CHAPTER VII

SUMMARY, CONCLUSIONS AND SUGGESTIONS
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This chapter summarises the main findings of the present study. The policy recommendations for the betterment of the income, employment, working and living conditions are suggested in this chapter.

The building construction industry assumes an important role in the development process. It makes an important contribution for meeting the basic development objectives including employment creation, income generation and income redistribution. It provides the basic physical needs in terms of infrastructure and shelter.

The building construction industry in Raipur city employs 3.86 percent labourers of the total labour force of the city. It is characterised by temporary nature of work, seasonal employment and absence of stable employer-employee relationship.

An analysis of socio-economic characteristics show that the majority of building construction labourers of the sample are males (67.50%), young, married (87%), unskilled (65%) and illiterate (64%). The building construction labourers mostly belong to the lower social strata.
It is found that 38 percent of the total sample households belong to scheduled castes/scheduled tribes.

It is found that about one third of the labourers (31%) are non-local labourers out of which 17.50 percent are males, and 13.50 percent females. An overwhelming majority of non-local labourers are from rural areas located in Raipur district. It is the 'push' factor as reflected in the low level of family income, indebtedness and other economic compulsions, more than the 'pull' of the city life, that explains the rural-urban migration.

The occupational characteristics of the building construction industry is such that the large proportion of labourers acquire skill, as in a traditional society, either by hereditary channels or by work experience rather than formal training. The absence of any institutional mechanism for imparting training for upgrading the educational and skill profile of the labourers by way of labourers' education, apprenticeship, training programme, etc., weakens the bargaining power of the labourers for better wages and conditions of work.

The conditions of the houses/huts in which the building construction labourers live are beyond descriptions because the houses/huts are more often without adequate roofing, doors and ventilations. It is observed that only 30 percent of the total sample labourers has their own
houses/huts and the remaining large proportion (70%) of the sample labourers are living in the rented houses, at work-sites or with their relatives.

It is seen that the large majority of dwellings do not have either water supply connections or adequate sanitary facility within the houses; they have to seek access to common public places. The labourers of the building construction industry are pitted to live under filthy conditions to the detriment of their health, productivity and a better outlook for their progeny.

Dependency load is heavy on the building labourers, 78.50 percent of them have to support one or more dependents living with them. It is seen that 19 percent of the total sample labourers is under debt. The degree of indebtedness is higher (80%) in the lower household income class. It is found that more than one half (52.63%) of the indebted labourers take loans for meeting the minimum level of subsistence; one-third (34.21%) of the sampled labourers take loans for marriage and other ceremonies and only 13.16 percent for purchasing of assets and repayment of previous debt. The incidence of debt incurred for non-productive purposes is higher among unskilled labourers than skilled labourers.

A persistent characteristic of the construction industry is the instability of employment. The building
construction labourers, especially unskilled ones have very high apprehension of frictional unemployment and no secure attachment to any single employer. The building construction is also known for its seasonality of work. Employment, obviously, is not available for these labourers throughout the season.

The demand for labourers in the building construction industry is subject to instability and seasonal volatility, with the result, job availability is generally discontinuous. Besides this, the analysis of job availability of sample labourers shows that only a minority (23%) of them get employment throughout the month. More skilled labourers get longer period of work as compared to unskilled labourers. In the sample, the majority of construction labourers (61%) are employed for up to work period. The number of labourers employed on 'regular' basis are only 20 percent and on the 'day to day' basis, it accounts for 19 percent. It is thus seen that subject to the frictional idleness, the labourers get employment through the contractors although, they have to shift from work-site to work-site and from employer to employer.

The building construction labourers have to work on widely scattered and frequently changing work-sites. Much of the work is done in open. Labourers have to shift
from work site to worksite and they work for longer hours. The work is physically demanding and hazardous and hence prone to higher incidence of accidents. Yet, they do not get from the employers any fringe benefits like, transportation subsidy, paid holiday and medical facilities. Nor do they receive any insurance, pension, bonus, gratuity or other types of social security benefits available to the labourers in the industrial sector. Unlike the factory labourers, they do not have even access to proper drinking water, sanitation, rest and refreshment facilities at the workplace. Conditions of work in the construction are woefully bad, thereby having adverse effects on their productivity.

The study reveals that a large number of respondents (45%) were dissatisfied with their present jobs. The intensity of dissatisfaction was the highest among the unskilled labourers (59.23%). There are significant positive associations between skill and job satisfaction, level of education and job satisfaction; duration of service and job satisfaction; respondents' income and job satisfaction, and employment status and job satisfaction.

The factors associated with dissatisfaction are also explored. The highest proportion of labourers (57.78%) attributed dissatisfaction to 'low wages' followed by the 'uncertainty of work' (24.44%) and 'other reasons' (12.22%).
The construction industry seems to be a 'sweated industry'. It is covered under the 'Minimum Wages Act', but the wages current in the market are lower than the minimum fixed under the Act, particularly, in the case of unskilled category of labourers. The study reveals that wages fare badly in relation to prices. While money wage rates were raised more than two times between 1970 and 1980, the real wages had actually declined. Wage differentials occur not only between the skilled and the unskilled categories of labourers but also within these categories. Differentials among the skilled labourers are more pronounced.

On wage payment system, it is found that 20 percent of the total sample labourers get wages on a monthly basis, 45 percent on a weekly basis and 35 percent labourers are recipients on a daily basis.

The skilled labourers who are generally recruited by the contractors, directly receive their wages from them, while the majority of unskilled labourers receive their wages through an intermediary agency like the labour sub-contractor. The system of wage payment through intermediaries is germinates to malpractices and exploitation.

The intermediary agencies are said to be making unauthorised deductions such as his own commission, interest on the private loan given to the labourers etc. The method of wage payments thus seems to be closely related to the recruitment system.
The income of building construction labourers depend not only on the wage rate but on the number of days they get employment. The analysis of income of sample labourers shows that majority of them (76.92%) earn up to ₹ 200 per month in case of unskilled labourers and up to ₹ 400 per month in case of skilled labourers (67.14%).

Broadly, the increasing levels of education have shown positive bearings on the labourer's monthly earnings. The per capita income comes to ₹ 33.41. This lower rate of per capita income shows lack of active participation in economic activity by the members of households in general and also reveals to low rates of wages and lack of employment opportunities.

The pattern of consumption and expenditure which determines the living standard of the construction labourers brings out the fact that the importance of food is far greater than any other expenditure on education and housing etc. The proportion of expenditure on food items continuously decreases with the increase in the earnings of sample households, thereby vindicating the Engel's law of consumption. The struggle of the construction labourers to make both ends meet is sharper and its consequent misery and discontent are deeper. The building construction labourers are not capable of consuming more than what they can afford to purchase. These labourers do not
have the purchasing power even to buy most essential necessities of life. As they have extremely limited purchasing power, there is no effective demand for goods which they need.

The study reveals that 75 percent of the households and 71 percent in terms of persons are poor—they are living below the urban poverty line of a per capita expenditure of Rs. 115.15 at 1983 prices.

In short, the findings of the present study of income and employment and also the living conditions clearly project the construction labourers as an exploited class eking out a pitiable living under conditions of penury and poverty. The attempt at amelioration of the conditions of construction labourers is thus urgent. In the light of the findings of this study, some generalisation of these aspects and their policy implications can be made.

**NEED FOR IMPROVEMENT**

The study brings out the fact that the conditions of building construction labourers call for immediate and urgent steps for betterment and drastic improvements. This is necessary because of the following reasons:

(1) These construction labourers, sunk in abject poverty,
are one of the formidable obstacles to the planned infrastructural development in the country.

(2) There is a positive correlation between standard of living and the skill of the labour force. Due to lack of proper facilities, necessary for the upkeep of body and mind of the construction labourer, no spectacular gains in construction of buildings can be possible.

(3) Reduction of glaring inequalities among different classes of labourers is as legitimate an aim as the reduction on inequalities between class and class of the planned development.

(4) The economy of a country is an indivisible totality. The economic growth is inseparably linked with the distribution of purchasing power and to this end all the available human and material resources are to be utilised.

"Therefore, no discussion of possibilities of improvement in the construction sector in particular and the economy of the country in general can ignore the need for structural changes in the living conditions, income and employment, of the building construction labourers."

SUGGESTIONS

It is generally believed that there is no other section of people in the country whose story is so pathetic, whose daily life is so precarious as those of the casual labourers working in the construction industry. The construction labourers are exploited because they are illiterate, socially backward, mostly unskilled, unorganised, casual and poor. They are living under conditions of abject poverty. In the given conditions of abject poverty and pitiable living, the building labourers seem to have resigned themselves to their fate and that of their progeny.

In view of the above analysis, the following suggestions may be given:

(A) Housing and Social Welfare
(B) Decasualization of Employment
(C) The Goal of Higher Efficiency and Earnings
(D) Wage Incentives.

(A) Housing and Social Welfare:

Most of the building construction labourers in Raipur have been in the city for a long time, they do not move from one site to another, but within the city. Most of them do not change their residences which they have
on a permanent basis, within the city. Similarly, the argument that the housing programme is not of much use for construction labourers due to their floating nature is not substantiated by the present findings. Most of them have continued to live at the same place for long, but their accommodation is generally inadequate and unhealthy. There is no reason as to why a subsidized housing programme cannot be undertaken for building construction labourers as on par with the industrial labourers. It is somewhat ironical that those who build houses for others have no houses for themselves. There is no reason why provisions of accident and sickness benefits, could not be applied to them by extending 'Workman's Compensation' or 'Employees Insurance Scheme' to them. Many of the labourers do not even change the employer, the contractor, although they work with him as a casual labourer only. This implies that even a contributory Social Security Scheme can be extended to them.

(B) Decasualization of Employment:

"If decasualization is to become a viable proposition to be extended gradually in the building construction industry throughout the country, it would be necessary, from the very outset, to create organizations with business outlook and permitted with management
The main source of inequity in the building industry is the use of intermediaries in recruiting labour. The intermediaries are the link between the contractors and the rural reserve of semiidle manpower. A change in this arrangement can be brought about provided the link is shapped and the industry cut off from its hinterland. If labour productivity is to be raised, earnings increased, and a thrust is to develop to break the vicious circles, it is necessary to create a labour pool, and to legitimise the rights of employment. This will protect the industry from the influences of economic depressants in the environment and create a climate of growth. This will also restrict the entry into the industry of both labour and contractors, on the contrary the competition must be preserved. The Government and the industry should co-operate to maintain healthy conditions and limit the scope for under bidding which inevitably leads to substandard work. Contracting firms should be given opportunities to grow in size, accumulate financial and technical means, develop organizations, capable of executing any task simple or complex and a professional cadre or managers and supervisions who will care to respect the laws and maintain standards.

The decasualization scheme should contain provisions with respect to the following subjects:

(i) Registration of all contractors who are currently in the building construction industry, and procedure through which contractors in good standing could be determined. These should be further grouped, and separate registers, should be maintained for major contractors, small contractors, and sub-contractors. This should be done in accordance with a procedure on the criteria of financial means, experience, and past performance. Contractors with questionable record should be eliminated from these registers.

(ii) All Public Agencies under the State Government, Municipalities, and Public Sector Corporations and related bodies, should be directed to allocate works only to contractors of good standing.

(iii) For skilled labourers who are not on the regular pay roll of contractors, registers should be maintained by skill and job title. There is no point in registering labourers who have regular jobs. This will eliminate a substantial number of skilled labourers.
Labourers should be graded by seniority in the industry. A fairly substantial number should be maintained in the seniors', register. These shall be given priority in jobs. A card should be maintained for each labourer indicating his age, skill, health, indebtedness, punctuality and absenteeism, and other job-related characteristics. Ordinarily, contractors, should have some freedom of choice in selecting the labourers subject to the principle "first come first served."

Each contractor must make an indent every day on the Public Agency for the number of labourers needed for a project. Only when the register of senior labourers is exhausted should the contractors be allowed to recruit from the second pool. The second pool consists of labourers with limited experience in the building industry. There shall, if necessary, be a third pool with a limited number of fresh entrants.

An essential feature of labourers' registration should be that a retirement age is stipulated. Furthermore, retired labourers, unless retained by the contracting firms on a regular basis, shall be excluded from employment in the stipulated businesses and areas. But should a skilled labourer want to start business as a sub-contractor, he should be given a chance to enter the appropriate register.
(iv) Every contractor making an indent for labourers should be required to pay a stipulated proportion of the wage bill to the concerned agency as an insurance against non-payment or unauthorized deductions. Rules pertaining to wages, wage payment and deductions, etc., should be framed by the legally-constituted authority and enforced by it. In extreme cases, the responsibility for wage payment may be assumed by the Building Labour Board, and for this purpose the contractor should be required to deposit in advance the entire wage bill. This provision will act as a deterrent and probably remain on the statute book without occasions for frequent resort to it.

(v) The said authority should also make arrangements to secure from the contractors or ultimate builders funds earmarked for labour welfare. The administration of labour welfare and related measures should be the direct responsibility of the authority created under the statute.

(vi) Such an agency, viz., the Building Labour Board, should take active interest in the process of skill formation through institutionalized training, apprenticeship, on-the-job training,
short term courses for supervisors, and labourers' education. Through these activities the agency should be able to establish its long term usefulness to the industry and to the labourers alike. It should not only remain as a regulatory body but also as a direct aid agency to their manning and profits.

(vii) The use of intermediaries in labour recruitment should be abolished by law. Since property rights are not involved, no compensation may be due to the intermediaries. The Government may, however, consider rehabilitating the intermediaries. Some of them may be absorbed by the larger firms on contracts as first-line supervisions.

These objectives can be achieved most economically and for the largest number of contractors of activities leading to their realization are treated as a social overhead. Once recognized as such, it will not be difficult to see that these can not be started unless an organization with funds and suitable personnel is created for the purpose. At the same time, there is not much of a chance of success unless the industry is simultaneously regulated and casual labour abolished.
The Goal of Higher Efficiency and Earnings

It is difficult to see how labour productivity can go up unless the tools of labourers are improved and better arrangements made for materials handling on the one hand and work supervision on the other. But these require priority for management, education and development. Even if the need is widely felt—an extremely doubtful proposition, in the first place— who will undertake the job? The strength of employers' organization in the building industry is no greater than that of the unions, the general absence of ability in the industry to undertake measures for managerial improvement on an organized basis. Therefore, if this task is to be performed, the government will have to shoulder a great responsibility.

If it is supposed that labour efficiency can be raised without improving the tools, technical knowhow, material management, and the organizational frame of the building firms a supposition of rather low credibility it is because there is undoubtedly some scope for labourers to put in greater physical effort. The question is then is how to curtail the idle time; and improve punctuality in attendance and reduce absenteeism. In large part the answer to this question lies in improving the working conditions, greater dignity of labour (abolition of the intermediaries), protection of labourers' health and
safety, etc., for a smaller part, better supervision of
the work force and grievance handling will be considered
even though their introduction may mean higher costs
and consequently may be met by resistance from the side
of contractors as well as the ultimate builders. They
may not shoulder the concomitant costs and risks. Once
again it appears that only the determined hand of the
government can achieve the desired result. The government
should enforce its prescribed minimum wage rate for these
labourers which will ultimately enhance the work efficiency
and promote the labour productivity.

The two stumbling blocks on the path to higher
productivity are illiteracy and malnutrition (resulting
in slow work speed, idle time, ill-health, and high
absenteeism). The former retards the mental faculties
and the latter physical energy. The removal of these
blocks is a function of government policies in so basic
a sense that there is really no point in reiterating the
plea. The alternative to governmental intervention in
this spheres that would still be consistent with the goal
of labour efficiency is a rather cruel one. It is to
allow the industry to go on in much the same manner as
it has done so far and change for the worse in matters
of labourer recruitment and discharge. If the industry
were to have the freedom to recruit healthy labourers
at young age and discharge them at the end of about ten
years' service, after thoroughly sweating and exploiting them under the close supervision of jobbers, higher levels of efficiency could be achieved and maintained. But, one hopes, the country has turned its back on such practices, and the reward of higher productivity should not lure the industry back into the undemocratic and authoritarian era.

(D) Wage Incentives:

Now the possibility of introducing wage incentives in the building industry with a view to raising labourers' productivity and earnings is examined. This will be done, first by a general consideration of the preconditions that must be met before an incentive scheme is introduced and, by suggestions on its feasibility.

A wage incentive scheme has been defined as "any formal and announced programme under which the incomes of an individual a small group, a plant work force or all employees of a firm are partially or wholly related to some measure of productive output." Such a scheme may aim at the fulfilment of one or more of the following main objectives:

(i) Improving the firm's profits through reduction in the unit cost of labour, materials, or both.

(ii) Avoiding or minimizing additional capital investment for expanding production capacity.

(iii) Increasing labourers' earnings without locking the firm into a higher wage rate structure regardless of productivity. The ostensible purpose is to increase job satisfaction among the labourers and thereby raise productivity.

**FEASIBILITY OF INCENTIVES IN THE BUILDING INDUSTRY**

There are formidable problems in the building industry which make it difficult to satisfy some or all of the basic conditions for the success of an incentive scheme.

(1) **Suitability of Group Work:**

The building construction labourers generally work in groups or gangs that may specialize in performing certain types of jobs. An incentive scheme for the building construction industry has to be so designed as to conform to the existing system of group work, for the factors that disturb the working in gangs are likely to be resented by labourers. Wage incentives are traditionally considered as one such factor.
(2) **Stability and Continuity of Work:**

Another important condition is the continuity and stability of employment to labourers working in groups on a work-place. But on the majority of the sites work is of short duration and the number of labourers employed on the same work site fluctuates from day to day. Therefore, firms employing building construction labourers, may have to be ruled out for the purpose of introducing an incentive scheme, the reason being the lack of organizational inputs necessary for its administration, regularization of employment through a decasualization scheme, discussed earlier may have to precede an incentive scheme.

(3) **Output Measurement:**

The mixture of quantity and quality in a large number of building operations is such as make it difficult to measure output in simple quantitative terms. Even the relatively simple job of straight wall-plastering may be difficult to measure and pay for rationally unless the precise ratio of, say, cement, sand, and water is maintained throughout the operation. A slight variation in the concrete-mix may result in difference in the quality of output even if the same amount of skill and effort is maintained. Therefore, the contractors
concerned will have to devise suitable quality controls to ensure that the incentive scheme yields the desired results.

(4) **Short Term Targets**

Another precondition that must be satisfied is that the targets set should not take too long to achieve. Besides, the gap between the effort and the incentive payment should be as short as measuring and costing of the work will permit. This implies that the various operations on a work-site must be broken down into stages which may be completed within a reasonably short period of time. Such target setting may not be possible in Indian conditions, at any rate, on the majority of work sites. On the other hand, this is not difficult to achieve on the larger work sites where standards of work, materials, and labour inputs as well as time schedules are carefully predetermined.

**THE IMPLICATIONS**

The foregoing discussion makes it clear that a number of difficulties must be overcome before introducing incentive plans in our country. While some of the difficulties are associated with the designing of a suitable incentive scheme, others are related to its implementation and administration. The basic requirements
are that the scheme should be simple, group-based, and easy to administer. In view of the above limitations, group, incentive bonus schemes, in the form of cost-saving-sharing perhaps stand with some chances of success.

A scheme of this nature is based on the payment of bonus to labourers from the whole or a part of the saving achieved on a predetermined target. In the initial stages, the contractors may retain a part of the savings to cover the cost of administration of the scheme and to compensate for any losses. This part should be kept to the minimum, however.

In conclusion, it is emphasised that the employment advantage of the building construction sector should not lead to an emphasis on the continuation of traditional technology to the detriment of the building labourers, and potential advantages to consumers. It needs to be viewed against the drudgery of work and low productivity that it generates, thus making the work almost inhuman in many cases and providing wages even below the poverty level. What needs to be emphasised is an expansion of activity with suitable technological changes reduce drudgery of physical labour on the one hand, and to increase productivity per labourers on other. In a way the construction activity needs to be 'industrialised' so as to provide for large scale production of
output and standardised and modern techniques of production. It also needs to be equally emphasised that in order that the labourers have a proper share in the gains of productivity and prosperity of the industry, the institutional set up of labour market, arrangements for recruitment, and training and fixation of wages and conditions of work, need to be restructured in a way that provides power of labourers to bargain with the employers as equals. Further, it is necessary that certain social security and welfare benefits available to the other groups of labourers are made available to building construction labourers also, so as to enhance the real income and welfare of their households. There does not exist any serious bottlenecks in the way of extending these measures to them.

Thus, the problems of building construction labourers need actions simultaneously on several fronts, such as, planned expansion of activity, technological change, restructuring of labour market and application of suitable labour legislation.