

Unit – I : Employee Compensation – Factors Influencing Compensation Plan and Policies –Principles of Wage and Salary Administration – Wage as a Motivator – Methods of Wage Fixation – Factors Influencing Wage and Salary Determination.

Compensation describes the cash rewards paid to employees in exchange for the services they provide. It may include base salary, wages, incentives and/or commission. Total compensation includes cash rewards as well as any other company benefits.

Employee compensation includes all forms of pay and rewards received by employees for the performance of their jobs. **Direct compensation** encompasses employee wages and salaries, incentives, bonuses, and commissions.

Indirect compensation comprises the many benefits supplied by employers, and nonfinancial compensation includes employee recognition programs, rewarding jobs, and flexible work hours to accommodate personal needs

Common goals of compensation policy include:

1. To reward employees' past performance
2. To remain competitive in the labor market
3. To maintain salary equity among employees
4. To motivate employees' future performance
5. To maintain the budget
6. To attract new employees
7. To reduce unnecessary turnover

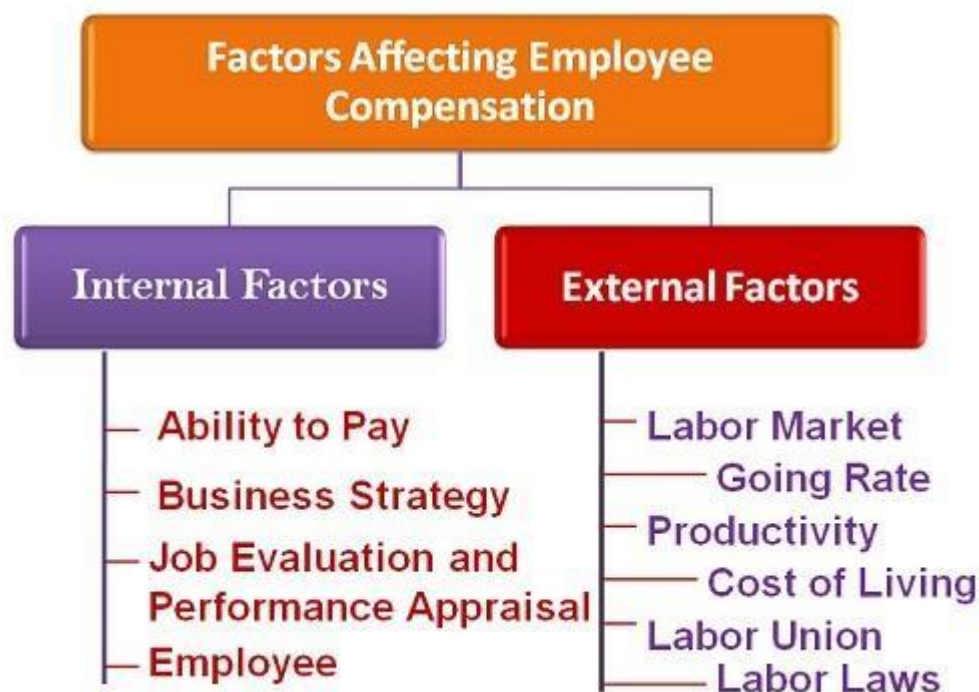
OBJECTIVE OF THE WAGE AND SALARY ADMINISTRATION

1. **To acquire qualified competent personnel:** Candidates decide upon their career in a particular organization mostly on the basis the amount of remuneration the organization offers. Qualified and competent people join the best-paid organizations. As such, the organizations should aim at payment of salaries at that level, where they can attract competent and qualified people.

- To support skills needed by the organization
- To pay for contribution and not time
- To reward for behavior built on organization values and leadership attributes
- To provide flexibility for individuals
- To mix between fixed and variable pay
- To recognize individual and teams
- To attract and talent

2. **To secure internal and external equity:** Internal equity does mean payment of similar wages for similar jobs within the organization. External equity implies payment of similar wages to similar jobs in comparable organizations.

- To ensure desired behavior: Good rewards reinforce desired behavior like performance, loyalty, accepting new responsibilities and changes etc.
- To keep labour and administrative costs in line with the ability of the organization to pay.
- To protect in public as progressive employers and to comply with the wage legislations
- To pay according to the content and difficulty of the job and in tune with the effort merit of the employees.
- To facilitate pay roll administration of budgeting and wage and salary control.
- To simplify collective bargaining procedures and negotiations
- To promote organization feasibility



INTERNAL FACTORS: The internal factors exist within the organization and influences the pay structure of the company. These are as follows:

Ability to Pay: The prosperous or big companies can pay higher compensation as compared to the competing firms whereas the smaller companies can afford to maintain their pay scale up to the level of competing firm or sometimes even below the industry standards.

Business Strategy: The organization's strategy also influences the employee compensation. In case the company wants, the skilled workers, to outshine the competitor, will offer more pay as compared to the others. Whereas, if the company wants to go smooth and is managing with the available workers, will give relatively less pay or equivalent to what others are paying.

Job Evaluation and Performance Appraisal: The job evaluation helps to have a satisfactory differential pays for the different jobs. The performance Appraisal helps an employee to earn extra on the basis of his/her performance.

Employee: The employee or a worker himself influences the compensation in one of the following ways.

1. **Performance:** The better performance fetches more pay to the employee, and thus with the increased compensation, they get motivated and perform their job more efficiently.
2. **Experience:** As the employee devote his years in the organization, expects to get an increased pay for his experience.
3. **Potential:** The potential is worthless if it gets unnoticed. Therefore, companies do pay extra to the employees having better potential as compared to others.

EXTERNAL FACTORS: The factors that exist out of the organization but do affect the employee compensation in one or the other way. These factors are as follows:

Labor Market: The demand for and supply of labor also influences the employee compensation. The low wage is given, in case, the demand is less than the supply of labor. On the other hand, high pay is fixed, in case, the demand is more than the supply of labor.

Going Rate: The compensation is decided on the basis of the rate that is prevailing in the industry, i.e. the amount the other firms are paying for the same kind of work.

Productivity: The compensation increases with the increase in the production. Thus, to earn more, the workers need to work on their efficiencies, that can be improved by way of factors which are beyond their control. The introduction of new technology, new methods, better management techniques are some of the factors that may result in the better employee performance, thereby resulting in the enhanced productivity.

Cost of Living: The cost of living index also influences the employee compensation, in a way, that with the increase or fall in the general price level and the consumer price index, the wage or salary is to be varied accordingly.

Labor Unions: The powerful labor unions influence the compensation plan of the company. The labor unions are generally formed in the case, where the demand is more, and the labor supply is less or are involved in the dangerous work and, therefore, demands more money for endangering their lives. The non-unionized companies or factories enjoy more freedom with respect to the fixation of the compensation plan.

Labor laws: There are several laws passed by the Government to safeguard the workers from the exploitation of employers. The payment of wages Act 1936, The Minimum wages act 1948, The payment of Bonus Act 1965, Equal Remuneration Act 1976, Payment of Gratuity Act 1972 are some of the acts passed in the welfare of the labor, and all the employers must abide by these.

Thus, there are several internal and external factors that decide the amount of compensation to be given to the workers for the amount of work done by them.

PRINCIPLES OF WAGE AND SALARY ADMINISTRATION

1. External Equity

2. Internal Equity

3. Individual Worth.

1. External Equity:

This principle acknowledges that factors/variables external to organization influence levels of compensation in an organisation. These variables are such as demand and supply of labour, the market rate, etc. If these variables are not kept into consideration while fixing wage and salary levels, these may be insufficient to attract and retain employees in the organisation. The principles of external equity ensure that jobs are fairly compensated in comparison to similar jobs in the labour market.

2. Internal Equity:

Organisations have various jobs which are relative in value term. In other words, the values of various jobs in an organisation are comparative. Within your own Department, pay levels of the teachers (Professor, Reader, and Lecturer) are different as per the perceived or real differences between the values of jobs they perform.

This relative worth of jobs is ascertained by job evaluation. Thus, an ideal compensation system should establish and maintain appropriate differentials based on relative values of jobs. In other words, the compensation system should ensure that more difficult jobs should be paid more.

3. Individual Worth:

According to this principle, an individual should be paid as per his/her performance. Thus, the compensation system, as far as possible, enables the individual to be rewarded according to his contribution to organisation.

Alternatively speaking, this principle ensures that each individual's pay is fair in comparison to others doing the same/similar jobs, i.e., 'equal pay for equal work'. In sum and substance, a sound compensation system should encompass factors like adequacy of wages, social balance, supply and demand, fair comparison, equal pay for equal work and work measurement.

How is wage determined in India

“Wages means any economic compensation paid to the employer under some contract to his woks for the services rendered by them.”

Unorganized Labour:

It is difficult to correctly arrive at the employment numbers, under different categories in the unorganized sector. However, agriculture & related activities continues to be the dominating sector accounting for 70% of unorganized sector employment. Construction will be the next largest sector.

Organized Vs Unorganized:

The organized sector enjoys better conditions of work, protection under labour laws, is better unionized and most enjoy collective bargaining rights when compared to their unorganized sector counterparts. On the other hand, the degree of protection & trade union rights available for unorganized sector is limited: however, varies depending on extent of unionization/political climate of the state. (Kerala/West-Bengal). In such cases they enjoy near equal protection.

Government workers, public sector and private sector:

1. Government workers enjoy high level of job protection, trade union representation without collective bargaining rights.
2. Public Sector workers enjoy trade union and collective bargaining rights.
3. Private sector workers enjoy trade union and collective bargaining rights like public sector. Current trend is to move to non-union workplaces.

Frame work for wage calculation:

Organized Sector:

- The 'day', 'week' and 'month' are the basic units for wages calculation - used in combination.
- Normal working week is five days (for government) five half days/ six days.
- 'Hour' is generally not a unit for wage calculation. (In newer sectors like IT, ITES hour is becoming a standard).
- Wage payment is made monthly.

Unorganized sector:

'Day' is the common unit of calculation. In certain cases piece rate wages is in vogue, as well as hourly wages.

Wage categorization:

Nominal wages: It consists of wages paid in cash only. It does not include other benefits like medical allowance, residence, transport etc.

Real wages: It consists of wages paid in cash along with other benefits like medical allowance, residence, transport, children education etc.

Sometimes, two workers performing the similar job in same or different industry get different wages. It is due to the difference in their qualification, skill, responsibility and experience. This is known as **wage differentials**.

Based on the needs of the workers, capacity of the employer to pay and the general economic conditions prevailing in a country, the committee on Fair Wages (1948) and the 15th session of the Indian Labour Conference (1957) propounded certain wage concepts such as **minimum wage, fair wage, living wage and need based minimum wage**. While the first three types (concepts) of wages were defined by the Committee on Fair Wages, the last one was defined by the 15th session of the Indian Labour Conference.

Types of wages:

1. Minimum Wage:

A minimum wage is a compensation to be paid by an employer to his workers irrespective of his ability to pay. The Committee on Fair Wage' has defined minimum wage, as "the wage must provide not only for the bare sustenance of life, but for the preservation of the efficiency of the workers. For this purpose, minimum wage must provide some measures of education, medical requirements and amenities".

2. Living Wage:

A living wage is one which should enable the earner to provide for himself and his family not only the bare essentials of food, clothing and shelter but a measure of frugal comfort including education for his children, protection against ill-health, requirement of essential social' needs and a measure of insurance against the more important misfortunes, including old-age. Thus, a living wage represents a standard of living. A living wage is fixed considering the general economic conditions of the country.

3. Fair Wage:

Fair wage, according to the committee on Fair Wage, is the wage which is above the minimum wage but below the living wage. The lower limit of the fair wage is obviously the minimum wage; the upper limit is set by the capacity of the industry to pay. The concept of fair wage is essentially linked with the capacity of the industry to pay.

The fair wage depends on considerations of such factors as:

- (i) The productivity of labour,
- (ii) The prevailing rates of wages in the same or neighbouring localities,
- (iii) The level of the national income and its distribution, and
- (iv) The place of the industry in the economy of the country.

4. Need-Based Minimum Wage:

The Indian Labour Conference in its 15th session held in July 1957 suggested that minimum wage should be need based and should ensure the minimum human needs of the industrial worker, irrespective of any other consideration.

The need-based minimum wage is calculated on the following bases:

- (i) The standard working class family should be taken to consist of 3 consumption units for the earner; the earnings of women, children and adolescents should be disregarded.
- (ii) The minimum food requirements should be calculated on the basis of the net intake of 2700 calories, as recommended by Dr. Akroyd, for an average Indian adult of moderate activity.
- (iii) The clothing requirements should be estimated at a per capita consumption of 18 yards per annum which would mean an average worker's family of 4, a total of 72 yards.
- (iv) In respect of housing, the norms should be the minimum rent charged by the Government in any area for houses provided under the Subsidized Housing Scheme for low income groups.
- (v) Fuel, lighting and other miscellaneous items of expenditure should constitute 20 per cent of the total minimum wage.

METHODS OF WAGE DETERMINATION IN INDIA:

Fixation of wages in India is a recent phenomenon. There was no effective machinery till 2nd world war for settlement of disputes for fixation of wages. After independence of India, industrial relations become a major issue and there was a massive increase in industrial dispute mostly over wages leading to substantial loss of production. Realizing that industrial peace is essential for progress on industrial as well as the economic front, the central government convened in 1947 a tripartite conference consisting of representatives of employers, labour and government.

Government of India formulated industrial policy resolution in 1948 where the government has mentioned two items, which have bearing on wages:

1. Statutory fixation of minimum wages
2. Promotion of fair wages

To achieve the first objective, the minimum wages act of 1948 was passed to lay down certain norms and procedures for determination and fixation of wages by central and state government.

To achieve the second objective, GOI appointed in 1949 a tripartite committee on fair wages to determine principles on which fair wages should be fixed.

As of now, India does not have a formal national wage policy, though the issue has been discussed several times. The government has direct and indirect control over wage levels, which has been exercised through different institutions. Wages and salary incomes in India are fixed through several institutions:

1. Collective bargaining
2. Industrial wage boards
3. Government appointed pay commissions
4. Adjudication by courts and tribunals

1. COLLECTIVE BARGAINING:

Collective bargaining relates to those arrangements under which wages and conditions of employments are generally decided by agreements negotiated between the parties. Broadly speaking the following factors affect the wage determination by collective bargaining process:

- Alternate choices and demands
- Institutional necessities
- The right and capacity to strike

In a modern democratic society wages are determined by collective bargaining in contrast to individual bargaining by working. In the matter of wage bargaining, unions are primarily concerned with:

- General level of wages
- Structure of wage rates (differential among occupations)
- Bonus, incentives and fringe benefits, administration of wages

Wage determination in the unorganized sector:

Various instruments have achieved wage determination in India. For the unorganized sector the most useful instrument is the Minimum Wages Act 1948

This law governs the methods to fix minimum wages in scheduled industries (which may vary from state to state) by using either a committee method or a notification method.

A tripartite Advisory Committee with an independent Chairman advises the Government on the minimum wage. In practice unfortunately, the minimum wage is so low that in many industries there is erosion of real wage despite revision of the minimum wage occasionally.

A feeble indexation system has now been introduced in a few states only.

Collective bargaining in the organized sector:

An important factor that is not much recognized, but which still prevails in many organized sector units is fixing and revising wages through collective bargaining.

The course of collective bargaining was influenced in 1948 by the recommendations of the Fair Wage Committee that reported that three levels of wages exist - minimum, fair, and living.

These three wage levels were defined and it was pointed out that all industries must pay the minimum wage and that the capacity to pay would apply only to the fair wage, which could be linked to productivity.

In addition to this the fifteenth Indian Labour Conference, a tripartite body, met in 1954 and defined precisely what the needs-based minimum wage was and how it could be quantified using a balanced diet chart.

This gave a great boost to collective bargaining; many organized sector trade unions were able to achieve reasonably satisfactory indexation and a system of paying an annual bonus.

It is now the law, that a thirteenth month of wage must be paid as a deferred wage to all those covered by the Payment of Bonus Act.

2. INDUSTRIAL WAGE BOARDS:

Concept of wage board was first enunciated by committee on fair wages. It was commended by first five year plan and second five year plan also considered wage board as an acceptable machinery for settling wage disputes. Wage boards in India are two types:

- Statutory wage board
- Tripartite board

Statutory wage board is a body set up by law or with legal authority to establish minimum wages and other standards of employment which are then legally enforceable in particular trade or industry to which the board's decisions relate.

Tripartite wage board is a voluntary negotiating body set up by discussions between organized employers, workers and government to regulate wages, working hours and related conditions of employment.

Wage board decisions are not final and are subjected to either executive or judicious review or reconsideration by other authority or tribunals. The powers and procedure of wage boards are same as industrial tribunals instituted under the ID act 1947

3. PAY COMMISSIONS:

First pay commission was appointed by GOI in 1946 to enquire in to the conditions of service of central government employees. This commission in its report said that in no case should they pay less than a living wage.

The 2nd pay commission was appointed in August 1957; it examined the norms for fixing a need based minimum wage setup.

GOI appointed the 3rd pay commission in the 1970's which in its report expressed support for a system in which adjustments of pay will occur automatically with upward movement in consumer price index.

The 4th pay commission came in 1983 to examine the structure of all central government employees, including those of union territories, officers belonging to the armed forces and all India service. Commission submitted a report that recommended drastic changes in pay scale.

The 5th pay commission 1996 made certain recommendation regarding restricting of pay scales.

The 6th pay commission was established in 2006 which submitted a report suggesting revision of Pay scales of employees of Autonomous bodies.

4. ADJUDICATION:

This instrument is used for settlement of any wage related disputes through courts and tribunals. Supreme Court has also adjudicated upon such disputes.

❖ WAGE AS A MOTIVATOR

Salary Motivation Theory

There is lots of research about the significance of pay with regard to performance, motivation and satisfaction. Some state that pay increases the employee performance others found that pay is harming for innovation and intrinsic motivation . Taking a look at most industries, however, pay for performance schemes and the general set up of payment plans seem to support the assumption that money motivates people. Lots of time and money have been spent on finding the right scheme that will make employees perform better, engage more and be more satisfied. But what is it really about?

Pay and Job Satisfaction

Judge and colleagues (2010) conducted a meta analysis, considering the largest amount of the research on pay and its correlation with job satisfaction. What they found is that pay level is only slightly related to job satisfaction (.15) and a higher pay level does not necessarily lead to greater job satisfaction. In addition, Williams, Mc Daniel and Nguyen (2006) found that

pay level satisfaction only has a little effect on performance, questioning the relevance and effectiveness of pay for performance schemes in general. Pay for performance's effect on motivation of employees was researched by Marsden and Richardson (1994) and was found to be rather demotivating than motivating. So why do companies bother with pay schemes if it does not sufficiently increase employees' satisfaction, motivation or performance?

Research Findings

What most researchers agree upon is that the effect of salary on motivation, satisfaction and performance mostly depends on the individual. The perception about high and low pay level, as well as the individual value of money is arbitrary. What was discovered by Judge and his colleagues (2010) was that bankers earning about 150.00 USD a year were not more satisfied than child care takers earning 20.000 USD a year. Similar examples can be found all over scientific research on salary.

Alternatives to Salary Raise to Motivate and Increase Production

When it comes to salary and pay for performance schemes companies need to consider careful what it is they want to reward and in how far there might be different ways to motivate and engage employees. Most employees prefer a job in a fun environment, which is intellectually engaging and family-friendly (Pfeffer, 1998). So instead of rising pay levels one should consider whether to invest in flexible working hours, create pet projects or general fun-projects.

The fresh fruit at the desk, the new coffee machine or new screens are cheaper than rewarding all employees with money and still give them a feeling of appreciation. As mentioned before, however, this is down to the individual. A great number of people are motivated by money (even though a rise in salary mostly only has a short term effect (Judge et al, 2010)), and the feeling of being underpaid is even demotivating. Yet, money is not all and definitely not the best and easiest way to make employees happy, motivated and satisfied.

Herzberg, Mausner, Peterson, and Capwell, 1957. Literature review of 16 studies showed that pay ranked sixth in importance. Ranking above pay were job security, interesting work, opportunity for advancement, appreciation, and company and management.

Lawler, 1971. Reviewed 49 studies showing that pay ranked approximately third across studies. Did not list rankings for other motivators.

Jurgensen, 1978. Collected rankings of importance from more than 50,000 applicants to the Minneapolis Gas Company over a 30-year period. Pay ranked fifth in importance to men, and seventh in importance to women. For men, security, advancement, type of work, and company ranked higher than pay. For women, type of work, company, security, supervisor, advancement, and coworkers ranked higher.

Towers Perrin, 2003. Surveyed more than 35,000 U.S. employees. Found importance of pay varies by objective. Competitive base pay ranked second and pay raises based on individual performance ranked eighth for attracting employees. Competitive base pay ranked sixth in retaining employees. Pay was not ranked in the top ten in terms of “engaging” (motivating) employees.

Major Studies of Self-Reported Pay Importance Motivational Interventions

Locke, Feren, McCaleb, Shaw, and Denny, 1980. Metaanalysis (see Note 1 at end of article) of productivity-enhancing interventions in actual work settings found that introduction of individual pay incentives increased productivity by an average of 30%. In contrast, job enrichment produced productivity increases ranging from 9–17% while employee participation programs increased productivity by less than 1%, on average.

Guzzo, Jette, and Katzell, 1985. Meta-analysis of monetary incentives and other motivational programs on productivity or physical output. Financial incentives had by far the largest effect on productivity of all interventions. For example, pay was four times more effective than interventions designed to make work more interesting.

Judiesch, 1994. Meta-analysis found that individual pay incentives increased productivity by an average of 43.7%. Results were even larger (48.8%) when the sample was restricted to studies in real organizations (as opposed to laboratory experiments). Other interventions were not studied, but we know of no meta-analysis that has presented findings for other motivational interventions that come close to approaching these effect sizes.

Stajkovic and Luthans, 1997. Meta-analysis found that incentive systems yielded productivity 1.36 standard deviations higher than in comparable groups without incentives in manufacturing firms (comparable figure in service firms was .42). Similar effect sizes were found for feedback and social rewards.

5. Jenkins, Mitra, Gupta, & Shaw, 1998. Meta-analysis of relationships between financial incentives and performance quantity and quality. Found an average correlation of .32 between incentives and quantity of production, but no reliable relationship between incentives and product quality

A creative example of this approach was implemented by Jurgensen (1978), who assessed the relative importance of ten job characteristics (including pay) to 50,000 job applicants over a 30-year period by asking them to “decide which of the following [job attributes] is most important to you” (p. 268). Based on these direct responses, males reported pay to be only the fifth most important factor, while women reported it to be even lower (seventh;)

Individual Difference Contingencies

- Pay is more important to extroverts than to introverts (Lucas, Diener, Grob, Suh, & Shao, 2000; Stewart, 1996).
- Receiving performance-based pay is more important to high academic achievers than to others. Receiving higher pay than their co-workers is more important to extroverts and individuals with a history of social achievements (e.g., leadership positions; Trank, Rynes, & Bretz, 2002).
- High-performing employees appear to be particularly sensitive to whether their higher performance is rewarded with above-average pay increases, while low performers prefer
- low-contingency pay systems (e.g., Harrison, Virick, & Williams, 1996; Trevor, Gerhart, & Boudreau, 1997).
- Pay appears to be more important to men than to women (e.g., Hollenbeck, Ilgen, Ostroff, & Vancouver, 1987; Jurgensen, 1978; Mincer & Polachek, 1974).
- People with high need for achievement and higher feelings of self-efficacy prefer pay systems that more closely link pay to performance (e.g., Bretz, Ash, & Dreher, 1989; Turban & Keon, 1993)

Implementing General Principles from Compensation Research

• **Take complaints about pay seriously.** Given that there is a general social norm against revealing that one is motivated by pay (at least in nonunionized situations), when an employee does indicate pay dissatisfaction, it is generally a cause for concern. This assumes, of course, that you actually want to retain the individual.

• **Do not fall very far below market pay levels.** It is more disadvantageous to be “way below market” than it is advantageous to be “way above” it. Being noticeably below market will cause some applicants, often the most desirable ones, to reject your offer out of hand. However, once you reach market levels, choices will generally be made on a multidimensional basis, where factors other than pay can also become competitive advantages (or disadvantages).

Realize that most of the best employees want strong pay-performance relationships. On average, the ability to earn a lot of money for outstanding performance is a competitive advantage for attracting, motivating, and retaining high-performing employees. This is not to say that organizations cannot attract good employees without high-contingency systems; clearly, a number of well-known firms have done so (e.g., SAS software). However, in such cases, the absence of contingent pay is compensated by a strong culture emphasizing other values and benefits (in SAS’s case, familyfriendliness, as well as high general pay levels and benefits). In addition, there are also a number of organizations that thrive on high companybased (versus individually based) contingent pay, such as Southwest Airlines or Nucor Steel. These companies are able to attract high performers who also hold relatively strong collectivist values.

- **Evaluate current pay systems with respect to the strength of pay-performance relationships.** Although most nonunionized and nongovernment employees are ostensibly paid on the basis of merit, examination of most companies' pay systems reveals little differentiation in raises between average and superior performers. Pay-performance contingencies are generally limited by such practices as setting job grade ceilings and paying for nonmerit considerations (e.g., external equity adjustments or matching competing offers) out of the "merit" pay budget.

Similarly, pay-performance contingencies should also be evaluated at the supra-individual level: Are there gain-sharing or profitsharing programs? If so, are the payouts large enough, immediate enough, or frequent enough to make a difference to how hard people are willing to work? (For example, deferred profit-sharing plans that are designed as substitutes for defined benefit pensions are unlikely to have a motivational effect.)

Finally, examine how closely pay-increase budgets mirror changes in organizational performance levels. Many employees have become quite used to being told that the annual increase budget will be very modest due to limited ability to pay (i.e., low corporate profitability). However, the reverse is often not true, with raise pools remaining modest even in years of high profitability and the remaining money being allocated elsewhere.

- **Examine whether executive pay is moving in the same direction, and at roughly proportionate rates, as employee increases.** Evidence from the past 30 years reveals quite convincingly that in the typical corporation, the ratio between executive and nonexecutive compensation has increased to a very substantial degree. Not only has the earnings gap between executive and nonexecutive employees exploded over the past several decades (Bok, 1993; Crystal, 1991; Frank & Cook, 1995; Shulman, 2003), but there are also many examples of disproportionate increases in executive pay in the face of poor organizational performance (Samuelson, 2003; Useem, 2003).

Because how people feel about their pay is a result of comparative processes, organizations with huge variance between executive and employee pay practices are likely to be populated with workers eagerly awaiting opportunities to move to other organizations. (An important side note is that workers are often accepting of very high executive pay, such as Bill Gates at Microsoft or General Electric under Jack Welch, so long as the fruits of strong organizational performance are also passed on to lower layers of the organization.)

FACTORS INFLUENCING THE DETERMINATION OF WAGE RATES

1. Ability to Pay
2. Demand and Supply
3. Prevailing Market Rates
4. Cost of Living
5. Bargaining of Trade Unions
6. Productivity
7. Government Regulations
8. Cost of Training. The wage payment is an important factor influencing labour and management relations. Workers are very much concerned with the rates of wages as their standard of living is connected with the amount of remuneration they get. Managements, generally, do not come forward to pay higher wages because cost of production will go up and profits will decrease to the extent.

Following factors influence the determination of wage rate:

1. Ability to Pay:

The ability of an industry to pay will influence wage rate to be paid, if the concern is running into losses, then it may not be able to pay higher wage rates. A profitable enterprise may pay more to attract good workers. During the period of prosperity, workers are paid higher wages because management wants to share the profits with labour.

2. Demand and Supply:

The labour market conditions or demand and supply forces to operate at the national and local levels and determine the wage rates. When the demand for a particular type of skilled labour is more and supply is less than the wages will be more. On the other hand, if supply is more demand on the other hand, is less then persons will be available at lower wage rates also.

According to Mescon, "the supply and demand compensation criterion is very closely related to the prevailing pay comparable wage and on-going wage concepts since, in essence to all these remuneration standards are determined by immediate market forces and factors.

3. Prevailing Market Rates:

No enterprise can ignore prevailing wage rates. The wage rates paid in the industry or other concerns at the same place will form a base for fixing wage rates. If a unit or concern pays low

rates then workers leave their jobs whenever they get a job somewhere else. It will not be possible to retain good workers for long periods.

4. Cost of Living:

In many industries wages are linked to enterprise cost of living which ensures a fair wages to workers. The wage rates are directly influenced by cost of living of a place. The workers will accept a wage which may ensure them a minimum standard of living.

Wages will also be adjusted according to price index number. The increase in price index will erode the purchasing power of workers and they will demand higher wages. When the prices are stable, then frequent wage increases may not be required

5. Bargaining of Trade Unions:

The wage rates are also influenced by the bargaining power of trade unions. Stronger the trade union, higher will be the wage rates. The strength of a trade union is judged by its membership, financial position and type of leadership.

6. Productivity:

Productivity is the contribution of the workers in order to increase output. It also measures the contribution of other factors of production like machines, materials, and management .Wage increase is sometimes associated with increase in productivity. Workers may also be offered additional bonus, etc., if productivity increases beyond a certain level. It is common practice to issue productivity bonus in industrial units.

7. Government Regulations::

To improve the working conditions of workers, government may pass a legislation for fixing minimum wages of workers. This may ensure them, a minimum level of living. In under developed countries bargaining power of labour is weak and employers try to exploit workers by paying them low wages. In India, Minimum Wages Act, 1948 was passed empower government to fix minimum wages of workers. Similarly, many other important legislation passed by government help to improve the wage structure.

8. Cost of Training:

In determining, the wages of the workers, in different occupations, allowances must be made for all the exercises incurred on training and time devoted for it.

Unit – II: Job Evaluation – Methods – Performance and Reward Systems – Methods of Wage Payment – Incentive Plans – Wage Differentials – Minimum Wages Act, 1948.

Concept of job evaluation:

In simple words, job evaluation is the rating of jobs in an organization. This is the process of establishing the value or worth of jobs in a job hierarchy. It attempts to compare the relative intrinsic value or worth of jobs within an organisation. Thus, job evaluation is a comparative process.

The objectives of job evaluation, to put in a more orderly manner are to:

1. Provide a standard procedure for determining the relative worth of each job in a plant.
2. Determine equitable wage differentials between different jobs in the organisation.
3. Eliminate wage inequalities.
4. Ensure that like wages are paid to all qualified employees for like work.
5. Form a basis for fixing incentives and different bonus plans.
6. Serve as a useful reference for setting individual grievances regarding wage rates.
7. Provide information for work organisation, employees' selection, placement, training and numerous other similar problems.
8. Provide a benchmark for making career planning for the employees in the organisation.

Methods of Job Evaluation: Job-evaluation methods are of two categories:-**a) Analytical Methods**

Point Ranking Methods

Factor Comparison Method

b) Non-analytical Methods

Ranking Method

Job-grading Method

❖ NON-ANALYTICAL METHODS

Ranking and job-classification methods come under this category because they make no use of detailed job factors. Each job is treated as a whole in determining its relative ranking.

Ranking Method

This is the simplest, the most inexpensive and the most expensive method of evaluation. The evaluation committee assesses the worth of each job on the basis of its title or on its contents, if the latter are available. But the job is not broken down into elements or factors. Each job is compared with others and its place is determined.

The method has several drawbacks. Job evaluation may be subjective as the jobs are not broken into factors. It is hard to measure whole jobs.

Job-grading method

As in the ranking method, the job-grading method (or job-classification method) does not call for a detailed or quantitative analysis of job factors. It is based on the job as a whole. The difference between the two is that in the ranking method, there is no yardstick for evaluation, while in the classification method, there is such an yardstick in the form of job classes or grades.

Under the classification method, the number of grades is first decided upon, and the factors corresponding to these grades are then determined. Facts about jobs are collected and are matched with the grades which have been established.

The essential requirement of the job-grading method is to frame grade descriptions to cover discernible differences in degree of skill, responsibility and other job characteristics. Job grades are arranged in the order of their importance in the form of a schedule. The lowest grade may cover jobs requiring greater physical work under close supervision, but carrying little responsibility. Each succeeding grade reflects a higher level of skill and responsibility, with less and less supervision.

The advantages of the job-classification method include its simplicity and inexpensiveness. Secondly, in organizations where number of jobs is small, this method yields satisfactory results.

The disadvantages of the method are:

- (i) job grade descriptions are vague and are not quantified;
- (ii) difficulty in convincing employees about the inclusion of a job in a particular grade because of vagueness of grade descriptions; and
- (iii) more job classification schedules need to be prepared because the same schedule cannot be used for all types of jobs.

❖ ANALYTICAL METHODS

These include the point-ranking method and the factor-comparison method

Point-Ranking Method

The system starts with the selection of job factors, construction of degrees for each factor, and assignment of points to each degree. Different factors are selected for different jobs with accompanying differences in degrees and points. The National Electrical Manufacturer's Association (NEMA), USA, has given the factors, degrees and points for hourly rated.

The range of score and grades is also predetermined-for example, from 210 to 230 points, the 5th grade; 231 to 251 points, the 6th grade; and so forth. A given job is placed in a particular grade, depending on the number of points it scores.

The advantages of point system are:

1. A job is split into a number of factors. The worth of each job is determined on the basis of its factors and not by considering the job as a whole.
2. The procedure adopted is systematic and can easily be explained to the employees.
3. The method is simple to understand and easy to administer.

At least two defects are noticed in the point system. First, employees may disagree with the points allotted and the factors and their degrees identified. Second, serious doubts are expressed about the range of points allotted and matching them with the job grades. For example, a score range of 238 to 249 is grade seven and the next range of 250 to 271 is grade six. A variation of one point makes all the difference.

Factor-Comparison Method

The factor-comparison method is yet another approach for job evaluation in the analytical group. Under this method, one begins with the selection of factors, usually five of them: mental requirements, skill requirements, physical exertion, responsibility, and job conditions. These factors are assumed to be constant for all the jobs. Each factor is ranked individually with other jobs.

For example, all the jobs may be compared first by the factor 'mental requirements'. Then the skills factor, physical requirements, responsibility, and working conditions are ranked. Thus, a job may rank near the top in skills but low in physical requirements. Then total point values are then assigned to each factor. The worth of a job is then obtained by adding together all the point values.

An advantage of the factor-comparison methods that jobs of unlike nature – for example, manual, clerical and supervisory – may be evaluated with same set of factors. But the method is complicated and expensive.

PERFORMANCE MANAGEMENT AND REWARD PRACTICES

Today organizations are showing a high degree of commitment towards reinforcement of reward practices which are aligned with other HR practices and the goals of the organization for attracting, retaining and motivating employees. Efficient reward practices helps in attracting result driven professionals who can thrive and succeed in performance based environments. Hence, it is a crucial motivator and may contribute towards the enhancement of the productivity of the employees if implemented properly. For example, Continental Airlines as a part of their turnaround strategy introduced on time bonus incentive package according to which an employee will gain a bonus of \$65 every month for ensuring on time flight operations.

An effective reward system should be linked with the performance development system, which focuses on performance based pay and offers ample learning opportunities along with a healthy work environment. Variable pay can play a crucial role in boosting the performance of the employees especially the star performers instead of the fixed pay packages. Few such reward practices may take the forms of gain sharing, bonuses, team based incentives, profit sharing, ESOP's and equity based incentive awards.

An efficient management of reward system may have a beneficial effect upon the performance in several ways - instilling a sense of ownership amongst the employees, may facilitate long term focus with continuous improvement, reduces service operating costs, promotes team work, minimizes employee dissatisfaction and enhanced employee interest in the financial performance of the company. Few organizations like General Mills, reward their employees for attaining new skills which may add value to the organizational performance and thereby facilitate job rotation, cross training and self managed work teams. Few organizations also recognize exceptional performance by providing recognition awards and lump-sum merit awards for winning employee commitment and attaining long term beneficial results. Example, TISCO, offers instant or on the spot rewards, monthly rewards and annual rewards to its employees under its 'Shabashi scheme'.

A healthy pay for performance strategy should incorporate the following components as is provided in the table given below:

Pay for Performance Strategy		
Category	Performance Measures	Basis for Rewards
Corporate Leaders	BSC, shareholders returns and EVA	Employee stock ownership and profit sharing.
Business Unit Leaders	Profitability of the unit	Results Sharing.
Functional Leaders	Level of contribution towards the corporate goals	Milestone Awards
General Employees	Specific KRA's achieved measured periodically	Profit/gain sharing, bonuses

Rewards can be a vital source of motivation for the employees but only if it is administered under right conditions. Few strategies which improve the effectiveness of rewards are given below:

- Linking rewards with the performance
- Implement team rewards for the interdependent jobs for example Xerox.
- Ensuring that the rewards are relevant. Example Wal-Mart, rewards bonuses to the top executives which is based on the company's overall performance whereas the frontline employees earn bonus on the basis of the sales figure or targets attained by their store.
- Ensuring that the rewards are valued by the employees.
- Checking out for the undesirable consequences of administration of any reward practice.

Besides the monetary rewards, the contemporary employees desire for non monetary rewards which may be in the form of better career opportunities, skills development and recognition programs. Many IT and project based organizations give much importance to non-monetary rewards for maximizing employee satisfaction.

❖ WAGE PAYMENT

There are two basic methods of labor remuneration:

a) Time Rate System; and (b) Piece Rate System Time Rate System

Under the time rate system, workers are paid according to the time for which they work. Payment may be on hourly basis, daily basis or monthly basis. In this system, no consideration is given to the quantity or quality of work done. When payment is made on hourly basis, total wages payable are calculated as follows:

$$\text{Wages} = \text{No. of hours worked} \times \text{Rate per hour}$$

Wages under this system are paid according to the quantity of work done. A rate is fixed per unit of production and wages are calculated by the following formula:

$$\text{Wages} = \text{Rate per unit} \times \text{No. of units produced.}$$

Incentive Plans Both time rate system and piece rate system have their merits and demerits. Incentive plans attempt to combine the good points of both the systems. The primary purpose of an incentive plan is to induce a worker to produce more to earn a higher wage. Naturally, producing more in the same period of time should result in higher pay for the worker. Because of greater number of units produced, it should also result in lower cost per unit for fixed factory cost and also for labor cost.

Various Incentive Plans Following is the list of many incentive plans being practiced by various organizations.

- (i) Straight Piece Rate Method
- (ii) Flat Time Rate Method
- (iii) Co-partnership
- (iv) Guaranteed Day Work
- (v) Taylor Differential Piece Rate Method
- (vi) Different Time Rates
- (vii) Rowan Premium Bonus Plan
(Variable Sharing Plan)
- (viii) Halsey Premium Bonus Plan (Halsey Plan and Halsey-Weir Plan)
- (ix) Group Incentive Schemes
- (x) Standard Hour Plan
- (xi) Merrick Multiple Piece Rate
- (xii) Gantt Task Bonus Wage System
- (xiii) Bedaux Point System
- (xiv) Emerson Plan

(xv) Barth Premium System

(xvi) Accelerating Premium Bonus

We will discuss some of the above mentioned incentive plans in detail.

1) Straight Piece Rate Method : The method rewards employees based on their output. A fixed rate of wage is paid for each unit produced, or number of operations completed or job completed. The wages payable is calculated by multiplying the number of pieces produced by the wage rate. There is generally a guaranteed hourly rate for workers who are unable to attain the standard in order to pay the minimum 'day wages'.

2) Flat Time Rate Method: This method is used for paying remuneration to employees based on their attendance. A fixed rate of wage is paid hourly, or daily, or weekly on the basis of time spent on the shop floor (i.e. production department) in production. The wages payable is calculated by multiplying the hours/days spent in production by the hourly/daily wage rate.

3) Halsey Premium Bonus Plan (Halsey Plan and Halsey-Weir Plan): This plan was introduced by F A Halsey in 1891. It is a simple combination of time and piece rate systems. A worker is paid a guaranteed base rate and is rewarded when his performance exceeds standard. A standard time is established in respect of each job or unit. Bonus is paid on the basis of 50% of time saved.

The total wages payable is calculated as under:

$$= (\text{Hourly rate} \times \text{Time taken}) + (50\% \times \text{Time saved} \times \text{Hourly rate})$$

As a result of increased productivity, conversion cost per unit falls. This is because fixed overhead gets distributed over larger volume of output. Thus, the firm finds it possible to reward workers directly in proportion to production. In the case of Halsey Weir plan, the percentage used is 30 instead of 50.

4) Rowan Premium Bonus Plan (Variable Sharing plan): A standard time is established in respect of each job or process. There is a guaranteed base rate. A bonus is paid on the basis of time saved computed as a proportion of the time taken which the time saved bears to the standard time. The total wages payable is calculated as under:

$$= (\text{hourly rate} \times \text{time taken}) + (\text{time saved} \times \text{time taken}) \times \text{hourly rate time allowe}$$

5) Taylor Differential Piece Rate Method: This system was introduced by F. W. Taylor, the father of Scientific Management. The main features of this incentive plan are as follows: a. Day wages are not guaranteed, i.e. it does not assure any minimum amount of wages to workers. b. A standard time for each job is set very carefully after time and motion studies. c. Two piece rates are set for each job- the lower rate and the higher rate. The lower piece rate is payable where a worker takes a longer time than the standard time to complete the work. Higher rate is payable when a worker completes the work within the standard time. In other words, lower piece rate is payable to inefficient workers and higher piece rate is payable to efficient workers. It will be seen that there is a great difference between the wages of an efficient and an inefficient worker.

❖ MINIMUM WAGES ACT 1948

The Minimum Wages Act 1948 is an Act of Parliament concerning Indian labour law that sets the minimum wages that must be paid to skilled and unskilled labours. The Indian Constitution has defined a '**living wage**' that is the level of income for a worker which will ensure a basic standard of living including good health, dignity, comfort, education and provide for any contingency. However, to keep in mind an industry's capacity to pay the constitution has defined a 'fair wage'.

Fair wage is that level of wage that not just maintains a level of employment, but seeks to increase it keeping in perspective the industry's capacity to pay. To achieve this in its first session during November 1948, the Central Advisory Council appointed a Tripartite Committee of Fair Wage. This committee came up with the concept of Minimum Wages. A minimum wage is such a wage that it not only guarantees bare subsistence and preserves efficiency but also provides for education, medical requirements and some level of comfort.

India introduced the Minimum Wages Act in 1948, giving both the Central government and State government jurisdiction in fixing wages. The act is legally non-binding, but statutory. Payment of wages below the minimum wage rate amounts to forced labour.

Wage Boards are set up to review the industry's capacity to pay and fix minimum wages such that they at least cover a family of four's requirements of

- a. calories,
- b. shelter,
- c. clothing,
- d. education,
- e. medical assistance, and
- f. entertainment.

Under the law, wage rates in scheduled employments differ across states, sectors, skills, regions and occupations owing to difference in costs of living, regional industries' capacity to pay, consumption patterns, etc. Hence, there is no single uniform minimum wage rate across the country and the structure has become overly complex.

The highest minimum wage rate as updated in 2012 is Rs. 322/day in Andaman and Nicobar to Rs. 38/day in Tripura.

CONTENTS OF ACT

the Act provides for fixing wage rate (time, piece, guaranteed time, overtime) for any industry .

1) While fixing hours for a normal working day as per the act should make sure of the following:

The number of hours that are to be fixed for a normal working day should have one or more intervals/breaks included.

At least one day off from an entire week should be given to the employee for rest.

Payment for the day decided to be given for rest should be paid at a rate not less than the overtime rate.

2) If an employee is involved in work that categorises his service in two or more scheduled employments, the employee's wage will include respective wage rate of all work for the number of hours dedicated at each task.

3) It is mandatory for the employer to maintain records of all employee's work, wages and receipts.

4) Appropriate governments will define and assign the task of inspection and appoint inspectors for the same.

DEFINITION OF WAGE DIFFERENTIALS:

Wage differential allocates labour among different occupations, industries and regions in a manner so as to maximise national output. Wage differential is one of the important features of wage structure, wage and salary administration. It serves both economic and social functions. Wage differential also serves a useful social function by determining the social status of workers.

In analyzing wage differentials, the following aspects are generally taken into account:

(1) Degree of wage differential:

(Wage differentials between the lowest and the highest paid employees in different organisations)

(2) Occupations/Skill wage differential: (Wage differentials on the basis of occupation/skill)

(3) Regional wage differential: (Wage differentials based on region)

2. Degree of Wage Differential:

The degree of wage differential has been measured by taking the earnings of lowest and highest paid employees.

Wage differential has been calculated on the basis of:

(i) Basic pay

(ii) Basic pay and D.A. and

(iii) Total earnings.

On comparison of the degree of wage differentials in different undertakings in India, it appears that the wage differential in Rourkela Steel Plant is little higher than the all India average of 1: 9. But it is much higher than what the trade unions advocate.

The INTUC wants that the difference (based on basic pay) between the lowest and highest paid employees in Iron & Steel Industry should not exceed 1:8, while AITUC wants it 1 : 4. But the actual difference (on the basis of basic pay) is 1: 12.

The degree of wage differential in private sector undertakings is less than 1: 68. Risks and uncertainties being greater and managerial talent of the requisite calibre being still relatively scarce, the differential can be higher in the public sector.

The problem of degree of wage differentials in private sector undertakings was also examined by the Boothalingam Committee which has suggested that under existing circumstances a ceiling be fixed on the total earning of the highest paid employees.

3. Wage Differential Based on Occupation:

Of the various types of differences that exist in wage structure the difference on the basis of skill is most common. An unskilled worker gets less pay than a semiskilled or skilled worker.

The skill differential serves three basic functions:

- (i) It induces the worker to undertake more demanding or risky jobs.
- (ii) It provided incentive to incur the cost of training and education, and encourages workers to develop skill in anticipation of higher earnings in future, and
- (iii) It performs a social function by determining the social status of workers.

Wage differential on the basis of skill can be studied in two ways:

- (a) Differentials based on occupation.
- (b) Differentials based on skill.

The Fair Wage Committee was of the view that the differentials should be based on occupation and had suggested the adoption of a standard occupational nomenclature so that the work of classification and assessment may be undertaken on a uniform basis throughout the country.

Same wage boards, for example, wage boards for Sugar, Iron & Steel, Cement and Cotton textiles tried to standardize occupational nomenclatures, but failed. This is why the wage boards, instead of adopting a standard common occupational nomenclature, have divided the various occupations in different grades depending on the degree of skill involved.

In analysing wage differentials based on occupation, various difficulties may be faced, like standardisation of occupations, absence of job description and job specifications etc.; owing to which it is generally decided to take a few common occupations which may be considered as standard.

Wage Differentials Based on Region:

Wage differentials have been examined also on the basis of regions. Regional wage differential refers to differences of workers earnings doing the same job in different units of an industry located in different regions. It is used also to denote the difference in average wages of all workers employed in an industry in different regions.

WAGE DIFFERENTIALS AND LABOUR MARKET:

The equalizing forces act in labour market, although less quickly and easily than in the other markets. In a given technological set up, however, while some movements are possible and easy others are not so, at least in the short-run.

The equalizing tendency would, therefore, be found among the jobs between which movements are possible and not among the jobs between which movements are not possible. Therefore, the analysis of the labour market should make this distinction, and then try to evaluate its competitive efficacy in equalizing the wage-rates in the technologically limited areas.

The various types of differentials, inter-industry, inter-firm, inter-occupation and inter-area have varying implications for labour market analysis. Modern technology makes inter-occupation movement highly difficult, and therefore, the wage-differentials among occupations, at least in the short-run, do not reveal anything about the degree of competitiveness in the market.

In the long-run, however, if competition is effective, people may be expected to be more attracted towards, and therefore, get themselves or their children trained in, higher wage occupations, thus bringing down the extent of occupational differentials.

Inter-industry differentials again do not reveal much on account of significantly different skill-mix required in the workforce of different industries under modern technological conditions. In the long-run, however, competitive forces that bring about a narrowing tendency in occupational differentials may also effect a narrowing tendency in inter-industry differentials.

Geographical differentials and inter-firm differentials, more particularly in the same occupation and industry, are thus the reliable indexes of the working of competition in the labour market. In a competitive national labour market with a high degree of inter-regional movements of labour in response to better earnings opportunity, the inter-regional differentials in wage will tend to disappear.

Unit – III : Employee Welfare – Concept, Scope and Significance – Welfare Policy and Five Year Plans – Role of Employee Welfare Agencies – State, Employers, Trade Unions and Voluntary Agencies.

Scope of Labour Welfare:

A perusal of the definitions indicate that the term **labour welfare** is a very comprehensive concept and is wide in its scope. It includes in its fold all efforts in the form of amenities and activities which vary from place to place, industry to industry and time to time. Labour welfare activities are broadly classified as (i) statutory, (ii) non-statutory or voluntary and (iii) mutual.

Statutory provisions relating to welfare of workers have been promulgated by the government of India in different enactments viz. Factories Act, 1948; Mines Act, 1952; The Motor transport Workers Act, 1961 ; Dock Workers (Safety, Health Act, 1951 ; The Merchant Act 1961 ; Plantation Labour Act, 1951, The Merchant Shipping Act, 1958 ; Coal Mines Labour Welfare Fund Act, 1974 and Mines Labour Welfare Fund etc. The provisions contained in these Acts provide the minimum standards of health, safety and welfare of workers. Employers are supposed to adhere to these provisions.

Voluntary welfare includes all those activities which employers undertake for their employees on voluntary basis. It is a philanthropic approach on the part of the employer to provide various welfare facilities to the workers over and above the statutory measures.

Some of the important voluntary welfare activities on the part of the employers may be provision of housing facilities, transportation, recreational facilities, formation of cooperative societies, children's education, and loans for purchasing scooters, cars and grains, provision of library, leave travel concessions, uniforms and gifts etc.

Mutual welfare is “a corporate enterprise” undertaken by the workers themselves or their organisation called trade unions. In India, the trade unions are financially weak and are unable to undertake such activities on the large scale. However, in advanced countries the labour welfare activities are the important functions of trade unions.

The Committee of experts on welfare facilities for Industrial workers constituted by the I.L.O. in 1963 had divided the welfare services into two groups.

(a) Welfare amenities within the precincts of the establishment (intra-mural):

Latrines and urinals, washing and bathing facilities, creches, rest rooms and canteens, arrangements for drinking water, arrangements for prevention of fatigue, health services including occupational safety, administrative arrangements within a plant to look after welfare, uniforms and protective clothing and shift allowance.

(b) Welfare amenities outside the establishments (extra-mural):

Maternity benefit, social insurance measures including sports, cultural activities, library and reading room, holiday homes and leave travel facilities, workers' co-operatives including consumers co-operative stores, fair price shops and co-operative thrift and credit societies, vocational training for dependents of workers, other programmes for the welfare of women, youth and children and transport to and from the place or work.

Thus, labour welfare is very comprehensive and embraces a multitude of activities of employers, state, trade unions and other agencies to help workers and their families in the context of their industrial life. Thus the scope of labour welfare is fairly wide.

The concept of labour welfare embraces a multitude of activities including all extra-mural, intra-mural activities, as well as statutory and non-statutory welfare measures undertaken by the employees, the government and the trade unions to help workers and their families in the context of their industrial life. It is, therefore, concluded that labour welfare is a convenient term to cover all those aspects of industrial life which contribute to the well being of a worker.

IMPORTANCE (OR NEED OF LABOUR WELFARE):

The necessity for labour welfare is felt all the more in our country because ours is a developing economy aiming at rapid economic and social development. The need for labour welfare was felt by the **Royal Commission on Labour in 1931**.

The philosophy of labour welfare and its necessity was mentioned in a resolution passed by the Indian National Congress on fundamental rights and economic programme in its Karachi Session in 1931.

The resolution demanded that the organisation of economic life in the country must conform to the principles of justice and it might secure a decent standard of living. It also emphasized that the state should safeguard the interest of industrial workers and should secure for them by suitable legislation a living wage, healthy conditions of work, limited hours of work, suitable machinery for the settlement of disputes consequences of old age sickness and unemployment.

Following motives and considerations have promoted employers to provide welfare measures:

- (1) It is helpful in winning over their employees' loyalty and to combat trade unionism.
 - (2) It builds up a stable labour force by reducing labour turnover and absenteeism.
 - (3) It raises the morale of workers. A feeling is developed among the workers that they are being looked after properly.
 - (4) One of the reasons for provision of welfare activities in recent times by certain employers is to save themselves from heavy taxes on surplus.
 - (5) The motive behind provision of welfare activities by some companies is to enhance their image and to create an atmosphere of goodwill between the labour and management and also between management and the public.
 - (6) The social evils prevalent in the labour force such as gambling, drinking etc. are reduced to the minimum. It brings improvement in the health of the workers and keeps them cheerful.
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❖ THE FIVE YEAR PLANS AND LABOUR WELFARE

During the First Five Year Plan (1951–1956) Government did considerable amount of work for the welfare measures of the labour classes of society. During this period important Act such as the **Plantations Labour Act, 1951, the Employees Provident Fund Act, 1952 the Mines Act, 1952 were enacted**. A subsidy was provided for housing scheme for worker was documented and implemented in 1952. Various state governments also formulated and implemented various Acts as legislation on housing for labour class, i.e., the **Bombay Housing Board act, 1948, the Madhya Pradesh Board Act, 1950, the Hyderabad Labour Housing Act, 1952, etc.**

The Second Five Year Plan (1956–1961) provided impetus for further more welfare measures and legislation for labour. New laws were also established to ensure welfare measure for merchant seamen and motor transport workers. The employee's state insurance scheme, 1948 was implemented and to cover more employees in them factories. A comprehensive scheme of **Dock workers (safety, health and welfare) scheme was formulated in 1961.**

In 1959, the state government of Assam passed an act labour working in tea plant known as the **Assam Tea Plantation Labour Employee's Welfare Fund Act**. In April 1956, a New Plantation Labour Housing Scheme was enacted which has provision of a certain amount of loan to be provided for construction of houses for labours. The second five year plan period also witnessed quite a large number of enactments in accommodation and housing by various state governments as labour welfare measures.

The third five year plan (1961-66) emphasized the requirement of more efficient and effective implementation of various statutory labor welfare provisions and legislation. The plan also talked about establishment of co-operative credit organisations and consumer's stores for industrial workers, and stressed on the role of trade unions and voluntary organizations in managing such co-operatives organisations. There has been enactment of the legislative provisions during this plan period which include the. During this period, co-operative housing organisation also started to make amends **Apprentices Act, 1961; Iron-Ore Mines Labour Welfare Cess Act, 1961; Maternity Benefit Act, 1961 And Payment of Bonus Act, 1965** gradually.

The Fourth Five Year Plan (1969–1974) was more about the expansion and implementation of the **Employees State Insurance (ESI)** Act to provide health related facilities to the families of insured worker as well as labourers working in shops and commercial establishments. To protect the contract labour from exploitation government passed, the **Contract Labour Regulation and Abolition Act of 1970**. Provision of this Act compels contractors to undertake welfare activities for of contractual workers. In 1972 Government enacted an important statute as the **Payment of Gratuity Act, 1972 (bonuses)** for the **welfare of retiring industrial employees**.

The Fifth Five Year Plan (1974–1979) witnessed the additional provisions for labour welfare in a number of areas. For encouraging the provision of industrial safety, safety cells were established in various states of the country. This five year plan period also covered:

(1) new additional requirements for the most of the existing training institutions, such as the Central Training Institutes for Instructors, the Foreman Training Institute, and Central Staff Training and Research Institute;

(2) Strengthening and expansion of the Advanced Training Institute throughout the country;

(3) Extension of the Apprenticeship Training Programme; (4) Development and establishment of Vocational Training in Women's Occupations; and (5) all other kinds of schemes related to research, surveys and studies to be undertaken by various organisations and institutes.

The Sixth Five Year Plan (1980–1985) was more about effective implementation of the welfare measures of prior legislative enactments, and extension of coverage of Act such as the **Employees Provident Fund, Employees' State Insurance Scheme and the Family Pension Scheme**.

Special scheme also were developed and implemented by State Governments for the welfare of agricultural labour, artisans (skilled craftsmen), leather workers, fishermen, handloom weavers and other unorganised sector workers.

The Seventh Five Year Plan (1985–1989) focussed on enhancement in working conditions of informal sector worker both in the rural areas and also in the urban areas. This plan period witnessed certain major initiative for working women. Thus during this period the stress was on improvement in capacity development, efficiency and productivity.

The Eighth Five Year Plan (1992–1997) witnessed government stressing on the importance of reforms in industrial and trade policies. This five year plan put great emphasis on resource mobilisation from public enterprises. In this period, the great work had been on the aspect of enhancement for the quality of labor work, productivity, skills development, working conditions, provisions for welfare measures and the social security, especially to those working in the unorganised sectors without any socio-economic security.

The Ninth Five Year Plan (1997–2002) emphasised the enhancement of labour welfare measures, increasing productivity through skills development, and also the adequate

provisions were taken for social security of workers. Governmental institutions and resources were directed towards skill development, knowledge sharing on new job opportunities, monitoring and evaluation of working conditions for labour class, creation of industrial harmony through development of infrastructure for better industrial relations, and insurance policy for labour against illness, injury and unemployment and their families.

The Tenth Five Year Plan (2002–2007) given more weight on improving the working conditions, better industrial relations, proper enforcement of Labour Legislations and welfare measures, and also launching various schemes for the welfare activities for all industrial workers and their families. The Labour Department (GoI) worked on implementation mechanism of about two dozen of labour statutes.

Their goal was not only in terms of economic benefits (such as minimum wages, overtime, bonuses, etc.) to workers, but also to provide them adequate health and safety facility at work place.

The Eleventh Five Year Plan (2007–2012) talked about unemployment and underemployment issue, the promotion and generation of regular wage employment opportunities and addressing the continuing problems of workers employed in unorganised sector all over the country.

The 12th Five Year Plan (2012–2017) is more about skill building as an instrument to improve the effectiveness and contribution of labour to the overall production. It has also made skill development as an important agenda for the Governments at Centre as well as States. In this regard, various challenges on skill development identified. Enactments and scheme such as **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)** , **Swarnjayanti Gram Swarozgar Yojana (SGSY)**⁸ and **National Rural Livelihood Mission (NRLM)** to restructure and strengthened the various employment promotion schemes for the bottom of the pyramid.

For enhancing living conditions of the workers and to accomplish higher productivity with higher efficiency, skill development through training is most importance. Manpower development through skill development will provide adequate manpower of appropriate skills and quality to various sectors is fundamental for express socioeconomic development of country and its people.

TYPES OF EMPLOYEE WELFARE

Employee welfare can be categorized as statutory or non-statutory, meaning as required by the law or by the will of the management respectively. Welfare activities can also be classified as either intra-mural (inside the workplace) or extra-mural (outside the workplace).

Intramural welfare facilities are those within the working environment and include condition of the working environment (safety, cleanliness, and safety measures), employee convenience (bathrooms, drinking water), health services (first aid and treatment center, ambulance, counseling) and women and child welfare (family planning services, maternity aid).

Extramural welfare activities are diverse with many of them being sponsored by government acts. Some include comfortable residences, proper roads and infrastructure and sanitation while constitutional acts such as the factories act of 1948 and contract labor act of 1970 are examples of governmental welfare activities.

LABOR WELFARE WORK IS GENERALLY UNDERTAKEN BY SIX MAIN AGENCIES VIZ.,
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- 1. Welfare work by Central Government**
- 2. Welfare work by State Government**
- 3. Welfare work by Employers**
- 4. Welfare work by Trade Unions**
- 5. Welfare work by Municipalities and**
- 6. Welfare work by Social A g e n c i e s**

(A) EMPLOYER'S ROLE IN WELFARE WORK:

Employer is in direct contact with the employees. His role is pivotal in providing welfare facilities to the employees over and above what is laid down by law. There is no denying the fact that some of the leading industrialists in India are pioneers in providing welfare amenities to their employees. Some of these employers in this regard are the Mafatlals, J.K. Group.. Godrej, Larsen and Turbo, Pfizer, Voltas, Philips, Bajaj, Tisco & Telco etc. They have felt the necessity of welfare work and its importance in the interest of the industry and the workers. Various welfare amenities provided by the employers to the employees include educational facilities, medical facilities, creches, transport facilities, recreational facilities, gift on the marriage of children, housing facilities and consumer co-operative societies etc.

The dimensions of welfare work undertaken by the employers are diverse in nature on account of different conditions from industry to industry and from unit to unit in the same industry.

All welfare activities undertaken by respective employer's for the benefit of their workers voluntarily are called voluntary welfare activities.

The International Labour Organisation (ILO) has recommended the following welfare activities under this category, i.e. Extra-mural activities like- Maternity benefits, Social Insurance measures including gratuity, pension, provident fund, benevolent fund;

Medical facilities including programs for physical fitness and efficiency ;

Educational facilities including adult education ;

Housing facilities recreation facilities including sports and games holiday, leave travel facilities worker's co-operative thrift, credit societies vocational training for dependents of workers other programs for the welfare of women and children, and transport to and from the place of work

In Bombay the TATA group of industries started a medical unit in 1918 and now the same unit is converted into an industrial health department.

The Calico Mills in Ahmedabad appointed a Doctor in 1915 and opened a medical unit for the first time. The employers encouraged women workers by paying Rs.50/~ per head for going to maternity home.

The Delhi Cloth Mills (Lala Shri Ram) started housing provisions to their workers in 1920 as a happy beginning to welfare works .

The Tata Iron and Steel Company (TISCO) provided 12 high standard welfare facilities like well-equipped hospitals having a large number of beds qualified medical experts nurses primary and secondary schools gymnasium indoor and outdoor gamesf Canteens creches, co-operative stores housing accommodations up-to 68%, maternity benefits child welfare Employees Insurance Schemes (ESI) provident fund and pension fund. According to Malaviya Committee 1969 report TISCO has been spending at the rate of Rs.433.32p. per worker^ per year on non -statutory welfare activities.

(B) LABOUR WELFARE WORK BY WORKERS' ASSOCIATIONS:

To serve the common interests of worker members the trade union organisations are formed by workers themselves by selecting or electing few leaders from among the ms elves on term basis e.g... for one year, two or three years, as the case may be. The security in their services, rules and regulations, working conditions, wages- welfare works, co-operation between workers and management are among their interested subjects. As such trade union org anisation can play an important and vital rol e in providing welfare activities both Intra-mural and Extramural works that is activities inside and outside the factory

This includes the welfare activities provided by the unions for the benefit of their members out of their own funds. Various trade unions have done commendable work in the field of labour welfare. The welfare activities undertaken by the Ahmedabad Textile Labour Association are worth mentioning. The association has to its credit 25 cultural and social centres spread over the labour intensive areas of the city of Ahmedabad. It provides welfare facilities for the workers in respect of schools, libraries, dispensaries and maternity homes, co-operative societies, training in the trade union principles, and free-legal aid etc.

The Mill Majdoor Union, Indore has set up various labour welfare centres to provide recreational and other amenities to its members. It also provides educational facilities and games to the children of the employees. Night classes, reading rooms, facilities of indoor and outdoor games are also provided to the employees. For the welfare of women employees, educational facilities and crafts, stitching etc., are also provided.

Similar other associations like, The Majdoor Sabha, Kanpur, the Rastriya Mill Majdoor Sangh, Bombay and the Textile Labour Association etc, are also offering many facilities for considerable improvements in the well being of the workers and their families.

The Indian Federation of Labour has organised 48 Labour welfare centres for providing various welfare activities like social and cultural activities, indoor and outdoor games, medical, educational and recreational activities

(C) LABOUR WELFARE WORK BY CENTRAL GOVERNMENT:

Not much contribution could be made by the Central Government in the field of labour welfare prior to the Second World War. The Government started taking interest in the field of labour welfare during the Second World War. It extended the schemes of labour welfare in ordinance and ammunition factories.

A labour welfare advisor was appointed in 1942 for promoting the labour welfare work. A labour welfare fund was constituted in the year 1946 for financing the labour welfare measures outside the purview of statutory provisions in public sector undertakings.

The Government of India favoured the idea of 'welfare state'. The government passed certain Acts, viz. Factories Act, 1948, the Coal Mines Labour Welfare Fund Act, 1947, the Iron Ore Mines Welfare Cess Act, 1961 and the Limestone and Dolomite Mines Labour Welfare Act, 1972, etc., are important Acts, covering the welfare of the workers.

Welfare funds have been created for the workers engaged in coal, iron, orelime stone and delomit mines. These funds are created by

- (a) the levy of cess in the coke and coal despatches from the collieries
- (b) an ad velorem cess on the export of mica,
- (c) a cess is levied on the production in iron-ore mining industries
- (d) a cess is levied on lime stone and delomit consumed by iron and Steel Mills, Cement and other factories.

(D) LABOUR WELFARE WORK BY STATE GOVERNMENTS:

Various State Governments and Union Territories have established different welfare centres which are providing educational, health, recreational and other facilities to the workers. Different State Governments are providing different cultural activities, games, sports, training in handicrafts, library, gymnasium and tailoring classes for women workers.

The State Governments have passed Labour Welfare Funds Acts from time to time to safeguard the interests of the workers and their families. Some of the important Acts passed by the State Governments are the **Bombay Labour Welfare Fund Act (1953); the Mysore Labour Welfare Fund Act (1965) etc.**

The main sources of finances for these funds are

- (i) fines realised from the employees,
- (ii) unpaid wages, bonus, gratuity and all unpaid arrears,
- (iii) fines imposed on the employers by courts for defaults;
- (iv) Voluntary donations, any fund transferred from any other labour welfare fund;
- (v) all grants from the Central/State Governments;
- (vi) unclaimed and forfeited sums in Provident Fund Accounts and
- (vii) Any sum borrowed, etc. In addition to what has been explained above in respect of labour in India, a large number of voluntary social organisations have taken welfare activities in respect of night-schools, libraries, recreation health etc.

LABOUR WELFARE WORKS BY MUNICIPALITY :

The Bombay Municipal Corporation has set up 15 welfare centres in greater Bombay city through which welfare activities like co-operative societies educational facilities nursery schools indoor and outdoor games films shows maternity benefits have been provided to workers.

In Madras city also the Municipal corporation has set up welfare centres and provided welfare facilities like night schools creche, canteens co-operative credit society and served the workers. The facilities like play-ground nurses attendants bathroom toys are provided in creche for worker's children's .

In Calcutta city the municipal corporation has provided similar welfare activities to their workers.

The Municipal Corporation of Delhi Ajmer Kanpur and all other municipal corporations and municipalities of Indian cities and towns have been providing similar welfare activities to their respective workers.

WELFARE WORKS BY SOCIAL AGENCIES :

Labour Welfare works by Voluntary organisations (Social agencies} The Voluntary organisations like, Hindustan 30 Mazdoor Sevak Sangha and Assam Seva Samity have rendered welfare activities to tea plantation and other industrial workers particularly social moral and economic welfare activities for their welfare and upliftment. The Government of Assam has encouraged such voluntary organisations .by adopting such policies to serve the workers better.

In greater Bombay city the Bombay Social Service League a voluntary organisation has provided welfare amenities to workers like - running night schools libraries recreational facilities sports co-operative societies promoted public health and boy scouts movements.

The Y.M.C.A. Bombay Presidency worker's council Maternity and Infant welfare Association and the Depressed Classes Mission Society is rendering voluntary welfare services to the industrial workers. Thus it is observed that, such voluntary organisations in the welfare activities for the up-liftment the down-trodden classes of workers standard of living in the society.

Unit – IV: Employee Welfare Programmes – Statutory and Non-Statutory – Intra Moral, Extra Moral – Social Security – Social Assistance and Social Insurance.
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Employee Welfare Benefits Schemes

Organizations provide welfare facilities to their employees to keep their motivation levels high. The employee welfare schemes can be classified into two categories viz. statutory and non-statutory welfare schemes. The statutory schemes are those schemes that are compulsory to provide by an organization as compliance to the laws governing employee health and safety. These include provisions provided in industrial acts like Factories Act 1948, Dock Workers Act (safety, health and welfare) 1986, Mines Act 1962. The non-statutory schemes differ from organization to organization and from industry to industry.

Some of employee welfare Laws in India

- Factories Act, 1948
- Maternity Benefit Act, 1961 (with latest amendments)
- Employee State Insurance Act, [ESI] 1948
- Employees' Provident Fund Scheme, 1952.
- Payment of Bonus Act, 1965

STATUARY WELFARE BENEFITS

The statutory welfare benefits schemes include the following provisions:

Drinking Water: At all the working places safe hygienic drinking water should be provided.

Facilities for sitting: In every organization, especially factories, suitable seating arrangements are to be provided.

First aid appliances: First aid appliances are to be provided and should be readily assessable so that in case of any minor accident initial medication can be provided to the needed employee.

Latrines and Urinals: A sufficient number of latrines and urinals are to be provided in the office and factory premises and are also to be maintained in a neat and clean condition.

Canteen facilities: Cafeteria or canteens are to be provided by the employer so as to provide hygienic and nutritious food to the employees.

Spittoons: In every work place, such as ware houses, store places, in the dock area and office premises spittoons are to be provided in convenient places and same are to be maintained in a hygienic condition.

Lighting: Proper and sufficient lights are to be provided for employees so that they can work safely during the night shifts.

Washing places: Adequate washing places such as bathrooms, wash basins with tap and tap on the stand pipe are provided in the port area in the vicinity of the work places.

Changing rooms: Adequate changing rooms are to be provided for workers to change their cloth in the factory area and office premises. Adequate lockers are also provided to the workers to keep their clothes and belongings.

Rest rooms: Adequate numbers of restrooms are provided to the workers with provisions of water supply, wash basins, toilets, bathrooms, etc.

Maternity & Adoption Leave – Employees can avail maternity or adoption leaves. Paternity leave policies have also been introduced by various companies.

Medi-claim Insurance Scheme: This insurance scheme provides adequate insurance coverage of employees for expenses related to hospitalization due to illness, disease or injury or pregnancy.

Sexual Harassment Policy: To protect an employee from harassments of any kind, guidelines are provided for proper action and also for protecting the aggrieved employee. For more information go through - Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

NON STATUTORY BENEFITS

Many non-statutory welfare benefits may include the following schemes:

Personal Health Care (Regular medical check-ups): Some of the companies provide the facility for extensive health check-up

Flexi-time: The main objective of the flexitime policy is to provide opportunity to employees to work with flexible working schedules. Flexible work schedules are initiated by employees and approved by management to meet business commitments while supporting employee personal life needs

Employee Assistance Programs: Various assistant programs are arranged like external counseling service so that employees or members of their immediate family can get counseling on various matters.

Employee Referral Scheme: In several companies employee referral scheme is implemented to encourage employees to refer friends and relatives for employment in the organization

LABOUR WELFARE: INTRAMURAL

• Health and medical facilities: -

A healthy workforce is of utmost importance to industry. The ILO in its conventions and recommendations has laid down standards, which have had a contributory effect on legislation in India. the ILO convention 25 concern sickness insurance and medical facilities to be provided to an insured person while convention 103 deals with maternity protection

• Canteen: -

The ILO in its recommendation 102, mentioned this facility and felt that a competent authority in each country should guide establishments with regard to nutrition, hygiene, finance, etc. In India the factories act places the responsibility on state governments to make rules that in any

specified factory with more than with 250 workers, a canteen or canteens should be provide and certain standards should be maintained

- **Crèches:-**

The factories act lays down that in any factory with more than 50 women workers a crèche should be provided and maintained for children less than 6 years in a clean and sanitary condition. The act state that the crèche should be under the care of women trained in child care and should have adequate accommodation, lighting and ventilation the state government is empowered to make rules in respect of standards, equipment and facilities .Mothers are also to be given time to feed their children at necessary intervals . The rules formed by sate government lay down the qualifications necessary for the crèche staffs. The need for kindergarten classes in crèches for children between 3 and 6 years was also felt

- **Facilities for storing and drying clothing:-**

It is only the Factories Act that has incorporated such a provision. Under section 43 of the Act, a state government may make rules for the provision of suitable places for keeping clothing not worn during working hours and for the drying of wet clothing. As per the Maharashtra Factories Rules 1963, such facilities shall include the provision of separate rooms, pegs, lockers or other arrangements approved by the Chief Inspector in all classes of factories such as engineering workshops, iron and steel works, oil mills, chemical factories, motor garages, tanneries etc.

LABOUR WELFARE: EXTRA-MURAL

- **Housing Facilities: -**

Some of the industrial employers both in public and private sectors have provided housing facilities to their employees. Almost all the public sector enterprises have either provided or are in the process of providing housing facilities to their employees. The employees who are not provided corporation's quarters are paid house rent allowance at some places.

- **Recreational Facilities: -**

Recreation is commonly taken to be the opposite of work. It has an important bearing on the individual's personality as well as his capacity to contribute to the social development. It affords the worker an opportunity to develop his sense of physical and mental discipline. Music, dance, drama, sports and games, painting, carving etc. are different forms of recreation.

- **Transport facilities:-**

The growth of industrial state and workshops out side the city has made commuting a problem for workers .in India, since the public transport system is not fully developed and hardly efficient, the fatigue of travel to and from work has a detrimental effect on the attendance pattern of workers. The CLW after studying the situation recommended that transport on a large scale is best provided by the state; that the local bodies should stream line their operations, increase their fleet and the frequency of buses especially to labour colonies , industrial estate and township, and for carrying workers to and from night shift .they feel that employers could help by giving conveyance allowance

- **Educational Facilities:-**

The pace of economic and social progress of a particular country largely depends upon the quality of its work force. Education plays a very important part in motivating and enabling the working population for changes necessary for accelerated progress and for their mental and physical development. This has been recognized in our social and economic planning and a suitable financial outlay on education has been made in different five-year plans. Improvement in the quality of the industrial work force demands accelerated pace of economic development for which education of workers, their families, and their children is very essential.

❖ **SOCIAL SECURITY** provides a self-balancing different schemes of social Insurance or social assistance from public funds or proper combination of both. In any contingency. Leading to physical incapacity to work during that contingency, any effective scheme of social protections must take care of worker's income and medical care.

The main aim of social security that they provide some form of cash payments to individuals to replace some part of the lost income that may take place due to any type of contingency like work injury , sickness, maturity, unemployment, old age and death. Social security in India is provided in broadly from two point of view:

(i) Social Insurance

(ii) Social Assistance

In social insurance is 'giving' in return for contribution for meeting different contingencies of life. Social insurance schemes are funded entirely by central government or from common finance contribution made regularly by the employer as well as employee.

The fund so created takes care of all benefits paid in cash or kind. Under this major contributions are made by the central/ state government and employers, while the employee pay only a nominal amount according to their capacity to pay.

Definitions of Social Insurance

(i) "Social insurance is a giving return for contribution benefits up to subsistence level as of rights and without means and tests so that individual may build freely up to it."

-Sir William Beveridge

(ii) "Social Insurance is a group idea of helping the needy people who are not able to work due to certain risks."

(iii) "Social Insurance is social co-operative derive which aims at granting adequate benefits to the insured on the compulsory basis at times of unemployment, sickness and other emergencies."

(iv) "Social Insurance is derive to prevent individual from falling to the depths of poverty and misery and help him in times of emergencies. Insurance involves the setting aside of sums of money in order to provide compensation against loss resulting from a particular emergencies."

-Prof. S.C. Sexena

In fact social insurance is group idea of helping needy people who are not able to work due to certain risks. In this workers are benefited against different contingencies of life in case of any mishappening. Here the risk of one is distributed among many on the principles of insurance. Its contribution is small but benefits are very high in case of happening of event.

Social Insurance system in India has spread due to obedience of worker's due to impact of globalization and the modern urbanized industrial system.

Features of Social Insurance

From the analysis of the above mentioned definition the following features of social insurance are identified:

- (i) Schemes of Social Insurance is financed by the small contribution made by the employees and major portion by the employers.
- (ii) In all the schemes of social insurance Participation is compulsory with only few exceptions.
- (iii) Under these schemes contributions are accumulated in special funds out of which benefits are paid.
- (iv) If there happen to be surplus funds not needed to pay current benefits are invested to earn further future income.
- (v) Under social Insurance schemes benefits are so planned to cover on a compulsory bases all those who should be covered.
- (vi) The contribution and benefit rates are often related to what the person is or has earning.
- (vii) These schemes protect the employees and reduce their suffering arising out of the contingencies which cannot be prevented.
- (viii) Social insurance helps the employees to maintain their minimum living standard when there is total or partial loss of income.
- (ix) The benefits under this are provided to worker without an examination of individual needs and without affecting one's self- respect.

SCOPE OF SOCIAL INSURANCE

The scope of social insurance is very wide covering

- (i) Worker state insurance schemes 1948.
- (ii) Maternity benefits act, 1961.
- (iii) Coal Mines provident fund and bonus schemes 1948.
- (iv) Seamen's provident Fund Act 1966.
- (v) Medical schemes and Facilities under their central and state govt employees who make monthly contribution to the Health schemes.

(vi) The Indian Railway too runs hospital and dispensaries for the employees and their family.

The coverage of social security is very dynamic and wide. Scope of social security programs vary from country to country. In some countries social security is applied to all governmental programs planned to maintain income. In some countries it covers health and welfare services and in some other countries it applies to all the social insurance programmes.

Indian government has adopted a dual strategy for providing social security in different organized and unorganized sector. In India 8% of workforce engaged in the organized sector for which government introduced variety of social security through different labour laws and acts.

In these different schemes employers and employees contribute to provide assistance for running the schemes. The government also makes a small contribution in different schemes like employer's provident pension scheme. Employee Insurance scheme. Maternity benefit. The coal Mines provident Fund and Bonus schemes under which employees are compensated under the concept of social insurance.

MEANING OF SOCIAL ASSISTANCE

In India 92% workforce is employed in unorganized the initiative to introduce different social assistance schemes from different states in India like Kerala, West Bengal , Tamil Nadu and Maharashtra where good number poor employees are working in different unorganized sectors.

In social assistance grants are given to the needy by the state or community. It is provided a supplement to social insurance for those needy persons who cannot get social insurance payment. Under this the general revenue of the respective government provides finance for the social assistance payment which is made available as a legal right to those workers who fulfill given condition. Social insurance and assistance side by side supplement to each other.

Definition of Social Assistance

These are some of the important definitions:

- (i) "Social Assistance is a service or a scheme which provides benefits to persons of small means as of right in amount sufficient to meet minimum standards of need and financial from taxation".---international labour officer.
- (ii) "The Social Assistance schemes are designed to help people who are in financial difficulties."
- (iii) "In social Assistance schemes conditions of entitlement are prescribed by Laws and require that applicants have limited incomes and assets."
- (iv) "Social assistance represents the unilateral obligation of the community towards its dependent groups. It is provided by the society or the government to the poor and needy individuals."

(v) “Social Assistance may be defined as a device to provide benefit for persons of small means granted as of right and in amounts sufficient to meet a minimum standards of need and financed from taxation or general revenues.”

In simple words we can say that

Social assistance is kind of help which depends upon certain conditions and legalities between the workers and the state. Social assistance is given as a voluntary help while social insurance is granted to those persons only who pay a contribution.

In social Insurance there is no requirement for any type of financial means or need and benefits are granted without it, while social assistance is granted only if certain conditions prescribed by the government are fulfilled.

Features of Social Assistance

From the analysis of these definitions the following features of social assistance are identified.

- (i) Social assistance is a kind of help which depends upon certain conditions and legalities between workers and the state.
- (ii) Social assistance is given as voluntary help while social insurance is granted only persons who only pay a contributions.
- (iii) The social assistance has an objective to cover poor sections of people in the society who cannot effectively protect risks and contingencies to which are exposed.
- (iv) Social assistance is the unilateral obligation of the community towards members who are really in need.
- (v) Social assistance is an expression of social responsibility of state towards its needy person.
- (vi) Social assistance is financed wholly or for a very large measures from the general revenues of the state.
- (vii) Social assistance does not provide any legal obligation to its members to give monthly contributions towards its schemes for getting the benefits.
- (viii) In all schemes of social assistance like social insurance there is no relationship of any sort in risks and premiums paid.
- (ix) Social assistance schemes are more applicable where the workers are too poor to contribute, too illiterate to follow the formalities of insurance.
- (x) Social assistance requires the fulfilment of certain prescribed conditions before the benefit can be granted under such scheme.

The two important types of social security are as follows: 1. Social Assistance 2. Social Insurance.

1. Social Assistance:

Social assistance refers to the assistance rendered by the Government to the needy persons without asking them to make contributions to be entitled to get such assistance. In other words, social assistance includes those benefits which are provided by the Government without any contribution from workers and employers. Workmen's compensation, maternity benefits, old age pensions, etc. are the examples of social assistance.

2. Social Insurance:

Social insurance refers to a scheme of maintaining fund from the contributions made by the employees and employer, with or without a subsidy from the Government. In other words, social insurance can be defined as a device to provide benefits as of right for persons of small earnings; in amounts which combine the contributive efforts of the insured with subsidies from the employer and the Government. Examples of social insurance are provident fund and group insurance.

Strictly speaking, these two types of social security measures may be said to be the two faces of the same coin. As a matter of fact, both of them are integral parts of a social security system. Here, it seems pertinent to make distinction between social insurance and commercial insurance. Following Table bears out how social insurance differs from commercial insurance.

<i>Bases</i>	<i>Social Insurance</i>	<i>Commercial Insurance</i>
1. <i>Motive</i>	The inspiring motive of social insurance is the maintenance of minimum level of living.	There is no motive as such in case of commercial insurance.
2. <i>Risk</i>	It is undertaken to meet a chain of contingencies of diverse nature and intensity.	It is undertaken to provide against an individual's risks only.
3. <i>Benefit</i>	Benefits are usually much larger than contribution made.	Benefits are in proportion to the contribution made, i.e., premium paid.
4. <i>Option</i>	Social insurance is generally compulsory.	Commercial insurance is necessarily voluntary.

Unit – V: Labour Welfare Administration – Plant Level, State and Central Levels – Labour Welfare Officer – Role, Status and Functions

The concept of labour welfare activities, however, is flexible, elastic and differs from time to time, region to region, industry to industry and country to country, depending upon the value system, level of education, social customs, degree of industrialization and general standard of the socio-economic development of people.

‘Welfare’ is a broad concept referring to the state of living of an individual or a group, in a desirable relationship with the total environment: ecological, economical and social. The term ‘welfare’ includes both the social and economic contents of welfare.

Social welfare is primarily concerned with the solution of various problems of the weaker sections of society like prevention of destitution and poverty; it aims at social development by such means as social legislation, social reforms, social service, social work and social action.

The objective of **economical welfare** is to promote economic development by increasing production and productivity through equitable distribution. The economic welfare activities are such, which can be brought directly or indirectly into relation with money

labor welfare work as, “any arrangement of working conditions, organization of social and sports club and establishment of funds by a firm which contribute to workers’ health and safety, comfort, efficiency, economic security, education and recreation.”

Oxford dictionary, defines “labour welfare as Effort to make life worth living for work for men.” Chamber’s Dictionary, defines welfare as “a state of faring or doing well; freedom from calamity, enjoyment of health, prosperity

LABOUR LAW IN INDIA

The respect's importance of human labour and the requirement for ensuring and protecting the enthusiasm of labour as individuals has been revered in Chapter-III (Articles 16, 19, 23 & 24) and 7 Chapter IV (Articles 39, 41, 42, 43, 43A & 54) of the Constitution of India keeping in accordance with Fundamental Rights and Directive Principles of State Policy. Labour is a simultaneous subject in the Constitution of India suggesting that both the Union and the state governments are skillful to enact on labour matters and direct the same. The greater part of essential administrative acts has been authorized by the Parliament.

UNION LIST	CONCURRENT LIST
Entry No. 55: Regulation of labour and safety in mines and oil fields	Entry No.22: Trade Union; Industrial and labour disputes
Entry No. 61: Industrial disputes concerning union employees	Entry No.23: Social Security and Insurance, employment and unemployment
Entry No.65: Union agencies and Institutions for “ Vocational...training..”	Entry No.24: Welfare of about including conditions of labour, provident funds, employers ‘Invalidity and old age pension and maternity benefit’.

The various labour legislations enacted by the Central Government can be classified into the following different broad categories:

A. Laws relating to Industrial Relations-

1. Industrial Disputes Act, 1947
2. Trade Unions Act, 1926

B. Laws relating to Wages

1. Minimum Wages Act, 1948
2. Payment of Wages Act, 1936
3. Payment of Bonus Act, 1965

C. Laws relating to Social Security

1. Employees' Provident Funds and Miscellaneous Provisions Act, 1952
2. Employees' State Insurance Act, 1948
3. Labour Welfare Fund Act (of respective States)
4. Payment of Gratuity Act, 1972
5. Employee's Compensation Act, 1923

D. Laws relating to Working Hours, Conditions of Services and Employment

1. Factories Act, 1948
2. Industrial Employment (Standing Orders) Act, 1946
3. Shops and Commercial Establishments Act (of respective States)
4. Contract Labour (Regulation and Abolition) Act, 1970
5. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
6. Weekly Holiday Act, 1942
7. National and Festival Holidays Act (of respective States) 1963
8. The Plantation Labour Act, 1951
9. The Mines Act, 1952
10. The Dock Workers (Safety, Health & Welfare) Act, 1986

E. Laws relating to Equality and Empowerment of Women

1. Equal Remuneration Act, 1976
2. Maternity Benefits Act, 1961

F. Prohibitive Labour Laws

1. Bonded Labour System (Abolition), Act, 1976
2. Child Labour (Prohibition & Regulation) Act, 1986
3. The Beedi and Cigar Workers (Conditions of Employment) Act, 1966
4. The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

G. Laws relating to Employment and Training

1. Apprentices Act, 1961
2. Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

Three Main Benefits of Labour Welfare Activities

According to **Labour Investigation Committee (1946)**, there are three main benefits of labour welfare activities:

- (a) Educational facilities, sports, entertainment, etc. make the worker feel that the employer is interested in their day-to-day life and therefore, their tendency to grouse and grumble will gradually disappear.
- (b) Housing, canteens, sickness and maternity benefits, provident fund, gratuity, pensions, etc. make the worker feel that they have a stake in the industry as much as anyone else has.
- (c) Provisions of good and clean food in the canteens improve their health, entertainment reduces the incidence of vices, medical and maternity benefits free the workers of worries.

LABOUR ADMINISTRATION MACHINERY OF STATE, DISTRICT AND LOCAL GOVERNMENTS

The machineries for labour administration in the states are similar to those operating at the center. As explained earlier in the chapter, most of the important labour subjects in the concurrent list of the constitution. The central government is empowered to give direction to the state government and to delegate powers and impose duties on them. Many central labour laws are enforced both by the central and state government in industries or establishments falling under their respective jurisdictions.

Generally speaking, labour administration of the state governments is on a pattern similar to central labour administration with slight variations relating to implementing agencies and the requirements of the state enactments and non-statutory labour programmes. the main organizations for labour administration in the states comprise, department of labour and employment (secretariat), office of labour commissioner chief inspectorate of factories, chief inspectorate of boilers, office of chief inspector, shops and establishments, directorate, employment and training, directorate, medical services ESI scheme), social security directorate and adjudication authorities.

DEPARTMENT OF LABOUR AND EMPLOYEMNT (SECERTARIAT)

The responsibility for labour administration in the states generally vests in the department of labour and employment, the secretariat of which represents the government side. It is generally in charge of a minister, who may occasionally be assisted by a minister of state and deputy minister. on the official side, the secretary or the principal secretary is the chief executive. his team generally includes an additional secretary, and a few joint secretaries, deputy secretaries and under secretaries according to requirements. it is this organization that formulates the labour policy of the state, establishes liaison with the central ministry of labour coordinates and guides the activities of enforcing machineries and takes decisions on behalf of the government.

OFFICE OF THE LABOUR COMMISSIONER

Secretary (Labour), who is assisted by Commissioner, Special Labour Commissioner, Deputy Labour Commissioners, Assistant Labour Commissioners, Chief Inspector of Factories, Electrical Inspector, Chief Inspector of Boilers, Chief Inspector of Shops and Establishments, Labour Officers, Welfare Officer and other supporting staff, heads the Labour Department, Government of N.C.T. of Delhi. With a view to make the administration responsive to the needs of the people and bring governance to their doorsteps, the department has been organized on territorial basis into nine districts. Each district is headed by a Deputy Labour Commissioner who is assisted by Asstt. Labour Commissioners and Labour Officers.

CHIEF INSPECTORATE OF FACTORIES

The Chief Inspector of Factories is assisted by Deputy Chief Inspectors of Factories, Inspectors of Factories and Inspector of Factories (Medical). The Chief Inspector of Factories, who heads this Inspectorate works under the administrative control of Labour Commissioner cum Secretary (Labour) of Government of NCT of Delhi. The Inspectors work under the supervisory control of Dy. Chief Inspectors of Factories. The Dy. Chief Inspectors of Factories and Inspector of Factories (Medical) operate from Headquarters.

CHIEF INSPECTORATE OF BOILERS

The boilers are inspected by the Boiler Inspectorate as per the procedure laid under Indian Boilers Regulations –1950, during use, and if found satisfactory are allowed to be worked for a maximum period of 12 months as per the provisions of Indian Boiler Act - 1923. The boilers are also casually visited to check the validity of the certificate, their safe and efficient operation. The Inspectorate also guides the boiler owners to work the boilers more efficiently keeping in view Basic Objective of the Act i.e. the "Protection of Human Life & Property from the explosions of the Boilers".

OFFICE OF CHIEF INSPECTOR, SHOPS AND ESTABLISHMENTS

The object of Delhi Shops and Establishments Act, 1954, is to give some minimum benefits and relief to the vast unorganized sector of employees, employed in Shops and Establishments. Industrial Dispute Act 1947, and Delhi Shops & Establishments. Act, 1954 are supplemental to each other.

The Act is enforced through the Chief Inspector of Shops (CIS) and various inspectors under the Act, who are posted in nine districts of the capital who function under the supervision and control of Dy./ Asstt. Labour Commissioners of the concerned district. Chief Inspector functions under the supervision of Dy. Labour Commissioners (CIS) who in turn functions under the supervision of LC.

DIRECTORATE, EMPLOYMENT AND TRAINING

The organization primarily looks after the operation of employment exchanges, industrial training institutes, vocational guidance programme and some other institutions. The activities of the directorate are essentially governed by the policies, standards and procedures set by the central directorate general, employment and training. Other activities of the organization include employment market information, vocational rehabilitation centers, and training of

handicapped groups such as women and physically handicapped. The training wing of the department also looks after the implementation of the apprentices act, 1961. Generally, the directorate functions independently of the organizing of labour commissioner.

DIRECTORATE, MEDICAL SERVICES (ESI SCHEME)

The main responsibility for the operation of medical benefit under the employees' state insurance act, 1948 lies with the state governments which are required to make available the services of the medical and para-medical personnel. In most the states a special wing has been established for the purpose. As the medical benefit under the ESI scheme has been extended also to the family members of the insured persons and superannuated employees, the responsibility of the state governments in this regard has increases. A director, administrative medical officer or a chief medical officer under the labour department has been made in charge of the wing.

SOCIAL SECURITY DIRECTORATE

A few states have established social security directorates for implementing certain social security schemes for the poor, unorganized workers, rehabilitation of bonded labourers and implementation of the interstate migrant workmen (regulation of employment and conditions of services) act, 1979. They also look after the implementation of national old age pension scheme, national family benefit scheme and national maternity benefit scheme.

ADJUDICATION AUTHORITIES

The state governments have also constituted labour courts and tribunals under the industrial disputes act, 1947, and a few of them have set up other adjudication authorities such as industrial courts and wages boards under state laws. As on October 31,1998, as many as 214 labour courts, 97 tribunals and 22 labour courts-cum-tribunals were functioning in the states.

LABOUR WELFARE OFFICER – ROLE, STATUS AND FUNCTIONS

As early as 1931, the Royal Commission on labour recommended the appointment of a labour officer to eliminate the position of evil practices of Jobbers who used to engage and dismiss labour. Initially, employers did not pay heed to this recommendation. But the State Government took the initiative in 1934, when it passed the Bombay Disputes Conciliation Act, providing for the appointment of a government labour officer who would deal with labour grievances.

The Same year, the Bombay Millowners' Association was persuaded by the State Government to appoint its own labour officer. Cotton Textile mills followed suit, and 26 labour officers were appointed in the Bombay textile mills by 1940.

However, during the War, the police function gradually changed to welfare function, and the labour officer assisted in the setting up of food shops and the organizations of sports and welfare activities for employees. Gradually, this position began to discharge the functions of a labour welfare officer. In 1946, the Labour Investigation Committee strengthened his position and his importance was stressed in the Factories Act of 1948, which stated that "the owner of every factory with 500 or more workers is obliged to employ the prescribed number of welfare officers

Role and Status of Labour welfare Officer

Schedule 49 of the Factories Act 1948, provides that in every factory wherein 500 or more workers are ordinarily employed, the employer shall appoint a person who can act as an advisor, counsellor, mediator and liaisoning between the management and the labour, for improving the efficiency, productivity and profitability of organization. Here, s/he is called Labour Welfare officer.

Professionally he or she should be Post Graduate in Social Science, Diploma in Labour welfare, recognised by the State Government, 3-5 years working experience in Industrial Safety and finally having hard working ability and sound communication Skills.

Main objectives of this Position:

- To eliminate the evils of the jobber system in the recruitment of labour
- To develop and improve the labour administration in mills / factory.
- To serve as a liaison with the State Labour Commissioner.

DUTIES OF LABOUR WELFARE OFFICER:

The Malaviya Committee's Report on Labour Welfare in 1969, following the model rules framed under the Factories Act of 1948, has specified the following duties of welfare officers:

1. Supervision
2. Advice
3. Liaison and
4. Counselling

1. SUPERVISION:

- Safety, health and welfare programmes like housing, recreation and sanitation services, as provided under the law.
- Working of joint committees;
- Grant of leave with wages as provided; and
- Redress of workers' grievances

2. ADVICING MANAGERS IN THE MATTERS OF :

- Formulating welfare policies;
- Apprenticeship training programs;
- Complying with statutory obligations to workers
- Developing fringe benefits;
- Workers' education

3. LIAISONING:

Liaison with workers so that they may -

- Appreciate the need for harmonious industrial relations in the plant;
- Resolve disputes, if any;
- Understand the limitations under which they operate; and
- Interpret company policies correctly.

Liaison with management so that they may:

- appreciate the worker's view point on various matters connected with the plant;
- meet their obligations under the Act;
- maintain harmonious industrial relations in the plant;
- Suggest measures for the promotion of the general well-being of workers.

Liaison with inside factory agencies such as the factory inspector, medical officers, and other inspectors with a view to securing a proper enforcement of the various Acts as applicable to the plant;

Liaison with other agencies in the community with a view to helping workers to make use of community services.

3.5 Liaison with the state labour commissioner with a view to administration of welfare involves decisions on (i) welfare policy, (ii) organization of welfare, and (iii) assessment of effectiveness

4. COUNSELLING:

The latest trend catching up in the corporate HR across the world is 'Employee Counselling at Workplace'.

In the world of ever increasing complexity and the stress in the lives, especially the workplaces of the employees, employee counselling has emerged as the latest HR tool to attract and retain its best employees and also to increase the quality of the workforce.

In today's fast-paced corporate world, there is virtually no organisation free of stress or stress-free employees.

The employees can be stressed, depressed, suffering from too much anxiety arising out of various workplace related issues like managing deadlines, meeting targets, lack of time to fulfil personal and family commitments, or bereaved and disturbed due to some personal problem etc.

Organisations have realized the importance of having a stress-free yet motivated and capable workforce

EXTRA INFORMATION (doesn't include in syllabus)

❖ WELFARE OFFICERS

(1) Number of Welfare Officers:- The occupier of every factory where 500 or more workers, are employed, shall appoint at least one Welfare Officer:

Provided that where a group of factories in close proximity belong to the same management, the Chief Inspector may exempt the said factories from this rule in so far as it requires the appointment of a separate Welfare Officer in respect of each such factory subject to such conditions as he may impose:

Provided further that where the number of workers exceeds, 2,000 one additional Welfare Officer shall be appointed for every additional 2,000 workers or fraction thereof over 500; and where there are more than one Welfare Officer, one of them shall be called the Chief Welfare Officer and the others Assistant Welfare Officers.

(2) Qualifications..- A person shall not be eligible for appointment as Welfare Officer unless he possesses-

(a) a Degree in Arts/Science/Commerce or in Law of any University;

(b) a Degree or Diploma in Industrial Relations and Personnel Management covering Labour Welfare, as special subject, of not less than two years duration, conducted or recognised by a University of the State of Andhra Pradesh, Provided that the one year Post Graduate Diploma Course in Industrial Relations and Personnel Management awarded by the Osmania University, Hyderabad upto the academic year 1991-92 shall be treated as recognised and equivalent qualification to the Diploma in Industrial Relations and Personnel Management covering Labour Welfare, and

(c) adequate knowledge of Telugu Language,

Provided that the State Government may grant exemption in suitable cases from the condition of possessing the qualification of a Degree or a Diploma in Social Science from a recognised Institution.

(3) Recruitment of Welfare Officers

(i) The post of Welfare Officer shall be advertised in two newspapers having a wide circulation in the State, one of which should be an English newspaper.

(ii) Selection for appointment of the post of Welfare Officer shall be made from among the candidates applying for the post by a committee appointed by the occupier of the factory.

(iii) The appointment when made shall be notified by the occupier to the Chief Inspector giving the details of the qualifications, age, pay, previous experience and other relevant particulars of the Officer appointed and the terms and conditions of his service.

(iv) The required number of Welfare Officers shall be appointed within 120 days from the date on which such appointments are due to be made under sub-rule (1) of Rule 76-B or from the date of resignation/ dismissal /termination of services of any Welfare Officer.

Duties of Welfare Officers:- The duties of a Welfare Officer sing be-

- (i) to establish contacts and hold consultations with a view to maintaining harmonious relations between the factory management and workers
- (ii) to bring to the notice of factory management, the grievances of workers, individual as well as collective, with a view to securing their expeditious redress and to act as a Liaison Officer between the management and labour
- (iii) to study and understand the point of view of labour in order to help the factory management to shape and formulate labour policies and to interpret these policies to the workers in language they can understand
- (iv) to advise on the fulfilment by the concerned departments of the factory management of obligations statutory or otherwise concerning the application of the provisions of the Factories Act, 1948 and the rules made thereunder and to establish liaison with the Inspector of Factories, and the medical services concerning medical examination of employees, health records, supervision of hazardous jobs, sick visiting and convalescence, accident prevention and supervision of safety committees, systematic plant inspection, safety education, investigation of accidents, maternity benefits and workmen's compensation;
- (v) to advise on fulfilment by the management and the concerned departments of the factory of their obligations, statutory or otherwise, concerning regulation of working hours, maternity benefit, compensation for injuries and sickness and other welfare and social benefit measures ;
- (vi) to advise and assist the management in the fulfilment of its obligations, statutory or otherwise concerning prevention of personal injuries and maintaining a safe work environment, in such factories where a Safety Officer is not required to be appointed under the enabling provisions under Section 40-B
- (vii) to encourage the formation of works and joint production committees, co-operative societies, and welfare committees and to supervise their work
- (viii) to encourage provision of amenities such as canteens, shelters for rest, creches, adequate latrine facilities, ~rig water, sickness and benevolent scheme payments, pension and superannuation funds, gratuity, payments, granting of loans and legal advice to workers
- (ix) to help the factory management in regulating the grant of leave with wages and explain to workers the provisions relating to leave with wages and other leave privileges and to guide the workers in the matter of submission of applications for regulating authorised absence;
- (x) to advise on provision of welfare facilities such as housing facilities food-stuffs, social and recreational facilities and sanitation and on individual personal problems and on the education of children;
- (xi) to advise the factory management on questions relating to training of new starters, apprentices, workers on transfer and promotion, instructors and supervisors; supervision and control of notice board and information bulletins; to further the education of workers and encourage their attendance at technical institutes;

(xii) to suggest measures which will serve to raise the standard of living of workers and in general, promote their well being;

(xiii) Welfare Officers not to deal with disciplinary cases or appear on behalf of the management against workers.,- No Welfare Officer shall deal with any disciplinary case against a worker or appear before a conciliation office, or in a Court or Tribunal on behalf of the Factory management against any worker or workers.

The various labour legislations enacted by the Central Government can be classified into the following different broad categories:

H. Laws relating to Industrial Relations-

1. Industrial Disputes Act, 1947
2. Trade Unions Act, 1926

I. Laws relating to Wages

1. Minimum Wages Act, 1948
2. Payment of Wages Act, 1936
3. Payment of Bonus Act, 1965

J. Laws relating to Social Security

1. Employees' Provident Funds and Miscellaneous Provisions Act, 1952
2. Employees' State Insurance Act, 1948
3. Labour Welfare Fund Act (of respective States)
4. Payment of Gratuity Act, 1972
5. Employee's Compensation Act, 1923

K. Laws relating to Working Hours, Conditions of Services and Employment

1. Factories Act, 1948
2. Industrial Employment (Standing Orders) Act, 1946
3. Shops and Commercial Establishments Act (of respective States)
4. Contract Labour (Regulation and Abolition) Act, 1970
5. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
6. Weekly Holiday Act, 1942
7. National and Festival Holidays Act (of respective States) 1963
8. The Plantation Labour Act, 1951
9. The Mines Act, 1952
10. The Dock Workers (Safety, Health & Welfare) Act, 1986

L. Laws relating to Equality and Empowerment of Women

1. Equal Remuneration Act, 1976
2. Maternity Benefits Act, 1961

M. Prohibitive Labour Laws

1. Bonded Labour System (Abolition), Act, 1976
2. Child Labour (Prohibition & Regulation) Act, 1986
3. The Beedi and Cigar Workers (Conditions of Employment) Act, 1966
4. The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

N. Laws relating to Employment and Training

1. Apprentices Act, 1961
2. Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

LAWS RELATING TO INDUSTRIAL RELATIONS

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 (the "ID Act") has been enacted for the investigation and settlement of industrial disputes in any industrial establishment.

The Industrial Disputes Act defines "Industrial dispute" as a dispute or difference between workmen and employers or between workmen and workmen, which is connected with employment or non-employment or the terms of employment or with the conditions of labour. Dismissal of an individual workman is deemed to be an industrial dispute.

The ID Act provides for the constitution of the Works Committee, consisting of employers and workmen, to promote measures for securing and preserving amity and good relations between the employer and the workmen and, to that end, endeavours to resolve any material difference of opinion in respect of such matters.

The ID Act provides for the appointment of Conciliation Officers, Board of Conciliation, Courts of Inquiry, Labour Courts, Tribunals, and National Tribunals for settlement of disputes. Another method recognised for settlement of disputes is through arbitration. The Industrial disputes Act provides a legalistic way of settling disputes. The goal of preventive machinery as provided under the Act is to create an environment where the disputes do not arise at all. The ID Act prohibits unfair labour practices which are defined in the Fifth Schedule—strikes and lockouts (except under certain defined conditions and with proper notice). It also provides for penalties for illegal strikes and lockouts and unfair labour practices and provisions regarding lay off and retrenchment as well as compensation payable thereof.

The ID Act provides that an employer who intends to close down an industrial establishment shall obtain prior permission at least ninety days before the date on which he intends to close down the industrial establishment, giving the reasons thereof.

Trade Unions Act, 1926

The Trade Unions Act, 1926 (the "Trade Unions Act") seeks to provide for the registration of Trade Unions in India and for the protection of the same. Further, the Trade Unions Act also in certain respects defines the law relating to registered Trade Unions like mode of registration, application for registration, provisions to be contained in the rules of a Trade Union, minimum requirement for membership of a Trade Union, rights and liabilities of registered Trade Unions, etc.

LAWS RELATING TO WAGES

Minimum Wages Act, 1948

The Minimum Wages Act, 1948 (the Minimum Wages Act) provides for fixing of minimum rates of wages in certain employments. The minimum wages are prescribed by States through notifications in the State's Gazette under the Minimum Wages Rules of the specific State.

In terms of the provisions of the Minimum Wages Act, an employee means (i) any person who is employed for hire or reward to do any work, skilled or unskilled manual or clerical, in a scheduled employment in respect of which minimum rates of wages have been fixed; (ii) an outworker, to whom any articles or materials are given out by another person to be made up, cleaned, washed, altered, ornamented, finished, repaired, adapted or otherwise processed for sale for the purposes of the trade or business of that other person; and (iii) an employee declared to be an employee by the appropriate Government.

The term "wages" has been defined to mean all remuneration capable of being expressed in terms of money which would, if the terms of the contract of employment express or implied were fulfilled, be payable to a person employed in respect of his employment or work done in such an employment and includes house rent allowance but does not include:

- i. The value of:
 - a. Any house accommodation or supply of light, water and medical attendance; or
 - b. Any other amenity or any service excluded by general or special order of the appropriate Government;
- ii. Any contribution paid by the employer to any personal fund or provident fund or under any scheme of social insurance;
- iii. Any travelling allowance or the value of any travelling concession;
- iv. Any sum paid to the person employed to defray special expenses entailed on him by the nature of his employment; or
- v. Any gratuity payable on discharge.

Further, the Minimum Wages Act requires the employer to pay to every employee engaged in scheduled employment wages at a rate not less than minimum rates of wages as fixed by a notification without any deduction (other than prescribed deductions, if any).

Payment of Wages Act, 1936

The Payment of Wages Act, 1936 (the Payment of Wages Act) is an Act to regulate the payment of wages to certain classes of employed persons. The Payment of Wages Act seeks to ensure that the employers make a timely payment of wages to the employees working in the establishments and to prevent unauthorized deductions from the wages.

According to the Payment of Wages Act, all wages shall be in current coin or currency notes or in both. It is, however, provided that the employer may, after obtaining the written authorisation of the employed person, pay him the wages either by cheque or by crediting the wages in his bank account.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 (the "Bonus Act") provides for the payment of bonus to persons employed in certain establishments in India either on the basis of profits or on the basis of production or productivity and is applicable to every establishment in which 20 or more persons are employed and to all employees drawing a remuneration of less than Rs 10,000. Those employees who have worked for less than thirty days are not eligible to receive bonus under the Bonus Act. The Bonus Act provides for the payment of bonus between 8.33% (minimum) to 20% (maximum). However, for the calculation of bonus, a maximum salary of Rs 3,500 is considered.

LAWS RELATING TO SOCIAL SECURITY

Employees Provident Funds and Miscellaneous Provisions Act, 1952

The Employees Provident Funds and Miscellaneous Provisions Act, 1952 (the "EPF Act") provides for the institution of provident funds, pension funds, and deposit-linked insurance funds for employees and applies to all establishments employing 20 or more persons or class of persons. An establishment to which the EPF Act applies shall continue to be governed by this Act, notwithstanding that the number of persons employed therein at any time falls below 20.

On account of 2014 Amendment to the said Act, The definition of "excluded employee" has been amended whereby the members drawing wages exceeding Rs 15,000 per month have been excluded from the provisions of the PF Scheme. Accordingly, the wage ceiling for an employee to be eligible for the PF Scheme has been increased from Rs 6,500 per month to Rs 15,000 per month. It further provides that every employee employed in or in connection with the work of a factory or other establishment is required to become a member of the Provident Fund.

The 2014 Amendment further lays down the following changes:

- a. New members (joining on or after 1 September 2014) drawing wages above Rs 15,000 per month shall not be eligible to voluntarily contribute to the Pension Scheme.
- b. The pensionable salary shall be calculated on the average monthly pay for the contribution period of the last 60 months (earlier 12 months) preceding the date of exit from the membership.
- c. The monthly pension for any existing or future member shall not be less than Rs 1,000 for the financial year 2014-2015.
- d. The contribution payable under the Insurance Scheme shall also be calculated on a monthly pay of Rs 15,000, instead of Rs 6,500.
- e. In the event of death of a member (on or after 1 September 2014), the assurance benefits available under the Insurance Scheme has been increased by twenty percent (20%) in addition to the already admissible benefits.

Contributions to the Provident Fund are to be made at the rate of 12% of the wages by the employers with the employee contributing an equal amount. The employee may voluntarily contribute a higher amount but the employer is not obliged to contribute more than the

prescribed amount. Further, the EPF Act contains provisions for transfer of accumulations in case of change of employment.

In terms of power conferred under s 143(11) of the Companies Act, 2013, the Central Government has issued the Companies (Auditor's Report) Order, 2015 (CARO), which came into force on 10 April, 2015. Clause (vii) (a) of Paragraph 3 provides that:

The [Statutory] Auditor has to report, inter alia, on the following:

- i. Is the company regular in depositing undisputed statutory dues, eg, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and any other statutory duties with the appropriate authorities?
- ii. If not paid regularly, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, then it shall be indicated in the report.
- iii. If such non-payment of dues is on account of any dispute, then the amount involved and for the forum where the dispute is pending should also be mentioned.

The CARO is, however, not applicable to a banking company, an insurance company, s 8 company, one person company, small companies and certain class of private companies, as specified under the CARO.

Employees' State Insurance Act, 1948

The Employees' State Insurance Act, 1948 (the ESI Act) is a social welfare legislation enacted with the objective of providing certain benefits to employees in case of sickness, maternity and employment injury. In terms of the provisions of the ESI Act, the eligible employees will receive medical relief, cash benefits, maternity benefits, pension to dependants of deceased workers and compensation for fatal or other injuries and diseases. It is applicable to establishments where 10 or more persons are employed. All employees, including casual, temporary or contract employees drawing wages less than Rs 15,000 per month, are covered under the ESI Act. This limit has been increased from Rs 10,000 to Rs 15,000 w.e.f. May 1, 2010.

The Government enacted as the Employees' State Insurance (Amendment) Act, 2010 (No.18 of 2010). All the provisions of the ESI (Amendment) Act 2010 (except s 18) have come into effect from June 1, 2010. The salient features of the ESI (Amendment) Act are as under:

- facilitating coverage of smaller factories;
- enhancing age limit of dependent children for eligibility to dependants benefit;
- extending medical benefit to dependant minor brother/sister in case of insured persons not having own family and whose parents are also not alive;
- streamlining the procedure for assessment of dues from defaulting employers;
- providing an Appellate Authority within the ESI Corporation against assessment to avoid unnecessary litigation;
- continuing medical benefit to insured persons retiring under VRS scheme or taking premature retirement;
- treating commuting accidents as employment injury;
- streamlining the procedure for grant of exemptions;

- third party participation in commissioning and running of the hospitals;
- opening of medical/ dental/ paramedical/ nursing colleges to improve quality of medical care;
- making an enabling provision for extending medical care to other beneficiaries against payment of user charges to facilitate providing of medical care from under utilised ESI Hospitals to the BPL families covered under the Rashtriya Swasthaya Bima Yojana introduced by the Ministry of Labour & Employment w.e.f. 1.4.2008;
- reducing duration of notice period for extension of the Act to new classes of establishments from six months to one month;
- empowering State Governments to set up autonomous Corporations for administering medical benefit in the States for bringing autonomy and efficiency in the working.

The employer should get his factory or establishment registered with the Employees' State Insurance Corporation (ESIC) within 15 days after the Act becomes applicable to it, and obtain the employer's code number.

The employer is required to contribute at the rate of 4.75% of the wages paid/ payable in respect of every wage period. The employees are also required to contribute at the rate of 1.75% of their wages.

It is the responsibility of the employer to deposit such contributions (employer's and employees') in respect of all employees (including the contract labour) into the ESI account.

Labour Welfare Fund Act (of respective States)

The [State] Labour Welfare Fund Act provides for the constitution of the Labour Welfare Fund to promote and carry out various activities conducive to the welfare of labour in the State so as to ensure full and appropriate utilisation of the Fund.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 (the Gratuity Act) applies to (i) every factory, mine, oilfield, plantation, port and railway company; (ii) every shop or establishment within the meaning of any law, for the time being in force, in relation to shops and establishments in a State, in which 10 or more persons are employed or were employed on any day of the preceding twelve months; and (iii) such other establishments or classes of establishments, in which 10 or more persons are employed or were employed on any day of the preceding twelve months, as the Central Government may, by notification, specify in this behalf.

The Gratuity Act provides for a scheme for the payment of gratuity to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments. The Gratuity Act enforces the payment of "gratuity", a reward for long service, as a statutory retiral benefit.

Every employee, who has completed continuous service of five years or more, irrespective of his wages, is entitled to receive gratuity upon termination of his employment, on account of (i) superannuation; or (ii) retirement; or (iii) death or disablement due to accident or disease. However, the completion of continuous service of five years shall not be necessary where the termination of employment of any employee is due to death or disablement.

The gratuity is payable even to an employee who resigns after completing at least five years of service.

The gratuity is payable at the rate of fifteen days wages for every year of completed service, subject to an aggregate amount of Rupees ten lacs only. However, if an employee has the right to receive higher gratuity under a contract or under an award, then the employee is entitled to get higher gratuity.

LAWS RELATING TO WORKING HOURS, CONDITIONS OF SERVICE AND EMPLOYMENT

Factories Act, 1948

The Factories Act, 1948 (the Factories Act) lays down provisions for the health, safety, welfare and service conditions of workmen working in factories. It contains provisions for working hours of adults, employment of young persons, leaves, overtime, etc. It applies to all factories employing more than 10 people and working with the aid of power, or employing 20 people and working without the aid of power. It covers all workers employed in the factory premises or precincts directly or through an agency including a contractor, involved in any manufacture. Some provisions of the Act may vary according to the nature of work of the establishment.

Some Major provisions of the Factories Act are explained below:

- a. Section 11 of the Act provides that every factory shall be kept clean and free from effluvia arising from any drain, privy or other nuisance. Section 13 of the Act focuses on ventilation and temperature maintenance at workplace. Every factory should work on proper arrangements for adequate ventilation and circulation of fresh air.
- b. Section 18 of the Act specifies regarding arrangements for sufficient and pure drinking water for the workers.
- c. Section 19 further mentions that in every factory there should be sufficient accommodation for urinals which should be provided at conveniently situated place. It should be kept clean and maintained.
- d. Section 21 of the Act provides from proper fencing of machinery. And that any moving part of the machinery or machinery that is dangerous in kind should be properly fenced
- e. Further s 45 of the said Act specifies that every factory should have a properly maintained and well equipped first aid box or cupboard with the prescribed contents. For every 150 workers employed at one time, there shall not be less than 1 first aid box in the factory. Also in case where there are more than 500 workers there should be well maintained ambulance room of prescribed size and containing proper facility.

Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment (Standing Orders) Act, 1946 (the IESO Act) is applicable to every industrial establishment wherein 100 or more workmen are employed or were employed on any day of the preceding twelve months. The IESO Act aims to bring uniform terms and conditions of service in various industrial establishments. The IESO Act requires every employer in an industrial establishment to clearly define and publish standing orders with respect to conditions of employment / service rules and to make them known to the workmen employed by it. The Act further specifies that every employer is required to submit to the

Certifying Officer five draft copies of the standing orders which he intends to adopt for his establishment.

Further, the IESO Act requires display of standing orders in a prominent place for the knowledge of workers.

Shops and Commercial Establishments Act (of respective States)

The Shops and Commercial Establishments Act(s) of the respective States generally contain provisions relating to registration of an establishment, working hours, overtime, leave, privilege leave, notice pay, working conditions for women employees, etc. The provisions of the Shops and Commercial Establishments Act apply to both white collar and blue-collar employees. IT and IT-enabled services have been given relaxations by various State Governments in respect of the observance of certain provisions of their respective Shops and Commercial Establishments Act.

Contract Labour (Regulation & Abolition) Act, 1970

The main objectives of the Contract Labour (Regulations & Abolition) Act, 1970 (the Contract Labour Act) are: (i) to prohibit the employment of contract labour; and (ii) to regulate the working conditions of the contract labour, wherever such employment is not prohibited.

The Act defines a "worker" as a workman who shall be deemed to be employed as "contract labour" in or in connection with the work of an establishment when he is hired in or in connection with such work by or through a contractor, with or without the knowledge of the principal employer.

The Contract Labour Act regulates the employment of contract labour in certain establishments and provides for its abolition in certain circumstances. It applies to every establishment or contractor wherein/with whom 20 or more workmen are employed or were employed on any day of the preceding twelve months as contract labour. The Government may, however, by notification in the Official Gazette, make the provisions of the Contract Labour Act applicable to establishments or contractor employing less than 20 workmen.

The Contract Labour Act is not applicable to establishments in which work only of an intermittent or casual nature is performed.

The Contract Labour Act prohibits the employment of contract labour on jobs that are perennial in nature. For such jobs, permanent employees need to be employed.

The Contract Labour Act provides that no contractor shall undertake any work through contract labour, except under and in accordance with a licence issued in that behalf by the licensing officer.

In terms of s 7 of the Contract Labour Act, the principal employer has to make an application in the prescribed form accompanied by the prescribed fee payable to the registering officer for registration.

The Employee's Compensation Act, 1923 (formally known as "The Workmen Compensation Act, 1923")

The Employee's Compensation Act, 1923 (the EC Act) aims to provide financial protection to workmen and their dependents in case of any accidental injury arising out of or in course of employment and causing either death or disablement of the worker by means of compensation.

This Act applies to factories, mines, docks, construction establishments, plantations, oilfields and other establishments listed in Schedules II and III of the said Act, but excludes establishments covered by the ESI Act.

The Act provides for payment of compensation by the employer to the employees covered under this Act for injury caused by accident. Generally, companies take insurance policies to cover their liability under the EC Act.

Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

The Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 (the ISMW Act) is an Act to regulate the employment of inter-state migrant workmen and to provide for the conditions of service and for matters connected therewith.

The ISMW Act applies to (i) any establishment in which five or more inter-state migrant workmen are employed or who were employed on any day of the preceding twelve months; and (ii) every contractor who employs or who employed five or more inter-state migrant workmen on any day of the preceding twelve months.

For the purpose of the ISMW Act, an inter-state migrant workman means any person who is recruited by or through a contractor in one state under an agreement or other arrangement for employment in an establishment in another state, whether with or without the knowledge of the principal employer in relation to such an establishment.

Weekly Holiday Act, 1942

The Weekly Holiday Act, 1942 provides for the grant of weekly holidays to persons employed in shops, restaurants and theatres. The Act provides that every shop shall remain entirely closed on one day of the week, which day shall be specified by the shop-keeper in a notice permanently exhibited in a conspicuous place in the shop. Further the state government may require in respect of shops or any specified class of shops that they shall be closed at such hour in the afternoon of one week-day in every week in addition to weekly day off.

The Plantation Labour Act, 1951

The Plantations Labour Act (PLA) seeks to provide for the welfare of labour and to regulate the conditions of workers in plantations. This Act empowers the State Governments to take all feasible steps to improve the lot of the plantation workers. The passing of PLA has helped in creating conditions for organising the workers and the rise of trade unions.

The Act defines an employer as, the person who has the ultimate control over the affairs of the plantation and where the affairs of the plantation are entrusted to any other person, such other person shall be the employer in relation to that plantation.

Plantation: Any plantation to which this Act applies and includes offices, hospitals, dispensaries, schools and any other premises used for any purposes connected with such plantation.

The Act makes it mandatory for every employer to get their plantation registered within 60 days of its coming into existence.

The Mines Act, 1952

The Mines Act, 1952 (**Mines Act**) aims to secure safety and health and welfare of workers working in the mines. "Mine" is defined under the Mines Act as a place where any excavation work is carried on for the searching and obtaining of minerals.

The Mines Act provides that persons working in the mine should not be less than 18 years of age.

The Mines Act lays down provisions for appointment of one chief inspector who would be regulating all the territories in which mining is done and an inspector for every mine who would be subordinate to the chief inspector. Moreover, the District Magistrate is also empowered to perform the duties of an inspector subject to the orders of the Central Government. The chief inspector or any of the inspectors may make such inquiry, at any time whether day or night, in order to check whether the law is being abided in the mines or not.

LAWS RELATING TO EQUALITY AND EMPOWERMENT OF WOMEN

Equal Remuneration Act, 1976

The Equal Remuneration Act, 1976 provides for the payment of equal remuneration to men and women workers for the same work and prevents discrimination, on the ground of sex, against women in the matter of employment, recruitment and for matters connected therewith or incidental thereto. This Act applies to virtually every kind of establishment.

Maternity Benefit Act, 1961

The Maternity Benefit Act, 1961 (**Maternity Benefit Act**) regulates the employment of women in certain establishments for a certain period before and after childbirth and provides for maternity benefits and certain other benefits including maternity leave, wages, bonus, nursing breaks, etc, to women employees.

The Maternity Benefit Act, 1961 applies to (a) a factory, mine or plantation including any such establishment belonging to Government and to every establishment wherein persons are employed for the exhibition of equestrian, acrobatic and other performances; (b) every shops or establishments within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which ten or more persons are employed, or were employed on any day of the preceding 12 months.

Except for s 5A and 5B, the provisions of the Maternity Benefit Act shall not apply to the employees who are covered under the Employees' State Insurance Act, 1948 for certain periods before and after child-birth and for which the ESI Act provides for maternity and other benefits. The coverage under the ESI Act is, however, at present restricted to factories and certain other specified categories of establishments located in specified areas. The Maternity Benefit Act is, therefore, still applicable to women employees employed in establishments which are not covered by the ESI Act, as also to women employees, employed in establishments covered by the ESI Act, but who are out of its coverage because of the wage-limit.

Under the Maternity Benefit Act, an employer has to give paid leave to a woman worker for six weeks immediately following the day of her delivery or miscarriage and two weeks following a tubectomy operation. The maximum period for which a woman shall be entitled to maternity benefit shall be 12 weeks, of which not more than six weeks shall precede the date of her expected delivery.

A pregnant woman is also entitled to request her employer not to give her work of arduous nature or which involves long hours of standing, etc, during the period of one month immediately preceding the date of her expected delivery or any period during the said period of six weeks for which the woman does not avail leave of absence. When a woman absents herself from work in accordance with the provisions of the Maternity Benefit Act, it shall be unlawful for her employer to discharge or dismiss her during or on account of such absence.

PROHIBITIVE LABOUR LAWS

Bonded Labour System (Abolition) Act, 1976

The Bonded Labour System (Abolition) Act, 1976 (**Bonded Labour Abolition Act**) is a prohibiting legislation which provides for the abolition of the bonded labour system with a view to prevent the economic and physical exploitation of the weaker sections of the society, and matters connected therewith or incidental thereto.

Under the Bonded Labour Abolition Act, the term "bonded labour" has been defined to mean any labour or service rendered under the bonded labour system.

The term "bonded labour system" has been defined to mean the system of, forced or partly forced, labour under which a debtor enters or has, or is presumed to have, entered into an agreement with the creditor to the effect that:

- i. In consideration of an advance obtained by him or by any of his lineal ascendants or descendants (whether or not such advance is evidenced by the document) and in consideration of the interest, if any, due on such advance; or
- ii. In pursuance of any customary or social obligation; or
- iii. In pursuance of any obligation devolving on him by succession; or
- iv. For any economic consideration received by him or by any of his lineal ascendants or descendants; or
- v. By reason of his birth in any particular caste or community.

The debtor would render, by himself or through any member of his family, or any person dependent on him, labour or service, to the creditor, or for the benefit of the creditor, for a specific period or for an unspecified period, either without wages or for nominal wages.

Section 3 of the Bonded Labour Abolition Act provides that the provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any enactment other than this Act or in any instrument having effect by virtue of any enactment other than this Act.

Section 20 of the Bonded Labour Abolition Act provides that whoever abets any offence punishable under this Act shall, whether or not the offence abetted is committed, be punishable with the same punishment as is provided for the offence which has been abetted. For the purpose of this Act, "abetment" has the meaning assigned to it in the Indian Penal Code.

Child Labour (Prohibition & Regulation) Act, 1986

The Constitution of India incorporates provisions to secure labour protection to children. It expressly prohibits the employment of a child below the age of 14 years in work in any factory or mine or engagement in any other hazardous employment.

The policy of the Government is to ban the employment of children below the age of 14 years in factories, mines and hazardous employments and to regulate the working condition of children in other industries.

The Government enacted the Child Labour (Prohibition & Regulation) Act, 1986 (the Child Labour Prohibition & Regulation Act), which prohibits the employment of children who have not completed their 14th year in 16 occupations and 65 processes¹ like cinder picking, cleaning of ash pits, building operation, manufacturing or handling of pesticides and insecticides, and manufacturing of matches, explosives, fireworks, etc.

In addition, the Child Labour Prohibition & Regulation Act regulates the working conditions of children in all employments, which are not prohibited under the Act. It also fixes the number of hours and the period of work and requires the occupiers of establishments employing children to give notice to the local inspector and maintain the prescribed register.

Apart from the Child Labour Prohibition & Regulation Act, there are other legislations which also protect the interest of child labour. For example, the Factories Act, 1948 and the Mines Act, 1952 prohibit the employment of children below the age of 14 years. The Children (Pledging of Labour) Act, 1933, makes an agreement to pledge the labour of children void.

Directions of the Supreme Court on the Issue of Elimination of Child Labour

In a landmark judgment on 10 December 1996, in the case of *MC Mehta v State of Tamil Nadu* (1996) 6 SCC 756 [Writ Petition (Civil) No. 465/1986], the Supreme Court of India gave certain directions on the issue of elimination of child labour. The main features of the judgment are as under:

- i. Survey for identification of working children;
- ii. Withdrawal of children working in hazardous industry and ensuring their education in appropriate institutions;
- iii. Contribution at the rate of Rs 20,000 per child to be paid by the offending employers of children to a welfare fund to be established for this purpose;
- iv. Employment to one adult member of the family of the child so withdrawn from work and if that is not possible a contribution of Rs 5,000 to the welfare fund to be made by the State Government;

- v. Financial assistance to the families of the children so withdrawn to be paid out of the interest earnings on the corpus of Rs 20,000/25,000 deposited in the welfare fund, as long as the child is actually sent to a school; and
- vi. Regulating hours of work for children working in non-hazardous occupations so that their working hours do not exceed six hours per day and education for at least two hours is ensured. The entire expenditure on education is to be borne by the concerned employer.

The implementation of the directions of the Hon'ble Supreme Court is being monitored by the Ministry of Labour and Employment and compliance with the directions has been reported in the form of affidavits on 5 December 1997, 21 December 1999, 4 December 2000, 4 July 2001 and 4 December 2003, to the Hon'ble Supreme Court on the basis of the information received from the State Governments/Union Territories.

The Government is committed to eliminate child labour in all its forms and is moving in this direction in a targeted manner.

Sexual Harassment at Workplace (Prohibition, Prevention and Redressal) Act, 2013

The Sexual Harassment at Workplace (Prohibition, Prevention and Redressal) Act, 2013 (SHW Act) was enacted by the Parliament to provide protection against sexual harassment of women at workplace and prevention and redressal of complaints of sexual harassment and for matters connected therewith.

The SHW Act makes it mandatory for every organization having 10 employees and more to constitute an Internal Complaints Committee (ICC) to entertain complaints that may be made by an aggrieved women.

The SHW Act also incorporates provisions for formation of a Local Complaints Committee (LCC) in every district for entertaining complaints of sexual harassment at workplace from organisations where ICC has not been established due to having less than 10 employees.

The SHW Act provides that an aggrieved women may in writing make a complaint of sexual harassment to the ICC or LCC as the case may be within a period of three months from the date of occurrence of such incident. Further, in a case where the aggrieved woman is unable to make a complaint on account of her physical incapacity or Death, a complaint may be filed inter alia by her relative or legal heirs.

LAWS RELATING TO EMPLOYMENT AND TRAINING

Apprentices Act, 1961

The Apprentices Act, 1961 (the Apprentice Act) provides for the regulation and control of training of apprentices to supplement the availability of trained technical employees for the industry and matters in connection thereto. It provides for qualification for being engaged as an apprentice, contract for apprenticeship, renewal of contract of apprenticeship, period for apprenticeship, termination of apprenticeship contract, obligation of employers and obligations of apprentices, payment to apprentices, health safety and welfare of apprenticeship, hours of work, overtime, leave and holidays and other conditions of working of apprentice.

The Apprentice Act requires employers to hire apprentices in certain designated trades, as notified by the Government. Accordingly, appointment of apprentices, according to the Apprentice Act, will be obligatory if the company falls under the notified industry.

The Government is considering amending the Apprentices Act, 1961, in consultation with all concerned Ministries. One of the proposed amendments relates to reserving 50% of direct recruitment posts for trained Trade, Graduate, Technician and Technician (Vocational) apprentices who have been trained under the Apprentices Act, 1961 in the same establishment.²

Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 (the Employment Exchange Act) provides for the compulsory notification of vacancies to employment exchanges by the employers. Section 4(1) of the Employment Exchange Act makes it obligatory on every establishment in the public sector to notify, before filling up any vacancy in any employment in that establishment, vacancies to such employment exchanges as may be prescribed.

Further, s 4(2) of the Employment Exchange Act provides that the appropriate Government may, by notification in the Official Gazette, require that from such date as may be specified in the notification, the employer in every establishment in the private sector (ordinarily employing more than 25 employees) or every establishment pertaining to any class or category of establishments in the private sector shall, before filling up any vacancy in any employment in that establishment, notify vacancies to such employment exchanges as may be prescribed.

E-Kranti: Ministry of Labour & Employment E-governance initiative

The Ministry of Labour & Employment has come up with a unique E-governance service called "E-kranti" which aims to make government services accessible to the common man in his locality, through Common Service Delivery outlets and ensure efficiency, transparency and reliability at affordable costs. For the purpose of E-governance the ministry has also developed a unified Web Portal called "Shram Suvidha Portal". This portal integrates four major Organizations under the Ministry of Labour, The Chief central Labour Commissioner. The Directorate General of Mines Safety, Employees' Provident Fund Organization and Employees' State Insurance Corporation. The portal facilitates the following:

1. A Unique labour identification number (LIN) for Units to facilitate online registration.
2. Filing of self-certified and simplified Single Online Return by the industry Units.
3. Provides for filing a single consolidated Return online instead of filing separate Returns.
4. Timely redressal of grievances.
5. Transparent Labour inspection scheme through computerised system.