CHAPTER ONE

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1.1 INTRODUCTION

In the present day context industrialisation has come to be regarded as synonymous with economic development. It is considered as the most potential means of achieving increased productivity, enlarged output as also a source of ensuring a fair and equitable standard of living to the people. Visualising its implication in Indian context, Pandit Jawaharlal Nehru, the First Prime Minister of free India, (1956), aptly asserted,

"the growth of industry is essential for any modern nation. Indeed, without industrial development there cannot be any higher standard of living for our people or even strengthen for it to preserve its freedom."

Having pledged its deep-seated faith in the economic freedom, the Government initiated the process of industrialization on a planned footing since mid-fifties. It has evinced keen interest in drafting development programmes and policies pertaining to investment, role of foreign capital, upgradation of technology, capacity utilisation, enhancing the professionality of management, developing cordial relationship between labour and management, etc. In addition to this, the experts are being consulted for seeking expertise and accordingly changes are effected.
During the last decade of 20th century, the planned economy of India has witnessed certain impressive changes. Being led by the objective of building a great and glorious India and making a happy debut into 21st century, the Government has enunciated certain socio-economic programmes and policies. With a view to building up the competitiveness of industrial sector and linking the developing economy of India with global market, the Government has introduced a policy of decontrols, a policy of deregulation, a policy of liberalisation and privatization in lieu of a controlled policy. The policy of liberalisation has liberated the industrial sector from several bureaucratic checks and controls impeding rapid industrialisation and swift modernisation. The package of new economic reforms has placed the Indian industries under a radically-altered environment which is blessed with a host of challenges as also the opportunities. The survival of inefficient units is set at stake unless they sharpen their teeth of competitiveness and overcome the lapses. With a view to building up their competitiveness, the parameters such as minimisation of wastes, reduction in costs, quality controls, optimal allocation of resources, enhancement in both production and productivity have received well-deserved attention. In fine, the Government, in pursuit of globalising the Indian national economy, has tailored a series of policies and programmes. Needless to say, all these policies and programmes are in no way a good substitute for hard work and self-help.
The package of new economic reforms gives a clear-cut message that inefficiency will not be protected. Measures of such a nature call for a high degree of professionalism on the part of management and a strong sense of commitment on the part of labour. It envisages efficient exploitation of resources.

The experts in the realm of Human Engineering, Labour Economics as also Industrial Psychology consider labour as the key and most vital of all resources. History stands as a testimony to this fact that organisations rise or fall not by chance or destiny but by the quality of human power. A properly-motivated and attitudinally-changed manpower not merely helps in exploiting the resources productively but also in yielding desired results. It is, therefore, the Government in all its Industrial Policy Resolutions has emphasised on stimulating the creative and productive efficiencies of labour.

The worker's productive and creative efficiencies, his will to work, his commitment and orientation towards organisation are all innate factors. These factors stem from within and largely depend on factors from without. They, inter alia, include the working conditions, health insurance, safety and security provisions, wage and non-wage incentives as also the attitudinal perceptions of the worker towards work, organisation, management, supervisors and the fellow-workers. As aptly pointed by Blum and Naylor (1968):
"His (worker's) motives, experience and social interaction with his family, company and community must always be considered. Work has not merely an economic aspect and a mechanical aspect, it has psychological aspect as well. Indeed, it is important on the part of management to feel the pulse of the workers."

The industrial psychologists maintain that the worker's attitudinal perceptions towards work, his affiliation towards organisation and its goals depend on his motives. His behaviour emerges from needs and drives. "Need" is a deprivation or deficiency. While "drive" is an inner urge or push from within. It is the needs (deprivation) and drives (deprivation with direction) which lead towards goal (reduction of drive).

NEEDS ----------------------> DRIVES----------------------> GOAL
(Deprivation)                  (Deprivation with direction)       (Reduction of drives)

The theory of needs enunciated by Maslow (1943) is a good analytical tool of human behaviour. He has presented these needs in hierarchy of position.
The hierarchy of needs reveals that human behaviour is need-directed. The human needs are the best doorways through which the management can channelise its motivational efforts. Motivation is a process through which human behaviour is energised and directed. It is a process through which innate psychological forces are released in such a way that the employee participates willingly, putting his best in realising the goals of the enterprise.

Needless to say, the industrial work involves certain risks and uncertainties such as income, occupational and natural insecurities which obstruct the worker to put his best. In the absence or inadequacy of welfare provisions, the worker's will to work gets impaired. While the labour welfare amenities incite him to put his mind and soul into the
work. The provision of social security measures help in overcoming the fear of insecurities. They generate confidence into the minds of workers to accept the challenging tasks. Social security and labour welfare measures are treated as the stimulants motivating the worker to better his output performance and achieve the organisational goals.

Looking into their significance, several research studies were conducted to examine the impact of these measures on production, productivity, absenteeism, and attitudes of the workers. The National Commission on Labour (1969), the Ministry of Labour and Employment, Government of India, have reported positive correlation between wage incentives and labour productivity. The studies organised by Bhasin (1961), Satyanarayan (1969), Rajesham (1989), have confirmed these results. The study conducted by Suryanarayan and Kondayya (1982) has revealed that the social security provisions such as Provident Fund, Gratuity, Medical Aid and the labour welfare amenities such as canteen, housing, staff benefits fund, etc., are the potential motivators stimulating the workers performance. Nord (1970), Indiana and Khisty (1974) have suggested social security and welfare amenities as the best means of checking the problem of absenteeism.

The results of the Ahmedabad Experiments conducted by Rice (1950) have confirmed that the wage incentives exert considerable influence on the attitudes of the workers. The Hawthorne Experiments
conducted by Mayo and his research colleagues (1945) have confirmed that pleasing working environment develops worker's orientation towards work and stimulates labour productivity.

These studies have confirmed the economic content of social security and labour welfare measures. They act as the incentives improving the efficiency of the workers. The social security measures act as a shield against the insecurities of industrial work, while the labour welfare measures actuate the workers to better their performance. Although provision of these amenities involves huge expenditures but the cost involved in providing these measures is offset by the gains in productive efficiencies on one hand and increased earnings by way of increase in output on the other.

Floating his views in respect of lower order needs such as security needs in American society, Herzberg (1959) argues that provision of lower order needs will not lead to satisfaction as they are already fairly well satisfied. At best satisfaction of such needs can lead to an attitude of neutrality. While in respect of developing economies such as India where most of the employers consider the expenditures on social security as a barren liability (NCL, 1969), provision of these measures act as the motivating factors. The studies conducted by Ganguli (1964) and Sharma (1971) have confirmed that the Indian
workers are more concerned with security factors. In their view, the social security measures act as the best motivators in Indian context.

Looking into the need and implication of social security and labour welfare measures the Government has evinced keen interest in enacting and implementing necessary legislation. Having surveyed 31 large scale industrial units, Gopalji (1985) reports:

"Of late, there is a change in the attitudes of the employers in extending benefits to employees over and above what is required by the law. Employees are now provided with a wide range of welfare services."

But it has been the general impression (NCL, 1969) that in several cases, particularly in medium and small units, the compliance with the statutory provisions was half-hearted and inadequate.

The vision of globalising the Indian national economy necessitates that the efficiency and effectiveness of human factor receive highest priority in the scale of priorities. It is, therefore, the Government as also the employers should come forward to implement necessary legislation which would relieve the workers from insecurities of industrial work and actuate them to put their best.
1:2 THEORETICAL BASE OF THE STUDY

An attempt is being made here to present a brief review of various definitions, the aims and objectives of social security and labour welfare measures and a synoptic view of the relevant provisions created in India for the benefit and advantage of the labour community as also their short-comings.

1:3 SOCIAL SECURITY

Highlighting the implication of social security measures, the International Social Security Association (1952) maintains:

"No lasting peace without social justice
No social justice without social security"

Social security is as old as society itself. With the passage of time, its meaning, significance and the institutional structure have undergone a change.

1:3.1 DEFINITION

Security is a state of mind as well as an objective fact. The term social security refers to the provisions made by the society against
certain risks and mishaps to which its members are exposed. It is 'social' because it represents the culmination of collective effort.

The International Labour Conference (1942) puts it as follows:

"Social security is the security that the society furnishes, through appropriate organisation, against certain risks to which the members are exposed. These risks are essentially contingencies against which the individual of small means, or the worker, cannot effectively provide for by his own ability or foresight alone or even in private combination with his fellows."

The contingencies such as occupational diseases, mishaps, etc. handicap the workers of small means to support themselves and their dependants in health and decency.

Keeping in view the austerities and hardships of the toiling masses as also the need for social security programme, the National Commission on Labour (1969) defines it as follows:

"Social security envisages that members of a community shall be protected by collective action against social risks, causing undue hardship and privation to individuals whose private resources can seldom be adequate to meet them."
In the present day industrialised society, the workers are exposed to certain unforeseen fortuity, risks and insecurities. These insecurities may be summed up as under:

1. **Income Insecurity** - inadequate wages, retrenchment, etc.

2. **Occupational Insecurity** - occupational diseases arising out of unhygienic working conditions.

3. **Natural Insecurity** - old age, sickness, maternity, death of the bread winner, mishaps, etc.

These insecurities hamper the workers' zeal to undertake risky jobs. In view of these facts, it is felt necessary for evolving a comprehensive social security programme ensuring the workers that adequate benefits will be made available when required.

1:3.2 **AIMS OF SOCIAL SECURITY**

There are triple aims of social security measures. They are

1. Compensation,
2. Restoration, and

1. Compensation - is based on the idea that during the spells of risks, the individual and his family should not be subjected to double calamity involving both destitution and loss of health, limb, life or work.

2. Restoration - implies the cure of the sick and invalid

3. Prevention - is designed to avoid the loss of productive capacity due to sickness, unemployment or invalidity.

Social security is a dynamic and comprehensive term. Today it is based on the 'ideals of human dignity and social justice'. In an economically advanced country it is an indispensable chapter of the national programme to strike at the roots of poverty, unemployment and disease.

The social security measures are normally divided into two categories, namely:

1. Social assistance, and
2. Social insurance.
1. SOCIAL ASSISTANCE

Social assistance schemes seek to provide assistance to the poor and needy persons. They are non-contributory in nature. They are financed from the general revenue of the State.

2. SOCIAL INSURANCE

Social insurance is one of the devices to prevent the individual from falling into the clutches of poverty and misery and to help in times of emergencies. The social insurance, defines Saxena, R.C. (1986) as:

"... a co-operative device which aims at granting adequate benefits to the insured on the compulsory basis, in times of unemployment, sickness and other emergencies, with a view to ensure a minimum standard of living, out of a fund created out of tripartite contributions of the workers, employers and the State and without any means test, and as a matter of right of the insured."

Thus unlike social assistance, the social insurance schemes are contributory in nature. The employees, employers and the State contribute towards the fund.
SOCIAL SECURITY PROVISIONS IN OTHER COUNTRIES

United Kingdom is the foremost country on the map of the world to have the most comprehensive social security programme. The credit of designing such a policy goes to Sir William Beveridge who conceived that want, disease, ignorance, squalor and idleness are the greatest enemies of human prosperity. Much before Lord Beveridge could tailor the social security programme in 1942, the Government had felt the need for safeguarding the interest of its citizens against poverty.

As early as 1901, during Queen Elizabeth's regime, the Poor Relief Act was passed providing for relief to the destitutes. It was followed by:

1. Workmen's Compensation Act in 1906 providing compensation against injuries to the workers,

2. The old Age Pension Act of 1908,

3. The National Insurance Act, 1911, providing for relief to the unemployed youths,

4. Health Insurance in 1911,

5. State Insurance to all workers in 1920, and

6. Unemployed Insurance for Agricultural Workers in 1936.
The social security programme designed by Lord Beveridge includes the benefits for housewives, children’s allowance, unemployment and sickness allowance, workmen’s compensation, funeral grant and old age pension.

United States of America, the most affluent economy of the world, has evolved a comprehensive social security programme for its citizens. Under Social Security Act of 1935, the citizens are guaranteed to receive unemployment compensation, public assistance to the needy and blind, disability benefit to the total or partially disabled, workmen’s compensation, old age retirement benefits and the survivors benefits to the dependants of deceased insured worker.

Australia has to its credit, at the beginning of the century, to have set up ‘The Social Laboratory of the World’, and conducted many experiments in social services.

Today it has launched an extensive programme covering maternity allowances, unemployment relief, sickness benefit, widows pensions and old age pension.
Social security programme constitutes the bedrock of any industrial economy. In a welfare-oriented economy such as India, which has committed to the objective of linking the national economy to the global market, the significance and importance of social security provisions need no special emphasis.

The case for social security programme becomes stronger when we observe that majority of the workers are caught in the cobweb of poverty, misery and helplessness. In industries like - matches, beedi-making, smithy, mining, etc., the labour is paid less than subsistence wage where it is difficult to meet both the ends. He is housed under most unhygienic and filthy surroundings. When he falls sick, there is nobody to take care of, when he is disabled, partially or totally, he is neglected.

In view of such miseries and misfortunes, the case of a properly-devised, effectively-controlled and adequately-financed social security schemes becomes strongly desirable. The extension of social security measures would not merely relieve the industrial worker from physical and mental distress but also enable him to lead a respectable life as the civilised member of a democratic society.
Being in knowledge of these facts, the Government has designed several social security measures. The Constitution of India, under Article 41 of the Directive Principles of State policy, has clearly laid down that the State shall make,

"... effective provision for securing the right to public assistance in cases of unemployment, old age, sickness and disablement."

In compliance with these constitutional requirements, the Government has framed a comprehensive labour legislation. According to Rao, S.L. (1994), there are about 150 Central and State laws in force. These laws may be classified as under.

1. Laws Relating to the Conditions of Work in Factories and Establishments - such as the Factories Act of 1948,

2. Laws Relating to Trade Unions - such as The Trade Union Act, 1926,

3. Laws Relating to Children and Women - Such as the Employment of Children Act, 1938, and

4. Laws Relating to Particular Subject and Social Insurance - such as The Workmen's Compensation Act, 1923, The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, The
Employees' State Insurance Act, 1948 and other laws pertaining to social security and welfare activities.

In the following analysis, a synoptic view of the relevant provisions has been presented.

1:6 WORKMEN'S COMPENSATION IN INDIA

1:6.1 NEED FOR COMPENSATION

Workers need protection against industrial injury, accidents and diseases. With increasing use of machinery and mechanical power in organised industries, the number of industrial accidents has increased. Provision for safety devices like - fencing on machines, safety-first posters, fire extinguishers, etc., have been included in various labour laws. In spite of this, accidents do occur, partly due to the absence of adequate safeguards against dangerous machinery and partly due to the carelessness of the workers. Accidents may cause death or dismemberment. Consequently, they result in sufferings of the workers and their dependants. Hence, provision of compensation against such mishappenings has become an integral part of labour legislation.

Payment of compensation can be advocated on both humanitarian and economic grounds. On humanitarian ground, it is an
identity of affixing supreme importance to human life. On economic
ground, it infuses a sense of security into the mind of labour and
stimulates him to put his best into the work.

1:6.2 WORKMEN'S COMPENSATION ACT OF 1923

The Workmen's Compensation Act was enacted in March, 1923. It came into force on July 1, 1924. Since then it has been
amended several times. Its latest amendment was effected in 1984. The
main provisions of the Act are as follows.

1:6.3 APPLICATION OF THE ACT

The Act is applicable to all workers employed in railways,
factories, mines, plantations, construction and blasting operations,
mechanically-propelled vehicles and certain hazardous works mentioned
in the Act. The persons engaged in clerical, administrative occupations,
armed forces and the employees covered under the Employees' State
Insurance Act of 1948 have been excluded from the purview of the Act.

Till its latest amendment in 1984, wage limit was an important
criterion for the purpose of coverage. The wage limit, which was Rs.
400 p.m. in 1946, was raised to Rs. 1,000 p.m. in 1976. Since its
amendment in 1984, the limit has been removed. In fact, it is a landmark modification in the Act since its enactment in 1923.

The application of Act is generally confined to the workers employed in organised industries and hazardous occupations. The State Governments are, however, empowered to extend its application to other classes of workers whose occupations are deemed to be hazardous.

1:6.4 PAYMENT OF COMPENSATION

Section 3(1) of the Act lays down that the employer is liable to pay to his workers for the personal injury caused to him by accident arising out of and in course of employment.

An occupational disease such as poisoning by lead fumes, phosphorous, etc., is deemed to be an injury by accident and the employer is liable to pay compensation for it.

However, no compensation is payable if the incapacity does not last for more than three days and when the injury (not resulting in death) is caused by the fault of the worker. The waiting period of three days is included if the injury lasts for twentyeight days or more. In case, the injury results in death, the employer is liable to pay compensation under all circumstances.
1:6.5 SHORTCOMINGS

The Act is subject to the following short-comings.

1. It places entire responsibility of payment of compensation on the employer.

2. The Act makes no provision for medical care and treatment which is the dire necessity of the worker.

3. There is no provision for the rehabilitation of the workman to restore the loss in his earning capacity.

4. The system of lump sum payment is also not satisfactory. It runs the risk of the amount being frittered away.

5. In several cases, the employees, who file their claims, receive the threat of dismissals from the employers unless the demand is withdrawn or nominal amount is accepted in full settlement of the claim.

As Rao, Shiva (1986) puts it:

"Beyond a point, it does not pay a worker in India to demand the fulfilment of right."
THE EMPLOYEES' STATE INSURANCE SCHEME

The employees' state insurance scheme is first of its kind in Asia. It is first step towards evolving a comprehensive social security scheme for the benefit and advantage of the Indian toiling masses.

The Employees' State Insurance Act, 1948, is the foremost attempt in the realm of social security. It has introduced a broad-based scheme of health, maternity, sickness and pensions to the dependants of the workers who die due to employment injury. The Act was subsequently amended in 1951, 1966, 1975 and 1984.

THE COVERAGE

Till recently, the Act was applicable to all non-seasonal factories using power and employing 20 or more workers. But now under Section 1(5) of the Act, the following new establishments are covered:

1. small factories using power and employing persons between 10 and 19,
2. those not using power but employing 20 or more persons,
3. shops, hotels, cinema theatres, motor transport companies employing 20 or more workers,

4. the Act covers all employees, manual, clerical or supervisory whose remuneration does not exceed Rs. 1,600 per month, and

5. it does not apply to defence personnel.

1:7.2 ADMINISTRATION AND FINANCE

The administration of the scheme is the responsibility of an autonomous body called the Employees' State Insurance Corporation (ESIC) set up in 1948.

The scheme is financed by the ESI Fund. It consists of contributions from employees, employers, grants, gifts and donations from the Central and State Governments, local authorities and the public. The State Governments share a part of the cost of medical care.

1:7.3 BENEFITS

The benefits provided under the Act are as follows:

1. Sickness Benefit,
2. Maternity Benefit,
3. Disablement Benefit,
4. Dependants Benefit,
5. Medical Benefit, and
6. Funeral Benefit.

1:7.4 PERFORMANCE

The extension of these benefits could attract a large membership from amongst the industrial workers. During 1988 as many as 61.7 lac employees were covered under this scheme.

As on the last day of December, 1984, the ESIC had commissioned 85 hospitals and 41 annexes with a total bed capacity of 17,102 in hospitals and 822 in annexes. Besides, there were 4,750 beds reserved exclusively for the use of insured persons in other hospitals. The number of dispensaries totalled 1,200.

1:7.5 SHORTCOMINGS

The functioning of the scheme subjects itself to the following shortcomings.
1. The workers in the unorganised industries are kept outside the purview of the scheme.

2. The scheme has not covered the risks such as unemployment, old age, etc.

3. There are frequent complaints regarding the functioning of ESI dispensaries and hospitals.

4. The Corporation follows cumbersome documentary procedure for settling the legitimate claims of the employees.

1:7:6 SUGGESTIONS

Following suggestions have been made to do away with the shortcomings in the functioning of the scheme.

1. There is a need for covering the agricultural workers as also the workers engaged in the unorganised industries.

2. The administration and functioning of dispensaries and hospitals should be streamlined in the best interest of the insured members.
3. The documentation procedure should be simplified.

1:8 EMPLOYEES’ PROVIDENT FUND AND FAMILY PENSION ACT OF 1952

The Royal Commission on Labour and the International Labour Organisation in its Regional Conference had stressed the need for provident fund and old age pension scheme for Indian industrial workers. It was in 1952 that the concept took a concrete shape when the Employees’ Provident Fund Act was passed. It was in 1971 that the provision for family pension was made through the enactment of Labour Provident Fund Laws (Amendment) Act. The Act was amended in 1976 and renamed as the Employees’ Provident Fund and Miscellaneous Provisions Act, 1952.

1:8.1 SCOPE AND COVERAGE

The scheme being contributory and compulsory in nature, initially the Act was applicable to six major industries, namely, iron and steel, textiles, engineering, cement, paper and cigarettes, employing fifty or more workers. Later on the Act was made applicable to several industries/classes of establishments employing twenty or more workers all over India.
1:8.2 CONTRIBUTION

The scheme is contributory in nature. The statutory rate of contribution both for the members of the Fund and the employer stood at 6.25 per cent of the total wage, dearness allowance and retaining allowances. By an amendment of the Act, the Government has enhanced the statutory rate of contribution to 8 per cent from January 1, 1963.

1:8.3 REFUND AND CLAIMS

Under the scheme, a subscriber can withdraw the full amount from the Fund in the following cases:

1. at the time of allotment,
2. retirement on account of incapacity,
3. termination of services in case of mass retrenchment, and
4. migration from India for permanent settlement abroad.

1:8.4 DEATH RELIEF FUND

The Death Relief Fund was set up under Employees' Provident Fund Scheme in 1964. It has been instituted to afford financial assistance to the nominees/heirs of the deceased members of the unexempted establishments whose pay does not exceed Rs.1,000 per
month including, basic, dearness allowance, etc. The amount of benefit runs to Rs. 1,250.

1:8.5 EMPLOYEES’ FAMILY PENSION SCHEME

With a view to providing for long-term financial assistance and security to the families of industrial employees, in the event of their premature death, the Employees’ Family Pension Scheme was introduced from 1st March, 1971. The amendments effected under the Provident Fund Act of 1952, facilitated the introduction of such a scheme. The fund under this scheme is raised by diverting a portion of the employers’ and employees’ contribution by the Central Government. The scheme is compulsory for employees who have joined employment after 1st March, 1971. At the end of September, 1988, there were about 95.46 lac workers covered under this scheme.

1:8.6 EMPLOYEES’ DEPOSIT LINKED INSURANCE SCHEME

The scheme was introduced in 1976. It is payable to dependants of the employee. The maximum amount payable is Rs. 10,000.

The three schemes, namely, the Employees’ Provident Fund Scheme, the Employees’ Family Pension Scheme and the Employees
Deposit Linked Insurance Scheme, are under the charge of Employees Provident Fund Organisation.

Beyond doubt, the scheme is a valuable form of savings as also the social security. However, certain anamolies have come to the limelight in the working of the scheme. The procedure of filling the claims is cumbersome. Delays are caused in clearing the claims.

1:9 THE PAYMENT OF GRATUITY ACT, 1972

Generally, there are three forms of pensionary benefits available to the industrial workers. These benefits include:

1. Pension,
2. Provident Fund, and

Different organisations adhere to different practices of pensionary benefits.

Gratuity is defined as a lump sum payment payable to a worker or his heirs by the company on termination of his services due to retirement, retrenchment, invalidity or death. An Act extending such a benefit to the industrial worker was enacted in 1972. It is called
Payment of Gratuity Act. The Act covers in its lap all employees in factories, mines, plantations, oil-fields, shops and establishments in which 10 or more persons are employed.

According to this Act, gratuity shall be payable to an employee:

a) on the termination of his employment after he has rendered continuous service for not less than five years,

b) on his superannuation,

c) on his retirement or resignation, or

d) on his death or disablement due to accident or disease.

Initially, the Act covered all employees who have been getting monthly salary of Rs.1,600 or less. The rate of gratuity was 15 days wages for each completed year of service, subject to maximum of 20 months wages. In case of seasonal establishment, it was 7 days wages for each season.

The Payment of Gratuity Act, 1972 was amended in 1987. In the light of this amendment, the wage limit for coverage was raised to Rs.2,500 per month. Further, it replaced the ceiling of 20 months wages for payment of gratuity by a monetary ceiling of Rs.50,000. The Act was amended in 1994 and subsequently, the monetary ceiling was raised to Rs.1 lac.
In its latest amendment in 1996, the monetary ceiling limit has been raised to Rs.1.5 lacs. Further, the salary limit of Rs.2,500 per month has been fully done away with.

1:10 CRITICAL REVIEW OF SOCIAL SECURITY SCHEMES IN INDIA

A close examination of the functioning of social security scheme in India unfolds following lapses.

1. The social security scheme presently under practice covers a smaller section of the working population in India. The workers engaged in the agricultural sector are not covered under its purview.

2. There is no provision for unemployment benefit or unemployment insurance.

3. The programme suffers from inadequacy of finances.

4. The rate of interest payable to the provident fund beneficiaries are lesser than the bank rate.

5. There is overlapping of schemes.
Keeping in view these shortcomings, the National Commission on Labour, 1969, felt the need for evolving a well-integrated, properly-phased, adequately-financed and a centrally-managed comprehensive policy, pooling all social security collections in a single fund.

1:11 LABOUR WELFARE ACTIVITIES

The term ‘labour welfare’ is the most comprehensive term which lends itself to various interpretations. In a broad sense, it refers to the adoption of measures promoting the physical, social, economic, psychological, intellectual and general well-being of the working population.

1:11.1 DEFINITION OF LABOUR WELFARE

The term ‘labour welfare’ being most flexible and dynamic, it is difficult to confine it in a precise and all-comprising single definition. It is, therefore, the Royal Commission on Labour, 1931, aptly points out that:

“the term ‘welfare’ as applied to the industrial worker is one which must necessarily be elastic, bearing a somewhat different interpretation in one country to another, according to different social customs, the degree of industrialisation
and the educational development of the industrial worker."

According to the Labour Investigation Committee (Rege Committee), 1946, labour welfare activities include:

"anything done for the intellectual, physical, moral and economic betterment of the workers, whether by employers, by the Government or by other agencies, over and above what is laid down by law or what is normally expected as part of the contractual benefits for which the workers may have bargained."

According to the Report of the Asian Royal Conference of the International Labour Organisation, 1946, the term labour welfare is understood:

"... to include such services, facilities and amenities as may be established in or in the vicinity of undertakings to enable the person employed in them to perform their work in healthy, congenial surroundings and provided with amenities conducive to good health and high morale."
Thus labour welfare activities include such measures which help in developing hygienic working conditions and provide a boosting to the morale of the worker.

Outlining the various amenities under the umbrella of labour welfare activities, the Committee on Labour Welfare, 1969, states:

"such services, facilities and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities, arrangements for travel to and from work and for the accommodation of the workers employed at a distance from their homes, and such other services, amenities and facilities including social security measures, as contribute to an improvement in the conditions under which workers are employed."

The services are:

"rendered to workers and their families by an industrial enterprise with the purpose of raising their moral, material, social and cultural levels and so that they may adjust to a better life."
The Labour Investigation Committee, 1946, spelt out a series of measures which should be included within the ambit of labour welfare measures. These measures include, housing, medical and educational facilities, nutrition (including provisions of canteens), facilities for rest and recreation, co-operative societies, day nurseries, creches, provision of sanitary accommodation, holidays-with-pay, social insurance measures undertaken voluntarily by the employers alone or jointly with workers, provident fund, gratuity and pensions.

1:11.2 CLASSIFICATION OF LABOUR WELFARE ACTIVITIES

The labour welfare activities may be divided into:

1. Intra-mural activities, and
2. Extra-mural activities.

1. INTRA-MURAL ACTIVITIES

The services and amenities which are extended inside the factory premises are termed as intra-mural welfare activities. The amenities are as follows:
1. those relating to prevention of industrial fatigue such as rest pauses, music, etc.,

2. those relating to health and general well-being like, sanitary conditions, latrines, urinals, provision of drinking water, medical facilities, first-aid, shelter, creches, canteens, etc.,

3. those relating to the safety of workers such as covering and fencing of machines, protective clothing, good layout of the machinery and plant, sufficient and proper lighting, fire extinguishers, etc., and

4. improved conditions of employment, better methods of recruitment, etc.

2. EXTRA-MURAL ACTIVITIES

The services and amenities which are provided outside the factory premises are known as extra-mural activities. These include, good housing, medical facilities, recreation, amusement, games, sports, education, lectures, debates, recreation clubs, conveyance, workers cooperatives, etc. Besides these, the financial facilities extended in times of sickness, unemployment, old age, may also be incorporated under extra-mural welfare activities.
There is yet another useful classification of these intra-mural and extra-mural labour welfare activities which is as under:

1. Statutory Welfare Activities,
2. Voluntary Welfare Activities, and

1. STATUTORY WELFARE ACTIVITIES

Statutory welfare activities are compulsory and binding on the part of employers. The Government enacts certain laws for the provision of labour welfare in order to enforce the minimum standards of health and safety of the workers. These provisions may be relating to living conditions, minimum wages, sanitary conditions, hours of work, lighting, hygiene, etc.

2. VOLUNTARY WELFARE ACTIVITIES

Unlike the statutory welfare activities which involve an element of legal compulsion, the voluntary welfare activities depend on the discretion of the employers. In pursuit of bettering the socio-economic lot of the workers, the employers may undertake certain welfare activities. The idea is apparently philanthropic. The examples of
voluntary welfare activities may include, opening tailoring and embroidery classes for the women-folk of the workers, offering stipend/scholarships to the children/dependants of the workers pursuing technical/higher education, etc. Voluntary welfare activities of such nature not merely inculcate positive attitudes amongst the workers but also enhance their efficiency and minimise the chances of conflicts. Some social organisations like Y.M.C.A., the Lions Club, Rotary Club also undertake such activities.

3. MUTUAL WELFARE ACTIVITIES

Mutual welfare activities are those which are organised by the workers themselves. Normally, such activities are organised under the roof of trade unions for the benefit of workers. To put it differently, the mutual welfare activities such as employees' co-operative housing societies, co-operative credit societies, etc., are the activities by the workers, for the workers for their mutual help and benefit. These activities normally fall outside the purview of the statutory activities.

1:11.3 OBJECTIVES OF LABOUR WELFARE ACTIVITIES

Labour welfare activities are the morale boosters. They stimulate the productive efficiency of the workers and reduce the
chances of conflict and confrontation. They infuse in them a new spirit of self-realisation and consciousness.

According to Kirkaldy, (1947), labour welfare measures help in achieving following objectives:

1. to combat the sense of frustration of the industrial workers,
2. to relieve him of personal and family worries,
3. to improve his health,
4. to afford him means of expression,
5. to infuse in him a sense of competitive spirit, and
6. to help him to a wider concept of life.

1:11.4 PRINCIPLES OF LABOUR WELFARE

Following are some of the principles which help in evolving a suitable welfare programme.

1. The principle of adequacy of wages stating that welfare amenities are not a substitute for low wages. The workers have the right to adequate wages.
2. The principle of social responsibility of industry suggesting that welfare activities should be taken as a responsibility of the employers.

3. The principle of efficiency suggesting that welfare amenities should be geared up to improve the efficiency of workers.

4. The principle of co-ordination and integration, advocating for co-ordinating different welfare programmes.

5. The principle of responsibility suggesting these programmes are the mutual responsibility of both employees and employers.

6. The principles of evaluation outlining the need for critical evaluation of the programmes launched periodically.

1:11.5 SIGNIFICANCE OF LABOUR WELFARE ACTIVITIES

In an industrialised society, the significance of labour welfare activities needs no special emphasis. These services, in fact, are the catalyst of socio-economic change. They are the potent source of winning the willing obedience of the workers. They are instrumental in cornering the loyalty and patronage of industrial workers.
expenditure in this field is not without returns. Extension of welfare amenities yields several benefits.

1. Provision of welfare amenities stimulates the productive efficiency of labour. In various conferences, such as the Indian Labour Conference and in the meetings of National Productivity Council, social scientists have established coefficient of correlation between welfare and labour efficiency.

2. According to Moorthy, M.V. (1968), the labour welfare activities are blessed with twin sides, namely, negative and positive sides. On their negative side, these activities counteract the harmful effects of large scale industrialisation on the personnel, family and social life of the workers, while, on the other and positive side, these provisions extend opportunities for the workers and their family members to lead a richer, satisfactory and decent life.

3. The activities such as workers' education scheme, industrial safety training, periodical medical check-up, help in reducing industrial accidents. These schemes also help in reducing labour turnover and absenteeism to the minimum.
4. Welfare amenities such as provision of eatables at subsidised rate, recreation, libraries, sports, tourism, etc. raise the standard of living of the workers by indirectly reducing the burden on their purse as also refrain workers from the evils like alcoholism, gambling and prostitution. Thus such provisions lead to marked improvement in the mental and moral health of the workers.

5. These activities inject a sense of belongingness, a feeling of oneness, inculcate discipline, arrest industrial fatigue, minimise disputes and help in building industrial democracy.

6. Further, these amenities help in creating permanent and settled labour force.

Thus the object of labour welfare activities is partly humanitarian, partly economic and partly civic. It is humanitarian, as it aims at providing certain facilities and amenities of life to the workers which they themselves cannot afford. It is economic because it improves the productive efficiency of workers, keeps the workers contended and minimises the chances of conflicts. It is civic because it is a means to promote a sense of responsibility and dignity among workers. It helps in developing a civilised society.
1:12 LABOUR WELFARE IN INDIA

The Indian Constitution in its Directive Principles of State Policy has clearly enunciated the need for labour welfare and aims at securing just and humane conditions of work for labour. Article 43, which is described as the Magna Carta of the Indian workers, imposes upon the State the obligation, inter alia, to secure by suitable legislation or economic organisation or in any other way, to all workers a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and socio-cultural opportunities.

1:12.1 THE AGENCIES FOR LABOUR WELFARE

The agencies engaged in extending labour welfare amenities may be classified as under:

1. The Central and State Governments,
2. The Employers,
3. The Trade Unions, and
4. The Social Service Agencies.
I. LABOUR WELFARE MEASURES BY THE CENTRAL AND STATE GOVERNMENTS

Since its winning over the political Independence, the Government has been playing a triple role as a legislator, an administrator and promoter of labour welfare activities. As a legislator, it has enacted a number of laws promoting welfare activities. Minimum standards have been laid down in these laws though employers are at liberty to improve upon them. The enactment of Factories Act of 1948, is one such law in this direction which may be considered as an important milestone in factory legislation. The Act incorporates a separate chapter on labour welfare measures. It outlines the main provisions as under.

Management are to:

i) comply with the requirement of the Act and the Rules framed thereunder in regard to the provision of welfare amenities prescribed therein, namely,

a) washing facilities,

b) seats for occasional rest for workers obliged to work standing,

c) canteens - if employing more than 250 workers,
d) shelters or rest rooms and/or lunch room, if employing over 150 workers, and
e) creche - if employing more than 30 women.

The standards of various amenities to be provided in the Rules framed by the State Governments -

ii) provide wherever prescribed by the State Government, suitable places in the factory or class of factories, for keeping workers' clothes during working hours or drying their wet clothes, and

iii) appoint welfare officers in factories employing 500 or more workers to look after the welfare of the workers.

Management are also to comply with the health provisions in the Act relating to cleanliness, disposal of wastes and effluents, elimination of dust and fumes, artificial humidification, over-crowding, lighting, drinking water facilities (arrangements for cool drinking water in summer in factories employing over 250 workers), urinals, latrines, spittoons, first-aid boxes (one for 150 workers) and ambulance facilities (in factories employing over 500 workers).
Depending on the needs and requirements of the economy, the Factories Act of 1948 was amended in 1954 and in 1976. In its amended form, the Act has incorporated provisions such as:

a) dispensary facilities in all factories employing more than 500 workers,
b) holidays with wages at the rate of one day for every 20 days worked,
c) weekly working hours - 48,
d) rate of payment for overtime work,
e) rest for half an hour after maximum of 5 hours of work, and
f) weekly holiday.

Apart from Factories Act of 1948, the Government has enacted several Acts, making provision for labour welfare activities. One amongst these Acts is the Motor Transport Workmen’s Act of 1961. As an administrator, it has evolved a suitable machinery to administer the implementation aspect of the Act and as a promoter of welfare activities, the Government has been appropriating a sizeable outlay for creating welfare amenities. Table 1.1 displays the picture analytically.
### TABLE - 1.1

**OUTLAY CHANNELISED FOR LABOUR WELFARE ACTIVITIES DURING PLAN PERIOD**

<table>
<thead>
<tr>
<th>Plan</th>
<th>Plan outlay (Rs. in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Plan</td>
<td>6.74</td>
</tr>
<tr>
<td>Second Plan</td>
<td>29.00</td>
</tr>
<tr>
<td>Third Plan</td>
<td>71.08</td>
</tr>
<tr>
<td>Annual Plan</td>
<td>35.50</td>
</tr>
<tr>
<td>Fourth Plan</td>
<td>39.90</td>
</tr>
<tr>
<td>Fifth Plan</td>
<td>57.00</td>
</tr>
<tr>
<td>Sixth Plan</td>
<td>78.50</td>
</tr>
<tr>
<td>Seventh Plan</td>
<td>95.44</td>
</tr>
</tbody>
</table>

Source: Various Plan documents.

The earmarked resources were used for purposes such as the institution of technical training centres for women, rehabilitation of bonded labour, health centres, industrial hygiene laboratories and other welfare-oriented activities.

Along with the Central Government, the State Governments also have taken initiative in creating welfare amenities for labour. The
States such as Maharashtra, Gujarat, Karnataka and Assam have taken the lead in enacting Labour Welfare Fund Act. In nearly all States and Union Territories, labour welfare centres have been established providing sports facilities, reading rooms, technical training in carpentary, tailoring, embroidery, etc. The State of Maharashtra has the distinction of organising 178 welfare centres followed by West Bengal with 56 such centres.

The finances for organising these activities are pooled through donations and grants from the Central Government.

2. LABOUR WELFARE ACTIVITIES BY THE EMPLOYERS

The Royal Commission on Labour, 1931, the Malaviya Committee, 1969 and the National Commission on Labour, 1969, in their reports have cited instances where the enlightened and social-minded employers have volunteered themselves in launching labour welfare activities.

In engineering industry, several large firms such as TISCO Steel Corporation of Bengal, Bokaro, Rourkela, Durgapur, Bilas, Bhadravathi Steel Ltd. and the Mysore Iron and Steel Ltd., have launched a number of activities such as educational institutions, mahila mandals, crafts training institutes, co-operative stores, dispensaries.
hospitals, housing facility, financial assistance to the dependents of the workers seeking education, etc.

The Tata Iron and Steel Company, Jamshedpur, has the distinction of developing a well-furnished and exemplary industrial town called Tata Nagar in Jamshedpur. Similarly, the Birla Group enjoys the credit of developing Birla Nagar in Harihar (Karnataka) in the neighbourhood of their venture called Harihar Polyfibres. These townships have been developed for residential purposes for their employees.

The Bombay Mill Owners’ Association, the Empress Mills, Nagpur, Delhi Cloth and General Mills, Delhi, the Bangalore Wollen, Cloth and Silk Mills, Chittranjan Locomotives, Hindustan Machine Tools, the Hindustan Lever, Bharat Earth Movers, Kolar Gold Fields, etc., have set up Labour Welfare Funds.

A critical review of the role of employers in extending welfare amenities indicates that barring a few exceptions, many employers consider the expenditures on labour welfare activities as unnecessary expenditures. Further, there has been very little spirit of service. On the part of workers there is a feeling that welfare amenities are extended to undermine the influence of trade unions.
A trade union is primarily an economic institution which aims at protecting and promoting the welfare of the labour community. The unions of the eminence of Textile Labour Association, Ahmedabad, Mazdoor Sabha, Kanpur, Mill Mazdoor Union at Indore, Railwaymen’s Union, Indian Federation of Labour, U.P., have devoted themselves for promoting the welfare of their members. They have been organising a number of activities such as running the nurseries, sewing, knitting and embroidery training centres, consumers’ co-operatives, housing co-operative societies, etc.

The Textile Labour Association, Ahmedabad, famously known as the Major Mahajans, has been rendering exemplary services. It spends around 70 per cent of its income for organising welfare activities. A few of their activities include:

1. a residential boarding house for working class girls,
2. it has set up 3 day and night schools, 85 reading rooms, 22 libraries, 27 physical and cultural centres, 14 gymnasias,
3. it owns five hospitals,
4. there is Workers’ Co-operative Bank, and
5. it publishes a bi-weekly entitled, ‘Mazdoor Sandesh’.
A critical review of the trade unions functioning reveals that some of the unions such as the Major Mahajans have been rendering yeoman service but this has not been the universal phenomenon. Due to the poor membership, paucity of funds, multiplicity of unions, dearth of enlightened leadership, etc., the unions have not done anything worth appreciating.

The solution to this problem lies in giving a fair trial to one union in one industry’ being led by the enlightened leaders.

4. LABOUR WELFARE ACTIVITIES BY THE SOCIAL SERVICE AGENCIES

It is indeed worth appreciating that some of the social service agencies have evinced keen interest in promoting labour welfare activities. These organisations include:

1. The Y.M.C.A.,
2. Social Leagues in Bombay, Madras and Bengal,
3. The Bombay Presidency Women’s Council,
4. The Maternity and Infant Welfare Association,
5. The Depressed Classes Mission Society,
6. The Poona and Bombay Seva Sadan Societies,
7. The Bengal Women’s Institute, etc.
1:12.2 CRITICAL REVIEW OF LABOUR WELFARE MEASURES IN INDIA

The review of labour welfare measures in India has demonstrated a number of weaknesses.

1. There has been disparity and variations in the adoption of the programme not merely amongst the States but also in industries. The workers in the unorganised industries are kept outside the purview.

2. The allocation of funds for welfare activities by the Government is inadequate.

3. A vast majority of the industrialists consider welfare work as a barren liability.

4. The participation of unions in welfare promoting activities has not been a universal phenomenon.

These weaknesses and lapses are likely to impair not merely labour productivity but also the industrial peace. There is a pressing
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need for over-coming these weaknesses. Following suggestions are made to improve the functioning.

1. A definite minimum standard of welfare should be laid down. This would bring uniformity in the provision of welfare amenities to labour.

2. Adequate steps should be taken for the effective implementation of legislative enactments relating to health, safety and welfare of the workers.

3. The Government should exercise compulsion for the appointment of qualified and experienced Labour Welfare Officers. The Welfare Officer should act as the maintenance engineer on human side.

4. Both Central and the State Governments should evince keen interest in promoting welfare activities. The employers must soften their attitudes. The trade unions must play an active and meaningful role in promoting labour welfare activities.

Conclusively, the welfare activities are the catalyst of change. They act as the morale-boosters. In a developing economy like India, which has accepted the objective of linking the national economy to the
global market, there is a pressing need for approaching the problem of labour welfare activities in the most realistic manner.

It should be regarded as a social obligation and the joint responsibility of the employers, the State and the trade unions. They should all work in harmony to raise the standard of living of the workers. A modest beginning has been made in this direction but still there is a lot more to be achieved which offers both an opportunity and a challenge to these agencies.