

# Enhancing Labour Administration's Performance in India

NLI Research Studies Series  
No. 118/2016

Kingshuk Sarkar



**V.V. Giri National Labour Institute**

NLI Research Studies Series No. 118/2016

# Enhancing Labour Administration's Performance in India

Kingshuk Sarkar\*



**V.V. Giri National Labour Institute**

---

\* Fellow, V.V. Giri National Labour Institute, NOIDA

ISBN: 978-93-82902-43-0

Copyright © V.V. Giri National Labour Institute, NOIDA

No. of Copies : 300

Year of Publication : 2016

This document can be downloaded from the Institute's website:  
at [www.vvgnli.org](http://www.vvgnli.org)

Opinions expressed in the study are solely of the author and do not necessarily reflect the views of the Institute.

Printed and Published by V.V. Giri National Labour Institute, Sector - 24,  
NOIDA - 201301, U.P.

Printed at: Chandu Press, D-97, Shakarpur, Delhi - 110092.

# Content

Preface	i
Acknowledgement	iii
Introduction	v
Chapter 1 Important Recent Administrative Reforms	1-12
Chapter 2 Planning and Data	13-18
Chapter 3 Coordination	19-30
Chapter 4 Developing Partnerships	31-34
Chapter 5 Use of New Technology	35-41
Chapter 6 Institutional Performance Management	42-48
Chapter 7 Extension of the Scope of Labour Administration to the Informal Economy	49-71
Chapter 8 Conclusions and Recommendations	72-77



## Preface

National labour administration systems have a crucial role in conception and implementation of national labour policies, but the effectiveness of labour administration institutions is not to be taken for granted. Many governments have thus recently taken efforts to modernize their labour administration systems and increase their performance by implementing various types of administrative reforms such as improving planning and coordination, introducing performance management schemes or using new technologies, especially in management processes and in providing services to the public. Some of them have also taken measures to reach out to the informal sector, which is largely beyond the scope of labour administration in many parts of the world. In addition, many labour administration bodies have strengthened their cooperation with social partners and built partnerships with non-governmental organizations. Extended reliance on the private sector, especially in terms of contracting and quality control, is a notable development and one that also presents specific challenges.

At the same time, many labour administrations in both developed and developing countries have been trying to increase compliance with labour laws. This is a complex matter as compliance is determined not only by the effectiveness of labour inspection services, but also other factors such as quality of labour legislation, quality and speed of judicial proceedings, awareness of employers and workers of their right and obligations, the quality of industrial relations, especially at the workplace level as well as other factors.

The State, through its labour administration system, bears a heavy responsibility in the social field, most importantly to safeguard the fundamental human rights of workers and, in particular, to ensure respect of the minimum age for admission to employment, abolition of forced labour, freedom of association, the right to collective bargaining, non-discrimination, and equal remuneration for work of equal value. Moreover, labour administrations have strengthened cooperation with social partners and have greater collaborations with non-governmental organizations. At the same time focus on compliance of labour laws was also there. Thus the entire gamut of sphere of labour administration has become very wide and complex.

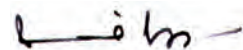
India has a federal system of Government and Labour is on the concurrent list. Both Central and State Governments have the power to enact legislations and formulate schemes/programmes for the betterment of

working and living conditions of the workforce in the country. For all issues relating to the organized and unorganized sector, the Ministry of Labour & Employment is the nodal Ministry at the Central level. Similarly, there are Labour Departments at the State level looking after the interests of the workers.

The main challenge before the labour administration system in India today is the large informal economy. Workers in informal and non-regular forms of employment are not covered by labour legislation. The current Government has embarked on a major labour law reform agenda with the objective of addressing informality and bringing unorganized workers and businesses in the purview of labour law. There is an increasing trend of labour disputes being settled through adjudication rather than through conciliation and mediation.

In this background the present study have depend on several themes such as Important recent administrative reforms, Planning and data, Coordination, Developing partnerships, Use of new technologies, Institutional performance management, Extension of the scope of labour administration to the informal economy, Conclusions and Recommendations etc.

The above mention themes have certain overlapping zones and in this study these themes would be discussed in the light of information and experiences gather from Central labour ministry, Labour Departments of Govt. of West Bengal and Karnataka.



**Manish Kumar Gupta**

Director General

V.V. Giri National Labour Institute

Noida

## Acknowledgement

I express my sincere gratitude and heartfelt thanks to Rychly Ludek and Nancy Varela of International Labour Organization, Geneva for their guidance in shaping this study. It is because of their constant encouragement, penchant for perfection and constructive criticism that I could bring this study to completion. Here I would like to express my heartfelt gratitude and sincere thanks to Shri Partha Pratim Mitra, Principal Labour & Employment Advisor, Ministry of Labour and Employment, Govt. of India for having belief in me and extending all possible help and encouragement during the period of study.

I gratefully acknowledge the financial support as provided by the International Labour Organization, New Delhi during the period of study. In this regard I am particularly thankful to Smt. Anjana Chellani for her constant help and cooperation.

I am also thankful to all the participants of two Conferences held at New Delhi and Prague, Czech Republic last year for their feedback and suggestions.

I will ever remain grateful to Sri Manish Kumar Gupta, Director General, VVG NLI for providing me encouragement and inspiration during the course of the Study.

I am grateful to Prof. Ratna Sen of IISWBM, Kolkata and Prof. K Shyamsunda of XLRI, Jamshedpur, Dr. Achin Chakraborty, Director, IDSK, Kolkata, Dr. Supriya Roychowdhury of ISEC, Bangalore, Smt. Katyani Chamar of Civic, Bangalore for their insightful comments and academic contribution towards my research work.

I am also thankful to all the distinguished trade union leaders and employers' representatives that I had an interaction with during the course of the study. Their comments and feedback enriched this study. I am also thankful to all the officials and staffs of the labour departments of Government of India, Government of Karnataka and Government of West Bengal for their help and cooperation.

I gratefully acknowledge suggestions and co-operations provided by all the faculty members, officers and staff members of V. V. Giri National Labour Institute, Noida at different stages of my research work. Broadly speaking, I am grateful to the entire VVG NLI community.



I am particularly thankful to Kusum Balooni, Kavita Surbhi and Nikita Singh, three research associates, for their immense contribution towards this work. I would also like to acknowledge the contributions made by Dr. Arijit Das during the last stages of the study.

It is not possible for me to name individually all the persons who have helped at various stages of my research work. I convey my sincere thanks to all persons concerned for their co-operations in their own ways. My apologies to all for not being able to mention their name individually.

However, any act of mistake or omission is my sole responsibility. Usual disclaimers apply.

Date: 25 October, 2016  
Place: Noida

(Kingshuk Sarkar)  
Fellow, VVGnLI

## Introduction

Changes in the world of work and economic environment necessitates adoption and implementation of accountable, relevant, transparent and efficient socio-economic policies (that includes labour policies) to be implemented by the Labour administration. Activities of such labour administrative machinery need to be devised and coordinated on the basis of sound and efficiently workable tools. Such systems should include viable labour ministries, employment services, consultations with social partners, performing labour inspectorates. All these are part of the executive machinery of the labour administration system. The role of labour administration further assumes importance in today's India since it has shifted from a controlled market economy (CME) to liberal market economy (LME) in last 25 years. Conditions of service and terms of employment deteriorated over the years and present labour market is characterized by weak employment and social protection. Economic crisis of 2008 has further underscored the importance of labour ministries in public life. In developed countries, labour ministries responded by restructuring public employment services, introducing of job creation schemes, extending of unemployment benefit, extending vocational education and skill development programme.

All these are part of New Management Policy (NPM) and labour administration is an integral part of it. It essentially means 'enterprising the state' and that includes element of managerialism, contractualism and reinvention with programmes aimed at both the work of the officials and identity of 'citizen-client'. It is a shift away from traditional hierarchy and functional specialization to new forms of governance that involve both a change in the way employees of public administration bodies are managed and development of new relationships involving public and private sectors and those who consume these services. Such 'enterprising of the state' is characterized by adoption of enhanced performance management system, entrepreneurial actions by public organizations, principal-agent separation, development of quasi markets and emphasis of citizen responsibility. In such an environment, policy making is rather evidence-based target setting linked to regular and systematic progress and performance reviews. In a nutshell labour administration presently is subject to evidence policy making based rigorous process of evaluation. This rigorous process of evolution needs clear objectives and measurable outcomes.

The concept of 'workfare' has gained acceptance in recent times which tries to link paid work and welfare. It incorporates the notion of 'active

labour market programme' (ALMP) where administration attempts to include potential workers into gainful employment and link welfare provisions to the employment entitlements. Welfare entitlement is made conditional on participation in the labour market. ALMP is increasing replacing passive labour market interventions like unemployment benefit. Unemployed workers are encouraged to take up new employments. Towards achieving this objective, administration is mooting new vocational courses, devising curriculum for imparting training in new skills, providing employment subsidy to a section of employers, initiating employment generating activities, providing assistance to job searching activities. All these can be clubbed together as supply side response on the part of labour administration. The underlying presumption here is that entering into gainful employment will result in achieving effective citizenship by acquiring a degree of social security entitlements. Such changes in administration in general and labour administration in particular signal a shift from Keynesian national welfare states (KNWS) to Schumpeterian workfare post-national regime (SWPR). SWPR is characterized by developing conditions that benefit business, developing skill and knowledge, cutting government social expenditure and introducing greater labour market flexibility. Some notable trends under such policy regime are creation of local one stop agencies, decentralization of activities with downward delegation of decision-making power, large-scale outsourcing and creation of quasi markets, diminished importance to the process of social dialogue, setting measurable targets and performance management systems.

However, decision making at the highest level is essentially political in nature and political considerations may undermine the principles of evidence based policy making. Government may favour a lower cost programme even though the evidence may suggest that the alternative higher cost option might be more effective. Furthermore, the desire of the government to demonstrate the effectiveness of their policies may lead to giving priority to those programmes that can be relatively easily evaluated and that can yield rapid result over programmes that deliver hard to measure outcome. But it is quite possible that latter set of policies might be more effective in the long run.

Overall labour administration does play a very important role in devising and implementing labour policies. Like other segments of general administration, labour administration also goes through transformation and changes over time. For example, in the last decade or so, labour administration went through considerable modernization through the use of technology. Also the priorities for the labour administrations

changed considerably during the last three decades. Measures were adopted to reach out to informal sector which was largely beyond the scope of labour administration earlier. Moreover, labour administrations have strengthened cooperation with social partners and have greater collaborations with non-governmental organizations. At the same time focus on compliance of labour laws was also there. Thus the entire gamut of sphere of labour administration has become very wide and complex. The labour administration system in India is manifold and complex with labour inspection services at both the national and state level, which makes coordination of inspection services a challenging one.

The objective of the present study is to trace the changes and transformation through which the labour administration is passing through particularly in India. The objective is to draw policy lessons. This study will have the following chapters:

1. Important recent administrative reforms
2. Planning and data
3. Coordination
4. Developing partnerships
5. Use of new technologies
6. Institutional performance management
7. Extension of the scope of labour administration to the informal economy
8. Conclusions and Recommendations

As part of this Study, field works have been carried out in the Ministry of Labour and Employment, Govt. of India and two constituent States namely West Bengal and Karnataka. Findings on the above-mentioned themes would be discussed in terms of findings of the field work in these two States and also from information collected from Central labour and employment ministry and its different wings.

### **Background and context of the study**

India has a federal system of Government and Labour is on the concurrent list. Both Central and State Governments have the power to enact legislations and formulate schemes/programmes for the betterment of working and living conditions of the workforce in the country. For all issues relating to the organized and unorganized sector, the Ministry of Labour & Employment is the nodal Ministry at the Central level. Similarly,

there are Labour Departments at the State level looking after the interests of the workers.

At the Central level, there are organizations/institutional arrangements for the coverage of the workers in the informal economy. The establishments/workers are covered under the schemes/programmes implemented through various legislations. The various Departments/Organizations under the Ministry of Labour & Employment carry out various activities for the welfare and social security of these workers. The Directorate General of Labour Welfare (DGLW), through its field organizations, is implementing Welfare Funds for the workers engaged in the beedi, non-coal mine and cine industry. The office of DGLW is also engaged in the task of enactment of legislations, formulation and implementation of schemes/programmes for agricultural workers, construction workers and all other categories of the unorganized sector workers. Some categories of workers are also covered under the Employees Provident Fund Scheme and Employees Pension Scheme implemented by Employees Provident Fund Organisation (EPFO) as well as under the Employees State Insurance Scheme implemented by the Employees' State Insurance Corporation (ESIC). The training and skill upgradation is looked into by the Directorate General of Employment & Training (DGE&T). Similarly, the awareness generation programmes for these workers are handled by Central Board of Workers Education (CBWE). To implement various programmes and to take care of the working conditions of the workers engaged in the informal sector, the Government has enacted various legislations such as the Minimum Wages Act, 1948, the Building and Other Construction Workers (RECS) Act, 1996, the Building and Other Construction Workers Welfare Cess Act, 1996, etc.

In the states also there exist labour administration machinery which consists of inspectorate, social security and labour welfare wings, employment services, unorganized sector's labour welfare board etc. Majority of the informal sector workers are covered under different social security and welfare schemes as administered by the respective states. Most of the labour legislations intended for informal sector workers are also being implemented by the state inspectorate machinery. In terms of coverage, sphere of the state is much higher than the central intervention in that particular state. State machinery is the primary face of the labour administration in a particular state. Central intervention is limited to central public sector units and those private sector units in service sector who have branches all over the country. Majority of these are part of formal sector whereas majority of the informal sector come under the purview of the state machinery. States may also decide about strategies and formulate

their own plan of action. Enactments made by the states are subject to ratification by the President of India. There are many instances both in recent times and the past where states have introduced new schemes, made amendments in existing legislations etc. and followed an independent labour policy within the constraints of a federal structure.

The need for reforming the labour market in India has been forcefully articulated by protagonists of economic reforms since 1990s to make a decisive break from the past. Industry and business interests, the corporate media and a section of economists have been repeatedly complaining about the so-called rigidity in the labour market in India allegedly because of a bunch of protective legislations that has made retrenchment of workers difficult. A number of states have made amendments in the provisions of the Industrial Dispute Act 1947 and other acts relevant to the labour. But, by and large, those amendments have very little impact on the general perception of the industry and business that labour laws in India are rather stringent. Indian labour laws, as allegedly by both domestic and foreign investors, provide a very high degree of protection to labour since retrenchment of workers and closure of units require prior permission of the state for companies employing more than 100 workers. Critiques of labour market reform that aim at increasing labour market flexibility usually argue from a normative rights-based position which gives priority to job security as the most important aspect of workers' rights.

Paradoxically, as the data show, the rigidities introduced by labour law coexist with the high and growing degree of flexibility on the ground. This is on account of few factors. First, labour laws are in the concurrent domain of centre and state and have been progressively relaxed by the states, with some states leading the pace of these changes. They have also been interpreted liberally in recent years by courts in favour employers. Second, the implementation of these laws has been lax, both account of clear directives from the state governments as well as a weak implementing machinery. Third, in order to keep down costs and acquire greater flexibility, employers have been able to systematically re-engineer labour and employment relations in manufacturing through outsourcing, sub-contracting, splitting production facilities and refashioning employment relations in the factories, thus acquiring greater flexibility. Many firms have been able to re-engineer their workforce to engage a small 'core' workforce comprising more regular (but also relatively flexible) workers and a much larger proportion of temporary and highly flexible peripheral workforce. The peripheral workforce consists of both contract labourers and other temporary workers, including trainees and apprentices, often directly employed and working for long periods of time but rotated on the

registers of the firm. Downsizing in firms has mainly related to permanent workers who are subsequently replaced by casual/contract workers, the latter also forming the bulk of an expanding workforce. Most of the contract workers worked round the year and in perennial work, not only in production but also in various non-production activities. They are thus called 'permanent temps'.

There is hardly any disagreement among analysts regarding the fact that economic policy and labour policy need to aim at higher growth of productive employment and decent work and that the manufacturing sector is critical to this growth. Naturally, constraints which prevent this from happening need to be urgently addressed. But, clearly, there are different views on how the constraints operative through the labour market should be seen and addressed.

If the law is to permit engagement of workers on more flexible terms in terms of easier dismissal, then questions of the appropriate degree of employment security and labour market security will need to be provided and while engaged, these workers need to be treated on par with all other workers. Labour contracts will need to build in possibilities of improvements over time, both in terms of employment and income security. This will require a new and more credible compact between the state, employers and workers leading to changes which are based on social dialogue and broad-based consensus. Eventually, there should also be a restoration of social dialogue in the work places. But this is an uphill task given that the state and large sections of the capitalists' class both appear to be strongly committed to a low road to development under globalization. As a symptom of this, one can see the strong advocacy by some academics as well as others for change in the labour laws at the state level, which are being implemented with no social dialogue or speeding up changes in laws at the central level (with very limited dialogue) without addressing the basic issue of lack of protection and labour rights in the labour market.



## Chapter 1

# Important Recent Administrative Reforms

This chapter discusses successes and failures/challenges of recent administrative reforms concerning ministries of labour and labour inspection systems.

- **Drivers of the reforms and their relative importance:** Workers' organizations, Employers' organizations, will of the ruling political class, general public discourse and most importantly social dialogue are the drivers' of the reform. Further, the impact of ILO conventions are also important as these create positive pressures on the respective governments. Moreover, a whole gamut of academic work is also guiding the reform process. Regarding labour law reforms, employers' associations are the most aggressive driver.
- **Expected objective of the reform process:** Inclusion, flexibility, procedural simplification and introduction of e-governance, better coordination and enhanced efficiency are the objectives of the reform process. There has been changes in the world of work and concept of work has undergone significant changes over the years. In an predominantly neo-liberal economic environment and in the age of globalization, preponderance of informal sector labour, restructuring of production process, widespread use of information and communication technology, large-scale displacement of workforce all created a situation such that administrative reform has become imperative to maintain the relevance of labour administration. Initially labour administration was structured in a way such that it mainly catered to the needs of the organized sector labour. But situations changed a lot over the last three decades and there has been large-scale informalization of the labour force. Thus there is an urgent need to expand the scope of labour administration to include the interests of informal sector labour. Also in the age of globalization, emphasis is on cost of production and investments flow to those places where there the cost of production is the least. In such a market oriented set up labour is seen just an input along with other inputs in the production function. Employers want greater flexibility with respect to deployment of labour in responses to changes in market situations. But at the same time State needs to ensure that interests of labour is also protected and labour gets its share out of the total value added. Here also labour administration needs to undergo changes such that it can do the balancing act between the capital and labour. Most of the labour laws are old and enacted long



back. These labour laws have certain provisions which are repetitive in nature and some of those have become archaic in nature. Also there is multiplicity of labour laws in India. There are about 44 labour laws prevalent presently. Thus there is a need for rationalization and simplification of labour laws. Introduction of e-governance and wide-spread use of ICT have made it imperative to make changes in labour administration accordingly. Thus overall the basic objective of administrative reform of labour administration is that it becomes more relevant in contemporary context and cater to needs of the workers in the changing world of work.

- **The content of the main reform measures**

**Some important administrative reforms carried out by the Central Govt. are as follows:**

1. Creation of separate wings under the Labour ministry to devise and implement welfare and social security schemes particularly for the informal sector workers
2. Initiatives for collaborations with various social partners like trade unions, employers' association and NGOs
3. Devising alternative modes of financing welfare and social security schemes like that of cess model
4. Creation of a separate Skill Development Ministry in the Central Govt
5. Greater budgetary allocation towards welfare and social security measures as part of a greater comprehensive mechanism for redistribution
6. Certain administrative measures to inject flexibility within administrative structure
7. Raising the statutory wage ceiling under the Employees Provident Fund and Miscellaneous Provisions (EPF&MP) Act to Rs. 15,000 per month from 1 September 2014
8. Introducing a minimum pension of Rs 1,000 under the Employees' Pension Scheme 1995
9. Amending the Apprenticeship Act, 1961
10. Launching of unified labour portal called Shram Suvidha. Portal has been launched for "timely redressal of grievances and for creating a conducive environment for industrial development. It is catering to four major organizations under the Central ministry: Office of the Chief Labour Commissioner (Central),

Directorate General of Mines Safety, Employees' Provident Fund Organization and Employees' State Insurance Corporation. The portal's four main features are

- Unique Labour Identification Number allotted to units availing online registration
  - Filing of self-certified simplified online return by the industry
  - Transparent labour inspection scheme via computerized system
  - Timely redressal of grievances with the help of the portal
11. Facilitating the filing of a single self certified and simplified online return instead of the earlier practice of filing 16 separate returns
  12. e-Easier social security: Portability through universal account number for Employee' Provident Fund
  13. Project Panchdeep: To digitize internal and external processes and ensure efficiency in operations, specially services to employers and insured persons under ESIC
  14. E-Expertise in Training: National Council of Vocational Training Management Information System Portal
  15. Skill development initiative e-Portal: National Career Service Initiatives in progress
  16. Draft Small Factory Bill
  17. Labour codes: The Second National Commission on Labour had recommended codification of labour laws into 4 groups on functional basis:
    - Code on Wages
    - Code on Safety and Working Conditions
    - Code on Industrial relation
    - Code on Social Security & Welfare
  18. Certain steps were taken to introduce transparent labour inspection processes
  19. Announcement of certain worker-friendly insurance schemes in recent times

### **Administrative reforms undertaken by the Govt. of West Bengal**

1. Creation of various welfare Boards to cater to informal sector labour

- ❖ West Bengal Unorganized Sector Workers' Welfare Board
  - ❖ West Bengal Building & Other Construction Workers' Welfare Board
  - ❖ West Bengal Transport Workers' Welfare Scheme
2. Introduction of Smart Cards (*Samajik Mukti Card*) for registered workers under the unorganized sector labour
  3. Introduction of 'Employment Bank'
  4. Provision of online registration of employers under the Factories Act 1948

### **Administrative reforms undertaken by the Govt. of Karnataka**

Creation of various welfare Boards to cater to informal sector labour:

- **Karnataka Building & other construction Workers' Welfare Board:** This board has been constituted under Building and Others Construction workers (Regulation of Employment F& Conditions of Service) Act 1996 and Rule 2009, to implement welfare schemes for the construction workers. Under the board twelve welfare schemes have been divided. Out of them 8 schemes are in operation.
- **Karnataka State Unorganised Workers Social Security Board:** The State Govt. is implementing the following four Schemes through this board to provide Social Security to the unorganized workers. The details of the same are as follows.
- **NPS Lite swavalamban Pension Scheme:** Under this Scheme the subscriber who contributes Rs.1000 to his NPS Lite- account is eligible to get a co-contribution of Rs, 1000 to his account from Government of India and will also get a matching contribution of up to Rs. 1200 per year from the State Government. The Subscribers belonging to SC and ST category will get double the amount of their contribution from State Govt. as matching contribution, subject to a maximum of Rs. 2400/- per annum. The subscribers will receive the pension benefit after the completion of 60 years.
- **Karnataka State private Commercial vehicle Accident Benefit Scheme:** The private commercial vehicle drivers such as auto, taxi, maxi cab, lorry and private bus possessing mandatory driving license issued in the State of Karnataka in case of on duty and Off- duty accident is eligible for the compensating amount of Rs. 2, 00,000/- in case of death or up to Rs. 2, 00,000 in case of permanent total disability or in case of temporary disablement hospital expenses reimbursement up to Rs. 1, 00,000/- .
- **Rashtriya Swasthya Bima yojana:** This health insurance scheme is being implemented to provide health protection for BPL and other

identified unorganized category of workers. Under this scheme, up to 5 members of a family who are having smart cards can avail free inpatient treatment up to Rs. 30,000/- in empanelled hospitals in a year.

- **Karnataka Labour Welfare Board:** This Board has been established under Karnataka Labour Welfare Fund Act, 1965, and this Act applies to Factories, Motor Transport Companies, plantation Workshops and establishments' employing more than 50 workers. The employees of these establishments and the managements have to contribute for the welfare.
- **e-Karmika (Online Registration under various labour legislations):** e-karmika is a facility for Registration and Renewal of Establishments under the Karnataka Shops and Commercial Establishments Act, 1961, which is one of the State labour laws and rules being enforced by the labour Department.
- **Sakala (Karnataka Citizen Services' Guarantee Act):** The objective is to ensure quick delivery of departmental services to the public. Thirteen services of the department have been enlisted in the Schedule of Karnataka Guarantee of Services to citizen Act, 2011 and as per this, the services are being provided to the public within the stipulated time.
- **The reform process**

There are two types of reform processes namely legislative and administrative. Legislative measures are mostly thorough introduction of Bills in the legislature and subsequent passage of such Bills. The administrative decisions are initiated at the Ministry or Board level and thereafter communicated to executive wings through official orders and notifications. Conception is at the Ministry/Board level through either political decision-making or outcome of social dialogue mechanism. Implementation is by the executive wings based on rules, order and govt. notifications. In-house evaluation through periodic review meeting does takes place but independent evaluation machinery does not exist in either of the two States and in Case of Central govt., there are few examples of independent evaluation process.

- **The theories/ideologies that are informing the reforms**

The concept of inclusive development is what guiding the reform process to a large extent. So far workers are not getting their share out of the total growth. Redistribution of total value creation is skewedly biased against the working population. The school of thought that is influencing reform process is ease of doing business concept which lay stress on simplification, flexibility and market.

- **The main actor driving reforms**
- Labour Ministry/Department is main body that is driving the reform process along with workers and employers' representatives.
- **Partners and stakeholders in the reform process**

Reform process is predominantly tri-partite in nature. Workers representatives, employers' representatives are the partners in the reform process along with general population.

- **Extent to which reforms have been influenced by experiences of other ministries, other countries or the recommendations of international bodies**

In India, labour is in the concurrent list and as a result inter-State experience sharing along with policies at the level of federal government influence reform agenda. Experiences of other countries which are similarly situated are also influencing factors to a great extent. Experiences of countries like China and Brazil are greatly discussed and debated in India in both academic and policy environment. Moreover, International organizations like ILO also influence reform initiatives through recommendations/conventions like that of Decent Work.

- **Involvement of academia or research institutes in the development of reforms**

Not very significant even though few such institutes do exist in the vicinity. However, published writings on the subject in popular domain do influence public opinion. But there is no formal reference made to the academics. There are debates in the public domain but those occur on their own. State does not engage academics to provide input on the reform process. There may be informal consultation but those are not acknowledged as such or made public. There are few government run institutes but reform specific research agenda is hardly followed.

- **Impact of reform, including unintended consequences**

Positive impact

- ✓ **Flexibility:** Employers' organization are very vocal about making labour laws more flexible. There are examples of labour law reforms initiated in recent times which attempted to make more flexible provisions like increasing minimum the number of workers from 100 to 300 for seeking permission for closure under the I.D. Act 1947, drafting of small factory bill which make certain relaxation for factories employing 40 or less workers, certain amendments in the Apprentice Act 1961 are some of the steps taken to infuse more flexibility.

- ✓ **Simplification:** There are multiplicity of labour laws in India. About 44 labour laws are prevailing at present. Definitions of key concepts vary across enactments and multiple returns and reports are needed to be submitted under different legislations. Ongoing code forming activities that are going on at present at the Central Ministry is an attempt to simply the procedure. Once the Codes are in place it would considerably ease the simplification process. Most of these legislations are quite old and contain provisions which have become archaic in nature like display of abstracts under various enactments.
- ✓ **Outreach:** New legislations and amendments were suggested which reach out to include informal sector labour under the fold of labour protection umbrella. Enactments like Unorganized Sector Workers' Welfare Act 2008 are examples of such initiatives. For long labour law protections are confined to formal sector labour. Given the preponderance of informal sector labour in the entire labour force, legislative welfare and protection of labour laws for the informal sector labour has become a necessity. State is recognizing this aspect and recent reforms do reach out to informal sector labour for a more inclusive development regime.
- ✓ **Procedural ease:** This issue is similar to the simplification issue as it is about simplifying legal procedures contained in various enactments. Repetitive and complex paper works make labour law compliance bothersome particularly for relatively small employers. Recent administrative changes are making provision for uniform single window single form return facilities which would provide procedural ease.
- ✓ **Acceleration:** Legal procedures as contained in labour legislations take a long time to get completed. To keep parity with general economic trend labour administration should also be faster and set deadlines for completing task. For example, the *Sakala* as introduced by the labour department, Karnataka sets timeframe for administrative work like granting permissions, registration, licenses etc. If timeframe is not maintained, then it has provision for fixing responsibility and imposition of fine/penalty. Such reforms would make the labour administration fast and responsive.
- ✓ **Inclusion:** Recent administrative reforms have attempted to extend the scope of labour administration to include the interests of informal sector labour. Establishing the legal backdrop for creation of social security boards for different occupation related to informal sector is a step towards such inclusion. Focus is on extending existing social security provisions like provident fund, health insurance to all sections of the populations irrespective of the sizes of those respective units.

Further stress is being put on better implementation of certain acts which are relevant for informal sector labour like Minimum Wages Act 1948, Contract Labour Act 1970, Payment of Wages Act 1936 etc. All these measures would lead to greater integration of informal sector labour into the mainstream of labour administration.

- ✓ **Better redistribution:** Labour administration is one of the mechanism left to the State for redistribution of resources among the disadvantaged people of the society. As the world of work changed more towards decentralization, informalization and casualization of workforce the earlier redistributive measures have become inadequate. Home-based and self-employed workers form the majority of the workforce today. Redistribution through welfare legislations may not be reach these segment of the workforce. Widespread and universal social security provisions for all sections of the informal sector labour would be a better redistributive option in such a context. Certain recent administrative measures belong to such genre.

#### Negative impact

- **Concentration into few areas only:** So far administrative reforms attempted succeeded in select segments only. Like cess collected from construction activities are spent on construction workers only. There are two problems here. First, even within the construction category, it had failed to reach all segments though the number of construction workers registered under the welfare boards in different States have been impressive. A large number of genuine construction workers are still outside the legal welfare and protective mechanism. Second, workers belonging to other occupations do not receive any benefits incurred from construction cess. The logic provided here is that cess collected from construction should only be spent on construction workers only. However, this is difficult to agree with such opinions as revenue generated from income tax collections is spent universally even though a very small minority of people contribute to income tax. Ideally cess should be collected from select profitable activities and the revenue so generated should be utilized in general for the welfare for informal sector labour as a whole. Labour administration in India is still occupied with employment specific approach whereas ideally it should be moving towards a more aggregative universal approach. Even within employment-centric approach, there are cases of exclusion.
- **Targeted rather than universal:** As discussed, reform initiatives are target specific and physical targets are also being set to meet the deadline. For example at the Central Ministry as well as in States, annual targets are being set with respect to enrolment of beneficiaries under various social security schemes. In order to achieve this targets,



administration is showing tendencies to include even spurious beneficiaries. Like construction workers welfare scheme in West Bengal, more than 2.5 million workers are already got registered under the scheme but still a very large segment of genuine construction workers are still outside the ambit of legal and welfare protection. Same is the case with Karnataka also though number of beneficiaries are less there. Labour administration should stop setting physical target as such and should concentrate on devising mechanism for registration of beneficiaries in a holistic framework.

- **Lack of job and social security measures:** One of the main objective of the reform process is to infuse flexibility in the labour administration. Some reform measures have already introduced flexible clauses but India lacks income and social security in general. There is no provision for unemployment compensation in case of loss of jobs because of movement in the labour market. Without having such protective provisions, too much flexibility would lead to instability in labour market. There is already in-built flexibility within the existing labour legislations but a move towards greater flexibility without corresponding provision for unemployment coverage and social security measures would be detrimental for large number of people in the workforce.
- **Main challenges, bottlenecks and lessons**

The main challenge is to ensure a more inclusive development. A very large number workforce is in informal sector and that includes substantial number of self-employed persons. Inclusion of all such informal labour under the ambit of social protection and inclusive growth is the main challenge.

Another important challenge before the labour administration is to make itself more relevant and accessible for the world as far as possible. For greater accessibility among the general working class and among the employers, it needs to simply and rationalize labour laws. The challenge is to maintain effectiveness of these legislations while rationalizing and simplifying those. Workers' interests and social security objectives should not be diluted in the name of labour law reforms.

The bottlenecks are as below:

- **Lack of physical and infrastructural resources:** Labour administration both at the Centre and State levels, suffer from severe resource crunch. Earlier it used to cater to mainly organized sector labour. Now the scope of labour administration expanded manifold because of inclusion of huge informal sector labour. But physical infrastructure did not improve at the corresponding space. Thus, there is resource



crunch that is preventing labour administration from operating at the optimal level.

- **Scattered nature of targeted population:** The concept of work-space got diffused in times of large-scale out-sourcing, putting-out practice. There are lots of self-employed workers as well as home-workers. Existing working population is much more scatter than earlier. But labour administration lacks the reach each and every worker in such a context since earlier it dealt with workers at the designated work places only.
- **Weakened trade union movement:** Because of certain changes in the world of work and adoption of neo-liberal economic policies since 1991, trade unions in India lost considerable bargaining power and in the process got weakened. Trade union penetration is very low in new sunrise industries like IT industry and in traditional industries where it had presence, its bargaining power deteriorated to a large extent. A weak trade union makes the pitch difficult for labour administration as outcome at the collective bargaining forum tend to favour employers at the expense of workers' interest and it undermines the social dialogue initiatives. For example, wages for tea workers are determined through collective bargaining mechanism in both Assam and West Bengal. However as the latest wage agreements in both Assam and West Bengal would testify, wages as determined through collective bargaining are not even half the minimum wages for the unskilled agricultural workers. Trade union penetration in tea industry is very high still collective bargaining in a tripartite set-up produces such sub-optimal outcome.
- **Lack of documentation:** Labour administration suffers from poor data and information management. Record-keepings are very poor and in this age of information technology labour administration lacks a MIS. Without data back-up and information supplement, it is difficult to intervene in the labour market in a meaningful way and maintain effectiveness in the present context. Data and information used for decision-making purposes at the labour administration are not at all reliable. Thus in many occasions, policy outcomes reached on the basis of such data are faulty and inappropriate. Labour intelligence is an area which is grossly neglected and it is greatly undermining the performance of the labour administration.
- **Increasing informality:** Mostly in the past, labour administration worked in an environment of formal relation between the labour and capital. Even the labour laws that are being in place, presupposes a kind of formal employer-employee relation and labour administration is structured in such a formal set-up. This particular context has

changed significantly since informality in the labour market increased manifold but labour administration is still operates in a formal set-up. To sustain effectiveness in changing environment, labour administration needs to take into account these forms of informality and reinvent itself accordingly.

- **Lack of coordination:** Labour administration has become more multi-disciplinary in the changing work environment and involves participation of multiple departments and agencies. In most cases different wings under the labour ministry work independently and day to day activities of these wings and branches do not have any convergence. There is an urgent need for coordination both within and outside the labour administration. Labour administration needs to devise a mechanism to coordinate among its own constituent (different directorates, wings, welfare boards etc.) and with outside agencies (other ministries, NGOs, civil society at large) also for achieving its objective and maintaining its effectiveness.
- **Low internet penetration:** To reach out to its constituents, labour administration is trying to make use of existing ICT which is web-based. In recent times, both at the Centre and State levels, labour administration has introduced online registration of beneficiaries under various social security schemes and direct transfer of money to the beneficiaries bank account. Smart cards are also being provided for greater portability and convenience since a larger section of informal sector labour is migrant and floating workers who keep on changing workplace like that of construction workers. But to make use of such facilities, beneficiaries need to have access to web-based technology. But India still suffers from low internet penetration. A large section of the working class population is still beyond the reach of internet technology and also lack the knowhow to use this forms of technology. There is a great divide between internet haves and have-nots in India and majority of general working class population fall under the latter category.

#### **Lessons:**

- **Greater need for social dialogue and consensus building:** Labour law reforms are formally being initiated by the State but there should be adequate consultation with all the stake-holders preceding such attempt. There are tripartite forums like Indian Labour Conference, Standing Labour Committee which provide for platforms for consultation and opportunity for consensus building among the stake-holders. Labour law reforms involve issues which are contentious in nature and debating those at length at tripartite forums is necessary to build a consensus. In the past both Centre and few States like Rajasthan

introduced certain labour law amendments without having prior consultation with the operating trade unions. Trade unions protested and raised the issue at the last that is 46<sup>th</sup> Indian Labour Conference vehemently. Representatives of the central Government assured that in future amendment proposals would be discussed at tripartite forum before those are being placed at the public forum. These should be the appropriate strategy to be adopted by the Government if they want these amendments to be effective at ground level.

- **Targeted approach will not do:** Segmented labour market approach should not be followed. Working class should be treated in general rather than occupation specific manner. For example, cess collected from construction activities are spent on the welfare of the construction workers alone. Workers having other occupations do not get those benefits. Such logic is faulty in the sense that very few people pay income tax but proceeds from the tax is spent on a large segment of the population. Similarly, construction being a profitable activity, cess is being collected from it. However, consequent welfare spending should be universal and should be available to those who deserve such entitlements. If employment specific schemes are announced then there would be multiplicity of such schemes and those would be difficult to administer. Even while carrying out labour law reforms, the objective would be to make those occupation-neutral and universally applicable. For example initiatives to make employees provident fund scheme and employees state insurance scheme universally applicable irrespective number of employees in a particular establishment are steps at the right direction.
- **Greater inter-department coordination since issues are mostly holistic and go beyond the labour periphery:** Labour has become more inter-disciplinary in nature and its administration moves beyond the exclusive labour zone and involves other departments like social welfare, women and child, commerce, rural and urban development, education, health, panchayati raj etc. Thus for effective administration, coordination among all these departments are necessary and the approach should be holistic. Earlier labour administration structure was narrower in nature and intervened most with respect to industrial relation issues along with implementation of certain labour laws in a selective manner. But in times of globalization the scope of labour administration went beyond its immediate labour periphery and involves a whole of other activities. For successful management of labour administration, inter-department coordination has become imperative and labour department which otherwise play a conciliatory role in solving disputes, should play the role of an effective coordinator in pushing and accepting State's reform initiatives.

## Chapter 2

# Planning and Data

This chapter discusses how planning enhances effectiveness of labour administration and inspection systems.

### **Plan activities at the Ministry of Labour & Employment, Govt. of India:**

The Ministry implemented a few plan schemes for the welfare and development of labour during the Twelfth Five Year Plan. Emphasis of these programmes is on elimination of child labour, abolition and rehabilitation of the bonded labourers, skill up-gradation and health insurance. The important schemes are Skill Development Mission, Social Security for Unorganized Workers including Rashtriya Swasthya Bima Yojana (RSBY) and National Child Labour Project (NCLP). Skill Development Mission is an umbrella Scheme which has many components such as, Skill Development in 34 (Left Wing Extremism) districts and establishment of new ITIs in North-Eastern States, etc.

The Planning Commission has made an allocation of Rs.13223 Crore for the Plan Schemes of the Ministry of Labour & Employment during the Twelfth Five Year Plan (2012-17). The year-wise details of the scheme outlays, and expenditure is given in Table. The outlay and expenditure under Non Plan Activities for the last four years in are given in Table.

In compliance to the Government directives, this Ministry has earmarked Rs.404.35 crore (16.2% of total plan allocation) for Scheduled Caste Sub-Plan (SCSP) and Rs.204.67 crore (8.2% of total plan allocations) for Tribal Sub-Plan (TSP) during the current financial year. Ten per cent of plan allocation (Rs.249.60 crore) has been earmarked for specific projects/ schemes in the North-Eastern States and Sikkim.

The Ministry of Labour & Employment provides Grants-in-aid to Research and Academic Institutions and Voluntary Organizations for undertaking research in labour related matters. A number of studies were commissioned, draft reports on 73 studies were received, 66 reports were finalized and 7 studies are work in progress.

**Table 2.1**  
**Ministry of Labour & Employment**  
**Twelfth Plan/Annual Plan Provisions and Expenditure**

(Rupees in crore)

Sl. No	Divisions/ Schemes	12th Plan Outlay	Annual Plan 2012-13			Annual Plan 2013-14			Annual Plan 2014-15
			BE	RE	Actual	BE	RE	Actual	BE
1	2	3	4	5	6	7	8	9	10
1(a)	D G E & T (Employment)	141.00	31.79	17.53	9.92	13.00	13.00	11.22	19.60
1(b)	DGE&T (Training)	4498.19	1002.17	680.05	493.18	853.09	642.61	512.83	693.85
II	Industrial Relations	73.27	15.04	15.04	12.14	16.91	15.50	13.21	20.06
III	CBWE	106.38	24.74	24.74	8.92	24.39	21.39	15.91	24.39
IV	Child Labour	645.00	150.00	132.00	128.01	200.00	111.00	110.73	175.00
V	Labour Bureau	167.05	33.60	28.78	18.86	40.95	23.00	22.66	48.25
VI	DGMS	114.42	11.61	11.61	10.27	8.41	7.15	6.85	17.30
VII	DGFASLI	87.29	10.30	10.30	8.07	10.40	6.00	5.99	7.10
VIII	NLI	40.00	16.63	11.91	8.12	6.00	6.00	6.00	6.25
IX	Information Technology	8.60	2.00	2.00	1.30	2.00	2.00	1.99	2.00
X	Grants-in-Aid to Research/ Academic Institutions & NGOs for undertaking research in labour related matters	4.30	1.00	1.00	0.20	0.95	0.35	0.19	0.50
XI	Rehabilitation of Bonded Labour (merged with scheme at XII)	21.50	5.00	5.00	3.19	5.00	0.00	0.00	0.00
XII	Health Insurance for Unorganized Sector Workers (RSBY) - Renamed -Social Security for Unorganized Workers including RSBY	7316.00	1100.00 @ (+118.56)	1060.04 @ (+118.56)	1000.71	1265.00	852.00	889.93	1434.30
	TOTAL	13223.00	2403.88 @ (+118.56)	2000.00 @ (+118.56)	1702.89 -	2446.10 -	1700.00	1597.51	2448.60
			(+CW +66.12)			(+CW 77.90)			(+CW 47.40)

@ Additional funds provided by Ministry of Finance from their National Social Security Fund (NSSF) (CW stands for Civil Works component which is transferred to Ministry of Urban Development)

**Table 2.2**  
**Non-Plan Provisions and Expenditure**

(Rupees in crores)

SL. No.	Scheme	2011- 12		2012-13		2013-14		2014-15
		BE	Actual Exp	BE	Actual Exp	BE	Actual Exp	BE
1.	Secretariat Social Services	33.60	30.70	33.67	32.52	36.67	32.98	39.05
2.	Research & Statistics	8.53	7.74	8.43	8.25	9.13	9.39	9.81
3.	Industrial Relations	41.43	37.94	39.25	42.58	46.05	44.51	49.19
4.	Working Conditions & Safety	49.5	48.62	51.42	53.07	58.58	56.52	61.30
5.	Labour Education	32.15	44.11	32.92	54.49	56.90	43.83	54.42
6.	Labour Welfare Schemes	243.06	236.61	248.49	232.56	264.73	203.96	272.90
7.	Transfer to Reserve Funds	170.50	170.50	190.39	190.39	193.15	287.27	194.98
8.	Social Security	1366.50	1366.50	1416.88	1415.19	2056.88	2033.16	2556.88
9.	International Cooperation	9.58	10.98	9.91	11.32	9.91	17.60	14.08
10.	Other Items	0.72	0.39	0.74	0.10	0.74	0.16	0.74
11.	Welfare of SC/ ST and other Backward Classes	4.50	4.17	4.55	4.88	5.11	4.86	5.25
12.	Employment	34.62	33.56	35.17	35.29	38.24	36.64	40.72
13	Training	46.70	47.83	48.37	49.67	52.16	50.8	55.39
	<b>Total</b>	<b>2041.39</b>	<b>2039.65</b>	<b>2120.19</b>	<b>2130.31</b>	<b>2828.25</b>	<b>2821.68</b>	<b>3354.71</b>

### Planning by the State of West Bengal:

The plan and non-plan schemes implemented by the labour department, Govt. of West Bengal are as follows:

#### Plan Schemes

##### Central sector

- Rastriya Swasthya Bima Yojana (RSBY)
- National Child Labour Project (NCLP)

### State sector

- State Assisted Scheme of Provident Fund for Unorganized Workers (SASPFUW)
- West Bengal Transport Workers' Social Security Scheme (WBTWSSS)
- West Bengal Beedi Workers' Welfare Scheme (WBBWWS)
- West Bengal Unorganized Sector Workers' Health Security Scheme (WBUSWHSS)
- Udiyaman Swanirvar Karmasangsthan Prakalpa (USKP)
- Skill Development of Registered Job-seekers (SDRJ)

### Non Plan Schemes

- Financial Assistance to the workers in Locked Out Industries (FAWLOI)
- Social Security for Building Workers under the Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Act 1996
- **Types of plans used in labour administration (annual, quarterly, strategic, etc.) at different levels (e.g. ministry, department) and within different bodies (e.g. ministry, labour inspectorate, PES):**

Both at the Central and States, usually annual plan is made at the ministry/department level. It is part of overall planning exercise. Planning is done centrally and then distributed among the constituents. Planning is essentially financial allocation. Labour ministry/department prepares an annual plan proposal which is sent to finance ministry/department for approval. Subsequently, it is presented and passed at the parliament/assembly as part of overall budget exercise.

- **Relationship between the ministry's plan and the plans of other bodies**

The aggregate plan allocation is divided among the constituent organisations/directorates. Each organisations under the Labour ministry/department submit their requirements to the ministry/department at the beginning of the financial year. Ministry/department compiles all such demand and chalk out an aggregative plan under different heads.

- **Planning process (by whom, at which level etc.)**

The planning process is a routine one. When new scheme or new branch is being introduced provision is made either from the existing head or in



certain cases new head is also being created. Thus there are certain heads and financial allocation is made based on previous years' experience and proposals sent by the respective organization. The administration of the respective organization makes a plan (first the physical planning is done and then converted into financial plans) which is based on previous year's performance and also takes into account any new initiatives that may be adopted. Usually no expert planner is delegated as such for carrying out this kind of work. It is essentially the responsibility of the head of the organization to chalk out a plan and accounts persons engaged in those organizations prepare the financial plan based on physical targets and submit it before the administrator. Subsequently, this is being passed on to ministry/department.

- **Linkages between budgets and the plan**

Budget and planning are very closely interrelated. Planning is a constituent of overall budget activity. Planning process is part of overall budget preparation. Separate plan activity do not take place. Plan is also related to decision-making processes and policy imperatives. Those are usually adopted at political levels and then incorporated into the planning of respective organizations.

- **Implementation of plans (who is responsible, how does the process work?)**

Implementation of the planning is the responsibility of the respective organization. Overall the Secretary of the ministry/department is responsible for the outcome. But at the ground level planning is implemented by the respective organizations. Within a particular organization, head communicates to all the officials regarding the objectives and sets the target wherever applicable. Overall objectives are divided among the smaller categories and accordingly responsibilities are attached.

- **Monitoring and evaluation of outcomes and the consequences of evaluations (what are the mechanisms, who is responsible?)**

It is the responsibility of the organizational head to monitor and evaluate outcomes. Periodic review meetings are called to monitor and evaluate the progress of different activities. If any shortcomings are detected remedial steps are taken to sort out things. In most of the cases there are no external evaluator and within an organization designated officials themselves monitor and evaluate on-going programme and schemes. Organizational head has the overall responsibility. But the said responsibility is being sub-divided among the officials down the line.



- **Awareness and understanding of plans at different levels of the organisation**

The basic planning is done at the highest level and that is mostly part of overall political decision-making process. Ministerial/departmental meetings are conveyed where respective heads of the organizations are being told about the objective of the ruling disposition. Accordingly, respective organizations are given responsibilities. If certain objectives need intra-ministerial coordination, committees are being formed to carry out and monitor those tasks. Once the task is assigned, it is the responsibility of the respective organization to make arrangement for generating awareness and understanding both within and outside the organization.

- **Implementation reports (their content, how they are used and their role in performance management)**

There is no particular format available for the implementation of the objectives. The content of the implementation report is decided within the organization. These are being communicated to the officials and staffs at the beginning of the year. These reports are to be submitted periodically (in most cases monthly). These reports are being compiled and analysed at the highest level within a particular organization. In case of shortcomings, remedial measures are initiated following periodic review meetings.

- **Involvement of internal researchers and evidence in the planning process**

Officials within the organization act as internal researcher since use of independent researcher is very rare. The officials who are in charge of a particular activity, monitor, analyse and evaluate activities that are being carried out in the process and research element is at best implicitly accommodated within the system itself. Separate research content is missing. Monitoring and evaluation activities are mostly happening within the organization.

- **Types of data used in the planning process, their sources (e.g. regular official surveys of labour market phenomena, evaluations of the performance of ministries and other bodies) and how they are used**

Types of data are mostly self-generated as part of official documentation and report generation process. These data are captured from field as part of official work. Further, reports are being compiled in the format designed earlier for this specific purpose. Independent surveys are being rarely carried out. Each organization prepares a compiled report describing the performances in terms of numbers as far as possible. Annual administrative report is the most commonly used planning document that is being used for evaluation of the performances.

## Chapter 3

# Coordination

This chapter describes various formal and informal mechanisms used to coordinate labour administration/inspection systems, including the relationship between state and federal authorities in federal countries.

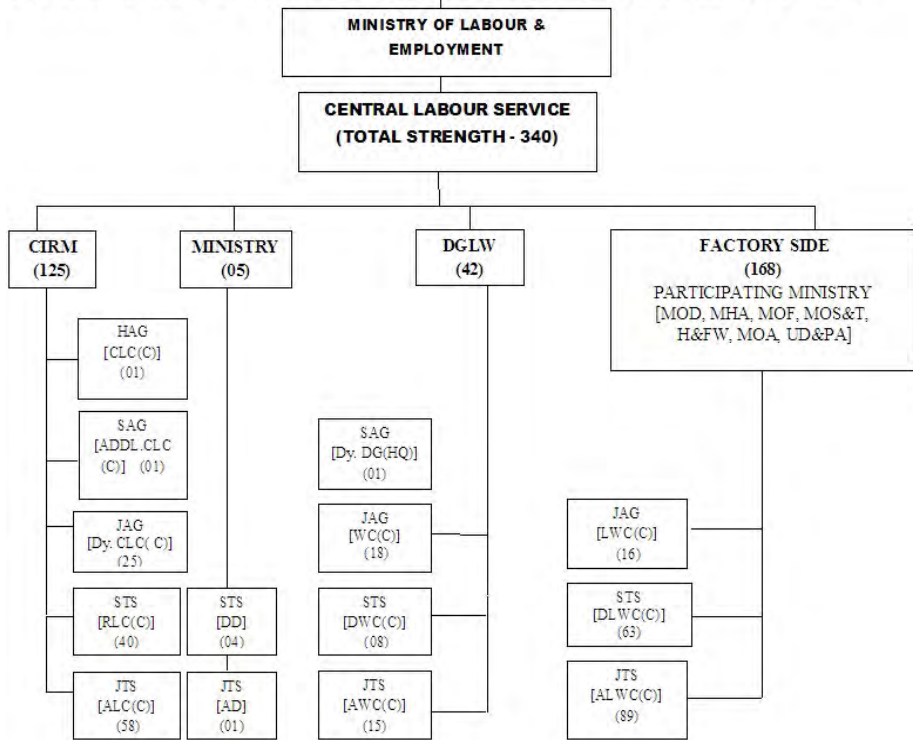
India is a Union of States and has adopted a federal structure of governance. Constitution of India has earmarked subjects of governance under three heads namely centre, state and concurrent. Labour is in the concurrent list which implies that both centre and state can legislate on labour matters. In case of overlapping/conflicts, legislations made by the centre will prevail. Thus in India both centre and state have got their own system of labour administration. They exist and function like parallel structure. Structure is similar in the sense that both have a labour ministry/department headed by a minister followed by a secretariat where a senior administrative officer functions as administrative head and known as Labour Secretary. Under this labour secretariat, there are different departments/boards/organizations which discharge various responsibilities like maintaining harmonious industrial relation, implementation of labour laws, administering social security schemes, helping in generation of employment etc. With regards to industrial relation and labour legislations, there is a concept of appropriate government which defines the authority under which a particular unit falls. Accordingly, the respective jurisdictions are determined. In general, central public sector undertakings, banks, insurance companies, airways having countrywide operations, mines, ports & docks are under the central jurisdiction. Rest is state jurisdiction including the vast informal sector labour component (93 % of the total workforce). Overall 44 labour related legislations are being implemented by the centre machinery. There are acts which are being enacted and implemented by the central government, some of the acts are being enacted by the centre but are being implemented by the states. There are few acts also which are both enacted and implemented by the state governments like shops and establishments act. The labour administrative structure is a vertical pyramidal one. Centre and states have their parallel administrative structures but their subjects of operations are different and distinctly well-defined in terms of the labour legislations. Administrative structures under the state and centre are described in the following section.

- **Vertical(hierarchical) coordination (e.g. coordination of subordinate bodies by a Ministry)**

There are different wings and branches under the Ministry of Labour & Employment, Govt. of India. The most important wing with regards to

labour administration is the wing manned from Central Labour Service. The organization chart of the Central Labour Service is given below.

**ORGANISATION CHART OF CENTRAL LABOUR SERVICE (CLS) SHOWING DISTRIBUTION OF POSTS**



CIRM	MINISTRY	DGLW	FACTORY SIDE
(Central Industrial Relation Machinery)		(Director General of Labour Welfare)	
CLC(C)- Chief Labour Commissioner (Central)	-----	-----	-----
Addl. CLC(C) - Additional Chief Labour Commissioner (Central)	-----	Dy. DG(HQ)-Deputy Director General (Head Quarter)	-----
Dy. CLC(C)- Deputy Chief Labour Commissioner (Central)	-----	WC(C)- Welfare Commissioner (Central)	LWC(C)- Labour Welfare Commissioner (Central)
RLC(C)- Regional Labour Commissioner (Central)	DD-Deputy Director	DWC(C)-Deputy Welfare Commissioner (Central)	DLWC(C)-Deputy Labour Welfare Commissioner (Central)
ALC(C)- Assistant Labour Commissioner (Central)	AD- Assistant Director	AWC(C)- Assistant Welfare Commissioner (Central)	ALWC(C)-Assistant Labour Welfare Commissioner (Central)

From the above organizational chart, it can be observed that there are three wings namely Central Industrial Relation Machinery (CIRM), Welfare and Factory and the important task of coordination between these wings is carried out by the Ministry. Secretary. Labour is the overall in-charge of coordination but day to day coordination is being looked after by an officer of the rank of Joint Secretary.

Apart from the above CLS structure, there are other departments under the Ministry of Labour and Employment, Govt. of India. These are as follows:

1. Director General of Employment and Training (DGET): This office is responsible for laying down the policies, standard, norms and guidelines in the area of vocational training throughout the country and for coordinating employment services.
2. Director General Factory Advice Services and Labour Institute (DGFASLI): This Directorate is concerned with formulation of policy relating to the safety, health and welfare of workers in factories and docks. It is responsible for coordinating the implementation of Factories Act 1948 by the State govt. and formulation of model rules. It is also concerned with the administration of Dock Workers Act 1986.
3. Labour Bureau: Responsible for collection, compilation and publication of statistical and other information regarding employment, wages, earnings, industrial relation, working conditions etc.
4. Director General Mines Safety (DGMS): This office is entrusted with enforcement of provisions of the Mines Act 1952 and Rules framed thereunder.
5. Employees' State Insurance Corporation (ESIC): This organization is responsible for implementation of the Employees' State Insurance Act 1948 which provides for medical benefit for the insured person and their families. Assistance is given in terms of benefits during sickness and maternity, compensation employment related injury, pension for dependents on the death of the workers during the course of employment etc.
6. Employees' Provident Fund Organization (EPFO): This organization is responsible for administration of the Employee Provident Fund and Miscellaneous Provisions Act 1952. The schemes for provident fund, family pension and deposit linked insurance scheme are being implemented by the organization for the benefit of workers covered under the scheme. The organization is also responsible for administration of Employees' Pension Scheme 1995 that came into existence on November 1995.
7. Central Board of Workers' Education (CBWE): The Board with its headquarter at Nagpur is a registered society which conducts training for workers on different subjects like trade unionism, workers' right, duties and responsibilities. The Board also undertakes programme

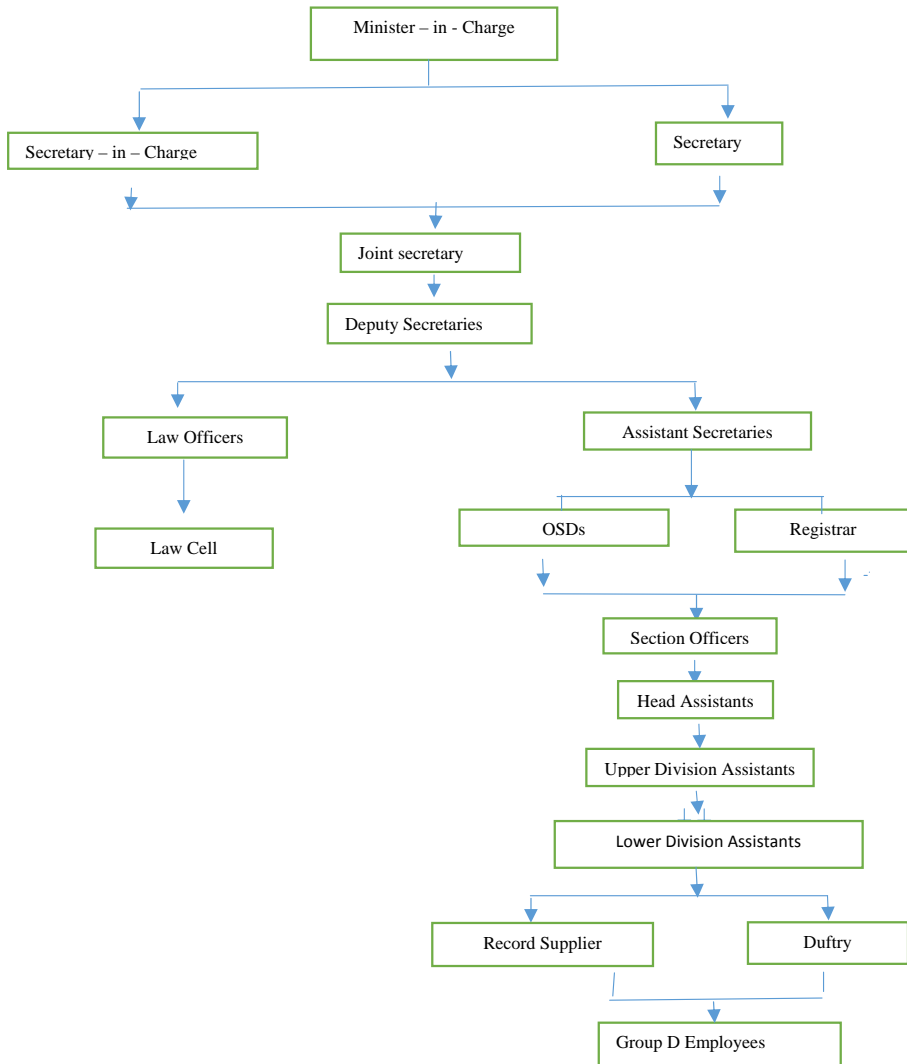
for rural workers' education that includes those adult continuing education.

8. V V Giri National Labour Institute (VVG NLI): The V.V. Giri National Labour Institute is a registered society, which conducts action oriented research and provides training to grass-root level workers in the trade union movement both in urban and rural areas and also to administrators dealing with industrial relation, implementation of labour laws and labour welfare.

From the above description it can be observed that there are multiple wings under the labour ministry and coordinating multifarious functions of different wings is itself a huge task. Secretariat of the ministry does this job of coordinating. For coordination among the different wings of the ministry, there is a coordination section. If some issues come up involving more than one wing, it is referred to the coordination section. Subsequently, coordination refers the matter to those wings that are involved. After getting feedback from those wings, a comprehensive action plan is chalked out. Within a particular wing, vertical hierarchy is followed. Each wing is placed under the supervision of a joint secretary level officer. All subordinate officers report to that officer/person. Inter-wing matters are taken up by the coordination section. Coordination section is itself placed under the charge of a joint secretary level officer. Overall policy level coordination takes place at the level of Secretary, Labour & Employment. Coordination section does the ground work, get the relevant feedback, prepare background notes and place the matter before the Secretary for taking necessary action. In this sense, it is the office of the Secretary which is in charge of overall coordination.

In case of States, if we take the examples of West Bengal and Karnataka, Labour Department is where the coordination takes place and it is equivalent to the labour ministry in the centre. There are wings/directorates/commissionerate under the labour department and each has its own vertical hierarchy. For intra-wing matters, hierarchy operates and takes decision which is ratified by the Secretary who is the administrative head of the Labour Department. Minister-in-Charge is the political head of the Department and Secretary, Labour Department reports to the Minister-in-Charge. For inter-wing matters, a coordination cell set up within the labour department takes the initiative for coordination itself. Even within a particular wing, in the administration there is a coordination section. Because even within a particular wing there are number of divisions catering to different functions. A coordination section is needed to synchronize different kinds of activities entrusted to a particular wing. Thus there is a coordination mechanism embedded in the system itself. The structure of labour secretariat of Govt. of West Bengal is as follows:

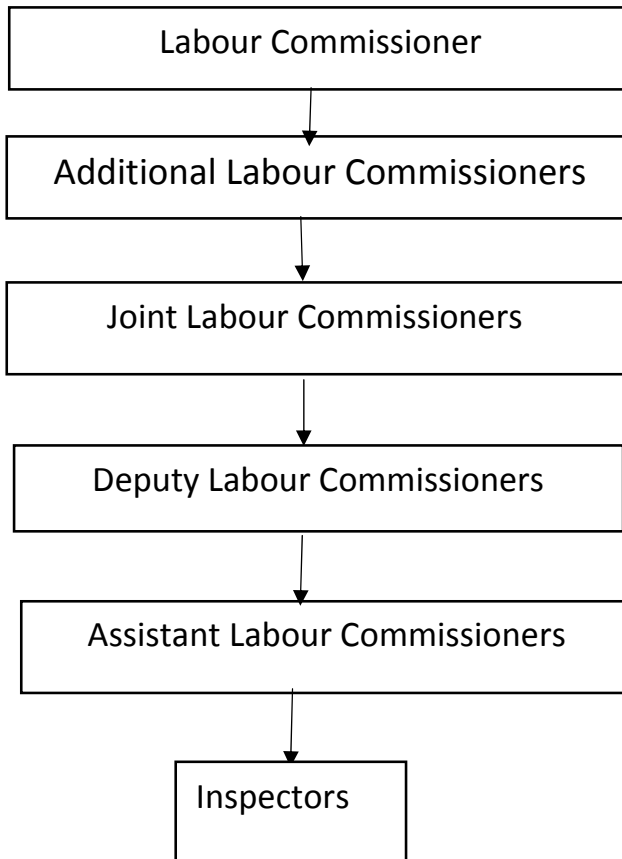
### Present Organisational Structure of Labour Department



The main function of the labour department is to coordinate activities of the different wings placed under it. The most important wing with respect to labour administration is the labour commissionerate which is similar to CLS in the centre.

The structure of West Bengal Labour Commissionerate is as follows.

**STRUCTURE OF THE LABOUR COMMISSIONERATE IN WEST BENGAL**



Different wings under the Labour Department of the Govt. of West Bengal are as follows:

1. **Labour Commissionerate:** The most important wing under the Labour Department is the Labour Commissionerate headed by Labour Commissioner who is a joint secretary level officer. The main function of the Labour Commissionerate is implementation of the labour laws falling under the State purview and administering of various social security schemes for the unorganized sector workers.
2. **The Factory Directorate:** This Directorate is responsible for enforcement of Factories Act 1948 throughout the State. It is headed by the Chief Inspector of Factories who is a technocrat.

3. The Boiler Directorate: This wing is responsible for registration of boilers and enforcement of safety provisions in boilers. It is also headed by a technocrat.
4. The Employment Directorate: The main responsibility of this wing is to act as an intermediary between the job-seekers and job-providers, creates awareness about job opportunities, provides vocational training etc. It is headed by Director of Employment who is also a joint secretary level officer.
5. ESI (MB): It is the wing responsible for provision of medical benefit under the Employees' State Insurance scheme and it runs hospitals and dispensaries at strategic locations for the industrial workers who are the beneficiaries under the Employees' State Insurance scheme which is statutory one. It also runs medical training centres at different locations for para medical staffs. It is also headed by a joint secretary level officer.
6. West Bengal Labour Welfare Board: This wing is responsible for administering West Bengal Labour Welfare Fund Act, which is a State Act, and provision of different welfare facilities primarily for the organized sector workers who are its beneficiaries. It also organizes cultural and recreational involving workers of contributing organizations throughout the year. It is headed by an officer of the rank Additional Labour Commissioner.
7. Commissioner under the Workmen's Compensation Act: This particular wing deals with cases arising out of the compensation claims under the Workmen's Compensation Act 1923.
8. Labour Tribunals: There are Labour Tribunals at different locations to deal with cases referred to the Labour Tribunal under different labour laws.
9. State Labour Institute: It is a State level Institute for providing training to all stake-holders and carrying out research in the field of labour legislations and labour administrations. It is headed by a Director who is of the rank of joint labour commissioner.

Labour Commissionerate is primarily the most important wing of the labour administration in the states. It does a whole lot of multi-dimensional functions because of the complexities of the labour market institutions in India. The important task of coordination among all these activities is taken care by the office of the labour commissioner and labour commissioner is very actively supported by an officer of the rank of additional labour commissioner. In state of West Bengal, labour commissionerate



administers both industrial relations, labour law administration as well as implementation of social security schemes for unorganized sector workers. It does not have a separate welfare wing like that of centre. Thus the role of coordination within the labour commissionerate assumes heightened importance given the multi-dimensional and complex nature of the job. The base level function of the labour commissionerate is carried out by the inspectors who are the most prominent public face of the commissionerate. They are entrusted with the important function of inspection which is one of the basic activity towards enforcement of labour legislations. Even with respect to implementation social welfare and security schemes, inspectors are responsible for registration of beneficiaries and distribution of benefits. The contact between the general labourforce and labour commissionerate is the inspectorate. This administrative structure is devised based on the statutory requirements since labour legislations assigned important role of enforcement to the inspectors.

The basic administrative unit in the State is Block in rural areas and Municipality in urban areas. There are about 480 such units in West Bengal. The post of Inspector is created in every Block and Municipality. Accordingly, inspectors are posted at such blocks and municipalities and these offices are called Labour Welfare Felicitation Centre (LWFC). Inspectors at the LWFCs report to the Assistant Labour Commissioners at the Sub-divisional level. Assistant Labour Commissioners in turn report to the Deputy Labour Commissioner at the District level. Few districts are clubbed together and put under the control of a Joint Labour Commissioner. Additional Labour Commissioners are being allotted function under different work heads on a state wide basis. Implementation of labour laws are the basic function of the inspectors. In addition, they also administer various on-going social security schemes. Conciliation starts at the level of Assistant Labour Commissioners. Conciliation failed at the local level are being referred to the next higher level and finally being sent to the Labour Department for referring those to the Labour Tribunals. Every inspector is supposed to conduct at least 25 inspections under different acts each month. They need to take permission from the Assistant Labour Commissioners for letting off employers once violations are detected during inspection. They also need to submit an advanced inspection schedule to the Assistant Labour Commissioner at the beginning of the month.

Similar structure prevails in the State of Karnataka also. However, Karnataka has two extra tiers in between Inspectors and Assistant Labour Commissioner namely Labour Officers and Senior Labour Officers. As because these two extra tier exists, number of Assistant Labour Commissioners are lower at Karnataka compared to West Bengal.

Conciliation starts at the level of Labour Officers and depend on the number of workmen employed by the unit. However, in both and West Bengal and Karnataka, half of the sanctioned post of the inspectors are lying vacant.

- **Internal horizontal coordination (between units at the same level)**

Internal horizontal coordination operates through the coordination wing created for this purpose. Matters requiring involvement more than one wing are referred to those respective wings and assimilation of feedback and preliminary notes are prepared by the coordination department. Also there are intra-departmental/ministerial meetings which is presided over by the Secretary, even sometimes by the Minister-in-Charge. In such meetings, agenda of discussion includes matters pertaining to coordination. Issue specific mechanism of coordination are evolved in such meetings. In certain cases, where there is specific need for coordination, meetings are convened by a higher authority involving all the stakeholders in the process. Issues are discussed in threadbare and accordingly mechanism is determined and that is circulated among all parties involved. Thus in a nutshell internal horizontal coordination occurs at the level of departmental head.

- **External horizontal coordination (between the Ministry and agencies)**

There are two broad instances which involve external horizontal coordination. First, labour ministry/department is primarily interacting with trade unions and employers' organizations. There exists various statutory and non-statutory tri-partite committees to carry out social dialogue process with these constituents. Tripartism is an in-built mechanism in Indian labour administration and almost all the committees (statutory and non-statutory) under various legislations and welfare bodies are tripartite in nature. Second, external coordination with other departments/ministries of the government as most of the matters are administratively inter-disciplinary in nature. For example, better implementation of Child Labour (Prohibition and Abolition) Act 1986 requires the involvement of multiple wings of the government like police, social welfare, health, rehabilitation and relief, child & women, vocational training, education along with general administration. To carry out initiatives under such legal framework requires coordination among all the involved departments/ministries. In most cases meetings are convened by a higher authority (for example, chief secretary/principal secretary) and issues pertaining to coordination are discussed and at the end resolutions are adopted and circulated among those. But these type of coordination have its limitations also and in certain cases labour department is left with responsibilities which are beyond its domain. Inter-

department coordination at present has also its own limitations since these issues may not be priority with present ruling regime. Even though labour department is catering to the lowest denominator of the population, it is not considered as a priority department in states for no valid reasons. It is bit paradoxical in that sense. It adversely affects the inter-department/ministry coordination process because of time and resource constraints based on misplaced sense of priority. Labour departments/ministries horizontal interface mostly occurs with other social partners like trade unions and employers organizations in a kind of tripartite paradigm.

Some of the tri-partite forums are as follows:

### **Statutory**

1. Employees State Insurance Corporation
2. Standing Committee (ESIC)
3. Medical Benefit Council (ESIC)
4. The Central Board of Trustees (Employees Provident Fund)
5. Executive Committee (EPFO)
6. Central Advisory Board under section 7 of the Minimum Wages Act 1948
7. Minimum Wages Advisory Board under section 8 of the Minimum Wages Act 1948
8. Central Apprenticeship Council (CAC)
9. Central Advisory Contract Labour Board under Contract Labour (Regulation & Abolition) Act 1970
10. Central Advisory Committee under Building and Other Construction Workers (RE & CS) Act 1996
11. National Social Security Board
12. Central advisory Committee on Beedi Workers Welfare Fund
13. Central Advisory Committee on limestone & Dolomite Mines Welfare Fund
14. Central Advisory Committee on Iron Ore, Manganese Ore and Chrome Ore Mines Labour Welfare Fund
15. Central Advisory Committee on Cine Workers Welfare Fund
16. Advisory Committee under section 9 of the Dock Workers Act 1986
17. Committee under section 12 of the Mines Act 1952
18. Board of Mining Examinations constitutes under section 11 of Coal Mines Regulation 1957

19. Board of Mining Examination constitutes under section 11 of the Metalliferous Mines Regulation
20. Child Labour Technical Advisory Committee
21. Central Advisory Committee under Equal Remuneration Act 1976

### **Non-Statutory**

1. Tripartite Industrial Committee on Plantation Industry
2. Industrial Tripartite Committee on Road Transport Industry
3. Industrial Tripartite Committee on Cotton Textile Industry
4. Industrial Tripartite committee on Jute Industries
5. Industrial Tripartite Committee on Engineering Industry
6. Industrial Tripartite Committee on Electricity Generation and Distribution
7. Hindi Salahkar Samiti
8. National Council of Vocational Training (DGE&T)
9. Indian Labour Conference
10. Standing Labour Committee
11. National Safety Awards (Mines) Committee
12. Vishwakarma Rashtriya Puraskar & National Safety Awards Committee
13. National Committee on Safety
14. Central Advisory Board on Child Labour
15. Governing Body of Central Board for Workers education
16. General Council, V V Giri National Labour Institute, Noida
17. Executive Council, V V Giri National Labour Institute, Noida

Tripartite consultations do take place at these statutory and non-statutory bodies. Resolutions adopted at these tripartite forums are applicable for respective bodies/legislations. These are all part of the policy framing mechanism and existence of such wide ranging tripartite consultative forum indicates that policy actually adopted are outcome of tripartite consultation and contains views of all the stakeholders. For example, ILC and SLC are the two forum where proposed changes in labour law reforms were discussed in details. Resolutions adopted at such forum pave the way forward for the labour administration. One limitation with respect to non-statutory tripartite forums is that resolutions adopted at such forums are advisory in nature and not legally binding. There are instances where

recommendations emanating out of non-statutory tripartite forums remain unimplemented for a long time. But even then these recommendations are useful in the sense that those influence future policy making to a certain extent and pave the yardstick.

- **Between the central and regional level**

Central labour administrative structure has got its regional centres at all relevant locations. The hierarchy is accordingly structured and there are two way communications between the region and centre and vice-versa. For example, activities at the Kolkata Port are being monitored at the Kolkata centre of the central labour administrative machinery. Accordingly feedbacks are provided to the headquarters at Delhi. Similar procedure is followed in case of State also. In case of Govt. of West Bengal, regional labour offices exist in every sub-division and targets are fixed at the district level. There is Labour Welfare Facilitation Centre at every block and municipalities. Coordination occurs at each level of the hierarchy. Sub-divisional offices coordinates activities at block/municipality level and subsequently district office does the coordination for sub-divisional level and overall coordination happens in the secretariat office of the department at the state headquarter.

- **Between the central and state level (in federal states)**

Labour is in the concurrent list of the Constitution. Thus Central and State do communicate with each other at regular intervals. States are free to effect amendments in their own jurisdictions but those need to be ratified by the President. For any policy related issues, States are consulted by the Central keeping the federal structure in mind. Apart from the statutory and non-statutory framework as described above, secretariat level talks regularly takes place between the Centre and State on important administrative and policy issues. If the Centre finds certain policy decisions adopted by a particular State worthy of emulation, it communicates with other States accordingly. Labour is such a subject that Centre-State dialogue is inevitable as administrative structures are complementary with each other. Thus periodic consultation is a regular feature. The central secretariat office at New Delhi assumes the responsibility of holding centre-state dialogue at regular interval with respect to various issues concerning labour administration. However, no administrative platform exists for inter-state dialogue. This is a lacuna of serious proportion since there is sizable migration of workforce from one state to another. Thus even though there exists mechanism for centre-state coordination but that is absent in case of state-state communication.

## Chapter 4

# Developing Partnerships

The chapter describes and review how Central and State bodies cooperate with other stakeholders in making labour administration more effective. The issues to be addressed are as follows:

- **Cooperation, consultation and negotiation between the State and social partners in relation to labour administration**

The two most important social partners in this respect are trade unions and employers' representatives. Consultations with these two social partners are in many cases statutory in nature. Tripartite structure is the basic block of labour administration. Central labour administration engages with central trade unions whereas State labour administrations do consultations with trade unions operating at the State level. Indian Labour Conference (ILC) is the most popular forum for developing partnerships among the stakeholders of labour administration. Employers' organizations are also the important constituents of tripartite structure. They represent different segments of employers and mostly concentrate on issues pertaining to their interests. Umbrella organizations like CII, Ficci, Assocham represent overall business interests but their objectives are mostly narrow and restrictive. Employers' organizations are the most important initiator of labour reform process but again objectives are narrow and self-seeking rather than holistic and development oriented. Employers' organisations pursue investment needs but in many cases such investment is contrary to the interests of the working class. During tripartite consultation and developing social partnership, State is increasingly finding it difficult to build consensus between employers' and trade union representatives. Their views are divergent particularly with respect to labour reforms. Making sense and building a consensus are the two most functions of the Central and State.

- **Labour administration services delegated to social partners**

There is no delegation of administrative services to social partners as such both at the centre and State levels. Social partners like trade union and employers' representatives are being consulted at both statutory and non-statutory forums but administrative services are not delegated. In case of registration of workers in the informal sectors like construction, trade unions are given the power of attestation/certification in States like West Bengal and Karnataka. Employers' are also authorized under the Rules to give authentication with respect to those employed by them. But

administrative works are yet to be delegated to social partners. In States like Kerala, NGOs are made part of the administrative set-up created to cater to various categories of informal sector labour but their role is limited to helping out the government. Administrative power was not delegated to the social partners.

- **Involvement of the social partners in the governance of labour administration bodies**

Trade unions and employers' representatives are part of tripartite committees in both statutory and non-statutory bodies at both Centre and States. In West Bengal, West Bengal Unorganized Workers Welfare Board, West Bengal Building & Other Construction Workers' Welfare Board etc. have representations from both trade unions and employers' organizations. Committees formed with respect to enforcement of labour laws like Minimum Wages Advisory Board, Contract Labourers Advisory Board are also having representations from both the categories. Tripartite mechanism is the common element in the formations of such bodies and to maintain that equal representations from these two partners are being solicited by the government. Decisions adopted at these bodies are outcome generated at these tripartite consultation processes. In the Central sphere, Standing Committee on Labour and Indian Labour Conference are the two important tripartite forums where labour reforms are being discussed in details. In this perspective, social partners like trade unions and employers' organizations are being widely consulted as part of overall consensus building process.

- **Services provided by labour administration to national tripartite bodies**

Labour administration provides the platform for the national tripartite bodies to carry out tripartite consultation. In forums like Indian Labour Conference and Standing Labour Committee, labour administration acts as an organiser and convenor of such consultation. It further creates the administrative backdrop under which such consultation takes place. Documentation of proceedings and dissemination of information are also part of the responsibilities of the labour administration. National tripartite bodies are being administered by the labour administration.

- **Cooperation with NGOs**

NGOs are not being part of the tripartite bodies. Those are not involved at the tripartite consultation process. 'Sewa' is part of the certain tripartite consultative forums like Indian Labour Conference but this is because this organization is registered under the Trade Union Act 1926. Tripartite



bodies created for the well-being of informal sector labour do not have NGOs as members but certain NGOs are invited to voice their opinion at these forums. For example, there is an NGO named 'Civic' at Bangalore in Karnataka which represents the interests of construction workers in the city. Because of this organization's widespread work in this particular sector, labour administration regularly invite feedback from them and 'Civic' has a bearing on the policy making framework even though formally it is not part of any tripartite forums. Similarly, In Kolkata in West Bengal 'Durbar Samannay Samiti' is an organization which works in the area of mobilization of domestic workers. Labour administration occasionally consults this kind of organizations because they have the grass-root experience of working with these kinds working population. In Kerala, NGOs work closely with labour administration in the implementation of occupation specific welfare schemes

- **Involvement of the private sector and 'third' sector in labour administration (e.g. examples of outsourcing and public-private partnerships)and the consequences for service delivery**

Involvement of the 'private sector' and third sector in labour administration is basically in the form of certain kinds of service delivery. Digitization of records, printing of stationeries, internet service provider, hosting of web-portals, event management are examples of some of the out-sourcing activities delegated to the private sector by the labour administration. This is because of essentially two reasons. First, it reduces cost. Second, core labour administration may not have required technical knowhow. Such outsourcing to the private sectors are increasing over time as use of information technology is on the rise.

- **Challenges associated with the involvement of non-governmental bodies (e.g. issues relating to contracting with private/third sector bodies)**

Involvements of non-government bodies are showing an increasing trend. However, there are certain issues which need to be kept in mind. First, the issue of maintaining secrecy of govt. records may hamper as third-parties are used in data and information digitization. There may also happen loss of certain important documents since in West Bengal even the hard copies of registration application are sent outside for digitization. There will also be issues like generating vested interests within the labour administrative structure since sensitive information are being handled outside. Some of these private service providers themselves may become intermediaries in the process. This will adversely impact effectiveness of labour administration and will encourage spurious registration under the important social security schemes.



- **Cooperation between the labour administration/inspection services and other government services and public institutions engaged in similar activities**

Labour administrations at both Centre and State levels seek cooperation from other government departments as the activities have become multi-disciplinary and holistic in nature. Other government departments like social welfare department/ministry, law, women and child development/ministry, housing, small and micro credit, health, education, self-help groups, export promotion etc. are some of the other departments/ministry which is being consulted by the labour administration as part of usual day-to-day activities. Because of growing use of technology and changes in the world of work, labour administration has become multifarious and can't exist in isolation. In certain cases Group of Ministers (GoM) have been formed to carry out coordination among the different departments/ministries related with labour at large.

- **Whether there has been any change over time in the extent to which the government favours delegation and the involvement of the private/third sector or social partners**

Involvement of private/third sector was very negligible earlier but gradually their involvements are increasing as discussed above. Labour administration, both at the Centre and State levels, are outsourcing certain kinds of activities to the private sector as it is cost-saving and acts as replacement of lack of technical knowhow. In that sense, it seems that government is favouring greater involvement of private parties at different levels of administrations. Even though those private organizations are not part of decision-making process, but they have started to play important supporting roles in overall administration of labour department. However, there are certain issues which need to be sorted out since these private organizations handle sensitive data and information. Also labour administration should take into account the fact that it deals with the welfare of disadvantaged sections of the population and private interests and overall public objectives sometimes may clash. The role of labour administration should remain confined to that of supporting one rather than a deciding one. Human aspect of labour administration should be maintained and be dealt by the core labour administrators. Moreover, contracts with private service providers should be transparent and easily understandable. Otherwise it will create opportunities of malpractices and pilferage. Participation of private agencies should be need-based and should never undermine core labour administrative machinery.

## Chapter 5

# Use of New Technology

This chapter discusses how new technologies are contributing to increased performance and how labour administration bodies can benefit from them. Like earlier chapters, this chapter draws examples from both Central and State levels.

- **The forms of technology that are used and how extensively they are used, Services provided electronically, Use of new technologies in relation to the management of labour administration bodies**

National e-Governance Plan initiated by the Government is focused on bringing transparency in its functioning. To ensure implementation of Government's agenda on e-governance, a Plan Scheme "Development of Information Technology" is under implementation in the Ministry. The objective of the scheme is to strengthen and up-grade the existing information technology infrastructure in the Ministry. It is intended to bring the working of the Government to higher standard and move in the direction of paperless office. During the 12th Plan period, a budget provision of Rs.860.00 lakh was made towards strengthening the IT infrastructure for implementing e-Governance. An amount of Rs.200.00 lakh is earmarked for IT infrastructure during the financial year 2014-15.

The following are instances of use of new technology in labour administration:

1. With regards to Ministry of Labour & Employment, Govt. of India, the following initiatives have undertaken.
  - Revamped website of the Ministry has been operationalized, making it more informative and user friendly. Work is under progress to make it bi-lingual.
  - E-Office has been used in the official work.
  - Process to implement ISO-9001 in the Ministry is under process.
  - All Sections of the Ministry are IT enabled.
  - IT infrastructure is regularly being reviewed to cope up with the requirements of e-Office.
  - A study is under way to integrate field offices of Central Labour Services (CLS) and Directorate General of Employment & Training (DGE&T) with the Ministry.

- Local Area Network (LAN) has been enhanced to enroll all the computers into it, and old networking equipment has been revamped for better and faster connectivity. LAN connections have increased to more than 700 points, connecting all the existing computers, network printers and network scanners to it
  - Proposal has been mooted for on-line execution of Child and Women Labour related schemes. This includes on-line submission of proposals, sanction and direct benefit transfer to State Governments/NGOs
  - Working of the library is being computerized by using by Libsys software. Bar-coding of the books has been completed. Preparations are on to make the Library fully automated.
2. Conceptualization of UWIN (Unique Workers' Identity Number) card for informal sector workers by the Ministry of Labour & Employment, Govt. of India is an important example of mass use of technology in labour administration. Labour Deptt. Govt. of West Bengal had already introduced such smart card known as *Samajik Mukti Card* (SMC) for informal sector workers three years back. "*Samajik Mukti Card*" is a photo identity smart card for unorganized workers. The record of transaction made and/or benefits availed are electronically maintained and data is tamper proof and secured. It is also an attempt to integrate all social security benefits available for the unorganized workers. "*Samajik Mukti Card*" can be used by an unorganized worker at any of the 70 Regional Labour Offices (R.L.O) at districts and subdivisions as well as in all 480 labour welfare facilitation centres (L.W.F.C) in blocks and municipalities. All such offices are provided with computer along with card reader and card writer. On swapping the card, the required information will be seen on computer screen. The card reader/writer system will be connected to the central server maintained at State Data Centre (SDC) for accessing latest transaction data in respect to the beneficiary. Once transaction is made and/or benefits are availed by a worker, it will be automatically updated and shown in the computer screen. Already more than 1 million SMC have been distributed under this scheme.
  3. Online registration of beneficiaries under different social security schemes
  4. Creation of employment portal (National Career Service Portal) involving job-seekers, prospective employers and government by the Ministry of Labour & Employment, Govt. of India. Labour Deptt. Govt. of West Bengal has successfully implemented this particular concept and *Employment Bank* is considered to be a success in this regard. *Employment Bank* essentially is a job-portal. It is a unique

e-governance initiative with the employers / placement agencies, institutions and jobseekers being the stake-holders. Inaugurated on 26.07.2012, this job portal aims to open new employment avenues to the jobseekers in the State. While on one hand it widens the window of opportunity to the jobseekers, on the other, the employers/ placement agencies can themselves generate a list of required number of suitable candidate in every hook and corner of the state by using a module specially designed to cater to their needs. Similarly, the institutions can avail the benefit of this portal as they can offer e-camps' service to its students by group uploading their students' data into the portal. Moreover, the portal stands tall over all private job-portals in terms of data authenticity, diversity and magnitude. The portal not only caters the conventionally educated jobseekers but also the jobseekers who are proficient in providing wide range of services from highly trained self-employed professionals like accountants, tax consultants to those offering hands-on services like the plumbers, electricians, masons and the like. For this purpose it has a separate module named as the 'Service Counter'. It serves not only the skilled workforce in attaining regular engagement, but also help the individual households in obtaining proper skilled service through online services. It has often been observed that the most vital requirement of the unemployed youth is information. Here too *Employment Bank* portal comes as a one-stop solution for all such needs. Not only does the portal provide up to date information of the advertisements published in various public media and advertisements posted by the employers enrolled in *Employment Bank* but also provides an authentic and wide spectrum of career paths that may help the aspirants in securing employment and self-employment.

5. Transfer of money directly to beneficiary's account through various forms of net-banking.
6. Digitization of all workers related information and data.
7. Use of SMS, Email for both internal and external communication
8. Widespread use of mass media involving both print and electronic media for generation of greater awareness among the informal sector workers
9. Online registration of Factories under the Factories Act 1948 in West Bengal
10. Labour Departments both in Centre and States have well-designed interactive websites in public domain
11. Online payment gateways for granting of licenses, payment of fees and subscription under various acts and schemes is either in place or in the pipeline

12. Introduction of 24 hour Helpline in West Bengal called *Shramik Sathi*.
13. Beneficiary portability for migrant and floating informal sector workers across nations through digitization and computerization
14. Introduction of *e-Karmika* by the Labour Department, Govt. of Karnataka: *eE-Karmika* is a facility for Registration and Renewal of Establishments under the Karnataka Shops and Commercial Establishments Act, 1961, which is one of the State labour laws and Rules being enforced by the labour department. The department, as part of its many functions, enforces various laws in the State which require citizens to interact with the department as part of adherence to various State and Central enactments. The Purpose of the *e-Karmika* is to cover the following functions of the department.
  - Issuance of Registration Certificate
  - Renewal of Registration Certificate
  - Amendment in Registration Certificate
  - Regulation of Closure of Establishments
  - Filing of Annual Returns
  - Objectives of e-karmika:
  - Computerization of the services under the Karnataka Shops and Commercial Establishments Act, 1961.
  - Computerization and consolidation of the statistics related to shops and commercial establishments along with their geographical location in the State.
  - Improving efficiency and providing vast array of services in easy and speedy manner
  - Reducing manpower and providing online information instantly

- **Main benefits and drawbacks**

Computerization of office work to a certain extent, introduction of website, communication through email, phones and SMS, video-conferencing, uploading, posts in social media etc. are ways of use of new technologies in relation to the management of labour administrative bodies. Communications have become faster and there is cost reduction also. But use of technologies still limited and in certain cases there are glitches which hamper day to day activities particularly with respect to infrastructural bottlenecks. Connectivity is an area of concern for the web-based activities as uploading and downloading of data both are suffering because of lack of connectivity or very slow speed of connectivity. More investment is necessary in this regard for better connectivity and bandwidth. Infrastructural facilities at the Block level LWFCs are very poor and those

offices suffer from serious space crunch. If new technologies are going to be used extensively physical infrastructure even at the lowest level should be improved upon since use of technology is an interrelated issue and bottleneck at any level would disrupt proceedings as a whole.

- **Costs (financial and other) for labour administration bodies and for the service users**

Costs are considerable in certain cases like web-based technologies but in certain cases there is reduction in costs also (savings on travel expenses and stationaries). There was no comprehensive cost-benefit analysis as such. Introduction of new technology entails sizable start-up expenditure. But it is expected that there would be long-run cost benefits. Once the new technology applications are in place, there would be savings but initial overhead expenditure is high as it is yet to be spaced out over time. To tackle this start-up expenditure, prior provision in respective plan-heads is must since expenditures are considerable.

- **Challenges and risks**

The main challenge before the labour administration is how they can handle the new technology. Use of new technology is still in early stages and relatively a new introduction. In these initial days administration is trying to adopt the changes brought in by the new technology. In one sense, adoption of ICT was imperative in the sense that there was no option but to adopt it since it is otherwise very widely used in general and general administration also introduced it through e-governance initiatives. The issue is that labour administration needs to handle huge volume of data particularly so with respect to informal sector labour. Also with regards to provision of welfare and social security measures, labour administration needs to disburse huge amount of money within a specific time-frame. This is not possible without using new technology but at the same time there is need to develop a system based on planning and provision of physical and human infrastructure. So far measures adopted are bits and pieces in nature and responses are impulsive rather than a well-thought out in nature . For example, in West Bengal, there has been computerization and digitization of SASPFUW scheme but construction and transport workers schemes are still to be digitized and computerized. Even with respect to SASPFUW, there are problems galore. The main problem faced by the labour administration in this regard is that it is very difficult to introduce computerization midway since updating back-log is a huge problem. But the lessons were not learnt in the sense that when construction and transport workers' schemes were gaining momentum, computerization was not introduced. Now they are trying to introduce it but already huge number of beneficiaries exist. Also there are technical

issues like whether the present infrastructure would be able to handle growing number of beneficiaries in the future. Online activities under the SASPFUW regularly face internet speed issues and inter-office connectivity is still a big bottleneck. Use of new technology for inter and intra office communication is still in its preliminary stage and need to develop. For making e-office a reality, there is still a long way to go both at the Central and State level.

Challenge is to bring in and sustain new changes through use of new technology. This needs a holistic approach with prior planning based on a well-thought vision. Risks are generally infrastructural in nature. In case of technological break-down the whole structure would collapse. There is a need to

- **General preconditions for effective use of new technology**

Availability, affordability and trained personnel are the preconditions for effective use of new technology. At the first place, there is this precondition of making physical infrastructure available along with imparting necessary skills to personnel. The department initially needs to chalk out a detailed project report (DPR) and subsequent adoption of the DPR following exhaustive deliberation. Such deliberations should take into account future requirements also. After making available physical infrastructure and necessary backend support, providing skill training to functionaries is a huge task. A training schedule needs to be drawn up and a part of such training should be hands-on training to make the training programme successful and effective. Another way of minimizing training needs is to hire personnel who already have this kinds of skills. But in those cases, there should be scope for future upgradation of those skills. West Bengal has its own State Labour Institute (SLI) to care of its training needs. Moreover, it has recruited about 480 clerks with computer knowledge on contractual basis. In Karnataka, there is certain flexibility in recruitment of persons with computer knowledge on contractual basis.

- **Impact on training needs**

Huge training requirements have arisen. Most of the government functionaries did not have knowhow of such technology. Moreover, in certain cases, there is this reluctance to learn new skills. Employees lack motivation and breaking out of the inertia is a huge task in itself. In certain cases, there are formal opposition towards introduction of new technology. Existing training infrastructure are also sometimes inadequate or non-existing. In such cases, establishment of training institutes is necessary or outsourcing of training needs to other external agencies become imperative.



- **Impact on employment in labour administration bodies (in terms of numbers of staff, job description, etc)**

Recruitment of people with computer knowhow has increased manifold. Also there is a need to retrain the existing human resources. In West Bengal and Karnataka, clerical staffs with computer knowledge was recruited on contractual basis. In West Bengal, a lot of technology related activities were outsourced to external agencies. Like digitization and uploading of records were entirely outsourced on a piece-rate basis. Thus impact on regular employment was limited or minimal. Mainly contractual staffs at lower category was recruited. A lot of work was outsourced.

- **Impact on performance, transparency, planning, etc**

Performance has overall improved, system have more transparent and prior planning has become imperative. Performances of employment directorates have particularly improved and use of technology has helped implementation of various social security schemes. Also because of display of data and records at the public domain, transparency has improved. Beause of transparency, occurrence of provision of out of turn benefits has reduced considerably. In Karnataka, with the help of technology, now it is possible to track down time period that is taken to complete a particular task. Under the *Sakala*, certain public services are to be provided within stipulated time frame. Monitoring of such system has become possible as required technology is available. Technology has helped in instilling accountability and fixing of responsibilities on the part of government functionaries. However, for appropriate use of technology, time-bound planning is required and constant up-dating and maintenance of the same need to be adhered to. Labour administration is still in the process of formalizing such a planned set-up. Presently, administration suffers from certain hitches because of incomplete planning.

- **Impact on collaboration and knowledge sharing with partners and stakeholders**

Collaborations and knowledge sharing among the stake-holders have become easier and widespread. After digitization of beneficiary's data, it has become easier to share data among various government departments and also with outside agencies. Use of e-mail is very effective in such instances. Since data are digitized, generating reports and queries are easier now and at the same time those can be shared instantly.

Feedbacks as received with respect to given Questionnaire from four different wings of Labour Departments of West Bengal and Karnataka are attached with report as annexure I to V.



## Chapter 6

# Institutional Performance Management

The chapter describes and reviews existing systems of performance management, their consequences and the extent to which they contribute to enhanced effectiveness. The issues to be addressed are as follows:

- **Performance management systems operating across the whole government**

The most important performance mechanism with respect to Ministry of Labour & Employment (MoLE) is the result framework document (RFD) which is monitored by the Cabinet Secretariat, Govt. of India. Certain parameters are set at the outset and accordingly performance is being reviewed at the end of year. RFD is divided into the following sections.

1. Section 1: Vision, Mission, Objectives and Functions
2. Section 2: Inter se Priorities among key objectives, Success indicators and Targets
3. Section 3: Trend Values of the Success Indicators
4. Section 4: Description and Definition of Success Indicators and Proposed Measurement Methodology
5. Section 5: Specific Performance Requirement from other Departments
6. Section 6: Outcome/Impact of Department/Ministry

The performance of the Ministry is monitored and measured through the RFD. This RFD evaluation is done by Cabinet Secretariat of Govt. of India. In States, there are periodic reviews of performances by the respective commissionerate/directorate based on the targets. At the beginning of the calendar/financial year, targets are set with respect to enforcement (minimum number of inspections to be conducted, number of prosecution launched etc.), registration under different social security schemes, amount of benefit provided under different social security schemes etc. During the year, there are periodic review meetings (say quarterly review meetings) where a review of progress made at that point is carried out. If needed, targets get revised at such review meetings. There is accordingly a performance appraisal at the end of the year. In West Bengal, since last three years, there is a system of giving awards to the best performing offices based on the criteria decided in this respect.

- **Specific systems operating within the labour ministry and other labour administration bodies**

Performance evaluation in the Centre and States are still done internally. It is not being left with outside independent organizations. In certain cases, evaluation committees are formed drawing persons outside the organization but within the government machinery, to conduct performance appraisals of on-going programmes like that National Child Labour Project (NCLP). In certain cases academics working in universities/research institutes are also made members of such evaluation committees. In other cases, head of the organization, in consultation with senior administrators set a target which is evaluated at the end of the period.

- **The operation of performance management at different levels and relationships and linkages between these levels (e.g. individual, department, whole organisation)**

The overall target is divided into different zones and accordingly responsibilities are assigned. Within the zones targets are again divided among the constituent offices. Those who are holding charges of these offices are held responsible with regards to achievement of the target. For example, in the State of West Bengal, a state-wide target of registration of beneficiaries under construction workers welfare scheme is set by the Labour Commissioner in consultation with Labour Department. Then it is distributed among the districts depending upon the potential of that place and this is being centrally decided and shared with respective officials. Within the district, Deputy Labour Commissioner further sub-allots the target among the sub-divisional offices and Assistant Labour Commissioner posted at the sub-division would be responsible for attaining the target. Assistant Labour Commissioner may further sub-allot the target among the inspectors working in the sub-division. Attainment of targets can further be delegated to the Inspectors. Thus the target is delegated by the organization in this case labour department to the level of an individual in this case ALC/inspector.

- **Main principles and organisational features**

There is no rigorous principle for performance evaluation in Ministry/department. RFD is the main instrument in this respect and in States there is no such mechanism as such. Central govt. also form certain committees consisting of bureaucrats and academicians to evaluate centrally sponsored welfare schemes. Organisation evaluates performance on the basis of hierarchy.

- **Reasons for the adoption of performance management systems and tools**

Performance management system and tools exist with respect RFD only. RFD is monitored by the Cabinet Secretariat, Govt. of India. The objective

of RFD is to monitor performances of the ministries centrally and for making comparison in relative sense and with respect to time also. RFD is an performance management system developed by the Cabinet Secretariat. Labour ministry/Department does not have a performance management system of its own.

- **Main incentives used (e.g. individual PRP, team based PRP)**

It is basically team based PRP but individual accountability is also assigned.

- **Main performance indicators used at different levels (e.g. individual, department, organisation)**

Outcome/impact of departments are measured in the financial year 2013-14 based on the following criteria for the Ministry of Labour and employment (MoLE).

1. Increase in availability of health insurance coverage to unorganized sector workers (indicator: percentage of families under Rashtriya Sasthya Bima Yojana (RSBY) from the pool of available 3.8 crore BPL families)
2. Enhanced availability of social security coverage to workers in organized sector (indicator: number of persons covered under Employees' State Insurance (ESI) scheme)
3. Reduction in child labour (indicator: number of children enrolled in schools under National Child labour Project)
4. Promoting harmonious industrial relations (indicator: percentage of industrial dispute in Central sphere settled through conciliation)
5. Providing training based on Modular Employable Skills (MES) framework under Skill Development Initiative (SDI) (indicator: number of persons to be trained under MES)

Performance of the central labour administrative machinery with respect to handling of industrial dispute and implementation of labour laws in recent times is presented below.

**Table 6.1: Handling of Industrial Dispute**

Year	Total disputes handled	Unfit	Settled otherwise	Formal conciliation	Settled	Failure	Cases at the end
2013-14	11,492	85	2858	4177	1945	2232	4382
2014-15	6052	0	541	1021	492	529	4490

Source: Annual Report 2014-15, MoLE, Govt. of India

**Table 6.2: Inspection under different legislations 2013-14**

Year	Total no. of inspections	No. of infringements detected/rectified	Prosecution launched	Conviction
2013-14	34,351	6,76,017/3,21,740	11,756	10,396

Source: Annual Report 2014-15, MoLE, Govt. of India

**Table 6.3: Status of Industrial Dispute in West Bengal in present decade**

Year	Disputes brought forward	Disputed raised during the year	Disputes handled	Disputes Disposed off	% of disposal
2011	2023	715	2743	620	22.60
2012	2123	222	2345	168	7.16
2013	2177	717	2894	662	22.87
2014	2232	648	2880	580	20.14

Source: Labour in West Bengal, Labour Department, Govt. of West Bengal

**Table 6.4: Particulars on implementation of labour laws for the year 2013-14**

Name of the Act	No. of inspections conducted	No. of infringements	No. of prosecutions launched
Minimum Wages Act	8397	7880	1337
Other labour laws	8813	6543	1060
Total	17210	14423	2397

Source: Labour in West Bengal, Labour Department, Govt. of West Bengal

**Table 6.5: Statement of disposal of court cases under 11 labour legislations for the year 2013-14**

	Particulars	2013-14
1	No. of court cases pending at the beginning of the year	4745
2	No. of court cases launched	2397
3	No. of court cases disposed off by the way of conviction	548
4	No. of court cases ended in acquittal	19
5	No. of court cases pending at the end of the year	6575

Source: Labour in West Bengal, Labour Department, Govt. of West Bengal

- **The uses made of performance data**

Performance data are used for evaluation of effectiveness of the programme and also for fixing accountability. It is also used for setting target for the future. Cabinet Secretariat uses RFD for making inter-ministerial performance evaluation. Internally Ministry/Department monitors

performance through performance data. For effective implementation of social security schemes performance data is used to evaluate target management and effective revision based on that. Potential of success of social security schemes varies from region to region. Uniform target allocation does not work always. Bases on analysis of performance data, a more rational target setting mechanism can be put in place. Both West Bengal and Karnataka, follow of system target allocation among regional offices and do regular periodic review of progress. At the end of the year, performance data is thoroughly analysed at headquarter and accordingly next year' target etc. are set. RFD set the yardstick for the Central labour ministry. Overall performance data are useful for evaluation and taking revisionary actions.

- **People management practices that might help to support performance improvements (e.g. appraisals, training)**

Performance appraisal and training needs should be correlated in such a way that performance evaluation should lead to training needs identification. Through analysis of performance data, it is possible that gaps in performances can be identified. Accordingly, training needs can be identified. In West Bengal, there exists State Labour Institute at two locations (Kolkata and Siliguri) and there is V V Giri National Labour Institute, an autonomous organisation under the Ministry of Labour & Employment, Govt. of India. A few other States also have their State Labour Institutes and this kind of training infrastructure can be utilized for imparting training to labour administrators. A part of training need identification can be through performance appraisals and identification of training needs.

- **Intended and unintended consequences of performance management for the behaviour of individuals and organisations**

Making improvements in performances is the intended consequence of performance management with respect to both individual and government. Through performance management accountability is fixed with respect to individual in most cases. Now in cases of non-fulfilment of targets, responsibility might have been assigned to an individual and accordingly that person might be taken to task. This may be an example of unintended consequence of performance management in the sense that performance is sum-total of efforts of all concerned. In this context, holding an individual administrator responsible might not be a judicious action. This will further lead to demotivation and alienation on the part of that individual. The point here is that administrative works are essentially aggregative in nature and assigning individual accountability may create discontent.

But at the same time, sometimes it may not be possible to avoid assigning individual accountability since organization is an abstract concept and ultimately you need to swoop down to individual level. For example, in West Bengal, with regards to attaining performance in a district, respective deputy labour commissioners are held responsible. Attaining targets is dependent on coordination and efforts of many personnel and an individual administrator does play a role and assigning the entire responsibility sometimes seem to be harsh and an example of unintended consequence of performance

- **Views of managers and staff concerning the effectiveness and consequences of the performance management methods used**

Both managers and staffs have reservations regarding performance management system based on targets. In their opinion, at least target should be based on objective criteria. But targets are decided centrally and administrators down the line are not consulted. Most administrators expressed the opinion that if targets are set at all, those should not be set arbitrarily. Availability of human resources and physical infrastructure should be taken into account before targets are set. In case of social security schemes, setting targets and stress on fulfilling those lead to a situation where spurious beneficiaries take advantage of the schemes. In case of enforcement, performances are not always measurable in terms of numbers. But targets are set mostly in quantitative terms. There are certain positive externalities of labour administration, which are not measurable easily in terms of number. For example, an alert and pro-active labour administrator may pre-empt occurrences of strikes and lock-out through preventive actions taken well in advance. These kinds of actions are difficult to quantify and taken into consideration. Arriving upon the criteria of objective performance appraisal system is the main concern. Nobody is denying the fact that there is the need for performance appraisal but they believe that performance appraisal should be based on clearly specified objective criteria and should also consider many of the intangibles.

- **Review of the system and lessons learned. Strengths, drawbacks and challenge**

Result Framework Document (RFD), target based performance monitoring through periodic review, self-appraisal methods are some of the ways of performance management followed in labour administration in India. There are also examples of evaluation by external bodies also. But a comprehensive performance management system based on objective criteria is still missing. RFD is put into use by the Cabinet Secretariat to centrally monitor performances across ministries. Target-based performance management is

elementary in nature. Self-appraisal system is an administrative necessity. Thus, the main issue is that labour administration in India is still develop a comprehensive performance system. It also lacks a management information system also. The strength is that RFD gives a summary of performances in the context of pre-conceived objectives. It is dynamic and can be analysed over time. But the main drawback is that it is a very centralized way of evaluating performances. Grass-root level performance monitoring is still not in place. In States, targets are set and periodic review of targets carried out. But the issue is that there are no objective criteria for setting targets and no prior consultations with all the stake-holders. Also targets take care of a small fraction of overall activities and major part of administration is being run without a system of performance evaluation. Thus whatever systems are in place those are at best inadequate and a large segment of the labour administration is outside the purview of performance management system. The challenges are that there is need to formulate an appropriate comprehensive performance system based on objective criteria evolved through prior discussions involving all the stake-holders. Another challenge would be to evaluate performances in cases where it would be difficult to measure performances in terms of numbers or any comparable yardsticks. There are lots of positive externalities generated by the labour administration but these are outside the scope of performance management. Like by maintaining a good industrial relation environment through various meaningful interventions, labour administrators contribute towards overall growth of the economy as such. But present performance management systems do not take into account these aspects. The challenge would be develop a performance system that encompasses broader activities of labour administration in a holistic manner.



## Chapter 7

# Extension of the Scope of Labour Administration to the Informal Economy

There exists a divide between a formal global economy and an informal local economy in most societies. The major workforce lives and works in the informal economy. The informal economy refers to all economic activities not adequately covered by formal arrangements. These activities are either outside the purview of the law or beyond the reach of the formal law. The ILO, in its report, *Decent Work in the Informal Economy* (2002) noted that out of the 42 countries studied, 17 had more than half of their total employment in the informal sector, and only four countries had less than 10 per cent of total employment in the informal sector. Among the regions covered, sub-Saharan African countries have the highest proportion of informal to total employment. In Asia, the South Asian countries (with the exception of Sri Lanka) have more than 90 per cent of the workers in the informal economy in India, Pakistan, Bangladesh and Nepal. In other Asian countries, the number of informal workers ranges from 45 to 85 per cent of non-agricultural employment and from 40 to 60 per cent of urban employment.

In India there is a total labour force of 406 million. Out of this, around 397 million are in the workforce and hardly 28 million are employed in the organized sector and the rest i.e. 369, million workers (about 93%), are in the unorganized sector. About 237 million workers are employed in agricultural and related activities, 17 million in construction, 41 million in manufacturing, 37 million in the service sector and the remaining 37 million in trade. The share of the unorganized sector in the total NDP at current prices has been over 60 percent while that of the household sector in the total gross domestic saving is about three-fourths. This shows the significance of the informal sector in the economy.

There are primarily two views that try to explain informality. The first identifies the source of informality in poverty, and the second, identifies it simply with cost-avoidance. For the first, informal activities are about survival or subsistence; for the second, it is about reaching a threshold of profitability without complying with laws which involve financial obligations.

Informality has often been described as those activities outside or on the margins of the law, it is essential to consider the legal and institutional



framework of a country. Three types of legislations and regulations are important: commercial or business regulations, laws pertaining to property rights, and labour legislations governing employment relationships. We need to consider whether existing laws and institutions are influencing the financial health of the enterprises and wellbeing of the workers. The basic objective of the labour administration would be to make these informal activities part of formal sector that provides decent jobs, incomes and protection.

In this regard, deregulation of the labour market may not be advisable. Government regulations are important for the establishment and proper functioning of the markets in which the informal economy operates. This includes State regulation of labour conditions. The State has an obligation to set and enforce standards for the entire labour force rather than a small minority of workers in the formal sector. The role of Ministries of Labour to provide services for the informal economy is well defined in the Labour Administration Convention 150 and Recommendation 158. The Labour Administration Convention, 1978 (No. 150), Article 7, deals with the extension of services to a series of workers outside the scope of labour law which, in many countries, are considered per se as belonging to the informal economy. Labour inspection services in many developing and transition countries are not adequately staffed or equipped to effectively deal with the informal economy, especially in terms of covering the micro- and small enterprises or the growing numbers of homeworkers.

India is a large country both in terms of workforce in the unorganized sector and the geographical area over which it is spread. The unorganized sector workers are engaged in numerous occupations from their residential premises and or small work sheds employing one or two workers or even entire families. Under such circumstances, the enforcement machinery of the Central and State Governments cannot reach every nook and corner of the Country. Therefore, labour administration has to think about the alternatives to the existing labour enforcement machinery. Local Bodies, voluntary organizations, NGOs and trade unions can be assigned larger role to play including labour inspections. In fact, these would supplement the role of Governments.

Some specific laws for the unorganized sector have been enacted by the Central and some State Governments. They benefit building and construction workers, inter-State migrants, agricultural labour, and beedi workers, among others. For example, there are Acts that empower the government at both national and state levels to constitute special funds to provide social security benefits to workers by imposing a tax (or cess) on the aggregate output of selected industries. The Beedi Workers'

Welfare Fund is a national fund that is constituted from a tax on beedis (hand-rolled cigarettes). There are similar welfare funds at the state level, such as the Headloaders' Fund in Gujarat and Maharashtra, to which employers pay a levy. Tripartite boards administer them in some States. Labour administration plays a significant role in monitoring their effective functioning. The social assistance benefits and services under these welfare funds include housing allowances, school scholarships, death benefits, maternity assistance, health and other benefits. These funds are designed to overcome the limitations caused by the absence of a clear employer-employee relationship and to redistribute some of the profits of the industry among the workforce. Adequate social protection through a transparent labour inspection system is key to decent work in the informal economy, particularly for the most vulnerable and unprotected groups of workers and women in hazardous jobs.

This Chapter will deal with issues related to expansion of labour administration to include informal sector labour both at the Centre and State levels. Initiatives by the Central govt. and that of the State Govt. like West Bengal and Karnataka would be discussed in this Chapter. Initiatives undertaken by the ministry of Labour & Employment, Govt. of India are discussed first followed by West Bengal and Karnataka experiences.

### **The Ministry of Labour & Employment, Govt. of India:**

The Ministry of Labour & Employment, Govt. of India is operating Welfare Funds for some specific categories of workers in the unorganized sector like beedi workers, cine workers and certain non-coal mine workers. The funds are used to provide various kinds of welfare activities to the workers in the field of health care, housing, education assistance for children, water supply etc. The Government has launched Group Insurance Scheme named *Aam Asdmi Bima Yojana* for landless rural households which also include workers in the unorganised sector.

The concept of labour welfare fund was evolved in order to extend a measure of social assistance to workers in the unorganised sector. The scheme of welfare fund is outside the framework of specific employer and employee relationship as the resources are raised by the Government on a non-contributory basis and delivery of services without linkages to individual workers contribution. Welfare funds, which follow a sectoral approach, are in addition to large number of poverty alleviation and employment generation programmes for which most of these workers are otherwise eligible.

The Ministry of Labour and Employment is administering five welfare funds for beedi, cine and certain categories of mine workers. The Funds have been set up under the following acts of parliament for the welfare of these workers:

- The Mica Mines Labour Welfare Fund Act 1946
- The Limestone and Dolomite Mines Labour Welfare Fund Act 1972
- The Iron Ore, Manganese Ore and Chrome Ore Mines Labour Welfare Fund Act 1976
- The Beedi Workers' Welfare Fund Act 1976
- The Cine Workers' Welfare Fund Act 1981

The Acts enable the Central Government to meet the expenditure incurred in connection with measures and facilities which are necessary to promote the welfare of such workers. In order to give effects to the objectives laid down in the above Acts, various welfare schemes have been formulated and are under operation in the fields of health, social security, education, housing, recreation and water supply.

The Labour Welfare Organization which administers these Funds is headed by a Director General (Labour Welfare). He/She is assisted by Welfare Commissioner (Headquarter) who supervises 17 Regional Welfare Commissioner for the purpose of administration of these Funds in the States. To advise the Central Government on matters related to administration of the above Funds, tripartite Central Advisory Committees have been set up under the respective Welfare Fund Acts. Labour Welfare Funds are financed out of the proceeds of the cess levied under the respective Cess/Funds Acts on manufactured beedis, feature films, export of mica, consumption of limestone and dolomite and consumption and export of iron ore, manganese ore and chrome ore as per rates notified by the government.

In order to ensure welfare of workers in the unorganized sector, the Ministry of Labour & Employment has enacted the unorganised Workers' Social Security Act 2008. The Act has come into force with effect from 16.05.2009. Central Rules under the Act have been framed. The salient features of the Act are as follows:

- Section 2 provides for definitions including those relating to unorganised worker, self-employed and wage worker
- Section 3 (1) provides for formulation of schemes by the Central Government for different sections of unorganised workers on matters relating to (a) life and disability cover (b) health and maternity benefits (c) old age protection (d) any other benefits as may be determined by the Central Govt.

- Section 3 (4) provides for formulation of schemes relating to provident fund, employment injury benefits, housing, educational schemes for children, skill upgradation, funeral assistance and old age homes by the State Governments
- Section 5 provides for constitution of National Social Security Board under the chairmanship of Union Minister for Labour and Employment with Director General (Labour Welfare) as Member Secretary and 34 nominated members representing Members of Parliament, unorganised workers, employers of unorganised workers, civil society, Central Ministries and State Governments. Provision for adequate representation to persons belonging to the scheduled castes, scheduled tribes, the minorities and women in the Board has been made. The National Board would recommend the Central Government suitable schemes for different sections of unorganised sector workers, monitor implementation of the schemes and advise the Central Government on matters arising out of the administration of the Act.
- Section 6 provides for constitution of similar Boards at the State level
- Section 7 relates to funding pattern of the schemes formulated by the State Governments
- Section 8 prescribes record keeping functions by the district administration.
- Section 9 provides for setting up of Workers' Facilitation Centre to (a) disseminate information on social security schemes available to them (b) facilitate registration of workers by the district administration and enrolment of unorganised workers.
- Section 10 provides for eligibility criteria for registration as also the procedure for registration under the Act
- Sections 11 to 17 contain miscellaneous provisions for implementation of the Act

Apart from the above, a Health Insurance Scheme namely the '**Rashtriya Swasthya Bima Yojana**' for BPL families in unorganised sector was formally launched on 01.10.2007. The scheme became operational from 01.10.2008 and subsequently has been extended to building and other construction workers, street vendor, beedi workers, domestic workers and MGNREGA beneficiaries.

To encourage workers from the unorganized sectors to voluntarily save for their retirement and to lower the cost of operations of the new pension

scheme (NPS) for such subscribers, the Central Government launched a co-contributory pension scheme called '**Swavalamban**' on 26.09.2010.

### **The West Bengal experience:**

Activities of Different Welfare Boards for the workers in the unorganized sector

In addition to the west Bengal Labour Welfare Board which has been functioning effectively for the workers in the organized sector, three more Boards have been set up with the purpose of promoting welfare activities among the workers in the unorganized sector. The formation and activities of the said Boards are stated below:

#### **1. The West Bengal Building and Other Construction Workers' Welfare Board**

a.) **Constitution of the board:** Under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service Act, 1996 the West Bengal Building and Other Construction Workers' Welfare Board was constituted in the year 2005 vide Labour Department memo. NO. 1182-IR/EIL/IA-18/20049 (Pt.) dated 20<sup>th</sup> September, 2005 and in the year 2011 vide Notification No. 965-IR dated: 16.09.2011 for providing welfare measures to the construction workers registered under the Board and also for the administration of the West Bengal Building and Other Construction Workers' Welfare Fund.

The Regional Labour Offices under the Labour commissionerate are functioning as the Regional Offices of the Board. The services of all officers, inspectors and staff under the Labour Commissioner are placed on partial deputation to the Board. At present all Assistant Labour Commissioners And Inspectors posted at blocks and municipalities act as Beneficiary Registering Officers (BROs) under the Board in their respective jurisdiction.

#### **Activities of the Board:**

- Under the scheme, a worker in the age group of 18-60 years and who has been engaged in any building or other construction work for not less than 90 days during the preceding twelve months is eligible for enrolment under the scheme.
- At present, a worker is required to pay a sum of Rs. 30 in a year.
- The scheme was introduced in 2006.
- Under the scheme, the following benefits are provided to the registered construction workers on their families:

**Table 7.1**

<b>Benefits/Assistance</b>	<b>Amount</b>
Accident Treatment	Rs 10000
Disablement	Rs 50000
Monthly pension	
Self	Rs 750
Family	Rs 375
Death	
Natural	Rs 50000
Accident	Rs 200000
Education	Rs 4000 to Rs 30000
Medical (per annum)	Rs 20000 to Rs 60000
Marriage (self & children)	Rs 10000
Maternity (twice)	Rs 6000
Cycle	Rs 3000
Tool	Rs 2000
Spectacles	Rs 500
Housing loan	Rs 50000

**Table 7.2**

**Year-wise progress report on BOCWA (Upto March, 2014)**

<b>Financial year</b>	<b>Beneficiary Enrolled</b>	<b>Cess Collected (Rs.)</b>	<b>No. of benefits disbursed</b>	<b>Amount disbursed (Rs.)</b>
2005-07	23,445	22525815	01	640
2009-10	44,757	717738157	532	2212836
2013-14	5,72, 116	1608072472	383586	1054104815
Total (since 2005-06)	14,96,239	628,79,28,755	5,73,878	153,95,70,502

**2. The West Bengal Unorganized Sector Workers’ Welfare Board**

Constitution of the Board: Under sub section (1) of section 4 of the West Bengal Unorganised Sector Workers Welfare Act, 2007 a Board in the name of THE WEST BENGAL UNORGANISSED SECTOR WORKERS’ WELFARE BOARD (the Board) was constituted in 2008 for the purpose of administering the Fund created under the Act and also for implementing the schemes introduced under the Act, or the existing assistance by the State Government vide Labour Department’s Notification No. 895-IR Dated 26.08.2008. The Board was further reconstituted in the year 2012 vide Labour Department’ Notification No. 200(20)-IR dated 09.03.20d12.

### Functions of the Board:

- i. Implementation of SASPFUW: At present the Board has been implementing the State Assisted Scheme of Provident fund for Unorganized Workers (SASPFUW) throughout West Bengal through the Regional Labour Offices under the Labour Directorate. For the purpose of implementing the objects of the West Bengal Unorganised Sector Workers Welfare Act 2007, the Regional Labour Offices under the Labour Commissioner are functioning as the Regional Offices of the Board vide Labour Department's Memo No. 1064-IR Dated 19<sup>th</sup> November, 2009.
- ii. Implementation of Health Security Scheme: The Board is also implementing the West Bengal Unorganised Sector Workers Health Security Scheme introduced under Labour Department's Resolution No. 4-IR Dated 05.01.2011 for the workers covered under the SASPFUW Scheme and subsequently the scheme has been amended vide Notification No. 890- IR Dated 19.09.2012

**Table 7.3**  
**Year-wise progress under 'SASPFUW'**

Financial Year	Number of subscribers enrolled	Amount collected as subscription (Rs.)	Matching Contribution Deposited (Rs.)
2000-2001	0	0	
2001-2002	107036	2202340	24791400
2005-2006	75480	90103900	123819560
2009-2010	641914	286548660	284524090
2012-2013	753149	823514336	860000000
TOTAL (cumulative since 2001)	44,49,939	299,88,85,051	187,55,54,100

### 3. Workers Social Security Scheme, 2010

- The Scheme was introduced in August, 2010 to provide Social Security to all workers engaged in automobiles used for commercial purposes.
- A Transport worker would mean an unorganized worker who has completed 18 years of age and to whom this scheme applies.
- Transport Workers registered under the scheme are to be provided with various benefits.
- Assistant Labour Commissioners under the State Government are authorized to function as Registering Authorities.



- A transport worker becomes eligible to join this scheme on completion of 18 years of age and shall apply to the Registering Authority in the prescribed format with a registration fee of Rupees thirty only.
- He shall renew the registration within thirty days of expiry of registration on payment of Rupees thirty only every year till he reaches the age of 60 years.
- Benefits like assistance with regards to accident, medical facilities, educational entitlements, monthly pension, disablement benefit, assistance for natural death as well as accidental death, marriage and maternity assistance etc. are also available under the scheme.

**Table 7.4**  
**Year-wise progress report under the scheme upto March, 2014**

Sl. No.	Financial Year	Enrolment	Amount of registration fees Collected (in Rs.)	Amount of Cess collected (in Rs.)	Total no. of beneficiaries benefitted	Amount of benefit disbursed (in Rs.)
1.	2010-11	45697	1370910	34302949	2	60000
2.	2011-12	28654	859620	146079349	892	5520914
3.	2012-13	40801	1215960	150373464	4782	28942059
4.	2013-14	74092	2230830	158460611	9746	61752875
	Total	1,89,244	56,77,320	48,92,16,373	15,422	9,62,75,848

#### **4. Financial Assistance to Workers in Locked out Industries (FAWLOI)**

With a view to providing financial assistance to the industrial workers thrown out of employment for more than one year in registered plantations and factories, the State Government introduced the "Scheme for Financial Assistance to the Workers in Locked -out Industrial Units (FAWLOI)" In the Year 1998.

The scheme is extended from time to time. The last such extension has been made up to March 2014.

Initially financial assistance was Rs. 500/- per month. Now it is Rs, 1500/-w. e. f. 01. 04.2010. The Beneficiaries also received one time Id/ Puja Ex- gratia @ Rs. 1500/- per head during the financial year 2012- 2013.

During 2013-14, Rs. 31.88 crores has been spent for providing benefits to 16730 workers in 198 units. Budli and Special Budli workers who have rendered continuous service are also now entitled to FAWLOI benefits with effect from March, 2013.



### The Karnataka experience

Further, the department is implementing various welfare schemes through various Boards under its control. The details of the same are as follows.

1) Karnataka Building & other construction Workers' Welfare Board:

This board has been constituted under Building and Others Construction workers (Regulation of Employment F& Conditions of Service) Act 1996 and Rule 2009, to implement welfare schemes for the construction workers. Under the board twelve welfare schemes have been divided. Out of them 8 schemes are in operation. The details of the same are as follows.

**Table 7.5**

Sl. No.	Details of Schemes
1.	Education Assistance
2.	Marriage Assistance
3.	Funeral Expense
4.	Medical Assistance
5.	Maternity Assistance
6.	Major Ailments Assistance
7.	Accidental Death / Permanent Disability
8.	Tools

#### **Benefits Available immediately after Registration:**

- 1) 400 to 6,000/-: Hospitalization Assistance to the beneficiary.
- 2) 2,00,000/-: Compensation payable to the nominees of the beneficiary on account of his death due to accident during the course of employment or resulting in total permanent disablement (based on the percentage of disability)
- 3) Up to 2, 00,000/-: Treatment of Major ailments viz. Heart operation, Kidney transplantation and Cancer, Eye Operation, Paralysis. Orthopedics operation, kidney transplantation and Cancer, Eye operation, Paralysis, Orthopedics Operation, Uterus Operation, Asthma, Miscarriage, Gall Bladder Ailments, Kidney Stone Removal, Brain Hemorrhage, Ulcer, Dialysis, Kidney Related Surgery, ENT Treatment f& Surgery, Neurosurgery, Vascular Surgery, Esophagus Treatment & Surgery, Gastrointestinal Surgery, Breast Related Treatment and Surgery, Hernia Surgery, Appendix Surgery, Treatment of Fractures? Dislocation, General Surgery. (Subject to C.G. H. S. Rates)
- 4) Disability pension of 500/- p.m. due to paralysis, Leprosy, Cancer and T.B. 5,000/- ex- gratia based on percentage of disability.

- 5) 50,000/-: Compensation payment to the unregistered beneficiary resulting in accidental death due to collapse of building under construction. 10, 000/- compensation payable to the unregistered beneficiary who is grievously injured due to said type of accident.
- 6) 4,000/-: Funeral expenses & 50, 000/- Ex-gratia to the deceased's family.

**Benefits available after one year of Registration:**

- 7) 15,000/-: Maternity Assistance per delivery to female beneficiary limited to two deliveries.
- 8) Education Assistance: (Limited to 2 children only).
  - Rs. 3,000/- each year for studying 5<sup>th</sup> , 6<sup>th</sup> , 7<sup>th</sup>
  - Rs. 4,000/- for studying in 8<sup>th</sup> & 9<sup>th</sup>
  - Rs. 6,000/- for studying in S.S.L.C.
  - Rs. 5,000/- and 8,000/- each year pass in I& II PUC respectively
  - Rs. 5,000/- and 6,000/- each year Studying in ITI / Diploma respectively
  - Rs. 5,000/- each year studying in General Degree.
  - Rs. 20,000/- each year studying in PG course.
  - Term fee prescribed by the State Government for the merit seat & Rs. 2,000/- P.M. as attendance allowance for studying Medical/ Engineering course.
  - Rs. 20,000/- each year for Ph.D.
- 9) Rs. 50,000/-: Marriage Assistance to the beneficiary or to his 2 children.

**Benefits available after Two years of Registration:**

- 10) Rs. 5,000/- Assistance for purchase of tool/instruments.

**Benefits available after Two years of Registration:**

- 11) Pension.
- 12) Assistance for Construction of House.

**The Achievements of Karnataka Building & Other Construction Workers Welfare Board at a glance – 2014-15**

- So far the Board has registered more than 8.06 lakh construction workers as beneficiaries.

- More than 48,000 beneficiaries have availed financial assistance under various schemes of board.
- The board has disbursed financial assistance under various scheme to the tune of more than Rs. 35, 4, 00, 0000/-.
- For speedy disposal of the claims received under different schemes, the Board has decentralized its power to Labour Officers and Assistant Labour Commissioners at district headquarters on 15-7-2014.
- The board has acquired 20 acres of land at Obadenahalli Industrial Area, in Dodaballapura, Bangalore District, in order to establish Bharat Ratna Sir M. Vishweshwariah National Construction Academy. The Board has also allocated a sum of Rs. 250 crores for the purpose in its budget.
- The board has so far organized and conducted around 584 legal awareness programmes along with the Karnataka Legal Services Authority and other Trade Unions and NGOs.
- The Board has taken steps to digitize the registration process and claim disbursement process of construction workers across the State of Karnataka, to enable the benefits to reach the construction workers and their families well in time.
- Trilingual Identity Cards have been issued to the workers, probably the first of its kind in the country, to help the migrant workers to understand the registration process and purpose.
- During the year 2014-15, the registration process of workers has increased multi-fold and it is the highest in the last 8 years.
- Relevant amendments have been made to the Rules to benefit the construction workers.
- These amendments have enhanced the amounts of benefits provided to the workers. Ex. Educational Assistance.

## **2. Karnataka State Unorganised Workers Social Security Board:**

The State Govt. is implementing the following 2 Schemes through this board to provide Social Security to the unorganized workers. The details of the same are as follows.

### **1) NPS Lite swavalamban Pension Scheme**

- Under this Scheme the subscriber who contributes Rs.1000 to his NPS Lite- account is eligible to get a co-contribution of Rs, 1000 to his account from Government of India and will also get a matching contribution of up to Rs. 1200 per year from the State Government.

- The Subscribers belonging to SC and ST category will get double the amount of their contribution from State Govt. as Matching Contribution, subject to a maximum of Rs. 2400/- per annum.
- The Subscribers will receive the pension benefit after the completion of 60 years.
- The enrollment under this scheme has been stopped has been stopped w.e. from 1-4-2015 as per the instruction of PFRDA.

**2) Karnataka State private Commercial vehicle Accident Benefit Scheme**

The private commercial vehicle drivers such as Auto, Taxi, Maxi cab, Lorry and Private Bus possessing mandatory driving license issued in the State of Karnataka in case of on duty and off duty accident is eligible for the compensating amount of Rs. 2, 00,000/- in case of death or up to Rs. 2, 00,000 in case of permanent total disability or in case of Temporary Disablement Hospital expenses reimbursement up to Rs. 1, 00,000/- .

**3) Rashtriya Swasthya Bima yojana:**

This health insurance scheme is being implemented to provide health protection for BPL and other identified unorganized category of workers. Under this scheme, up to 5 members of a family who are having smart cards can avail free inpatient treatment up to Rs. 30,000/- in empanelled hospitals in a year.

**4) Karnataka Labour Welfare Board:**

This Board has been established under Karnataka Labour Welfare Fund Act, 1965, and this Act applies to Factories, Motor Transport Companies, plantation Workshops and establishments' employing more than 50 workers. The employees of these establishments and the managements have to contribute for the welfare. The children of the employees who contribute the prescribed amount are eligible for educational assistance as follows;

**Table 7.5**

Sl. No.	Standard	Financial assistance Rs.
	High School {8 <sup>th</sup> to10 <sup>th</sup> Std}	1,500
	PUC,TCH [DEd] Diploma, ITI Classes	2,000
	Degree students	2,200
	Postgraduate students	3,000
	Medical & Engineering Students	5,000

- **Legal obstacles to the extension of labour administration to the informal economy (e.g. exclusion of the informal economy from the scope of labour legislation)** **The main forms of informality in the country and the economic, social and legal context in which they have developed**

The informality developed is mainly through economic instruments but there are social and legal elements in it also. Economic context of informality are as follows:

- Organized manufacturing sector failed to grow. There is disguised unemployment in the primary sector but manufacturing sector failed to absorb labour force freed by primary sector. Lewis model has failed work for Indian economy. Thus though contribution from the agriculture had gone down as percentage of GDP share, corresponding shift in employment share did not take place. As a result there is large scale underemployment (disguised unemployment) in the agriculture sector. These constitute bulk of informal sector labour. Manufacturing sector has failed to grow as expected (employment elasticity of manufacturing growth is also very low) but tertiary sector has recorded impressive growth. However, growth of tertiary sector is predominantly informal in nature. Moreover, growth in tertiary sector may not sustainable in the long run without corresponding growth in manufacturing sector. For survival in such a context tertiary sector employs predominantly informal labour.
- Because of the onset of globalization and its consequent stress on cost-cutting and subsequent casualization, outsourcing and practice of putting-out, the share of regular employment out of total employment has gone drastically. Even core activities are being contracted out to cut cost and there exists significant difference between the entitlements of regular worker and that of contract workers.
- Presently too much emphasis is given on comparative cost advantage doctrine of international trade. In order to ensure global competitiveness, firms need to produce at the minimum cost and in order to do that those are adopting all kinds of cost-cutting methods like contracting out even core activities and outsourcing to a large extent. A part of such outsourcing goes to the workers who are considered as self-employed.
- As a process of globalization, State has started to withdraw itself from many sectors and areas, In such a context to expand the role of State to include informal sector labour is like moving against mainstream economic directions. The role of the State as a model employer has got diluted during the period of globalization. Because of pre-dominance of public sector manufacturing in the pre liberalization period, State

was the biggest employer in the country. However, since 1991, State has withdrawn itself significantly from manufacturing and most of the units in the public sector function in an autonomous manner. Like private sector enterprises, these autonomous public sector enterprises also replaced regular employees by contract workers. This has aggravated the informalisation of work force to a certain extent.

- Conduct of ruthless neo classical economic agenda in the economy during the period of liberalization has made informalisation of the work force an imperative. In a neo-classical liberal economic environment, labour is just another input in the production function. In pursuit of profit, extraction of surplus value has been the maximum with respect to labour. Greater the informalisation, lesser is the entitlement of the workers and higher would be the profits. Thus there is a tendency on the part of employers to pay lesser wages as far as possible. Large reserve army of labour force further deteriorate the situation. Sometimes wages paid are below the notified minimum wages in that scheduled employment. Such wages are not enough sufficient for reproduction of labour power. Informalisation of the work force help employers to extract surplus value to the maximum extent since terms of employment and conditions of service are poorer in case of an informal labour.
- India has got very weak social protection measures in place. In the workspace, there has been gradual dismantling of formal contract between the employer and employees during the period of liberalisation. In absence of a formal contract, job security is at stake and employer has the flexibility of terminating the employment at any point of time. However, there is no system to take care of period of unemployment. In absence of such social protection measures, workers are always at mercy of the employers. Institutionalised social security measures are lacking and these make the labour market vulnerable from the perspective of the workers. Thus workers in most cases are agreeing to informal arrangements and formal contract is fast vanishing. There are layers of intermediaries between the employers and employees. Such distancing of workers are forms of informalisation of workforce.
- **The main challenges that labour administration is facing in attempting to reach workers and enterprises in the informal economy**

Most of the existing labour laws do not apply to informal sector labour. Thus there is a need to make those legislations flexible enough such that those can be applied to informal sector labour also. One way of doing this would be to relax applicability clause with respect to number of workers employed in a particular establishment. For example, Factories Act 1948

becomes applicable if a factory employs minimum 10 workers (with power) or 20 workers (without power). Thus for many small factories in the informal sector those employ less than 10 workers, this Act is not applicable. This is true for other activities/legislations also. To provide social protection and social security to the informal sector workers, certain labour legislations must be made universally applicable irrespective of number of workers employed at individual unit.

Among the total informal sector labour, 52 per cent are self-employed. It is very difficult for the labour administration to reach these self-employed workers since traditionally the scope of intervention by the labour administration is limited to those work-spaces where there is employer-employee relation. But in case of self-employed person, employer-employee relation does not exist as such.

- **The main challenges that labour administration is facing to address unlawful practices related to undeclared work and to prevention and control of undeclared work**

In an environment of dismantling of contract between the employers and workers and scattered workspace beyond the traditional factory zone, undeclared work has become a major problem for the labour administration. Most of the labour laws are framed with a work premise in mind and it is legally mandatory to declare certain things in the form of returns, reports and maintenance of registers etc. These workspaces no longer exist in many cases and there is large-scale undeclared work. These are beyond the purview of existing legal framework and thus beyond the reach of labour administrators. For example, many activities are now being outsourced to people who work at their home. No formal contract exists. Sometimes workers are provided with certain inputs and asked to do a specific job at home. These are akin to 'putting out' system. But these works are declared as such. These workers remain outside labour protection mechanism since they fall outside the purview of labour administration.

- **Institutional obstacles (e.g. capacity of labour inspection, cooperation between different institutions)**

Labour administration machinery has itself become weak over the years. Half of the posts of the inspectors are vacant at present in the State of West Bengal and Karnataka. In Delhi, during the last twenty years number of inspectors has come down to nine from hundred. Because of shortage of inspectors, each inspector has to cover a greater area and he/she has to do a whole lot of activities. In view of the shortage and multiplicity of activities, capacities of the inspectors are severely compromised. Further, there is lack of coordination between the different wings of labour administration. Labour is no longer a homogeneous subject anymore. It has become



multidisciplinary in nature and any attempt to include informal sector labour requires a concerted effort among the involved institutions. But presently such platform is lacking that would ensure inter-institutional coordination.

- **Measures taken to formalize the informal sector (e.g. registration of enterprises, extension of scope of labour or social security legislation, registration of undeclared workers, greater access to the formal sector for new entrants in the labour market)**

Indian labour administration both at Centre and State level has tried to incorporate informal sector into its scheme of things in basically two ways. First, through better implementation of those acts which are applicable to informal sector like that of Minimum Wages Act 1948. A sizable number of workers in the informal sector workers are engaged in agricultural activities where the only labour legislation that is applicable is Minimum Wages Act 1948. Apart from this, Payment of Wages Act 1936, Contract Labour Act 1970, Inter-State Migrant Workmen's Act 1979, Building and Other Construction Workers Welfare Act 1996 are examples few other acts awchich are being implemented to provide legal and social protection to the informal sector labour. Second, labour administration formed Boards to provide social security and welfare facilities to the workers in the informal sector. Formations of some of these Boards are statutory in nature while others are being conceptualized at the State level.

The first approach has very limited success because of various limitations of the implementing authorities and the fact that majority of the workers in the informal sector workers belong to self-employed category (52 per cent workers within the informal sector labour are self-employed). They are beyond the reach of existing labour legislation framework since employer-employee relationship can't be identified in such cases. .

**Registration of beneficiaries under different social security schemes:** All the prevailing social security schemes have this provision of registration of beneficiaries and subsequent renewal of the beneficiaries at periodic interval (like one year or three year). Eligible informal sector workers in respective categories need to apply in prescribed forms to get registered. They need to submit documents related to identity and professional attachments along with photographs. Not only the beneficiary but also his/her dependents/ family members are included in the social security schemes. Once the beneficiary registration officer is satisfied that the applicant is a bonafide worker in the respective occupation, he/she is registered under the scheme/act accordingly provided with identity card/passbook. At the time of registration, beneficiary needs to deposit a minimal registration fee (e.g. Rs30) along with first part of subscription fees.



**Registration of enterprises:** Under certain social security schemes, like that of building and other construction workers welfare scheme, has this provision of registration of enterprises. Enterprises need to apply in prescribed form along with payment of prescribed fees. This is prevalent in those cases in which cess are applicable. Through registration of enterprises stress is put on providing written contracts and establishment of employer-employee relationship such that extent of informalisation can be contained to a certain extent.

- **Measures taken to increase compliance with labour standards in the informal economy (especially prevention and enforcement, but also adaptation of labour legislation)**

For better compliance with labour standards in the informal economy, both Centre and State are trying to ensure effective implementation of existing labour laws and also introduction of new ones if need be. Few existing labour law legislations have provisions regarding labour standards which are being implemented like that of Building and Other Construction Workers Welfare Act 1996. Certain acts are being amended in such a manner that those applicable for informal sector labour by mainly relaxing the number of workers' clause in the definition. In this regard amendments in Employees' Provident fund Act and Employees State Insurance Act may be mentioned. By amending this Acts and making those applicable for unorganised sectors' workers, an attempt has been made to provide social security to a large section of informal sector workers. Certain new labour legislations are also in the anvil to incorporate different sections of informal sector labour like domestic workers. A draft Domestic Workers Act is already been placed and considered for future deliberations.

- **Extent to which relevant bodies (e.g. labour inspectorate, tax authorities) share information and coordinate their activities. How is this done and does it work effectively?**

Regarding collection of cess under the Building and Other Construction Workers Welfare Fund Act 1996, State labour department and Plan Sanctioning authorities like Municipalities/Municipal Corporations do share information on relevant points. Data regarding advance collection of cess further provides information regarding big construction sites which help in the inspection process. Coordination between labour and provident fund organization would help identify units for inspection and subsequent compliance. Such coordination may also be sought from Motor Vehicles authority with regards to collection of transport cess and provisions of social security schemes for informal transport sector workers.

- **Any alliances between the state administration and non-governmental partners and the impact and effectiveness of these alliances**

Such alliances are not common in West Bengal and Karnataka. However, certain civic organization like Durbar in West Bengal and Civic in Karnataka are involved in the social dialogue mechanism. But impact exerted by these organizations is limited since those are not part of tripartite forums both statutory and non-statutory. Those are outside the purview of mainstream social dialogue process. Those are sometimes consulted as part of greater social dialogue process. However, feedback received from such non-governmental partners are very useful in devising/improving social security schemes for informal sector labour.

- **Involvement of employers and workers' organisations in efforts to extend labour administration to the informal economy**

Participation of employers' organization in the process of inclusion of informal sector labour is very limited and almost non-existent. Employers' organisations have representation in the different welfare boards as part of tripartite conventions but they do not contribute in a very significant meaningful manner. They are generally passive participants in the process. Workers' organization do actively participate in the boards created for inclusion of informal sector labour and they initiate discussions in board meeting and create pressure on the government for greater inclusion of informal sector labour into the fold of labour administration.

- **Review of measures taken to extend the scope of labour administration**

In brief, to extend the scope of labour administration for inclusion of the informal sector the following steps have been taken.

- Creation of different wings to exclusively deal with different sectors of informal labour (like that of DG(LW) under the Ministry of Labour and Employment, Govt. of India.
- Designing of schemes and formation of Board to administer those schemes (like formation of West Bengal Building & Other Construction Workers' Welfare Board and Karnataka Building & Other Construction workers' Welfare Board)
- Devising ways of financing such schemes like that of cess
- Creating a space for formal involvement of all stake-holders (Boards are essentially tri-partite in nature)
- Greater stress on documentation and information dissemination through use of information technology and greater awareness generation
- To reach out to informal sector, Labour Departments in Centre and States have tried to reinvent themselves through flexibility and breaking

down the bureaucratic structure. In West Bengal, the activities of labour administration are decentralized upto the level of Blocks in the form of setting up of Labour Welfare facilitation Centre (LWFC). Inspectors are now being posted at these centres so that informal sector labour may approach the labour administration for incorporation into the various social security schemes. Earlier they used to travel at the district headquarter level for any labour related works. But labour administration is reaching out to those by restructuring and decentralization.

- **Lessons learned**

- Various social security schemes are currently being run by different Ministries/Departments and agencies at the State level with different eligibility criteria, different enrolment criteria and benefits thereunder etc. This requires an unorganised worker to approach different Government agencies and departments for registration. The beneficiary also faces challenges in availing the benefits of the schemes. The beneficiary is also constrained by lack of awareness about entitlements, benefits and eligibility for various schemes, process and documentation for registration, availing benefits and grievance redressal mechanisms under these schemes. In addition, there are incidental wage loss and travel expenses for availing benefits under the schemes. This has given rise to the need to have a single data base detailing eligibility of every unorganised workers and the provisions for a single smart card into which the registration and other data for multiple schemes are entered.
- **Presence of intermediaries:** There exist layers of intermediaries between the State and beneficiaries of the various social security schemes. These intermediaries are rent-seekers and do not add any value rather than they create distortions. State is supposed to be administrator of these social security schemes and targeted beneficiaries are supposed to be directly approaching the State for availing those benefits. However, because of lack of awareness and apathy and inability of doing certain kind of paper works (making application in prescribed form, submitting necessary documents and photographs, getting necessary certificate regarding occupation etc.), intermediaries do get an opportunity to get into the picture and they mostly exploit the vulnerable potential beneficiaries. These intermediaries siphon-off a major part of the benefits that was supposed to reach the targeted beneficiaries. Intermediaries even push non-deserving beneficiaries into the scheme in order to make profit but that undermines the objective of social security schemes to a great extent. Thus there is a need to eliminate intermediaries as far as possible so as to establish a direct link between the State and

the beneficiaries. That will prevent leakage of financial resources and benefit the genuine beneficiaries.

- **A more universal approach is needed rather than employment or sector specific approach:** So far the predominant trend is introduction of welfare boards for specific occupations like construction, transport etc. However, ideally approach should be to reach out to informal sector in a universal manner. Such holistic approach is missing at present. Further a significant part of aggregate informal sector workers are self-employed. Also many informal sector workers keep on changing occupations across various available informal jobs. Under such a context provision of welfare measures and social security to specific occupation based informal sector workers would be narrow and restrictive.
- **Targeted approach is not effective:** Both at the Centre/State level targets are being fixed and closely monitored. Because of the pressure of achieving targets, labour administrators' particularly beneficiary registration officers in certain occasions do not find enough time to verify the information provided in the prescribed application form. In such situations, many beneficiaries get themselves registered who are otherwise not eligible as such for those social security schemes. This happened quite extensively in case of building and other construction workers' welfare scheme in West Bengal which has so far more than 1.5 million beneficiaries registered under the scheme. Within this calendar year the figure is expected to reach 2 million beneficiaries. But a large fraction of such beneficiaries are not at all construction worker as per the very broad definition of such workers in the Building and Other Construction Workers' Welfare Act 1996. At the initial stages of launching of such social security schemes, setting a target was appropriate in the sense that it generated a kind of momentum in the progress of the scheme. But once it has attained reasonable level of acceptance among the targeted population, labour administration should do away with setting a target. This will prevent registration of spurious beneficiaries to a large extent.
- **Exclusion of large number of informal sector workers:** Still a very large number of informal sector workers are outside the purview of labour administration and they receive no social protection or social security cover under any labour law legislations. A vast majority of such workers are self-employed and labour administration has mostly failed to incorporate them under social security measures umbrella since no employer-employee relation exists in such cases. To address this kind of exclusion, labour administration needs to look beyond employer-employee linkage and focus on the idea of work and service provider. Even in case of wage-employments, a vast majority

of informal sector workers are still to be covered under social security coverage. In this regard, labour administration has its own limitations like shortage of staffs and inspectors, lack of infrastructure to cater to large number of informal sector labourers and sometimes they even lack the motivation to spread work among the informal sector workers. Lack of awareness among the informal sector workforce further worsen the scenario. Historically, labour administration was predominantly dealing with workers and employers in the organized sectors and they were comfortable with it. Incidences of informal sector workers in growing numbers during the last three decades has changed the scenario quite remarkably and labour administration, both at centre and state levels, is still to come to terms with it. Labour administration in informal sector is still an evolving entity.

- **Greater consensus building through social dialogue:** There lies a need to initiate social dialogue among the stakeholders to continue/reinforce generating awareness among working class as such and informal sector workers in particular. Cooperation from all the stake-holders is crucial with respect to successful implementation labour legislation and social security schemes. State alone can't push these schemes among the targeted beneficiaries. Active cooperation from trade unions, employers, larger civil society is needed for successful inclusion of informal sector labour under modicum of social security at large. Durbar in West Bengal and Civic in Karnataka are successful examples of civic society interventions that made a difference. State needs to identify more such social partners at grass root levels and integrate those in the process of amalgamation of informal sector workers into the fold of social protection. The role of social dialogue in building consensus is presently being underutilized in the sense that too much emphasis is placed on tripartite consultation in traditional sense. Tripartite bodies involve registered trade unions and employers association along with State labour administration. Inclusion of NGOs and civil society organisations under the tripartite consultation would make those more enriched and effective since these organisations work very closely with informal sector labour. Thus there is a need to recognise the potential of civil society organisations in the process of social dialogue and devising ways of their inclusion into tripartite consultation mechanism.
- **Skill formation:** The economy has become much more skill dependent than earlier because of wide use of new technology across occupations. India is suffering from skill deficiency in certain spheres particularly those associated with vocational training. Generating adequate skills with respect to such occupations would create substantial livelihood opportunities for large number of workers in the informal sector. State should initiate action in this regard as requirement of skilled personnel would further increase in

near future. Govt. of India has created a new ministry with regards to skill development in recent past. Introduction of large number of new Industrial Training Institutes (ITIs), other vocational training institutes, increasing the number of seats in existing ITIs, providing more scholarship, skill development initiatives under construction workers' welfare scheme are some of the examples in recent times where State has prioritise skill development to minimize skill mismatch in labour market which predominantly engage informal sector labour. Presently Building & Other Construction Workers' Welfare Board in Karnataka is contemplating establishment of National Academy for Construction Workers for greater skill development. Similarly the BOCWWB in West Bengal also sponsoring registered construction workers for skill education at reputed government and private vocational training institutes. These are all welcome steps and should be initiated for other occupations also. There is a need for carrying out a holistic skill-mapping exercise for identification of skill needs and accordingly design skill education to cater to those needs. This goes beyond the beyond the scope of the scope of labour administration and would require effort and coordination across several ministries. The newly created skill development ministry needs to create a conducive environment for such coordination and team work. In such a framework labour ministry has an important role to play in pushing the interests of informal sector workers. One essential point in this regard is that skill development should be utility-based and market oriented so that it addresses the existing skill mismatch scenario.

- Greater compliance of existing labour law legislations: Greater compliance of certain acts like Minimum Wages Act 1948 will benefit a large number of informal sector labour. Ensuring at least minimum wage would primarily provide social protection of large number of workers in the informal sector. This is particularly true with respect to large numbers agricultural workers for whom no other labour legislations are available. Greater compliance of labour legislations will ensure that informal sector labour is protected to a certain extent. Apart from Minimum wages Act 1948, other legislations like Payment of Wages Act 1936, Contract Labour Act 1970, Employees' Compensation Act, Inter-State Migrant Workmen's Act, Motor Transport Worker's Welfare Act, Child Labour (P & R) Act 1986, Building and Other Construction Workers' Welfare Act 1996 are also applicable to informal sector labour and more effective enforcement of these legislations would benefit informal sector labour by providing certain welfare benefits, improving terms and conditions of employment, ensuring job security to a certain extent. A more universal application of Employee's Provident Fund & Miscellaneous Act and Employees' State Insurance Act would provide required social security cover to a significant number of workers in the informal sector workers. Introduction of minimum pension of Rs 1000 under the EPF & Misc. Act is a very useful step towards achieving this objective.



## Chapter 8

# Conclusions and Recommendations

The purpose of this concluding chapter is to analyse the results of this study and provide recommendations based on the findings for promoting national labour administration and labour inspection services in India and enhancing their effectiveness in line with International Labour Standards and relevant good practices.

- **Based on the review, what are the gaps in the labour administration and inspection systems?**

**Lacks infrastructure:** Labour administration at both Centre and State levels lacks both physical and human infrastructure. There has been significant fall in number of inspectors available for work. In both West Bengal and Karnataka, approximately half of the inspectors' posts are lying vacant for a considerable period of time. Labour administration has become overtly officer centric. There is a serious deficiency of support staffs including that of inspectors. Moreover, labour administration suffers from severe deficiency in physical infrastructure. In West Bengal, Labour Welfare Facilitation Centres (LWFCs) are suffering from severe space crunch along with inadequate number of computers and other material equipment.

**Use of new technology is still limited:** New technologies, primarily ICT, are being used but there are scopes for more rigorous use of those in labour administration. Many of the activities of labour administration can be online for greater transparency and connectivity. The scattered nature of workplace and constantly shifting workforce can be handled well only with the help of new technology. Issues of multiple registration and involvement of intermediaries can be minimized to a certain extent by the use of new technology.

**Reforms are done in bits and pieces manner:** Number of labour laws can definitely be minimized by rationalizing similar laws into an encompassing code. Some of the provisions of existing laws have become archaic and those need to be modified. There are provisions for submission of multiple returns and reports and duplication of information across laws. These are to be simplified as far as possible. There are pressures to dilute the efficacy of labour laws in the name of labour law reforms. These should not happen. Labour laws are important as an instrument of social protection particularly for the vast majority of workers in the informal sector. Presently, implementation of labour laws are poor. Enforcement machinery should

be strengthened further. Labour laws do have in-built flexibility in them. Those are not impediment towards investment as such.

**The process of social dialogue is still very limited:** Social dialogue process is limited and initiated only as part of statutory obligations of the State. But to create consensus among the stakeholders, social dialogue should be broad-based and should be more informal. State needs to create a platform for more frequent interactions with social partners in the field of labour. Efficacy of the institutions like ILC and SLC should be enhanced further. Existing talks are too formal and spaced apart. Wider participations of social partners by incorporating relevant NGOs in the consultation mechanism can be considered.

**Performance management system is lacking:** Performance management system based on targets should be avoided. A more objective qualitative performance management system should be evolved. Existing systems are discrete and inadequate.

**Social security schemes are mostly target-based, those should be universal:** Employment specific social security schemes are limited in their coverage and can ultimately lead to multiplication of such schemes in order to include the entire informal sector labour. Legislations in the field of social security should be more universal in nature. There are common characteristics of informal sector labourers irrespective of employment/livelihood specific ones. Criteria should be more universal rather than tying those to a particular livelihood option.

**Majority of self-employed persons in the informal sector are still beyond the scope of labour administration:** More than fifty per cent of the work force in the informal sector are self-employed. Existing schemes are mostly for wage employments in specific occupations like construction and transport. Self-employed are still outside the purview of social security protection.

**Labour administration has failed to sustain the rigorous of inspection mechanism:** There has been dilution of inspection mechanism in recent times and in public domain there is a debate about the so called 'inspection raj'. In certain States, Inspectors need to prior permission from authorities outside the labour administration. In the process of doing that, there is a possibility that secrecy may get compromised. ILO Convention 81 is violated in such instances. Inspection is a very important basic activity of labour administration and there should not be any compromise regarding this. The concept of 'inspection raj' is misnomer in the sense number of inspections and subsequent prosecutions have gone down over the



years. Number of inspectors deployed also decreased quite remarkably. Moreover, implementation of various social security schemes added to the workload of the existing inspectors. Undoubtedly inspection machinery has got weakened over time.

**Labour legislations have in many cases failed to protect real wage:** There are lacunas in the implementation of labour legislations like Minimum Wages Act 1948 such that real wage has gone down. Minimum wage should be set in such a way that it should at least maintain the real wage over time. There are wide variation of minimum wages across States. Also minimum wage differs in the same region in the sense that Central and State minimum wages are different. There should be national floor level minimum wage to minimize such discrepancies.

- **What are the specific needs of the labour administration and inspection systems?**

The studies on existing labour legislations in India have revealed that the existing legislation does not fully benefited unorganised sector workers. Social assistance schemes need to be improved, monitored and made more accessible to the targeted beneficiaries by the Government whose fundamental duty it is to raise the standards of living of its people. The primary requirement is to have an enabling legislation as a framework for evolving suitable schemes. Since needs and capacities of different categories of workers vary, more than one welfare fund may be required, but not too many as in the case of Kerala. Welfare funds are effective since they are not budget dependent and are acceptable to workers who strongly identify with them.

In enlarging the existing labour protection schemes, targeting is inevitable when expanding schemes because of the large costs involved in covering all. Targeting should not be based solely on income criteria but may include contingencies like old age, disability, sickness, maternity, etc. The problem of mal-administration in enforcing labour legislations will have to be tackled through a system of incentives for administrators. Upgrading the skills of those in the informal sector through specialized training for labour administrators, village administrators, trade union employers and civil society groups is also necessary. The Government has to be in the forefront of all these activities. But the participation of others is also essential to achieve success. The involvement of trade unions at the field level to enrol and register members is a must. Also, local pressure groups functioning in the village and village administration can be very useful in the process of registering members for the schemes. NGOs can be of immense help in popularising this programme and for removing uncertainties in the minds

of beneficiaries. Special efforts have to be made to garner public opinion and to educate them. To undertake this and the changed role that they have to play, labour administrators have to be trained and empowered.

- **How can partnerships with key stakeholders be enhanced?**

**Greater consultation with all the stake-holders through formal and informal tripartite forums:** There are both statutory and non-statutory forums for holding tripartite talks. But in many instances these are just formality and recommendations/resolutions arising out of such social dialogue are not seriously pursued by the labour administration. For example, resolutions adopted at ILC at the last few occasions were hardly taken up by the labour administration. In the last ILC held two months back trade union representatives cutting across political affiliations objected that they were not being consulted prior to administration's attempt to amend important labour legislations. To make labour reform process a success, labour administration should sincerely involve all the stakeholders in the process. For this existing tripartite forums should be utilized in a better manner. If need be, consultations should move beyond the prevailing formal approach. More frequent and meaningful interactions with all the stakeholders is the need of the day.

**Stakeholders can be made a part of executing bodies:** Presently stakeholders are part of certain statutory and non-statutory bodies but in most cases those are part of executing bodies. Even if they are part of executing bodies, they hardly participate in the execution process. This should change. Stakeholders should not only be consulted but they should be made to actively participate in the executive bodies only. Like social security boards for informal sector workers would greatly benefit if trade union representatives actively get themselves involved in the execution of day to day affairs of the boards.

**Some relevant NGOs can be accommodated in the tripartite talks:** Present committees are strictly tripartite in nature and do not include NGOs, civil society organisations working in the field of labour are not part of such tripartite consultative mechanism. But the world of work has transformed a lot in the last 25 years. The work space has got scattered and there has been huge informalization of the workforce and significant increase in the proportion of those self-employed. Conventional trade unions are finding it increasingly difficult to mobilize labour in such a diversified and scattered work space dominated by self-employed in the informal sector. In such a context, civil society organisations and NGOs are working among the informal sector workers even in domestic space and mobilizing these population against exploitation of different forms. They

are providing an alternative mobilization mechanism to that traditional trade union activities. Under the changed context, such organisations should be allowed to participate in the tripartite forums such that interests of these segments working populations get reflected.

**Opinions and research inputs from academics who work in the field of labour can be taken into account:** There are academics who are relentlessly doing research on labour issues and publish their output in recognised journals. They also voice their opinions in public domains. These are very useful inputs which may inform policy making and labour administration should put in place mechanism to include this kind of knowledge.

**Research inputs can be sought from research and training institutes to inform policy making:** In certain cases, certain policy imperatives need careful selection among the available options. Some of these may need in depth research so that the appropriate policy may be adopted. There are research institutes who may undertake such research agenda and share the outcome with the labour administration. In such circumstances, labour administration may make use of the research expertise of these institutes and use the output for better policy making.

- **What kind of actions can the Government take to strengthen labour administration and inspection systems? And the social partners?**

**Proper planning and coordination:** Labour administration needs to be much more organised. Its objectives and visions should be stated in clear terms. There should be clear transparent roadmap to reach those objectives. In the changed world of work, the activities of the labour department have become more multi-faceted and interdisciplinary in nature. To cope with this kind of context, there must be an appropriate coordination mechanism in labour administration to deal with both inside and outside matters.

**Modernization of the Ministry/Department:** Labour administration needs to be modern in terms of outlook as well as content. A well-thought out and in-depth use of new technology and contemporary managerial practices would make labour administration more effective.

**Rationalization and simplification of labour laws:** Labour laws should be simplified and rationalised. Laws should be more user friendly and simple to follow and implement. Multiplicity of labour laws should be avoided as far as possible by clubbing similar legislations to the largest extent possible.

**Better implementation of labour laws:** Labour legislations are instruments of social protection and labour administration should be very sincere

about the implementation of labour laws notwithstanding the campaign against so called 'inspection raj'. Post 1991 period, witnessed widespread dismantling of contract and establishing employer-employee relation has become increasingly difficult. A more passionate and meaningful implementation of labour laws would go long way towards restoration of order in employment relation.

**More consultation with stakeholders:** Consultation with stakeholders should be more regular, meaningful and need to go beyond the tripartite framework. Consultation should not be a just formality and resolutions adopted should be followed up.

**A just performance management system:** Existing performance management system is inadequate and simplistic. There is an urgent need to develop a more compact, holistic and easily understandable performance system which does not depend on individual whims and fancies. Performance system should not be only quantitative but it should adopt qualitative techniques wherever performances cannot be judged in terms of numbers.

**Inclusion of informal sector in a more holistic manner:** So far labour administration worked in relation to formal sector and as such it is comfortable working with this sector. Attempts to include informal sector workers is relatively new phenomenon and a large section of labour administration still think that it is something which has been imposed upon. Labour administration needs to come out of such immediately and should be ready to move out of its comfort zone. Majority of the workforce are in the informal sector and those are to be provided with social protection and social security. Inclusion of informal sector workers under the purview of labour administration should be accorded the top most priority.

**More judicious use of new technology:** Use of new technology is imperative but so far it is used discreetly and there are many gaps. These need to be corrected and labour administration should develop a mechanism of using new technology in a more holistic manner.

# V.V. Giri National Labour Institute

## NLI RESEARCH STUDIES SERIES

### No.

- 001/2000 Labour Market Institutions in Globalized Economy: Some Issues in the Indian Context – *C.S.K. Singh*
- 002/2000 Dynamics of Labour Market in Kerala – *S.K. Sasikumar & S. Raju*
- 003/2000 Women and Labour Market: A Macro Economic Study – *Neetha N.*
- 004/2000 Mode of Payment of Minimum Wages in Bihar – *Navin Chandra & Nikhil Raj*
- 005/2000 Payment of Minimum Wages in Kind and Perceptions Regarding the Mode of Payment – *S.S. Suryanarayanan & Rajan K.E. Varghese*
- 006/2000 Minimum Wages and Mode of Payment : The Case of Punjab – *Ruma Ghosh*
- 007/2000 Rural Wages: On Developing an Analytical Framework – *Babu P. Remesh*
- 008/2000 Employment in Food Processing Industries – *S.S. Suryanarayanan & B. V.L.N. Rao*
- 009/2000 Determinants of Rural Wages: An Inquiry Across Occupations – *Babu P. Remesh, J. Jeyaranjan & A.C.K. Nambiar*
- 010/2000 Adverse Sex Ratio and Labour Market Participation of Women: Trends, Patterns and Linkages – *Neetha N.*
- 011/2000 Children of Carpet Looms: A Study of Home-based Productions of Carpet in Uttar Pradesh – *Nikhil Raj and Ravi Sriovastava*
- 012/2000 Child Labour in Slate Industry of Markapur in the Wake of Legislation – *K. Suman Chandra, R. Vidyasagar and Y. Gangi Reddy*
- 013/2000 Child Labour in Moradabad Home-Based Industries in the wake of Legislation – *Ashish Ghosh, Helen R. Sekar*
- 014/2000 Child Labour in Bulandshahar District of Uttar Pradesh – *Tapan Kumar Pachal*
- 015/2001 Outline of a History of Labour in Traditional Small-Scale Industry in India – *Tirthankar Roy*
- 016/2001 Gender and Class: Women in Indian Industry, 1920-1990 – *Samita Sen*
- 017/2001 The Politics of the Labour Movement: An Essay on Differential Aspirations – *Dilip Simeon*
- 018/2001 Child Labour in Home Based Lock Industries of Aligarh – *Helen R. Sekar, Noor Mohammad*
- 019/2001 Child Labour in Diamond Industry of Surat – *Kiran Desai, Nikhil Raj*
- 020/2001 Gender and Technology: Impact of Flexible Organisation and Production on Female Labour in the Tiruppur Knitwear Industry – *Neetha N.*
- 021/2001 Organisational Structure, Labour Relations and Employment in Kancheepuram Silk Weaving – *Babu P. Remesh*
- 022/2001 International Labour Migration from Independent India – *S.K. Sasikumar*

- 023/2001 Cine Workers Welfare Fund in India – *M.M. Rehman*
- 024/2001 Child Labour in Knitwear Industry of Tiruppur – *J. Jayaranjan*
- 025/2001 Child Labour in the Home Based Gem Polishing Industry of Jaipur – *Kanchan Mathur & Ruma Ghosh*
- 026/2001 Unorganised Workers of Delhi and the Seven Day Strike of 1988 – *Indrani Mazumdar*
- 027/2001 Death of an Industrial City: Testimonies of Life Around Bombay Textile Strike of 1982 – *Hemant Babu*
- 028/2001 Child Labour in the Home Based Match Industries of Sivakasi – *R. Vidyasagar*
- 029/2001 Migration in the North-Eastern Region during 1901-1991 and Emerging Environmental Distress: A Case Study of Deforestation in Assam – *Suresh Chand Aggarwal & Pushpam Kumar*
- 030/2001 Women Weavers of Sualkuchi, The Silk Town of Assam – OKD Institute
- 031/2002 Cash and in-kind Modes of Wage Payment in Maharashtra – *C.S.K. Singh*
- 032/2002 Child Labour in the Knife Industry of Rampur – *Ashish Ghosh & Helen R. Sekar*
- 033/2002 Labour Contracts and Work Agreements in Tea Plantations of Assam – *Kalyan Das*
- 034/2002 Organising and Empowering Rural Labour: Lessons from Kancheepuram in Tamil Nadu – *Babu P. Remesh*
- 035/2002 Child Labour in Chrompet Leather Manufacturing Units of Tamil Nadu – *J. Jayaranjan*
- 036/2002 Trade Unionism in South Indian Film Industry – *S. Theodore Baskaran*
- 037/2002 Migration, Social Networking and Employment: A Study of Domestic Workers in Delhi – *Neetha N.*
- 038/2002 Study of Child Labour in the Zardosi and Hathari Units of Varanasi – *J. John & Ruma Ghosh*
- 039/2003 Organising Rural Labour for Effective Participation in Development – *M.M. Rehman & Surinder Pratap*
- 040/2003 Study of Child Labour in Glass Bangle Industry of Firozabad – *Ruma Ghosh Singh & Rajeev Sharma*
- 041/2003 Organising Rural Labour for Effective Participation in Development in Khurja – *Poonam S. Chauhan*
- 042/2003 Labour Market and Employment Assessment: A District Level Analysis – *Uday Kumar Varma & S.K. Sasikumar*
- 043/2003 Wage Structure and Labour: Assam Valley Tea Plantations, 1900-1947 – *Rana Partap Behal*
- 044/2003 Oral History Documentation of Indian Labour Movement – *Anil Rajimwale, Krishna Jha, Bobby Poulouse*
- 045/2003 Status of Labour Welfare Measures in the Factories of NOIDA: A Case Study of Garment & Hosiery Industry – *Sanjay Upadhyaya*
- 046/2003 Labour History and the Question of Culture – *Chitra Joshi*
- 047/2003 Child Labour in Hazardous Industries: A Case of Slaughter House and Allied Occupations – *Helen R. Sekar*

- 048/2003 The Politics of Representation in the Indian Labour Diaspora – *Prabhu Mohapatra*
- 049/2003 Labour Histories: Agrarian Labour and Colonialism – *Neeladri Bhattacharya*
- 050/2004 Labour Laws, Contractual Parameters and Conditions of Construction Workers: A Study in Chennai – *S.S. Suryanarayanan*
- 051/2004 Labour in Business Process Outsourcing: A Case Study of Call Centre Agents – *Babu P. Remesh*
- 052/2004 Labour, Employment and Gender Issues in EPZs: The Case of NEPZ – *Neetha N. & Uday Kumar Varma*
- 053/2004 Labour Relations in Small Holding Plantations: The Case of Rubber Tappers in Kerala – *Babu P. Remesh*
- 054/2004 Contractual Arrangements in the Tea Plantations of Tamil Nadu – *K. Nagraj & L. Vedavalli*
- 055/2004 Child Labour in Urban Informal Sector: A Study of Ragpickers in NOIDA – *Helen R. Sekar*
- 056/2004 Size, Composition and Characteristics of Informal Sector in India – *Anoop Satpathy*
- 057/2004 Brick Kiln Workers: A Study of Labour Process and Migration – *Ruma Ghosh*
- 058/2004 Impact of Anti-Tobacco-Legislation on the Livelihoods of the Beedi Rollers, Tobacco Cultivators and Tendu Leaf Collectors – *Uday Kumar Varma & S.K. Sasikumar*
- 059/2004 Skills Development System: A Micro Level Evidence – *Shashi Bala*
- 060/2004 Immobilising Labour: Regulation of Indentured Labour in Assam and the British West Indies, 1830-1926 – *Prabhu P. Mohapatra*
- 061/2004 Labour Forms and International Labour Flows in the Context of North-South Relationship: An Overview – *Sabyasachi Bhattacharya*
- 062/2005 Migration and Vulnerability to HIV/AIDS: Towards Evolving Viable Intervention Strategies – *Uday Kumar Varma & S.K. Sasikumar*
- 063/2005 Vocational Training for Rehabilitation of Labour: A Case Study of NCLP Schools and MAYA – *Shashi Bala*
- 064/2005 Organising Rural Labour: Case of Chittorgarh, Rajasthan – *Sanjay Upadhyaya*
- 065/2005 Trade Liberalization and Indian Agriculture: A Discussion on Food Security Concerns in the WTO Regime – *Ashutosh Kumar Tripathi*
- 066/2005 Labour, Employment and Social Security Issues in Education Industry: A Case Study of Private Schools of NOIDA – *Sanjay Upadhyaya*
- 067/2005 Opportunities and Challenges before the Construction Workers in the Globalized Era: The Indian Case – *Priyadarsan Amitav Khuntia*
- 068/2005 Workers' Association in the New Service Sector with Special Reference to Labour Standards – *Jyoti Sinha*
- 069/2005 Gender Implications of Trade Expansion in the Context of WTO: The Case of Textile and Clothing Industries – *Laimayum Basanti Devi*
- 070/2005 Work and Workers in the New Economy: A Study of Work Organisation and Labour Process in the Context of General Agreement on Trade in Services – *Sajikumar S.*



- 071/2006 From Leather Artisans to Brick-Kiln Workers Narratives of Weary Travellers – *Subodh Varma & Mahesh Kumar*
- 072/2006 Impact of Privatisation on Labour: A Study of BALCO Disinvestment – *Babu P. Remesh*
- 073/2007 Migrant Women and Wage Employment: Exploring Issues of Work and Identity Among Health Care Professionals – *Sumangala Damodaran, Krishna Menon*
- 074/2007 Impact of Technological Change on the Demand for Child Labour in Brassware Industry of Moradabad – *Helen R. Sekar*
- 075/2007 Rural Non-Farm Employment in Arunachal Pradesh – Growth, Composition and Determinants – *Deepak K. Mishra*
- 076/2007 Employment and Earnings in Urban Informal Sector: A Study on Arunachal Pradesh – *Vandana Upadhyay*
- 077/2007 Operation of Welfare Fund for Beedi Workers in Madhya Pradesh – *M.M. Rehman*
- 078/2007 A Study of Janshree Bima Yojana – *M.M. Rehman*
- 079/2007 Changing Rural Landscape: A Study of Village Bujhawar – *Poonam S. Chauhan, Shashi Tomar*
- 080/2007 Fishery Sector and Fish Workers in India: An Overview – *K. Manjit Singh, M.M. Rehman, Poonam S. Chauhan*
- 081/2007 Construction Workers of Guwahati City: Employment, Employability and Social Security – *Kalyan Das*
- 082/2007 Operation of the Limestone and Dolomite Mines Labour Welfare Fund in Madhya Pradesh: A Study – *M.M. Rehman, Shashi Tomer*
- 083/2007 Migration, Remittances and Development: Lessons from India – *S.K. Sasikumar & Zakir Hussain*
- 084/2008 भोजपुरी प्रवासी श्रमिकों की संस्कृति और भिखारी ठाकुर का साहित्य – *धनंजय सिंह*
- 085/2009 Contract Labour and Judicial Interventions – *Sanjay Upadhyaya*
- 086/2009 Working Women in Urban India: Concerns and Challenges – *Shashi Bala & Seema Khanna*
- 087/2010 Agrarian Structure, Social Relations and Agricultural Development: Case Study of Ganganagar District, Rajasthan – *Poonam S. Chauhan*
- 088/2010 The Employment and Condition of Domestic Help in India: Issues and Concerns – *Shashi Bala*
- 089/2010 Social Security for Unorganised Sector Workers in India: A Critical Appraisal – *Babu P. Remesh and Anoop K. Satpathy*
- 090/2010 Linkages between HIV/AIDS and Child Labour: Developing an Integrated Approach towards Effective Policy Formulation – *Helen R. Sekar*
- 091/2010 Health Insecurities of Workers in Informal Employment: A Study of Existing and Possible Interventions – *Ruma Ghosh*
- 092/2010 Insecurities and Vulnerabilities of Informal Sector Workers: A Study of Street Vendors of Delhi – *Ruma Ghosh*
- 093/2011 Labour, Employment and Social Security Issues of Security Guards of Okhla and NOIDA – *Sanjay Upadhyaya*
- 094/2012 Migration from North-East to Urban Centres: A Study of Delhi Region – *Babu P. Remesh*



- 095/2012 Valuing Life in a Regulated Labour Market: A Study on Tea Plantations in Assam, India - *Kalyan Das*
- 096/2012 Employment Situation in North Eastern Region of India: Recent Trends and Emerging Challenges – *Partha Pratim Sahu*
- 097/2012 Growth, Composition and Determinants of Rural Non-Farm Employment in North East India – *Bhagirathi Panda*
- 098/2012 Labour Market Participation of Working Women Post Maternity: A Case of Private Sector - *Shashi Bala*
- 099/2012 Implementation of Maternity Benefit Act - *Shashi Bala*
- 100/2012 Minimum Wage Policy and Regulatory Framework: An Inter Country Perspective - *Sanjay Upadhyaya*
- 101/2012 Engendering Gender Statistics: An Analysis of Gender Differentiated Statistics in India - *Ellina Samantroy & Dhanya M.B*
- 102/2013 MGNREGS in Tripura: A Study on Efficiency & Equity - *Indraneel Bhowmik*
- 103/2013 Migrant and Trafficked Children in Hazardous Employment: The Case of Nagaland - *T. Chubayanger*
- 104/2013 Social Security for International Labour Migrants: Issues and Policy Options – *Rakkee Timothy*
- 105/2013 Fundamental Principles and Rights at Work and Informal Economy in India: Trends, Initiatives and Challenges - *Dhanya M.B.*
- 106/2013 The Anti-Khoti Movement in the Konkan, C. 1920-1949 - *Santosh Pandhari Suradkar*
- 107/2013 Expansion of Natural Rubber Cultivation in Tripura Impact on Landholding, Employment and, Income - *S. Mohanakumar*
- 108/2013 Work Participation and Time-Use Pattern of Women in Rural Arunachal Pradesh - *Vandana Upadhyay*
- 109/2013 ILO Convention 181: Issues and Challenges in the Context of Private Placement Agencies in India – *Ellina Samantroy*
- 110/2014 A Study of Welfare Measures for Beedi Workers in Bangalore and Hyderabad Regions - *Poonam S. Chauhan, Shashi Tomer & M.M. Rehman*
- 111/2014 Marine Fishery Industry and Marine Fish Workers in India: A Study with Special Reference to Exploring Employment Potentials in the Sector - *Poonam S. Chauhan & Shashi Tomer*
- 112/2014 Conditions of Employment, Work and Service of Faculty in Private Engineering Colleges in India – *Sanjay Upadhyaya*
- 113/2015 Reconciling Work and Family Life: A Study of Women's Time Use Patterns, Unpaid Work and Workplace Policies - *Ellina Samantroy*
- 114/2015 Performance of Labour Administration : A Critical Analysis of Cases Filed under Child Labour (Prohibition and Regulation) Act, 1986 - *Helen R. Sekar, S. C. Srivastava, Pankaj Kumar*
- 115/2016 Gender Dimensions at Work and Employment: A Case of Sexual Harassment – *Shashi Bala*
- 116/2016 Women and Entrepreneurship in North East India: Handloom as an Enterprise in Manipur - *Otojit Kshetrimayum*
- 117/2016 Skilling India: Evaluation of Multi Skills Development Centres - *Otojit Kshetrimayum*

**V.V. Giri National Labour Institute** is a premier institution involved in research, training, education, publication and consultancy on labour and related issues. Set up in 1974, the Institute is an autonomous body of the Ministry of Labour and Employment, Government of India. It is committed to establishing labour and labour relations as a central feature in the development agenda through :

- Addressing issues of transformations in the world of work;
- Disseminating knowledge, skills and attitudes to major social partners and stakeholders concerned with labour and employment;
- Undertaking research studies and training interventions of world class standards; and
- Building understanding and partnerships with globally respected institutions involved with labour.



## **V.V. Giri National Labour Institute**

Post Box No. 68, Sector 24, NOIDA-201301  
Uttar Pradesh, India  
Website: [www.vvgnli.org](http://www.vvgnli.org)