

## LABOUR ECONOMICS

**Preamble :** To enable the students to understand the analysis of labour markets. A knowledge of the empirical evidence on trade unions and industrial disputes also stress the importance of labour welfare and social security measures.

**Unit – I Labour as as factor of production** Meaning of Labour – Characteristics of Indian labour, Migratory Character – Causes of Migration – effects of Migration – Absenteeism – Meaning and Causes. **(15L)**

**Unit – II Trade Unions and Industrial Disputes** Types of Trade union – objectives – Functions – Industrial Disputes – Causes – Methods of Settling Industrial disputes Collective Bargaining – objectives – Process of Collective bargaining – Industrial Sickness – Meaning and Causes. **(15L)**

**Unit – III Workers Participation in Management and Workers Education** Works Committee – Joint Management Council – Workers Participation in Management – in India – Workers education – objectives – Functions – Workers education in India. **(10L)**

**Unit – IV Labour Welfare** Meaning and Scope of labour Welfare – objectives – principles of labour welfare IL O – Aims and Functions – India and ILO. **(10L)**

**Unit – V Social Security** Objectives – Social Security Measures in India – Social Insurance – Social Assistance. **(10L) (Total: 60L)**

## **Unit – I**

### **Labour as a factor of production**

**Meaning of Labour – Characteristics of Indian labour, Migratory Character – Causes of Migration – effects of Migration – Absenteeism – Meaning and Causes.**

#### **Meaning of Labour**

The word labour is derived from the old Latin word “Labor”. Labour refers to human efforts in body or mind for earning income. The contribution to productive activity made by work force both by hand (for example, the assembling of a car) and mentally (for example of teachers).

Any work, whether manual or mental which is undertaken for a monetary consideration is called labour in economics. In general terminology (the science of proper use of term) the term labour refers to the work of an ordinary worker or cooli.

S.E. Thomas defines as "Labour connotes all human efforts of body or mind which are undertaken in the expectation of reward".

According to Jevons, “Labour is any exertion of mind and body undertaken partly or wholly with a view to some good other than the pleasure derived directly from the work”.

#### **Labour as a factor of production**

As a factor of production, labour is the most significant factor. The utilization of other factors largely depends on the efficiency of labour. As a matter of fact, workers are human beings capable of holding the entire responsibilities of production and achieving higher objectives. Workers have their own aspirations of life and hence if handled properly, they may lead to success of industrial output or industrial growth of the economy. Today they deal with the management not only as individual persons but also as members of trade unions which have in fact, increased their strength and professional consciousness.

## Characteristics of Labour

Labour, is manifestly different from other factors of production. Labour has some characteristic features. They are:

- 1. Labour is Perishable:** Labour is highly perishable than the other factors of production. They cannot be warehoused. They cannot be postponed or accumulated for the next day. Once the time is lost it is lost forever.
- 2. Labour cannot be isolated from the labourer:** Any other factors of production can be separated but not labour from labourers. Labour and labourers are indispensable for each other. For instance, it is not possible to bring the ability of a teacher to teach in the school, leaving the teacher at home.
- 3. Less mobility of labour:** When compared to capital and other goods, labour is less mobile. Capital can be mobilized from one place to another and labour cannot be transported from one place to another easily. A labourer may not be ready to go off places leaving his native place.
- 4. Work bargaining power of labour:** It means, the ability of buyer to purchase articles at least price and that of seller to a higher price is called work bargaining power. A labourer sells his labour for wages and the employer buys by compensating money. Mostly labourers have poor bargaining power since they are weak and poor whereas employers are comparatively having high bargaining power for hiring labourers.
- 5. Inelastic supply of labour:** In any particular time period, the elasticity of supply is inelastic in any nation. It means their supply can neither be raised nor subsided. They cannot be made to order like other goods.
- 6. Labourer is a human being and not a machine:** Each and every labourer has his own likes and dislikes. They should not be hurt for they have feelings. Also they cannot work 24 hours a day and 365 days a year. We cannot become owner for a labourer is the actual sense.

- 7. Increase in wages may reduce the supply of labour:** In the event if the wages are high, the whole family members are to work for their living. On the other hand if the wages are high, then only one family member may work and hence the supply reduces.
- 8. Difficult to find out the cost of production of labour:** It is difficult to ascertain the cost of labour done by a labourer since it is based on his efficiency, experience, human morale. Also if the labour is a professional, it is not easy to ascertain his cost of production such as clothing education, food etc.
- 9. Labour creates capital:** Capital which is considered as a separate factor of production, is in reality is the result of reward for labour. He earns property out of production. Therefore, capital is formulated and accumulated by labour. It is evident that labour is more important in the process of production than the capital since capital is the outcome of the labourers' labour.

### **Migratory Character**

One of the important characteristics of industrial workers in India is that their migration from the village to the city is not permanent but temporary. According to Royal Commission on Labour, "In India the migration from the rural areas to the factories is in the main not a permanent exodus, but a temporary transfer and the recruit to industry continues to regard as his home the place from which he has come".

### **Causes of Migration in India**

#### **1. Marriage**

Marriage is a very important social factor of migration. Every girl has to migrate to her in-law's place of residence after marriage. Thus, the entire female population of India has to migrate over short or long distance. Among the people who shifted their residence more than half (56.1 per cent) moved due to marriage in 1991.

## **2. Employment**

People migrate in large number from rural to urban areas in search of employment. The agricultural base of rural areas does not provide employment to all the people living there. Even the small-scale and cottage industries of the villages fail to provide employment to the entire rural folk. Contrary to this, urban areas provide vast scope for employment in industries, trade, transport and services. About 8.8 per cent of migrants migrated for employment in 1991.

## **3. Education**

Rural areas, by and large, lack educational facilities, especially those of higher education and rural people have to migrate to the urban centers for this purpose. Many of them settle down in the cities for earning a livelihood after completing their education.

## **4. Lack of security**

Political disturbances and interethnic conflicts drive people away from their homes. Large number of people has migrated out of Jammu and Kashmir and Assam during the last few years due to disturbed conditions there.

## **Effects of Migration**

### **1. Effects of environment**

The effect of migration can be traced in nearly every phase of industrial life. In the first, it has been noted that the industrial worker is living in an environment which is strange to him. There is a tremendous difference between the environment of his original home or village home and the place at which he works. He finds an artificial character in industrial life and finds himself surrounded by strange traditions or no traditions at all.

### **2. Dangers to health**

The health of the worker is also subjected to severe strain under the new environment of industrial centers. There are several reasons for it. They are: climatic conditions, diet, sanitation, sickness and married life. According to Royal Commission on Labour, "to such the life of city

brings with it new and insidious temptations. Alcohol offers its dangerous relief to fatigued body and an over stimulated mind while gambling has an attraction not previously experienced for many have few healthy distractions open to them”.

### **3. Labour Turnover**

The constant changing of labour force in industrial establishments as a result of migratory character of Indian Labour, carries with it several other serious disadvantages, from the point of view of both the management and of the worker. The continuous turnover of employees severely affect the efficiency of the workers. The efficiency of the worker is more adversely affected in case of those employees who were new to the particular factory and to its machines and methods of working. It affects the management also, since as a result of loss in efficiency, production also suffers.

### **4. Place obstacle in establishing good industrial relations**

The migratory character of Indian labour also places serious obstacle in the way of establishing contact between employer and employed and of building up the sense of co-operation among them, since they look towards village rather than the factory. Moreover, the worker who returns to the factory after a spell in the village has, in most cases, no guarantee of re-employment. Hence, he not only loses his previous status in the factory and his position in respect of re-employment is also weakened.

### **5. Retards trade unions development**

Since, workers look to the village as their permanent home rather than the factory, they not take active part in the formation of unions and the activities organized by the unions they do not pay their trade union subscription regularly which leads to unhealthy growth of trade unions.

## **Absenteeism**

### **Definition and Meaning:**

According to Sir J.D. Hackett as the, “temporary cessation of work, for not less than one whole working day, on the initiative of the worker, when his presence is expected”.

Prof. Ankalkr defined absenteeism as “unauthorized absence of the worker from his job”.

Prof. K.G. Fenelon defined it as the “absence of worker when work is available”.

### **Causes Absenteeism**

The workers remain absent for various reasons of which some may be genuine but others are not so.

#### **1. Nature of work**

The absenteeism rate is affected by the nature of work. According to Prof. William pointed out that absenteeism is prevalent due to “difficulties of working out a new routine in unfamiliar employment, perhaps out so well situated in relation to their homes”.

#### **2. Sickness and vitality**

Sickness is a cause of absenteeism is more significant than any other reasons. Sickness must be distinguish as either certified sickness or not certified by a doctor. Expediencies like Cholera, Small-Pox and Malaria always break out in sever forming most industrial areas. The low vitality of Indian workers make them an easy prey to such epidemics.

#### **3. Impersonal Behavior of the Employers**

Impersonal attitude of the employers toward the workers is also a reason of absenteeism an individual thus get no chance of freedom of expression. He becomes antisocial and frequently.

#### **4. Bad working Condition**

Bad working condition cause many evils and diseases. In many industrial countries like India the working is h handicapped by climatic condition. High environmental temperature reduces the working capacity. In many factories the roofs are not suitable and many types of

pollutions have worsened the working condition of workers. Ultimately the worker remains absent and later on he becomes a habitual absentee.

#### **5. Unsuitable Working Hours**

In the factories where running shifts are there absenteeism during the night shift is more than in a day shift owing to the greater discomfort of work during night time.

#### **6. Frequent Urge of the rural Exodus**

The most important cause of absenteeism, however, is the frequent urge of rural exodus. The rate of absenteeism is higher at the time of harvesting and sowing of the crops.

#### **7. Inadequacy of Welfare Activities**

The vast majority of industries still regards welfare work as a barren liability rather than a wise investment. If an industry does not provide better facilities and does not invest its resources in welfare activities then it reduces the strength and stamina of the workers and thus causes labour turnover and absenteeism.

#### **8. Insecurity of Employment**

Insecurity of Employment is very common factor in most of the factories. It leads to formation of complexes and inhibitions in a worker. He is not given any sense of belonging psychologically. He stays away off and on because he is not made to feel that he has real place in the scheme of things. He know that nobody bothers much about him and this feeling leads him to remain absent from the work.

#### **9. Other Causes**

Inadequacy in welfare activities, undesirable behavior of employer, industrial accidents, social and religious ceremonies, festivals, arrival of guest, drinking and gambling, in sanitary living condition, shortage of accommodation, hazardous nature of work, inadequacy of transport facilities, ration difficulties and the like are also the causes of absenteeism.

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## **UNIT-II**

### **Trade Unions and Industrial Disputes**

**Types of Trade union –objectives –Functions –Industrial Disputes –Causes –Methods of Settling Industrial disputes- Collective Bargaining –objectives –Process of Collective bargaining –Industrial Sickness –Meaning and Causes.**

#### **Definition**

**American Federation of Labour defined a trade union as,** “an organization of wage earners and to enable them to contribute according to their ability and experience to social and industrial enterprise”.

Shri V.V. Giri defined a trade union as, “Voluntary organizations of workers formed to promote and protect their interests by collective action”.

#### **Types of Trade Union**

1. The Indian National Trade Union Congress (INTUC)
2. The All India Trade Union Congress (AITUC)
3. The Bharatiya Mazdoor Sangh (BMS)
4. The Hind Mazdoor San (HMS)
5. The United Trade Union Congress (UTUC)
6. The Centre of Indian Trade Unions (CITU)

#### **The common objectives of trade unions are as follows:**

1. Protection of workers against exploitation and provision of their security of service, such as, protection against lay off, retrenchment and victimization, etc.
2. Improvement in standards of living and working conditions.
3. Raising the vocational status of workers.
4. Income security, for e.g. pension, provident fund, compensation for work injuries and unemployment.
5. Shorter working hours.
6. Better health, safety and welfare standards.
7. Respect for the personality of the workers-humane treatment from supervisors and others.
8. Greater participation in administration and management of the establishment and
9. Improving political status.

## **Role and Functions of Trade Unions**

### **1. Intra-mutual Activities or Militant Functions**

The aim of such activities is to ensure adequate wages secure better conditions of work and employment, reduce hours of work, get better treatment from employers etc. and more recently, to secure some share in the profits and in the control of industry. Under this type of functions the trade unions have to fight for the rights of the workers and may have to adopt methods of collective bargaining, negotiations, strikes and boycotts. Hence, such functions of trade unions are also called militant or fighting functions.

The trade unions have to fight to fulfill their economic functions:

1. To ensure adequate wages.
2. To secure better conditions of work and employment.
3. To reduce hours of work.
4. To get better treatment from employers.
5. To get some share from the profit of the industry.
6. To get a proper place in the administration of the industry.
7. To secure apprenticeship, incentive payments, promotions, bonus, gratuity, superannuation and economic benefit plans.
8. To bargain with the employers for securing more improved standards and better employment conditions than what are prescribed under the law.

The trade unions try to achieve the above mentioned economic objectives through collective bargaining. Collective bargaining involves mutual negotiation and failure of negotiations may lead to the use of coercive measures such as strike, picketing, boycott and lock-out etc.

### **2. Extra-Mural activities or Fraternal Functions**

The extra-mural or social functions of trade unions include:

1. To create a fund through subscription for supporting the workers during unemployment, sickness and lockouts.
2. To arrange legal assistance to the workers.
3. To foster a spirit of co-operation and friendly relations among their members.
4. To make provisions for the education of the children of their members.
5. To make provisions for many indoor and outdoor games and other recreational facilities.
6. Running of co-operatives.
7. Providing housing facilities.

8. Participating in community development and community protection activities.
9. To make provisions for transport facilities.
10. To make provisions for worker's education and training.

### **3. Political Functions**

The political functions of trade unions include:

1. To capture political power through elections.
2. Extending help to candidates of other parties who are sympathetic to the cause of labour.
3. Exerting pressure for securing protective or other pro-labour legislations.
4. Pressure for new labour legislation and improvement over the existing laws.
5. To obtain welfare amenities under laws of the state such as housing, recreational and educational facilities, medical and health facilities etc.
6. To form independent labour parties or to develop political wings and political contacts with the like-minded parties. For instance, in Great Britain the Trade Union Congress (TUC) established the independent labour party. Similarly, political parties of labour have come into existence in many other countries.
7. Participating in and representing the workers on national and international institutions and bodies and various advisory bodies.
8. Developing military and revolutionary urge amongst workers, etc.

### **4. International Functions**

All over the world, trade unions are developing political wings and political links both for the purpose of securing reforms within the capitalist economic structure and for a fundamental reconstructions of the economic system by peaceful means, if possible, and by violence, if necessary. They have been successful in the enactment of several protective labour laws for regulating such conditions of employment as hours of work, rest period, weekly rest, safety, employment of children and women, compensations against work injuries, etc.

The following functions are expected from trade unions at international level.

1. They should participate in the organization and activities of International Labour Organization (ILO).
2. Sending monetary and other help to workers of other countries during period of strikes and natural disasters.

## **Industrial Disputes**

### **Definition**

According to Section 2 (k) of Industrial Disputes Act 1947 the term Industrial Disputes means “any dispute or difference between the employers and employees or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person”.

### **Causes of Industrial Disputes**

The disputes arise due to a variety of causes which may be broadly be terms as **economic and non-economic** causes.

#### **Economic Causes**

The economic causes of industrial disputes may be summed up as those relating to

1. Wage structure and demands of higher wages
2. Payment of bonus
3. Dearness allowance
4. Conditions of work and employment
5. Working hours
6. Unjust dismissals
7. Retrenchment of workers
8. Leave and holidays with pay
9. Delay in the implementation of awards of tribunals
10. Methods of job-evaluation
11. Changes in the methods of production and
12. Incentives and fringe benefits

The National Commission on Labour said that “a study of the disputes which disturb industrial peace in India during the last two decades would show that though on a majority of occasions industrial disputes were based on claims pertaining to the terms and conditions of employment, sometimes economic issues of a general character dominated and on occasions purely political motives”.

## **Non-Economic Causes**

1. Causes Unconnected with the Industry
2. Rationalisation
3. Administrative causes
4. Recognition of workers organization
5. Strike in other industries
6. Industrial discipline
7. Psychological and social causes
8. Institutional factors
9. Political causes

## **Measures for Industrial Peace**

Some of the measures undertaken by the Government for improving industrial relations and for establishing industrial peace are as follows:

- (i) Enactment of the Factories Act, 1948 and other labour laws for regulating conditions of work in factories.
- (ii) Introduction of schemes like profit sharing, workers participation in management, subsidised industrial housing etc.
- (iii) Framing of Industrial Employment, (Standing Orders) Act, 1948 for defining conditions of employment and for framing model service rules.
- (iv) Introduction of bonus scheme making it compulsory for all establishment to pay a minimum of 8.33 per cent bonus to all employees under the Payments of Bonus Act, 1965.
- (v) Enactment of an Equal Remuneration Act 1976, which provides for payment of equal remuneration to men and women workers for the same work, or work of similar nature and for prevention of discrimination against women in matters of employment.
- (vi) Arrangement for settlement of industrial disputes under the Industrial Disputes Act, 1947.
- (vii) Adoption of ‘Code of Discipline’ (1958) by both employers and workers for settlement of disputes and avoiding direct action.
- (viii) Provision of social security benefits for industrial workers under various laws like the Employees Provident Fund and Family Pension Act, 1952; Employees State Insurance Act, 1948, Payment of Gratuity Act, 1972 etc.
- (ix) Fixation of minimum wages under the Minimum Wages Act, 1948 and the government’s efforts to get fair wages for workers, etc.
- (x) Introduction of a scheme for workers participation in management.

## **Collective Bargaining**

According to Sidney and Beatrice web in Britain “Collective bargaining is a process by which a group of workers, acting as a group, enter into negotiation with an employer or a group of employers with an object of reaching an agreement on the terms and conditions of employment”.

### **Objectives of collective bargaining**

1. The bargaining power of individual workers is very weak in comparison with that of an employer. When the worker bargains through a trade union, it increases their bargaining power. Thus workers unity is the most important objective of collective bargaining.
2. The second objective is to increase the standard of living of the workers. Increased wages, profit sharing can be got only through collective bargaining.
3. Protection and promotion of labour welfare are the third objectives of collective bargaining. Facilities such as better housing, education for worker’s children, medical and health facilities, accident benefits etc., can be obtained only through collective bargaining.
4. Improvement of the working condition is another important objective of collective bargaining. The workers can retain and promote their status in the industry through collective bargaining.
5. The last important objective of collective bargaining is to secure due recognition to their trade union.

### **The process of collective bargaining**

#### **1. Prepare:**

In this phase both the employer’s representatives and the union examine their own situation in order to develop the issues that they believe will be most important. The first thing to be done is to determine whether there is actually any reason to negotiate at all. A correct understanding of the main issues to be covered and intimate knowledge of operations, working conditions, production norms and other relevant conditions is required.

## **2. Discuss:**

Here, the parties decide the ground rules that will guide the negotiations. A process well begun is half done and this is no less true in case of collective bargaining. An environment of mutual trust and understanding is also created so that the collective bargaining agreement would be reached.

## **3. Propose:**

Negotiations are easy if a problem solving attitude is adopted. This stage comprises the time when 'what ifs' and 'supposes' are set forth and the drafting of agreements take place.

## **4. Bargain:**

Negotiations are easy if a problem solving attitude is adopted. This stage comprises the time when 'what ifs' and 'supposes' are set forth and the drafting of agreements take place.

## **5. Settlement:**

Once the parties are through with the bargaining process, a consensual agreement is reached upon wherein both the parties agree to a common decision regarding the problem or the issue. This stage is described as consisting of effective joint implementation of the agreement through shared visions, strategic planning and negotiated change.

## **Industrial Sickness Meaning:**

One of the adverse trends observable in the corporate private sector of India is the growing incidence of sickness. It is causing considerable concern to planners and policymakers. It is also putting a severe strain on the economic system, particularly on the banks.

There are various criteria of sickness. According to the criteria accepted by the Reserve Bank of India "a sick unit is one which has reported cash loss for the year of its operation and in the judgment of the financing bank is likely to incur cash loss for the current year as also in the following year."

## **Causes:**

Industrial sickness has become a major problem of the India's corporate private sector. Of late, it has assumed serious proportions. A close look reveals that there are, at least, five major causes of industrial sickness, viz., promotional, managerial, technical, financial and political.

## **External Vs internal causes**

The factors leading to sickness can be due to reasons of finance, technical issues, mismanagement, non-availability of raw materials, power or natural calamities or disasters such as earthquake, fire or a combination of such factors.

## **The causes of industrial sickness may be divided into two broad categories**

- i. External
- ii. Internal

## **The external causes of sickness include:**

- a) Power cuts imposed by the state governments;
- b) Scarcity of raw materials and other inputs due to its erratic supply;
- a) Recession in the market resulting from steep fall in the quantum of demand for industrial products aggravated by credit restraints and resulting in unsold stocks and losses to industrial units; and
- b) Frequent changes in the government policy in connection with industrial licensing, taxation, power tariff, imports, exports etc. all these external factors are equally responsible for growing sickness among the industrial units of the country.



## **UNIT III**

### **Workers Participation in Management and Workers Education**

**Works Committee –Joint Management Council –Workers Participation in Management –in India –Workers education –objectives –Functions –Workers education in India.**

#### **Works committee**

The Industrial Disputes Act, 1947, provides for the setting up of a works committee consisting of representatives of management and employing 100 or more workmen, “to promote measures for securing and preserving amity and good relations between the employers and workmen and to that end, to comment upon matters of their common interest or concern and endeavor to compromise any material difference of opinion in respect of functions, shall not be less than the number of representatives of the employers are to be chosen from among the workmen engaged in the establishment and in consultation with their registered trade union, if any.

#### **Function of Works Committee**

1. Conditions of work such as ventilation, lightning, temperature and sanitation including latrines and urinals.
2. Amenities such as drinking water, canteen, dining rooms, crèches, rest rooms, medical and health services.
3. Safety and accident prevention, occupational diseases and protective equipment.
4. Adjustment of festivals and national holidays.
5. Administration of welfare funds.
6. Educational and recreational activities, such as libraries, reading rooms, cinema-shows, sports, games, picnic parties, community welfare and celebrations.
7. Promoting thrift and savings.
8. Implementation and review of decisions arrived at meeting of works committee.

## **Joint management council**

These councils are constituted similar to works committees. The scope of the council is matters related to administration, retrenchment, closure, production, sales, welfare, safety, training etc. Joint Management council was a voluntary body. These councils will consist of equal number of representation of workers and management will not exceed twelve..

### **Objectives of JMC:**

- Promoting cordial relations between management and workers
- Developing understanding and trust between them
- Augmenting productivity substantially
- Securing better welfare and other facilities
- Training them to understand and share the responsibility

### **The council's functions were divided as**

- Information sharing.
- Consultative.
- Administrative.

The council has the right to receive information, discuss and give suggestions on general economic situation, market production, general running of the unit, etc.

### **The councils suffered the following problems:**

- The workers representatives were not satisfied with their role in councils.
- Management are not prepared to supply sufficient information to councils.
- The trade union leaders feel that council would weaken their hold over workers.
- The absence of representative unions made it difficult for the councils to work smoothly.

## **Workers participation management in India**

### **Definition:**

“Better participation and greater responsibility in the decision making process on the part of general workers would perhaps tend to develop in them organizational loyalty, confidence, trust, favorable attitude towards supervisors, and a sense of involvement in the organization. Schemes of worker’s participation in management among other measures or industrial reform, are expected to democratize the industrial milieu, and ensure egalitarianism in the process.”

### **Features o WPM:**

- Formal involvement of members
- Participation in decision making
- Consequence sharing
- Application of upward control
- Joint and continuous process

### **Objectives of WPM:**

- Greater employee satisfaction
- Greater responsibility
- Mutual cooperation
- Establishing democracy
- Developing an effective communication system
- Facilitating changes

## **WORKERS EDUCATION**

Workers Education attempts to give workers a better understanding of their status, rights and responsibilities as workers, as union members, as family members and as citizens. Workers Education addresses a whole range of skills and knowledge, which contribute to the harmonious development of a worker’s personality, his role in the society and the knowledge and attitudes required for such roles.

Workers education is one of the principle objectives of the Ministry of Labour and Employment which, it seeks to achieve through the enforcement of various labour laws and implementation of various schemes and programmes. The main thrust is on the education of tribal workers, women workers and weaker section workers.

According to Royal Commission on Labour pointed that, “Mostly the whole mass of industrial labour is illiterate, a state of affairs which is unknown in any other country of industrial importance”.

### **Objectives of Workers’ Education:**

The basic objective of workers’ education is to make the worker an efficient individual, disciplined trade union member and an intelligent corporate citizen, so that he plays a vital role in the socio economic development of the country.

- To foster workers’ loyalty towards the union and imparting the necessary training to them for intelligent and efficient participation in union activities.
- To develop the worker for good and respectable civic life.
- To promote trade union leadership.
- To familiarize the workers with the capitalist culture and philosophy.
- To enable the worker to realize the purpose of human life.
- To equip organized labour to take its place in a democratic society.e

### **Functions**

1. It helps in the maintenance of industrial peace and harmony.
2. It helps in the development of healthy labour management relations.
3. It accelerates economic growth in a developing country.
4. It helps the development of trade unions through better trained officials and more enlightened members.
5. It helps the development of leadership.
6. It promotes among workers a greater understanding of their rights and responsibilities.

7. It promotes a healthy relationship among the fellow-workers.
8. It also promotes faster industrialization in the country.

### **The Indian Institute of Workers Education:**

The Indian Institute of Workers Education was established in March 1970 by the Central Board for Workers Education. It is the for Workers apex training institute on with fully equipped training facilities and modern amenities viz. Modern Training Hall of International standard, Conference Hall Auditorium, Hostel, Canteen etc.

### **Important Activities /Schemes:**

Initially the Board's activities were concentrated on educating the workers employed in the organized sector. However, as recommended by the Workers Education Review Committee and agreed by the Govt. of India, the Board shifted its emphasis from organized sector to the education of workers in rural sector. Starting with seven pilot projects since 1977-78, the rural workers education of the Board has become a regular, continuing and countrywide programme.

Joint Educational Programmes have been introduced at the Plant Level for the representatives of workers and management who come together for a purposeful dialogue on selected theme which affect the both. The joint educational programmes have become popular as it gives opportunity for the worker to meet at a common forum..

The Board has recently launched a new programme "Quality of Life for Workers and their Spouses" with a view to mold their attitudes, develop motivation, build up personality, raise family status, maintain good neighborhood relations, develop awareness about environmental cleanliness, develop a spirit of team work, human relations, productivity consciousness, commitment to discipline, mutual trust and hygiene etc.

## Unit – IV

### Labour Welfare

**Meaning and Scope of labour welfare – objectives – principles of labour welfare - ILO – Aims and Functions – India and ILO. (10L)**

#### **Meaning and Definition of Labour Welfare:**

Labour welfare is an important dimension of industrial relation, labour welfare includes overall welfare facilities designed to take care of wellbeing of employee's and in order to increase their living standard. It can also be provided by government, non-government agencies and trade unions.

According to **Arthur James...** “Labour welfare means anything done for the comfort and improvement, intellectual and social, of the employees over and above the wages paid which is not a necessity of the Industry”.

According to Prof. Richardson “Labour welfare works as any arrangement of working conditions, organization of social and sports club and establishment of funds by a firm, which contribute to the workers health and safety, comfort, efficiency economic security, education and recreation”.

#### **Scope of Labour Welfare**

Labour welfare is a dynamic concept which acquires new dimensions with the changes in the environment of industry. It was as early as 1931 that Whitley Commission observed“, Labour welfare is one which must necessarily be elastic, bearing a somewhat different interpretation in one country from another according to the different social customs, the degree of industrialization and the educational development of the workers.

- Working Environment
- Health facilities
- General welfare programs
- Economic welfare programs
- Labour welfare programs

In India the labour welfare started sometime during the 1 st world war (1914-1918). Till then wellbeing of workers in factories was hardly thought by anybody. Industrial Labour Organization has played a very significant role for labour welfare. Formed by Indian central government and state governments for welfare of labour in Industries.

- i. Welfare within the precincts of an establishment: medical aid, crèches, canteens, supply of drinking water, etc.,
- ii. Welfare outside the establishment provision for indoor and outdoor recreation, housing, adult education, visual instructions, etc.,
- iii. Social security.

### **Objectives of Labour Welfare**

#### **To build stable work force.**

- To make employees lives good and worth living.
- To provide healthy and proper working conditions.
- To ensure well being of employees and families.
- Labour welfare provides social comfort to employees
- It provides intellectual improvement of employees.

#### **Principles of Labour Welfare:**

Certain fundamental Principles are involved in the concept of labour welfare. The following are the more important among them (Kohli and Sharma, 1997):

- I. Principle of Social Responsibility
- II. Principle of Democratic Values
- III. Principle of Adequacy of Wages
- IV. Principle of Efficiency
- V. Principle of Co- responsibility
- VI. Principle of Totality of Welfare

VII. Principle of Re-personalization

VIII. Principle of Co-ordination or Integration

### **I. Principle of Social Responsibility:**

Industries have a social responsibility towards the society. Social responsibility means the obligations of the industry to pursue those policies, to take such decisions and to follow those lines of action that are desirable in terms of the objectives and values currently prevailing in the society. Industry is expected to win the co-operation of the workers, provide them security of employment, fair wage and equal opportunity for personal growth and advancement, and make welfare facilities available to them.

### **II. Principle of Democratic Values:**

The principle of democratic values of labour welfare concedes that workers may have certain unmet needs for no fault of their own, that industry has an obligation to render them help in gratifying those needs, and that workers have a right of determining the manner in which these needs can be met and of participation in the administration of the mechanism of need gratification. The underlying assumption to this approach is that the worker is a mature and rational individual who is capable of taking decisions for himself/herself.

### **III. Principle of Adequacy of Wages:**

The third principle of labour welfare is adequacy of wages, it implies that labour welfare measures are not a substitute for wages. It will be wrong to argue that since workers are given a variety of labour welfare service, they need to be paid low wages. Right to adequate wage is beyond dispute.

### **IV. Principle of Efficiency;**

The fourth principle of labour welfare lays stress on the dictum that to cultivate welfare is to cultivate efficiency. Even those who deny any social responsibility for industry, do accept that an enterprise must introduce all such labour welfare measures that promote efficiency (Marshall 1950). It has been often mentioned that workers education and training, housing and diet are the



three most important aspects of labour welfare, which always accentuate labour efficiency.

#### **V. Principle of Co-responsibility:**

The sixth principle of labour welfare recognizes that the responsibility for labour welfare lies in both employers and workers and not on employers alone (Moorthy, 1958). Labour welfare measures are likely to be of little success unless mutuality of interest and responsibilities are accepted and understood by both the parties, in particular the quality of responsibility at the attitudinal and organizational level.

#### **VI. Principle of Totality of Welfare:**

The final principle of labour welfare is that the concept of labour welfare must permeate throughout the hierarchy of an organization and accepted by all levels of functionaries in the enterprise.

#### **VII. Principle of Depersonalization on:**

The development of the human personality is given here as the goal of industrial welfare which according to this principle should counteract the baneful effects of the industrial system. Therefore, it is necessary to implement labour welfare facilities both inside and outside the factory, that is provide intramural and extramural labour welfare facilities.

#### **VIII. Principle of Coordination or Integration:**

This Principle plays an important role in the success of welfare services. Welfare is a total concept. From this angle, a coordinated approach will promote healthy development of the worker in his work, home and community. This is essential for the sake of harmony and continuity in labour welfare facilities.

#### **ILO- The International Labour Organisation**

The International Labour Organisation (ILO) was founded in 1919. After the Second World War, the ILO became the first United Nations specialised agency. ILO bodies consist of representatives of governments, employers and workers from the 186 member states.

- Established in 1919 as a part of League of Nations.
- Only international body that survived even after 2nd world war.
- Becomes specialized agency of U.N.'s in 1946.
- Aims at world peace through social justice.
- India became original signatory member in 1919.
- Draws attention on various problems like: working conditions, unemployment, industrial accidents, diseases, problem of women & young persons, children etc.

### **Aims of ILO**

1. Formulation of international policies and programmes to promote basic human rights, improve working and living conditions, and enhance employment opportunities;
2. Creation of international labour standards backed by a unique system to supervise their application;
3. An extensive programme of international technical cooperation formulated and implemented in an active partnership with constituents, to help countries put these policies into practice in an effective manner
4. Training, education and research activities to help advance all of these efforts.
5. Creating jobs
6. Guaranteeing rights at work
7. Extending social protection
8. Promoting social dialogue.

### **ROLE of ILO**

- Full employment & raising standard of living
- Ensure employment, in which workers are in should get satisfaction
- Facilities for training & transfer of labour-migration for employment & settlement
- Policies with wages, hours & condition of work

- Effective recognition of the right of collective bargaining Protection of life & health of workers
- Provision for child welfare & maternity protection
- Provision for adequate nutrition, housing
- Assurance of equality of education & vocational opportunity.

**The main functions of the ILO are the following:**

- Creation of coordinated policies and programs directed at solving social and labour issues;
- Assistance to member-states in solving social and labour problems;
- Human rights protection (the right to work, freedom of association, collective negotiations, protection against forced labour, protection against discrimination, etc.
- Research and publication of works on social and labour issues.
- Manpower organisation & Vocational training
- Migrant workers
- Women workers
- Child workers
- Social security
- Conditions of work
- Health, safety and welfare

**India and ILO:**

India, a Founding Member of the ILO, has been a permanent member of the ILO Governing Body since 1922. The first ILO Office in India started in 1928. The decades of productive partnership between the ILO and its constituents has mutual trust and respect as underlying principles and is grounded in building sustained institutional capacities and strengthening capacities of partners. It has a two-directional focus for socio-economic development: overall strategies and ground-level approaches.

The ILO's overarching goal is Decent Work, i.e., promoting opportunities for all women

and men to obtain decent and productive work in conditions of freedom, equity, security and dignity. DW is at the heart of ILO's strategies for economic and social progress, central to efforts to reduce poverty and a means to achieve equitable, inclusive and sustainable development. India's 11th Plan's vision of faster and inclusive growth through a process which yields broad-based benefits and ensures equality of opportunity for all – with a strong emphasis on decent working and living conditions for all. A number of India's 11th Plan targets are in consonance with the DW agenda.

**Unit – V**  
**Social Security**

**Objectives – Social Security Measures in India – Social Insurance – Social Assistance.**

**(10L)**

**Introduction**

Social security is of great importance to developing and underdeveloped countries which aims at large scale rapid industrialization. It helps in improving morale of employees by providing sense of security to them against various industrial hazards, occupational diseases and any other types of unfair practices.

“The State shall within the limits of its economic capacity and development make effective provision for securing public assistance in case of unemployment, old age, sickness, disablement makes the concept of social security of high importance to the country.”

**These are some of the important objectives of social security:**

- I. Access to social security is a fundamental human right to which every individual is entitled as a member of the society.
- II. Its main objective is to give individual confidence through which they must be sure that their level of living and quality of life will be adversely affected due to any mishaps and contingencies.
- III. The aim of social security has been widened to include the complete quality of working and living life in each aspect.
- IV. It is basic instrument of social and economic justice among members of the society.
- V. Social security leads to adoption of the schemes of unemployment, insurance and creation of new employment through a drive for rational planning and industrial development.
- VI. It further aims at the establishment of a scheme of old age and unemployment pension.

- VII. Social Security emphasis covering more different types of risks like sickness, maturity and employment injuries.
- VIII. The main objective of social security is that a citizen who has contributed or is likely to contribute to his country's welfare should be given protection against certain hazards of life.
- IX. It emphasizes and ensures that the ideas of human dignity and social justice is duty taken care.

### **Social Security measure In India:**

Includes establishments covered by the Factories Act, 1948, the Shops and Commercial Establishments Acts of the States, Industrial Employment Standing Orders Act, 1946, etc. It has a structure through which social security benefits are extended to workers provided through following acts:

#### **1. The Industrial Dispute Act 1947:**

It provides that, no workers shall be removed from the job without giving one month's written notice. This rule applies to those workers, who are not in continuous service for less than one year.

#### **2. Employee State Insurance Act 1948:**

It applies to all non-seasonal factories run with power & employing twenty or more person & whose income does not exceed 7500/- a month. This scheme is financed by Employees's state insurance fund. The fund is utilized for the benefits of insured persons, provision for medical benefits, establishment of hospitals and dispensaries.

#### **3. Employee Provident Fund Act 1952:**

Retirement benefits are given to the employees under the employees provident fund. It covers 180 industries & establishments employing twenty or more persons.

#### **4. The Bonus Act of 1965:**

It applies to all factories covered by the Factories Act. It provides for the payment of

bonus by the employer to the employees.

#### **5. Employees' Pension Scheme 1995:**

Under this scheme pension @ 50% of pay is payable to the employees on retirement & on completion of 33 yrs. Of service. A minimum of 10yrs. of service is required for entitlement to pension. It also provides for grant of family pension ranging from 450/- to 2500/- per month.

#### **6. Maternity Benefit Act 1961:**

This act regulates employment of women in certain establishments for a certain period before & after child birth & period before for maternally & other benefits. There is no wages limit for coverage under the act. This act provides for payment of maternity benefit at average daily wages for a total period of 12 weeks.

#### **Act:**

- Workmen's Compensation Act, 192
- Trade Unions Act, 1926
- Payment of Wages Act, 1936
- The Factories Act, 1948
- The Employees' State Insurance Act, 1948
- Minimum Wages Act 1948
- Employees' Provident Fund and Misc. Provisions Act 1952
- Maternity Benefit Act 1961
- Apprentices Act 1961
- Payment of Bonus Act 1965

#### **Social insurance:**

A method to provide benefits to person through contributions of beneficiaries with contribution/subsidies from employer and state. A method to provide benefits as a matter of right for persons of small earnings, in amounts which combine the contributions of the beneficiaries with subsidies from the employer and the state. Characteristics feature of this is the

beneficiaries, employers and the Government make contributions towards the creation of common pool, out of which benefits are paid to the members in the event of any contingencies. Type of compulsory mutual aid with benefits can be claimed as a matter of right. Suitable where the class of workers to be covered is sufficiently well organized, legally regulated and financially stable.

**Characteristics of Social Insurance:**

- 1) A common fund is established by employer, State and the workers out of which all the benefits in cash or kind are paid.
- 2) The contribution of the workers is nominal which generally does not exceed their paying capacity, whereas the employers and the State provide the major portion of the finances.
- 1) The object of the benefits is to ensure the maintenance of a minimum standard of living to the beneficiaries during the period of partial or total loss of income.
- 2) Benefits are granted as a matter of right and without any means test, thus, they do not touch the self-respect of the beneficiaries.
- 3) It is provided on compulsory basis so that its benefit might reach to all the needy persons of the society who are sought to be covered by the scheme.
- 4) Lastly, social insurance reduces the sufferings arising out of the contingencies faced by individual contingencies which he cannot prevent.

**Social assistance:**

A method to provide benefits as of right to persons usually of small means in amounts sufficient to meet a minimum standards of living from general revenues of the state. Characteristics feature of this is the beneficiaries do not make any contribution towards various benefits which are made available to them. It is a “Non-contributory benefits” towards the maintenance of vulnerable groups such as children, mothers, aged peoples, disabled etc. Very much essential for the effective working of the economic system.



## **Features of Social Assistance:**

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

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