified that "Social security is considered to be one of the important aspects of labour welfare".  

If the definition of labour welfare is magnified to cover within it the concept of social security, the welfare concept will undoubtedly gain importance over its productivity counterpart. In fact, the main idea behind any social security measure is to promote social, economic, moral, and sociological well-being of workers. Thus both labour welfare and social security may be termed as having dual objects of improving productivity and promoting welfare. It is needless to say that for the successful implementation of any social security scheme, the co-operation of employers and employees is more important than statutory imposition of any kind. After all, in matters of labour welfare full-proof guarantee in implementation as per statutory norms is impossible without a sense of realisation on the part of  

employers and employees. However, because of the limitations set by majority of statutes on the subject, the employers attitude is considered to be more significant for the effective implementation of any such measure.

The Employees' State Insurance Scheme, even with its comprehensiveness and statutory patronage, has not been received with adequate popularity among all sections of industrial population. The labour unions often view it to be a statutory compulsion without a true adherence to its committed spirit. Most employees, therefore, consider it as a welfare measure existing in statute which is poorly attended to in respect of benefits and without any true test on its operational effectiveness. The co-operation of employers and employees in turn is dependent upon the cost benefit analysis. Besides the monetary considerations, the operationality of the scheme has also given rise to certain other problems which every employer considers to be deterrent to productivity.

Thus it is now clear that apart from the conditions of insurable employment, the operational viability of a scheme of labour welfare like the E.S.I. is dependent upon both the benefits it could provide to its beneficiaries and the resultant increase in productivity. However, the financial viability of the scheme is dependent upon the marginal or no profit objective of the
government. A careful study over the growth of the scheme indicates that there has been a gradual reduction in the number of beneficiaries at the national level over the past several years. This perhaps is the result of granting too many exemptions to government and non-government establishments from the operationality of the scheme. In the North-Eastern States of India the scheme has been making very slow progress and the same is witnessed by the various audit reports of the Corporation in the North-Eastern Region ⁴.

The review of the literature:

A careful review of the existing literature on labour welfare presents significant features of the current concept of labour welfare. To begin with, one is caught napping between two different definitions which delineate as to what really the labour welfare means and how far its boundaries extend. The definitions given by many recognised authorities from time to time as to the meaning of labour welfare have been undergoing substantial changes owing to the changing outlook of the society.

Social security, as understood today in three major ways, namely:

(a) Social Insurance, (b) Social Assistance and (c) Public Service, has a very crucial concept in the wake of fast growing industrialisation and need for securing workers' welfare conditions. Out of the above three measures, the social insurance is gaining wide popularity chiefly because it involves security to large toiling masses at the co-ordinated efforts of employees, employers and the government. The employees main concern is to ensure proper return of their sacrifice in the form of contribution to the fund. On the contrary, an employer under the scheme is concerned with ensuring services to their employees so as to keep their morale high and also to ensure so that the process does not interfere with work efficiency. Hence amidst these multi-pronged objects, a viability study of the E.S.I. Scheme in the context of a modern industrial set-up even in a less developed country has its ideal connection with productivity and welfarism.

Some efforts have been made to study the history of social security measures in India. A few of the researchers have also tried to determine the criterion of effectiveness of such a scheme. A number of studies, viz. (1) Dynamics of Social Security By G.C. Hallen, 1967, Meerut (2) Social Insurance For Industrial Workers of India, S.D. Punekar, 1954, Bombay (3) Industrial Social Service to a Developing Economy By A.V. Raman Rao, 1968, Bombay (4) Social Insurance By M.A. Chandrakar, 1960, Bombay (5) Labour
Welfare And Social Security Legislation In India By Dr. Deepak Bhatnagar 1985, (6) Social Security For Industrial Workers In India By G.R. Varandani 1987, etc. have attempted an analysis of Social Security Schemes and their evaluation in qualitative and quantitative terms constituting the main contents as forms of social security (i.e., Social Insurance; Social Assistance; Generalised Public service). These researchers have dealt with the different aspects of its study encompassing legislative measures providing for various benefits, their needs, coverage and eligibility requirement, types, extent of benefits, administration and finance etc. However, one aspect which has so far been neglected is the evaluation of any such scheme in the context of its productivity and welfare oriented goals. The analysis on the light of economic criteria seem to be deficient to the same extent in the area of labour welfare.

Significance of the Study:

Among the pioneering social security measures to smoothen the miseries of millions of industrial workers, the E.S.I. Scheme occupies one of the most honourable height. Its coverage has been widened to cover large volume of work force whose well-being undoubtedly forms the substantial part of nations well-being. The

5. Survey of research in economics, ICSSR Vol.V P.315
alarming aspect of the scheme which has generated serious interest in the minds of many is that there has been a continuous decline in the growth of the scheme. The trend has belied the hopes of those who initially conceived the scheme to be a significant relief to the needy and poor section of the working population. The total number of employees covered under the scheme in 1986, stood around 71.53 lakhs, while together with its beneficiaries it accounted to 277.52 lakhs. In 1987, the number of employees covered by the scheme further fell down to 71.23 lakhs and the number its beneficiaries was 276.37 lakhs. The year 1988 witnessed a further decline in its coverage with the reduction of total number of employees to 69.60 and beneficiaries to 270.05 lakhs. As against the national trend, it is witnessed that there has been no satisfactory trend in Assam too in respect of coverage of employees. The number of beneficiaries in the N.E. Region are 59,500 in 1986, 58,650 in 1987 and 57,800 in 1988.

A noticeable feature concerning Assam is that the States' infant mortality rate is higher than the national average. The infant mortality rate in Assam (per 1000 live births) was 109 in 1986 as against the all India average of 96.6. The increase in mortality rate has been significant since 1985 before which the Assam rate was lower than the all India average. Although no special survey on infant mortality among the workers in Assam has so far been undertaken, yet it is needless to state that a large number of

such deaths occur annually among the tea workers, hill tribes and the people living in alluvial areas of the State.

As a scheme for social insurance, the E.S.I. covers within it the provisions for medical relief. It extends facilities both in cash and kind not only to the insured persons but also to their family members with certain limitations. It is worth noting that medical benefit is the single largest benefit where the Corporation has annually incurred the highest expenses in recent years. Besides that, it is also the only benefit having mass concern owing to the fact that it extends to the family members of the insured persons. In spite of all these attractions, the scheme has not been able to secure the desired reception from all concerned. In the North-Eastern Region, although the scheme has been in operation since 1958, "there has been practically no growth of the scheme for the last 7 to 8 years."  

In the N.E. Region, the scheme has not yet been implemented except in the State of Assam and Meghalaya (Shillong). However, one of the reasons attributed for the poor growth of the scheme is the lack of insurable employment.

Since the idea behind enacting the E.S.I. Scheme is to ensure minimum security to the poorer section of the working population, provisions were also made in the Act to withdraw the scheme from establishments where such minimum benefits could be arranged by the employers themselves. This however, in course of time has stood as a serious threat to the existence of the scheme. The disappointing fact is that many of the existing establishments under E.S.I. Scheme have been insisting upon the concerned authorities for getting exempted from its scope. This is evident from the various Audit reports of the Corporation of the North Eastern Region where-in it has been stated that many State and the Central Government establishments are applying for exemption from the operationality of the scheme. The Shillong centre, which is the only centre in the North Eastern Region outside the State of Assam has shown very disappointing picture as far as its growth is concerned.

Another noteworthy feature in the working of the scheme in the region is that in some establishments both the management as well the workers' union have demands before the Corporation for scrapping of the scheme. Since such a step demands fulfillment of many formalities including the consent of both the Central and the State Governments, many such establishments have adopted a non co-operative attitude with the corporation. The corporation has also not taken very stern action against the defaulting
establishments for recovering arrear keeping in view the larger interest of all concerned. This has further aggravated the already deteriorating financial status of the Corporation.

The scheme is financed through the contribution of the employees and the employers. The State Government contributes partially towards the cost of medical benefit. The pertinent point therefore, is whether a scheme whose total contribution (in the year 1987-88) amounted to Rs.324.11 Crores being financed at the administrative cost of Rs.277.54 crores has been really an acceptable scheme or not. Only two years back the employees of the Silghat Jute Mills Limited, a co-operative sector industry in the District of Nowgong, had scapping of the scheme, as one of its union demands. This organisation till 1989, has to clear a huge arrear to the tune of Rs.9.06 lakhs. Therefore, there arise a few questions at this juncture, as to whether the scheme has succeeded in achieving its twin responsibilities of productivity and welfare orientedness.

It is also true that the terms 'Labour Productivity' and 'Labour Welfare' include many qualitative factors into account, and quantification of these factors are infinitely risky, specially when it is aimed at preparing the base for future policies. Yet, this cannot and should not be avoided, until a person quantifies a condition or a state, he cannot have an abstract idea of the existing
situation, so as to draw a conclusion for future plans. Thus quantification of the qualitative factors of the scheme is very much required, so that the nature and intensity of the problem can be realised to some extent of precision and provision for improvement may be made as well. Hence, in the light of the above discussion, a study of the E.S.I. scheme on the basis of its operational experiences has become appropriate with a view to identifying the factors responsible for its stunted growth.

**Limitation of the Study:**

The Employees' State Insurance is a central statutory scheme providing marginal security to the industrial and commercial workers of India. In addition to the Employees' State Insurance Act of 1948, the functioning of the scheme is regulated under the rules and regulations framed by the Central Government from time to time. The State Governments are, however, authorised through provisions of various sub-clauses under section 96 to frame rules suiting their special needs subject to certain limit. As such various State Government have framed their own rules relating to administration of medical benefit, apart from the medical rules, most State Governments having the E.S.I. scheme have framed E.S.I. Court Rules. However, the E.S.I. (Central) Rules, 1950 and the E.S.I. (General) Regulations, 1959 are the two basic documents in the governance of the scheme.
Although little relevance can be attached to the study of viability of a scheme which has statutory compulsion, yet the scheme can attain proper respectability only when it is based on an edifice of self support and productiveness. And to confer the scheme a momentum for its natural growth, a study of how favourably or adversely it has affected the interest of those who are closely connected with it is all the more essential.

On the other hand, the term labour productivity is not an easy term to define. Also, there are conflicting opinions as to how far the term labour productivity presents a complete picture of productivity. The increase or decrease of productivity is not also the increase or decrease in production. Thus the rise and fall of productivity is the result of a great multitude of factors where labour productivity plays a very limited role. On the other hand, the composite effect of factors upon labour productivity are not capable of being exactly identified.

In the light of the above discussion, it can be well realised how restrictive the task is to make an attempt to measure the effect of a labour welfare scheme, like the E.S.I. upon labour productivity and labour welfare. However, one can make an honest attempt in that direction provided the benefits and obstacles generated by the scheme with regard to productivity and welfare are established and standards for their measurement are adopted.
Similarly, the quantification of welfare effect is an extremely difficult task because no single yardstick for measurement of welfare is above controversy and dispute. Although it is true that so many indeterminative and undulatory issues are concerned with it, efforts cannot fall short of reasonableness to measure the same to the possible extent of precision and correctness. This is expected to correct the existing shortcomings of the scheme making it socially beneficial and widely acceptable.

**Methodology and Approach**:

The central proposition of the present study has been to undertake an indepth study through empirical work to establish the causative relationship between the various provisions of the scheme and the resultant effect upon different groups concerning it. It has been decided to confine the study within the City of Guwahati and its neighbouring centres. Interestingly, out of the 15 centres of the E.S.I. Corporation in the North Eastern Region, more than 50 percent of the total insured persons are confined to the two divisions under Guwahati centre. Primary data have been collected by visiting the industrial establishments through collection of opinions from the employees as to the various effects of the scheme upon productivity oriented issues. Similarly to ascertain the views of the employees, cash offices of the Corporation, hospitals and dispensaries were also visited.
Although it was initially planned to collect employees' opinion through personal visit to establishments, yet the same could not be materialised for want of employees' leisure hour during work days.

Another plan was mooted to collect the opinion of Trade Union Leaders in respect of facilities enjoyed by members under the scheme. However, this idea too was finally abandoned, since it was unlikely to reflect the true opinion of insured persons. Finally opinion of the required number employees could be successfully collected when they were visited in cash offices, hospitals and dispensaries. Barring a few cases, the cooperation from employers and employees was appreciable.

Besides the empirical study used to ascertain the impact of the scheme upon the respective attitudes of both the employers and the employers, the studies of extensive literature like the E.S.I. Act, the Annual Reports, the statistical abstract, the brochures issued by the E.S.I. Corporation, the employees and the employers hand book, the hand book for guidance of E.S.I. Inspectors, the E.S.I. Review Committee Report 1966, the Perspective Planning Committee Report 1972, the High Powered Committee report on E.S.I. Scheme 1978, the report of the National Commission on Labour 1969, and various other documents were consulted in order to form prior views about the nature of the problems.
Some prior knowledge of the operational experiences were also gathered in consultation with the E.S.I. Staff of Regional Director, N.E. Region, and a few employers and employees.

Thus after having known the problems evoked out of the policy implementation of the E.S.I. Scheme and the expectation of the employees, an empirical study was conducted by selecting a sample. It was already decided in the beginning that the data collection would be done by using an interview technique and the same would be put to statistical test in order to observe the significant trend of opinion.

**Sample Design:**

The E.S.I. Scheme in the North Eastern Region is in operation in 15 (14 in Assam + 1 in Meghalaya) centres, covering a total number of 38,000 insured persons (37,000 employees in Assam Valley + 1,000 employees in Shillong and its suburbs of Meghalaya). However, the total number of beneficiaries (taking the family members of insured persons into account) stand at 2,00,000. Initially a plan had been chalked out to collect a set of data from establishments relating to periods before and after their joining in the scheme. But such a step became difficult specially because of the fact that the E.S.I. scheme has been in operation in the N.E. Region since 1958, and the establishment:
were brought under the coverage of the scheme through different notifications at different dates and times.

The next attempt was contemplated by collecting a set of data from establishments having E.S.I. as well those outside it and to conduct a comparative analysis by applying the test of significance, to know whether or not the benefits being provided under two different arrangements have any significant difference in their relation with productivity and welfarism. However, such a study was found to be too cumbersome for any individual researcher, since such orientation has to be approached from both employers' and employees' viewpoint. Finally, it was decided to conduct the study through an opinion test of the employers and employees by the exposition of their operational experiences as to some of the significant determinants for the scheme's evaluation.

A sample size of 200 employees and 100 employers were fixed. The samples were drawn from a number of establishments varying from big factories, hotels, restaurents, cinema halls, newspaper establishments, printing press, shops etc. While drawing the sample, care had been taken so as to include establishments of different nature, size and year of establishments from both public and private sectors.
The following table shows the number of samples proposed and the success attained in the attempt made upon them for the purpose of the study.

### TABLE: (EMPLOYERS COVERED)

<table>
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<th>AREA</th>
<th>PLACES</th>
<th>PROPOSED</th>
<th>SUCCESSFUL</th>
</tr>
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<tbody>
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<td>Neighbouring</td>
<td>At the Site</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Guwahati</td>
<td>of Establishments</td>
<td></td>
<td></td>
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### TABLE: (EMPLOYEES COVERED)

<table>
<thead>
<tr>
<th>AREA</th>
<th>PLACES</th>
<th>PROPOSED</th>
<th>SUCCESSFUL</th>
</tr>
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<tbody>
<tr>
<td>Neighbouring</td>
<td>a) Dispensaries</td>
<td>70</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>b) Cash Office of E.S.I.</td>
<td>100</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td>Corporation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) E.S.I. Hospital at Beltola</td>
<td>30</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>200</td>
<td>150</td>
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The choice of confining the major study within areas neighbouring Guwahati had to be taken in view of the fact that as many as 416 establishments out of the total 822 in the North Eastern Region are situated under the two divisions of Guwahati Centre. Besides,
the establishments at Guwahati present a picture of mixed sectoral ownership of private, public and joint sector establishments, variance in nature and size of establishments, and difference in periods of coverage under the scheme, all of which are necessary for representativeness of the sample.

**Interview pattern:**

After making a preliminary discussion with the functionaries of E.S.I.C., Regional Office at Guwahati and with a few concerned employers and employees, two questionnaires were prepared to be distributed among the employers and the employees. The interview schedule was so prepared as to include all essential information confirming to the objectives of the study. The schedule prepared for the employers contained questions which aimed at airing out their opinions upon productivity related issues as experienced from the operationality of the scheme. Similarly, another questionnaire was also served upon the beneficiaries to know the nature and extent of satisfaction in welfare achievement. The questions had a varying degree of freedom, viz. two, three and four degrees of freedom.

In the conduct of the interview, questionnaires were filled up with opinions from employers, all of whom were personally visited by me. Any additional information not covered by the interview
schedule was recorded in a separate sheet. However, a few of the private sector employers were found to be lacking in the expected co-operation.

In interviewing the beneficiaries, it was decided to choose their numbers proportionately from cash office, hospital and dispensaries. Out of the 21 E.S.I. dispensaries in the N.E. Region, 20 alone are situated in the State of Assam. And of the 20, 7 are situated in the Greater Guwahati Area. Interview with the beneficiaries had been conducted during the working hours between 10 AM to 4.30 PM. Most interviewees in the service centres (dispensaries) were patients seeking outdoor medical service. However, a good number of beneficiaries had also been interviewed in cash office and hospital. The overall co-operation received from the beneficiaries was appreciable. Similarly, the co-operation received from many public sector employers was also very encouraging.