CHAPTER 6

Labour Management Relations & Social Security, Labour Welfare
LABOUR MANAGEMENT RELATIONS AND
SOCIAL SECURITY, LABOUR WELFARE

SOCIAL SECURITY

Meaning

The term 'social security' has a recent origin in industrial world. The concept of social security is based on the old concept of protection. In a society, the individual is protected by his family at first stage, then by society at a later stage.

These methods were found insufficient and unreliable with the growing industrialisation. The self sufficient villages were replaced by a system where everybody was dependent on the community as a whole i.e. for living and for welfare.

With this change man has become more prone to accidents. He has to face many risks which are naturally more than those which he had to face earlier. The risk of sickness, invalidity and accident is much higher in a factory than in a farm. In such a situation it is expected that the society will provide security to workers. Social security forms an important part of labour welfare, providing the security which is of great importance to the workers and their families' well being.

Thus social security has been defined as "the security which society furnishes through appropriate organisations against certain risks to which its members are perenniably exposed."
According to ILO:

"It can be taken to mean the protection which society provides for its members, through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death, the provision of medical care and the provision of subsidies for families with children."[1]

In the opinion of Beveridge, the term social security is used

"To denote the security of an income to take the place of earnings when they are interrupted by unemployment, sickness or accident, to provide for retirement through age, to provide for loss of support by the death of another person and to meet an exceptional expenditure. Such as those connected with birth, death and marriage."[2]

According to Maurice Stack,

"By social security we understand a programme of protection provided by society against the contingencies of modern


life, sickness, unemployment, old age expediency, industrial accident and invalidity against which the individual cannot be expected to protect himself and his family by his own ability and foresight."

**IMPORTANCE:**

Social security is very important because it covers all the mishaps which result either in cessation or reduction in earnings. One hand, it compensates the worker for loss of earning and on the other hand, it prevents the occurrence of risk. It tries to eliminate avoidable diseases, accidents and idleness. It also restores the earning capacity of the individual by cure, care, re-employment and rehabilitation. It aims that compensation must be supplemented by policies of prevention and restoration.

The idea behind the policy of compensation is that the individual and his family should not suffer from destitution.

Policy of prevention aims at examining the causes of risks with a view to eliminate them.

At the end, restoration is essential because the loss of earning suffered by an individual cannot be compensated fully and the compensation cannot be continued for a long period. So the best way out is to find employment for the unemployed person. [1]

[1] Social Security for Industrial Worker in India. - G. Varandani
PROBLEMS :

Formulation and implementation of schemes of social security is not an easy task. It involves many problems related to various aspects of the scheme.

The first problem of scheme of social security is regarding the scope of the scheme i.e. which person and what risks will be covered. According to it, more hazardous occupations should be covered first. It should exclude those occupations where old methods of security are still working. In nut shell, it means more emphasis should be given to industries rather than agriculture because industrial worker is more prone to accidents. It is better to supplement older forms of security by social assistance in agriculture because in agriculture there is very little risk of employment injury or unemployment as compared to industries, but it has same incident of risk as far as sickness, maternity and old age are concerned.

To sum up in this sector the problem of compensation is not much important. Here the main problem is of restoration.

Another problem of social security is contribution i.e. who will contribute and in what proportion. This problem is not there in social assistance scheme but it is present in social insurance schemes. It is considered to be a right view that the worker should contribute towards their social security measures. Keeping this in view social insurance is introduced in preference to private insurance. It is realised that only
employees contribution is not sufficient to cover up the risk workers do not generally insure themselves due to poverty as well as lack of foresight. Hence it is essential that this responsibility should be borne by employers. The state should also contribute towards it. The idea behind the state making contribution is that society as a whole is benefitted as a result of social insurance and therefore it must contribute towards it. The extent of contribution by the state depends upon the ability of workers and employers to contribute.

State finances social security measures by the usual methods of public finance. Benefits are provided out of that fund which is created by contributions of workers, employers & state. This fund should not be mixed up with other funds and hence should be managed by an autonomous body. Nature of risk and benefits to be paid decides that whether this should be provided out of current income or out of accumulated funds. Thus maternity, sickness and medical benefits are provided out of current incomes whereas pensions, provident fund, unemployment benefits are provided out of accumulated funds.

Another problem of social security arises regarding the investment of social security funds. These funds should be invested in those projects which help in raising the productive capacity and standard of living in the long run.

Yet another problem of social security is determination of rate or amount of security. The rate or amount of social security should not be too less because it makes it useless and ineffective. On the other hand
it should not be too high as it leads to its misuse. As far as possible it should be adequate to enable an individual to maintain a reasonable standard of living.

Inflation also causes problems regarding social security because it eats up the entire benefit. This is especially applicable on those benefits which are paid after a long period as provident fund pensions, permanent disability benefit etc. Due to inflation purchasing power of benefits becomes less than the purchasing power of contribution. Workers do not show any interest because they are actually not compensated at the time of loss.[1]

SOCIAL SECURITY PROGRAMMES

IN LAL IMLI KANPUR

Workmen's Compensation Act 1923

Workmen's Compensation Act was passed in 1923 but came in force on the first day of July 1924.

Enactment of this Act was the first step towards social security of workmen. It provides for payment of compensation to workers for accidents and diseases arising out of and in course of his employment resulting in death or total or partial disablement exceeding three days by reasons other than his own wilful misconduct or negligence.

[1] Social Security for Industrial Workers in India. - G. Varandani
Social Security Measures in India - S. L. Goel & R. K. Jain
Compensation is also payable for some occupational disease contracted by workmen during the course of occupation. A detailed list of occupational diseases is given in schedule III of the Act. Schedule III is divided into 3 parts in relation to the liability of employer to the pay compensation in case of occupational diseases.

In cases of occupational diseases referred to in Part C, the workman is entitled to compensation if he has been in the service of one or more employers for such continuous period as the Central Government may specify. In case there is more than one employer, proportionate compensation is payable by all the employers according as the Commissioner of Workmen's Compensation may deem just.

It also lays down the various amounts payable in case of an accident depending upon the type and extent of injury. The employer is in position to know the exact amount of compensation which he has to pay. The rate of compensation is prescribed and depends on the nature of injury and average monthly wage of the worker.

**Compensation**:

According to section 4 of the Workmen's Compensation Act 1923, the amount of compensation payable to a workman depends on :-

(i) The nature of the injury caused by accident.

(ii) The monthly wages of the workman concerned, and
(iii) The relevant factor for working out lump sum equivalent of compensation amount as specified in Schedule IV.

Section 4 provides for compensation for -

(i) Death
(ii) Permanent total disablement
(iii) Permanent partial disablement and
(iv) Temporary disablement whether total or partial.

Section 4 is to be read with Schedule IV in order to determine amount payable as compensation. Relevant factor is that factor which is specified in second coloumn of schedule IV. This is different for different ages. The relevant factor of each age is mentioned against of that age in the schedule. Lesser the age higher is the relevant factor and vice versa.

If a worker dies because of an injury, the amount of compensation will be 40% of the total monthly wages of deceased worker multiplied by the relevant factor indicated in schedule IV of the Act or an amount of Rs. 20000 which ever is more.

It can be calculated as:

\[
\text{Monthly wages} \times \text{Relevant factor} \times \frac{100}{100}
\]

or

Rs. 20000

Which ever is more
The compensation should be claimed by the dependents of the deceased.

If the monthly wage of a worker is more than Rs. 1000, his monthly wage shall be deemed to be Rs. 1000, only for this purpose.

If a worker suffers from permanent total disablement because of an injury, the amount of compensation will be 50% of the monthly wage of the injured workman multiplied by the relevant factor, or Rs. 24000, whichever is more.

If can be calculated as:

\[
\text{Monthly wage} \times \text{Relevant factor} \times \frac{50}{100}
\]

or

Rs. 24000/-

which ever is more.

The monthly wages in case of a workman drawing more than Rs. 1000 will be taken as Rs. 1000.

If an injury results in permanent partial disablement, than amount of compensation will be calculated in the following manner :-

(a) In the case of an injury specified in Part II of schedule I, (the Part II of schedule I to the Act give a long list of injuries deemed to result in permanent partial disablement along with the percentage
of loss of earning capacity which is deemed to result in each case. The percentage of the loss of earning capacity stated against the injuries in Part II of Schedule I is the minimum and not the maximum and the commissioner can assess the loss above it) the amount of compensation shall be such percentage of the compensation which would have been payable in case of permanent total disablement as is specified therein as being the percentage of loss of earning capacity caused by that injury.

It will be calculations as:-

\[
\frac{\text{--------% of Monthly wage} \times \text{Relevant} \times 50}{100}
\]

(b) In the case of an injury not specified in schedule I, the amount of compensation will be calculated in the same manner as above but the loss of earning capacity will be assessed by a qualified medical practitioner.

If an injury results in temporary disablement, whether total or partial, the amount of compensation will be 25% of monthly wages of a workman which is payable every half month.

This compensation is payable half monthly during the disablement or during a period of 5 years, which ever period is shorter.

But provisions of this Act are not free from defects. Small and backward employers generally avoid provisions of this Act. The legal
procedure of this Act is very costly and complicated, hence avoided by
the employees. The other reason of non-popularity is this that the amount
of compensation is not sufficient to commensurate with the hard ship
and cost of litigation. The employees also have fear of losing jobs.

The other major defect of this Act is that there is provision of
lump sum payment under it which is generally considered as squandering
of compensation. [1]

**EMPLOYEES STATE INSURANCE ACT 1948**

This Act was passed in 1948 but came into force after 4 years
of delay. This Act extends to the whole of India. This Act is a landmark
in the history of social security in India. It was passed with the object
of introducing social insurance by providing for certain benefits to
employees in case of sickness, maternity, employment injury etc. These
benefits are secured by financial contributions to the scheme both by
employers and employees.

**Applicability of the Act**

This Act applies to all factories including government owned
factories but does not apply to seasonal factories. This Act shall not
be applicable to that Government factory or establishment whose
employees are otherwise in receipt of similar or superior benefits
provided in this Act.

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1. *Hand Book of Industrial Law* - N. D. Kapoor
   *Modern Labour Laws & Industrial Relations* - Srikanta Mishra
After the amendment of the Act in 1984 all those employees of all the factories except the seasonal ones which are run with power and employ 20 or more persons, whose remuneration does not exceed Rs. 1600 per month are covered under this Act.

Further, a factory or an establishment to which this Act applies shall continue to be governed by this Act notwithstanding that the number any persons employed therein at any time falls below the limit specified by or under this Act or the manufacturing process therein ceases to be carried on with the aid of power.

**Contribution (Sec. 39)**

Employees State Insurance scheme is a contributory scheme. In this scheme employers as well as employees have to pay their contributions according to the provisions of the Act to the E.S.I. Corporation.

Rule 51 lays down the method of calculation of the employee's and employer's contribution. According to it the amount of contribution for a wage period shall be paid at a fixed percentage of wages, i.e.

(a) Employer's contribution, a sum equal to 5% of the total wage bill of all employees rounded to the next higher multiple of 5 paise.

(b) Employee's contribution, a sum equal to 2.25% of his wage rounded to the next higher multiple of 5 paise.

Employees getting less than Rs. 15/- per day are exempted from making any contribution.
Finance:

Under this Act, Employees State Insurance Fund is created for:

- Making payments of benefits to the insured person,
- Meeting cost of administration
- Making provisions for other authorised purposes.

The Employee's State Insurance Scheme is financed out of the Employee's State Insurance Fund in which the employees and employers contribute at the aforesaid rates. Gifts, donations and grants made by Central or State Governments or any individual body or local authorities are also accepted.

According to section 32 of this Act. The E.S.I. Corporation shall frame in each year a budget showing probable receipts and the expenditure which it proposes to incur during the following year. This budget should be approved by the Central Government.

Administration:

The administration of the scheme has been entrusted to the Employee's State Insurance Corporation which is an autonomous body. The E.S.I. Corporation is a body corporate having perpetual succession and a common seal.

This corporation consists of 36 persons from different concerned quarters. The Union Minister for Labour and Employment happens to be
the chairman and the Minister of Health is the vice chairman of the corporation.

**Benefits**: 

Following benefits are available under this Act to the insured persons, their dependents or other entitled persons:

**Sickness Benefit [Sec. 46(1) (a), 49 and Rule 55]**

According to section 49, the qualification of a person to claim sickness benefit, the conditions subject to which such benefit may begin, the rate of benefit, period of benefit etc. may be prescribed by the Central Government.

The daily rate of sickness benefit shall be the standard benefit rate given as follows:

<table>
<thead>
<tr>
<th>Table (Rule 54)</th>
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</thead>
<tbody>
<tr>
<td><strong>S. No.</strong></td>
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<tr>
<td>----------------</td>
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<tr>
<td>1.</td>
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<tr>
<td>2.</td>
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<td>6.</td>
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<tr>
<td>7.</td>
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<tr>
<td>8.</td>
</tr>
</tbody>
</table>
The insured person shall not be entitled to sickness benefit for an initial waiting period of 2 days. But if the spell of sickness re-occurs within 15 days he shall be entitled to recover the benefit even for the first 2 days in the second or subsequent spell. The sickness benefit is also not to be paid to any person for more than 91 days in any 2 consecutive benefit periods.

**Maternity Benefit [Sec. 46 (1) (b), 50 and Rule 56]**

An insured women is entitled to maternity benefit in case of her confinement or miscarriage or sickness arising out of pregnancy, confinement, premature birth or miscarriage.

According to section 50, the qualification of an insured woman to claim maternity benefit, conditions, rates etc. may be prescribed by the Central Government.

According to the Rule 56 of this Act. The daily rate of maternity benefit shall be as follows:

**Table (Rule 56)**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Group of Employees whose average daily wages are</th>
<th>Corresponding daily maternity benefit rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Below Rs. 6</td>
<td>Rs. 05.00</td>
</tr>
<tr>
<td>2.</td>
<td>Rs. 6 and above but below Rs. 8</td>
<td>Rs. 07.00</td>
</tr>
<tr>
<td>3.</td>
<td>Rs. 8 and above but below Rs. 12</td>
<td>Rs. 10.00</td>
</tr>
<tr>
<td>4.</td>
<td>Rs. 12 and above but below Rs. 16</td>
<td>Rs. 14.00</td>
</tr>
<tr>
<td>5.</td>
<td>Rs. 16 and above but below Rs. 24</td>
<td>Rs. 20.00</td>
</tr>
<tr>
<td>6.</td>
<td>Rs. 24 and above but below Rs. 36</td>
<td>Rs. 30.00</td>
</tr>
<tr>
<td>7.</td>
<td>Rs. 36 and above but below Rs. 48</td>
<td>Rs. 40.00</td>
</tr>
<tr>
<td>8.</td>
<td>Rs. 48 and above</td>
<td>Rs. 56.00</td>
</tr>
</tbody>
</table>
An insured women shall be qualified to claim maternity benefit if the contribution in her respect were payable for not less than 80 days in the immediately preceding 2 consecutive contribution periods.

**Disablement benefit [Sec. 46 (1)(c), 51, 51-A to 51-D, 52-A, 53, 54, 55 and Rule 57]**

This benefit is payable to a workman who suffers an injury because of his employment.

In this also Central Government may prescribe the rates and period of benefit.

The daily rate of disablement benefit is as follows:

**Table showing 'full rate' of disablement benefit.**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Group of Employees whose average daily wages are</th>
<th>Corresponding daily disablement benefit rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Below Rs. 6</td>
<td>Rs. 03.50</td>
</tr>
<tr>
<td>2.</td>
<td>Rs. 6 and above but below Rs. 8</td>
<td>Rs. 04.90</td>
</tr>
<tr>
<td>3.</td>
<td>Rs. 8 and above but below Rs. 12</td>
<td>Rs. 07.00</td>
</tr>
<tr>
<td>4.</td>
<td>Rs. 12 and above but below Rs. 16</td>
<td>Rs. 09.80</td>
</tr>
<tr>
<td>5.</td>
<td>Rs. 16 and above but below Rs. 24</td>
<td>Rs. 14.00</td>
</tr>
<tr>
<td>6.</td>
<td>Rs. 24 and above but below Rs. 36</td>
<td>Rs. 21.00</td>
</tr>
<tr>
<td>7.</td>
<td>Rs. 36 and above but below Rs. 48</td>
<td>Rs. 28.00</td>
</tr>
<tr>
<td>8.</td>
<td>Rs. 48 and above</td>
<td>Rs. 39.20</td>
</tr>
</tbody>
</table>
The disablement benefit shall be paid to the insured workmen in the following manner:

(a) It is given at full rate if workman suffers from temporary disablement.

(b) It is given at full rate if workman suffers from permanent total disablement.

(c) If a worker suffers from permanent partial disablement from an injury specified in Part II of the second schedule, it is given at such percentage of the full rate as is proportionate to the loss of earning capacity caused by that injury.

(d) If a worker suffers from permanent partial disablement resulting from an injury not specified in Part II of the second schedule, it is given at such percentage of the full rate payable in the case of permanent total disablement as is proportionate to the loss of earning capacity caused by that injury.

If more than one injury is caused by same accident, the rate of benefit payable is aggregated and in no case it will exceed full rate.

(e) If there is a disablement not covered by above clauses (a), (b), (c) and (d), the benefit can be given at any rate not exceeding the full rate.
Dependent's Benefit [Sec. 46 (1) (d), 52, 55-A and Rule 58]

This benefit is given to the dependents of deceased insured workmen if the cause of his death was an injury sustained as an employee.

In this also Central Government may prescribe the rates and period of benefit.

The daily rate of dependents benefit is as follows :-

(a) For Widows

It is given to the widow of deceased workman during her life time or until her remarriage. If there are 2 or more widows, the amount shall be divided equally between them. The rates are :-

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Group of Employees whose average daily wages are</th>
<th>Corresponding daily dependents benefit rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Below Rs. 6</td>
<td>Rs. 02.10</td>
</tr>
<tr>
<td>2.</td>
<td>Rs.06 and above but below Rs.8</td>
<td>Rs. 02.94</td>
</tr>
<tr>
<td>3.</td>
<td>Rs.08 and above but below Rs.12</td>
<td>Rs. 04.20</td>
</tr>
<tr>
<td>4.</td>
<td>Rs.12 and above but below Rs.16</td>
<td>Rs. 05.88</td>
</tr>
<tr>
<td>5.</td>
<td>Rs.16 and above but below Rs.24</td>
<td>Rs. 08.40</td>
</tr>
<tr>
<td>6.</td>
<td>Rs.24 and above but below Rs.36</td>
<td>Rs. 12.60</td>
</tr>
<tr>
<td>7.</td>
<td>Rs.36 and above but below Rs.48</td>
<td>Rs. 16.80</td>
</tr>
<tr>
<td>8.</td>
<td>Rs.48 and above</td>
<td>Rs. 23.52</td>
</tr>
</tbody>
</table>
(b) For each legitimate or adopted son until he attains 18 years of age and for each legitimate or adopted unmarried daughter until she attains 18 years or age or until marriage which ever is earlier.

Table showing dependents benefit for children

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Group of Employees whose average daily wages are</th>
<th>Corresponding daily dependents benefit rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Below Rs. 6</td>
<td>Rs. 01.40</td>
</tr>
<tr>
<td>2.</td>
<td>Rs.06 and above but below Rs.8</td>
<td>Rs. 01.96</td>
</tr>
<tr>
<td>3.</td>
<td>Rs.08 and above but below Rs.12</td>
<td>Rs. 02.80</td>
</tr>
<tr>
<td>4.</td>
<td>Rs.12 and above but below Rs.16</td>
<td>Rs. 03.92</td>
</tr>
<tr>
<td>5.</td>
<td>Rs.16 and above but below Rs.24</td>
<td>Rs. 05.60</td>
</tr>
<tr>
<td>6.</td>
<td>Rs.24 and above but below Rs.36</td>
<td>Rs. 08.40</td>
</tr>
<tr>
<td>7.</td>
<td>Rs.36 and above but below Rs.48</td>
<td>Rs. 11.20</td>
</tr>
<tr>
<td>8.</td>
<td>Rs.48 and above</td>
<td>Rs. 15.68</td>
</tr>
</tbody>
</table>

Sometimes the total benefit given to widow and children exceeds the full rate. In such a case share of each beneficiary is reduced proportionately so that the total benefit does not exceed the full rate.

In case deceased person does not leave a widow or legitimate or adopted child benefit shall be payable to.

(a) Parents, grand parents for life at an amount equivalent to 3/10th of full rate.

(b) Any other male dependent, until he attains 18 years of age or any
other female dependent, until she attains 18 years of age or until marriage, whichever is earlier, at an amount equivalent to $\frac{2}{10}$ of full rate.

Medical Benefit. [Sec. 46 (1) (e), 46 (2), 56 to 59 & Rule 60, 61]

It consists of free medical treatment in case of sickness, employment injury and maternity. Medical benefit is also available to the members or the family of the worker. Provision is there to provide specialists' services, free of cost ambulances in case of emergencies, free of cost artificial limbs, artificial teeth, spectacles etc.

According to section 56, the medical benefit may be given either in the form of out-patient treatment and attendance in a hospital or dispensary, clinic or other institutions or by visits to the home of the insured person or treatment as in-patient in a hospital or other institution.

According to section 58, arrangement for medical treatment in a particular state is the administrative responsibility of the state government as health is a state subject.

According to section 57, an insured person and his family shall be entitled to receive medical benefit only of such kind and on such scale as may be provided by the State Government or the E.S.I. Corporation. Section 59 makes provision for the establishment and maintenance of hospitals, dispensaries and other medical and surgical services by the E.S.I. Corporation, with the approval of State Government.
Funeral Expenses [Sec 46 (1) (f) and Rule 59]

Funeral expenses are paid to the eldest surviving member of the family of the deceased employee.

In case the insured employee did not have a family or he was not living with his family at the time of his death, the funeral expense will be paid to that person who actually incurs it.

The amount prescribed by the central Government (with effect from 22nd Jan 1991) is Rs. 1000 and payment regarding this shall not exceed this limit.

The claim of funeral expense shall be made within three months of the death of the insured employee. [1]

EMPLOYEES PROVIDENT FUND &
MISCELLANEOUS PROVISION ACT

Employees Provident Fund:

This Act came into force in 1952. The schemes of provident fund induce the employees to save. The employees are compelled to save a part of their present earning for future contingencies.

The employers and employees both have to contribute to the fund. The contribution of employers should be equal to the contribution of

1. Hand Book of Industrial Law - N. D. Kapoor
2. Modern Labour Laws & Industrial Relations - Srikanta Mishra
employees. The share of employee is deducted from his salary by the employer. The member can withdraw the amount standing to their credit by abiding with the rules and regulations of the Act.

Application of the Act

This Act extends to the whole of India.

It applies :-

According to section 1(3) (a) to every factory which employs at least 20 persons and which is engaged in any industry specified in schedule-1.

According to section 1(3) (b), to any other institution specified by Central Government by notifying in the Official Gazette and in which at least 20 persons are employed.

Central Government may make the provision of this Act applicable on any establishment employing less than 20 people after giving at least 2 months notice and by notification in Official Gazette.

According to section 1(5), once the Act applies to an establishment, it continues to be applicable even if the number of employees falls below 20.

Employees' Provident Fund Scheme:

Section 5 of the Employees Provident Fund and Miscellaneous Provision Act, has given powers to Central Government to make any scheme called Employees' Provident Fund Scheme by notification in
Official Gazette. Central Government is also empowered to specify the establishments on which it will be applicable. As soon as the Employees' Provident Fund Scheme is framed, Employees Provident Fund has to be established in accordance with the provisions of the Act. The scheme may provide for all or any of the matters specified in schedule II.

As per the powers conferred by section 5 of the Act, Employees Provident Fund Scheme was framed by Central Government in 1952, vide, its notification dated 2nd September, 1952.

**Contribution (Section-6)**

The rate of contribution both for employer and employee is 8 1/3% of basic wages, dearness allowance and retaining allowance if any. If any employee wants to contribute more than 8 1/3% of basic wage, D.A. and R.A. he is allowed to do so but in this case employer is not required to contribute more.

Central Government, after making enquiry and after notification in Official Gazette, may fix the rate at 10% instead of 8 1/3% in any establishment. At present it is 10% in Lal Imli Mills.

**EMPLOYEES' FAMILY PENSION SCHEME AND FUND**:

Section 6(a) of the E.P.F. Act has given powers to Central Government to frame any scheme called Employees' Family Pension Scheme by notification in Official Gazette. The purpose of this scheme should be to provide family pension and life assurance benefit to the employees.

1. **Hand Book of Industrial Law** - N. D. Kapoor
   **Social Security for Industrial Workers in India** - G. Varandani
As per the powers conferred by section 6 (a) of the Act, Employees Family Pension Scheme was framed by the Central Government in 1971 vide, its notification dated 4th March 1971, A Family Pension Fund was established soon after the framing of Employee's Family Pension Scheme.

**Contribution**

Following amount are deposited from time to time into the Family Pension Fund in respect of every employee who is covered by the Family Pension Scheme.

(a) Any amount specified in the Employees' Family Pension Scheme, not exceeding 1/4th of the amount payable under section 6 as contribution by the employer as well as employee.

(b) Any amount payable by employer of an exempted establishment.

(c) Any amount as employer's contribution, being not less than amount payable in pursuance of clause (a) specified by the Central Government.

Family Pension Fund remains in control of Central Government.

The Family Pension Scheme may provide for all or any of the matters specified in schedule III.

**Employees' Deposit - Linked Insurance Scheme & Fund**

Section 6(C) of the Employees' Provident Fund and Miscellaneous Provision Act, has given powers to Central Government to make any
scheme called Employee's Deposit-Linked Insurance Scheme by notification in Official Gazette. Central Government is also empowered to specify the establishment on which it will be applicable. The purpose of this scheme should be to provide life insurance benefit to employees.

As per the powers conferred by section 6(C) of the Act, Employees' Deposit-linked Insurance Scheme was framed by Central Government in 1976 vide its notification dated 28th July 1976. The Employees' Deposit-Linked Insurance Fund was established soon after the framing of Employees' Deposit-Linked Insurance Scheme.

**Contribution**

Employer has to contribute from time to time in this fund, the amount specified by the Central Government. However, the amount shall not exceed 1% of the aggregate of the basic wages, dearness allowance and retaining allowance of any. Further he is required to contribute \(\frac{1}{4}\)th of the amount (as contribution) mentioned above for meeting all the expenses in connection with the administration of the Employees' Deposit-Linked Insurance Scheme.

Central Government also contributes following sums after sanction of parliament.

One half of the contribution made by employer.

One half of the amount paid by employer for meeting the expenses.

The Insurance Scheme may provide for all the matters specified in Schedule IV.

1. *Hand Book of Industrial Law* - N. D. Kapoor
   *Modern Labour Laws Industrial Relations* - Srikanta Mishra
IMPORTANCE, NEED, PRINCIPLES & PROBLEMS OF LABOUR WELFARE IN INDIAN INDUSTRIES

Need & Importance:

Labour unrest is increasing in India day by day. One of the various causes is the dissatisfaction on the part of the workers. The employers are constantly trying to patch up these differences by adopting various measures. The most effective measure to satisfy the workers is to provide them with some amenities. Some extra amenities should surely be provided to employees in order to keep their interest intact in organisation. In modern era employers have also understood importance of their role in providing these amenities. But still most of the employers avoid giving these amenities as they are very expensive. Every employer thinks in a different manner about labour welfare facilities. Hence the Government has introduced statutory legislations from time to time to bring about some uniform measures of welfare for workers.

The need of labour welfare is manifold. It increases efficiency of employees because they feel personally attached to the organisation. It increases their satisfaction with the result labour turnover is reduced.

Hence the term labour welfare has been defined in various ways by different people. The concept of labour welfare differs from country to country and from place to place.

According to one viewpoint, it is described as schemes and measures which are adopted for labour welfare. Another viewpoint
describes it "as an attitude of mind". Some people think that only those amenities should be included in labour welfare which are voluntary provided by the employers.

According to one more view point labour welfare is defined as "measure for promoting the physical and general well being of people working in factories and other undertakings of industrial life".

Hence it can be concluded that concept of industrial welfare vary at different places. They are never same in even two undertakings of similar kind. [1]

**PRINCIPLES AND PROBLEMS OF LABOUR WELFARE**

Various amenities provided by the employers give welfare to employees only when they are accompanied by proper and fair wages. The amenities can not be substituted for low wages and other allowances. Employees still prefer allowances instead of amenities because they can spend it in whatever manner they like to. This constitutes the basic principle of labour welfare. If this is not understood properly by employers, then, labour welfare measures, instead of doing good will prove harmful.

The second principle of labour welfare is that, welfare measures provided by employers should be according to the needs of the employees. Any facility which does not fulfil the need of employees is waste for them. Employers should provide them first of all basic

1. Labour welfare & Job Satisfaction - Pratibha Goel
   Labour Welfare Administration in India - R C. P. Singh
necessities in proper way. There is no use of providing luxuries if necessities are not provided for. There is no need of providing for cinema halls, recreation centres, swimming pools etc. until proper housing and medical facilities are not provided for. Labour welfare measures must take into account the location of undertaking, the nature of work processes, composition of labour force etc. It is always more important to provide transport and housing facilities if an undertaking is located at some remote place. It is necessary to provide for creches, separate rest room etc if women are employed.

The third principle of labour welfare states that there should not be any compulsion on employees regarding the use of welfare amenities. The employees should be free to use or not to use the facilities and amenities provided by the employer. If they are pressurised the result may be unfavourable.

The last principle of labour welfare states that the workers should be asked to participate in formulation and administration of welfare programmes. If this principle is adopted then other problems regarding labour welfare measures are automatically solved because participation of workers ensures that the provisions correspond to their needs.

The most important factor which should be considered before providing any amenity to workers is the cost and benefit of that amenity. Cost of amenity is the amount spent on it and it is easy to calculate it. Benefit of amenity is the actual gain derived by the employees. It is not an easy task to calculate benefit. Sometimes it becomes almost
impossible to calculate it. These benefits may become apparent in short run or in long run. However two general statements can be made regarding the cost benefit relationship. Firstly any organisation can not spend more than its capacity on welfare measures. If more than proportional amount is spent, then it can be done only by curtailing the expenses on some other heads.

Secondly expenditure on welfare should not be planned on year to year bases. These expenditures should be planned on a long term basis. Before putting into practice any welfare measure, its plan should be properly made and critically examined. In properly laid down plans, welfare measures are given place according to priorities laid down on the basis of worker's need in any undertaking.[1]

LABOUR WELFARE ACTIVITIES IN LAL IMLI

KANPUR AND THEIR CRITICAL APPRAISAL

A contented labour is an essential strength of an industry. The labour welfare activities are vital to instil dedication among the workers for their jobs. The British promoters of Lal Imli Mills made this concept a reality from its very inception when this concept was not much known in other industrial centres. If it is viewed in the national context, it was a big achievement of Lal Imli Management.

Following facilities are provided to workers by the management:-

1. Labour Problems & Welfare - M. Mustafa
Washing Facilities

According to section 42 of the Factories Act 1948, in every factory-

(a) Adequate and suitable facilities (Separate and adequately screened for the use of male and female workers) shall be provided and maintained for the use of workers therein, and

(b) Such facilities shall be conveniently accessible and shall be kept clean.

In Lal Imli Kanpur washing facility is available only for cleaning hands and face. No facility is available for washing clothes in the factory premise. Instead of this washing allowance is given to some of the employees whose job is such which makes their clothes dirty, like workers directly engaged in manufacturing process of woollen cloths and for some employees doing such jobs like sweeping, sanitation etc.

Washing facilities are available in mill at various places. There is a provision to clean them everyday with proper chemicals for keeping them away from infections. There is a provision to give 1 Kg. detergent and two soaps in a month to each of those workers and supervisors who are connected with such jobs.

Following points regarding this welfare facility came into picture when workers and welfare officer were interviewed.

- Washing facilities are available in sufficient number.
- They are also cleaned regularly by sweepers appointed by factory.
- Employees do not get soaps and detergent regularly. It all depends on availability.
According to welfare officer, the reason for non-distribution of soaps and detergent is lack of finance in hands of management due to continuous losses.

**Facilities for Storing and Drying Clothing:**

According to section 43 of The Factories Act 1948, the State Government may make rules regarding the provision of suitable place for keeping clothing not worn during working hours and for the drying of wet clothing in respect of any factory or class of factories.

In Lal Imli, Kanpur no facility is provided for keeping clothes not worn during working hours. The only available place to him is the department where he is working. Workers have to keep their belongings in open.

When the washing facilities for clothes are not available in the factory then there is no question of giving facilities for drying clothes. This facility is given to them only at the time of emergency.

**Facilities For Sitting:**

According to section 44(1) - In every factory suitable arrangement for sitting shall be provided and maintained for all workers who are obliged to work in a standing position so that the workers may take advantages of any opportunities for rest which may occur in the course of their work.

According to section 44 (2) - If the workers in any factory engaged
in a particular manufacturing process or working in a particular room are able to do their work efficiently in a sitting position, the Chief Inspector may require the occupier of the factory to provide such seating arrangement as may be practicable.

In Lal Imli also, chairs are provided to workers who can do their work in sitting position. For example work of mending bales is done by workers in sitting position. Proper seating arrangement is there in this department. The seats are available in sufficient number. But there is no provision for replacement of furniture.

**First Aid Appliances:**

According to section 45 (1) - There shall, in every factory, be provided and maintained so as to be readily accessible during all working hours, first aid boxes or cupboard with the prescribed contents. There shall be at least one such box or cupboard for every 150 workers.

The contents of the box or cupboard shall be such as may be prescribed {section 48 - (2)}. According to section 45 (3) each first aid box or cupboard shall be kept in the charge of a separate responsible person who holds a certificate in the first aid treatment recognised by the state Government and who shall always be readily available during the working hours of the factory.

According to section 45 (4) - In every factory wherein more than 500 workers are ordinarily employed there shall be provided and maintained an ambulance room of the prescribed size, containing
the prescribed equipments. The room shall be in charge of such medical
and nursing staff as may be prescribed and those facilities shall always
be made readily available during the working hours of the factory.

The factory has a provision to provide a first aid box in every
department. These boxes contain only generally needed things like cotton,
bandages, dettol etc. The other things are kept in the medical center
which is within the factory premises. Number of trained persons are
employed for giving first aid to employees.

There are two medical centres or dispensaries being managed by
the factory. One of them is in colony settlement in which doctor nurses
compounders are appointed. There is a provision to give free medicines
also. The other dispensary is inside mill premises with similar
arrangements and provisions. These dispensaries are financed by factory.
There is no fixed sum for that the amount depends upon the
requirements of dispensaries.

Following points regarding this facility came into light when
conversation was done with few workers:

- No proper first aid boxes are available. Workers are not sure to
  get first aid facility when required.
- Appointed staff also do not provide excellent service.
- Proper services are not given in dispensaries.
- Desired medicines are also not available in dispensaries.
In most of the cases, workers are referred to E.S.I. But they do not get treatment in E.S.I. as the dues of E. S. I. are not cleared by factory.

Only part time doctor is appointed in factory. He visits only for one hour every day. For rest of the time, the dispensary in the factory is without doctor.

**Canteen:**

According to Section 46(1) - The State Government may make rules requiring that in any specified factory wherein more than 250 workers are ordinarily employed, a Canteen or Canteens shall be provided and maintained by the occupier for the use of workers.

According to Section 46(2) - Such rules may provide for -

a. the date by which canteen shall be provided,

b. the standard in respect of construction, accommodation, furniture and other equipment of the canteen,

c. the foodstuff to be served therein and the charges which may be made thereof,

d. the constitution of a managing committee for the canteen and representation of the workers in the management of canteen,

e. the items of expenditure in the running of the canteen which are not to be taken into account in fixing the cost of foodstuff and which shall be borne by the employer and
the delegation of Chief Inspector subject to such conditions as may be prescribed, of the power to make rules under Clause C.

Canteen is available to the workers of Lal Imli, Kanpur also. Free tea is provided to workers twice in a day. Proper seating arrangement is there in canteen. The contractor of canteen is known as licensee. Management tries to keep the policy of 'no profit no loss' in running of canteen. Therefore prices of foodstuff are fixed by them. Licensee has to provide foodstuff on that prescribed rate. There is full control of management regarding its hygenic conditions.

But in actual practice licensee do not provide foodstuff of good quality and proper quantity to workers. They are not able to increase the prices hence they compensate themselves by supplying poor quality and quantity. There was a provision in the factory to renew the licence every year but this has not been done from last 12 years.

If employees complain about the quality of foodstuff then action is taken by Welfare Officer. This matter is settled by local management through mutual talks, warnings etc.

Nothing is done in the mill regarding the old and worn out furniture of canteen.

**Shelters, Rest Rooms and Lunch Rooms:**

According to Section 47(1) - In every factory wherein more than 150 workers are ordinarily employed, there shall be a provision for shelters, rest rooms and a suitable lunch room where workers can eat
meals brought by them with provision for drinking water. However, any canteen maintained in accordance with the provision of Section 46 shall be regarded as part of this requirement. Where a lunch room exist no worker shall eat any food in the work room.

According to [Section 47(2)] - The shelters or rest rooms or lunch rooms shall be sufficiently lighted and ventilated and shall be maintained in cool and clean conditions.

No such facility is available in Lal Imli, Kanpur. In place of shelters, rest rooms, a shed is provided to workers. The shed is not used by workers as there is no facility of water, air, ventilation etc. in it. The workers eat their lunch either in canteen or in their respective department.

**Sports Activities**

It is not compulsory by law to provide facilities for sports or to encourage sports activities. But Lal Imli, Kanpur has made provisions for encouraging these activities in their workers. The mill organises from time to time different sports mainly Cricket. Factory sends its teams to participate in various tournament organised any where in U.P. All the expenses are borne by factory itself. There is a provision to give allowance of Rs. 30/- per day to the players for the period for which they are out for tournament. Sports Kits are also provided by the factory free of cost. The selection of team is done by Welfare Officers. Generally the players of the team are in clerical or officer grade.
There is no facility to give coaching to players. This facility is very good but its benefits are not being enjoyed by labour class. The purchases of sports material are made by purchase department on the approval of Welfare Officer. The sports material is kept in the possession of the captain. The players are allowed to practice every day between 2.30 p.m. to 5.30 p.m. Their work load is comparatively less.

Worker's Education:

It is a well known fact now that lack of education among workers is responsible for a large number of evils. It is essential to educate the workers because he has to cope with the changes (mainly in technology) in the organisation. The educated worker always stands in better position than uneducated ones while understanding and adopting new ideas. According to Royal Commission -

"In India nearly the whole mass of industrial labour is illiterate, a state of affairs which is unknown in any other country of industrial importance. It is almost impossible to over estimate the consequences of this disability, which are obvious in wages, in health, in productivity, in organisation and in several other directions. Modern machine industry depends in a peculiar degree on education and the attempt to build it up with an illiterate body of workers must be difficult and perilous. We should emphasise the fact that precisely because of this, the education of industrial labour should receive special attention".

Keeping the importance of workers' education in view, provisions
have been made in Lal Imli, Kanpur to impart education to workers. Workers’ Education Centre is under Ministry of Labour.

This centre arranges training programmes every year. They call selected workers from factories to give training for -

a. Leadership development, the duration of which is generally one month.

b. The other training is generally for 3 months duration. In this knowledge is given to workers about various acts useful for them like Wages Acts, Trade Union Act etc..

After these trainings, the trained workers are required to train their fellow workers. But in actual practice nothing is done in this field.

The selection of workers is done by Welfare Officer. He generally hands over this work to prominent trade union leaders. He sends names to the centre given to him by these leaders. Sometimes Welfare Officer also visits the centre where training is going on.

**Festival Celebration** :

It is customary to celebrate different festivals in the factory. For the celebration, money is pooled by workers, staff and managers without any compulsion. This money is used for meeting out all expenses of celebration. Total arrangements are made by committees especially set up for this purpose.
But now this tradition is not much in practice.

**Welfare Fund :**

This is a fund made by the employees themselves for their emergency needs. Now this Cawnpore Woollen Mills Employees Welfare Fund has become a Society. The supervision of this society is controlled by management.

Only a confirmed employee can become a member of this society. A deduction of minimum Rs. 50/- is made from the salary of member employee. The amount of deduction can be increased to Rs. 300/- depending upon the will of the employees. After paying 6 instalments member become eligible to apply for loan.

If the member is not taking loan then he will get 10% interest on his amount. But if he takes loan then 10% interest is given by him on the amount he has borrowed. A person can withdraw 75% of the amount two times in a year.

If a member wants to cancel his membership from the fund then he has to fill a cancellation form. After getting the membership cancelled, he can reapply for membership only after the expiry of six months from the date of cancellation of membership. If an employee rejoins the membership he will be eligible for loan after paying six installments. This scheme really helps employees at the time of emergencies by providing loan.
But the workers are not getting the benefit of society as the dues of society are not paid by management since 1992.

**Life Insurance:**

Factory takes insurance policy of every worker. The amount of premium is deducted from the salary of the worker. On the death of the worker the insured sum is given to his family members. The amount of insurance premium has been revised from time to time as follows -

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-89</td>
<td>Rs. 10,500/-</td>
</tr>
<tr>
<td>1989-93</td>
<td>Rs. 25,000/-</td>
</tr>
<tr>
<td>1993 onwards</td>
<td>Rs. 35,000/-</td>
</tr>
</tbody>
</table>

The employees are dissatisfied with this facility also as no money is paid by the management to Life Insurance Corporation of India since 1992 though it has been deducted from the wages of workers.

**Family Planning Camp:**

Whenever different social organisations organise or government organises and sends information in the factory for family planning, employees voluntarily come forward and take interest in activities.

**Scrap Sale:**

What ever scrap comes out in mill and is useful for workers, is sold to them at a very low rate. For eg. drums and wood. Previously 150 Kg of Coal and 40 Kg of wood were given to workers free of cost by the mill. But now this provision has been totally abolished.
School:

Lal Imli also runs a school in colony settlement for the children of workers. This school is from class one to high school but it is recognised till class 8th. Students appear for high school examination privately. Timings of the school are -

- 07.30 a.m. - 11.30 a.m. in summers
- 10.00 a.m. - 04.00 p.m. in winters

The strength of the school is around five hundred and fifty and teaching staff consists of 10 teachers.

The school participates in various sports activities also. Recently students of this school participated in regional games. In all, 24 schools participated in these games. The Lal Imli school stood first in football, 400 mtr. race and 200 mtr. race.

Around a decade back there was a provision in school to provide the students chana, milk and fruits every day in the morning. Apart from this books, stationary and uniforms were also provided free of cost to students. But now nothing of this sort is done except distribution of milk for 15 days in a month to boys and 15 days in a month to girls below the age of ten years.

Various occasions like 15th August, 26th January, Teacher's day, Children's day etc. are also celebrated in the school.

The studies of the school are not satisfactory as only few teachers are there, who teach all the subjects. There is no proper arrangement
for science practicals. Result of high school is around 50% every year. There is no library in the school.

The teaching staff is also not satisfied as they get clerical grade only.[1]

The amount spent by the Mill management on the welfare activities is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Welfare Expenses (in lacs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981-82</td>
<td>32.37</td>
</tr>
<tr>
<td>1982-83</td>
<td>36.62</td>
</tr>
<tr>
<td>1983-84</td>
<td>42.74</td>
</tr>
<tr>
<td>1984-85</td>
<td>44.14</td>
</tr>
<tr>
<td>1985-86</td>
<td>54.12</td>
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<tr>
<td>1986-87</td>
<td>60.01</td>
</tr>
<tr>
<td>1987-88</td>
<td>67.89</td>
</tr>
<tr>
<td>1988-89</td>
<td>73.38</td>
</tr>
<tr>
<td>1989-90</td>
<td>75.96</td>
</tr>
<tr>
<td>1990-91</td>
<td>79.03</td>
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<tr>
<td>1991-92</td>
<td>93.05</td>
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<td>1992-93</td>
<td>-</td>
</tr>
<tr>
<td>1993-94</td>
<td>85.31</td>
</tr>
<tr>
<td>1994-95</td>
<td>101.23</td>
</tr>
<tr>
<td>1995-96</td>
<td>94.09</td>
</tr>
</tbody>
</table>


[1] This matter of the Chapter is based on interview with Mr. R. K. Pandey, Labour Officer, Lal Imli Mills, Kanpur & Mr. Tulsi Ram, Mr. Ram Naresh, Mr. Chhote Lal, Mr. Roop Singh, Mr. Shiv Kumar and Mr. Jagdish Prasad, the workers of the Lal Imli Mills, Kanpur. (Questionnaire attached in the end Annexure No. IX & X.)
Number of permanent workers in mill as on 31-03-1996 were 3168.\[1\] The total welfare expenditure of the period is Rs. 94,08,518/-. Hence per head welfare expenditure comes to Rs. 2969.86.

\[
\left[ \frac{9408518}{3168} = 2969.86 \right]
\]

This figure is quite high for a loss making concern in comparison to the facilities given.

The company is spending such a huge amount but the workers are not satisfied with the present state of amenities given to them.

\[1\] This is mentioned in Rehabilitation Plan for BIC made by BIC Management & Officers of International Wool Secretariat.