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TWENTIETH REPORT

**STANDING COMMITTEE ON LABOUR
(2006-07)**

(FOURTEENTH LOK SABHA)

MINISTRY OF LABOUR AND EMPLOYMENT

**DEMANDS FOR GRANTS
(2007-2008)**

Presented to Hon'ble Speaker, Lok Sabha on 20 April 2007

*Laid in Lok Sabha on 26 April 2007
Laid in Rajya Sabha on 26 April 2007*



**LOK SABHA SECRETARIAT
NEW DELHI**

April 2007 / Chaitra 1929 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON LABOUR
(2006-2007)

Shri Suravaram Sudhakar Reddy - Chairman

MEMBERS

Lok Sabha

2. Shri Furkan Ansari
3. Shri Subrata Bose
4. Shri Santasri Chatterjee
5. Shri Thawar Chand Gehlot
6. Shri Munawar Hassan
- ****7. Dr. Satyanarayan Jatiya
8. Smt. Sushila Kerketta
9. Shri Mohammad Tahir Khan
10. Shri Virendra Kumar
11. Shri Rajesh Kumar Manjhi
12. Shri Basangouda R. Patil
13. Shri Devidas Pingle
14. Shri Chandradev Prasad Rajbhar
15. Shri Dhan Singh Rawat
16. Shri Kamla Prasad Rawat
17. Smt. C.S. Sujatha
- * 18. Shri Parasnath Yadav
- *** 19. Shri Mohan Rawale
20. Vacant
21. Vacant

Rajya Sabha

22. Chowdhary Mohammad Aslam
23. Shri Rudra Narayan Pany
24. Shri Narayan Singh Kesari
25. Shri K. Chandran Pillai
26. Shri Gandhi Azad
27. Ms. Pramila Bohidar
28. Shri Dilip Ray
- ** 29. Shri Rahul Bajaj @
30. Vacant
31. Vacant

* Nominated w.e.f. 31 August 2006

** Nominated w.e.f. 1 September 2006

*** Nominated w.e.f. 22 February 2007

@ Nomination changed from Committee on Labour to Committee on Industry w.e.f. 8 March 2007.

**** Resigned from the Membership of the Committee on Labour vide Bulletin Part-II dated 4.4.2007.

SECRETARIAT

- | | | |
|---------------------|---|----------------------------|
| 1. Shri S.K. Sharma | - | Additional Secretary |
| 2. Shri N.K. Sapra | - | Joint Secretary |
| 3. Shri R.K. Bajaj | - | Director |
| 4. Shri N.K. Pandey | - | Deputy Secretary |
| 5. Ms. Mili George | - | Senior Executive Assistant |

INTRODUCTION

I, the Chairman of the Standing Committee on Labour 2006-07 having been authorised by the Committee to submit the Report on their behalf, present this Twentieth Report of the Ministry of Labour and Employment on Demands for Grants for the year 2007-2008.

2. The Committee considered the Demands for Grants pertaining to the Ministry of Labour and Employment for the current year i.e. 2007-2008 which were laid on the Table of the House on 15 March 2007. Thereafter, the Committee took evidence of the representatives of the Ministry of Labour and Employment on 2 April 2007. The Committee considered and adopted the Report at their sitting held on 19 April 2007.

3. The Committee wish to express their thanks to the officers of the Ministry of Labour and Employment for placing before them the detailed written notes on the subject and furnishing the information as desired by the Committee in connection with the examination of the Demands for Grants and tendering evidence before the Committee.

4. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix of the Report.

NEW DELHI;
19 April 2007
29 Chaitra, 1929 (Saka)

SURAVARAM SUDHAKAR REDDY
CHAIRMAN
STANDING COMMITTEE ON LABOUR

CHAPTER-I

REVIEW OF STATUS OF IMPLEMENTATION OF THE RECOMMENDATIONS CONTAINED IN THE THIRTEENTH REPORT OF THE STANDING COMMITTEE ON LABOUR ON DEMANDS FOR GRANTS (2006-2007) RELATING TO THE MINISTRY OF LABOUR AND EMPLOYMENT

1.1 The Standing Committee on Labour presented their Thirteenth Report on Demands for Grants (2006-2007) relating to the Ministry of Labour and Employment on 17.5.2006. Out of 24 recommendations, 7 recommendations (2,4,5,7,9,17 and 23) were accepted by the Government. The Committee did not desire to pursue 2 recommendations (1 and 11) in view of the replies given by the Government. In respect of 6 recommendations (3,6,15,16,22 and 24) replies of the Government were not accepted and hence were reiterated by the Committee in their Eighteenth Report. Replies of the Government were interim in nature in respect of 9 recommendations (8,10,12,13,14,18,19,20 and 21).

1.2 As regards 4 recommendations (5,7,9 and 23), though they were accepted by the Government, their implementation was only partial in nature and for full implementation of the recommendations more concrete action was required on the part of the Government. Therefore, these recommendations have also been included in Chapter-V.

1.3 The status of implementation of the recommendations contained in the Thirteenth Report of the Committee on Demands for Grants (2006-07) could not be assessed as the Minister of State for Labour and Employment is yet to lay a statement in Parliament as per Direction 73A of Directions by the Speaker, Lok Sabha.

1.4 The Standing Committee on Labour presented their Eighteenth Action Taken Report (Action taken by the Government on recommendations contained in Thirteenth Report, Fourteenth Lok Sabha) on 12.12.2006. A gist of the recommendations contained in the Thirteenth Report of the Committee is as under:

I. Recommendations which were accepted by the Government

Rec.No.2: **General Performance- Improving planning and toning up monitoring of the schemes to keep expenditure at even pace throughout the year and to avoid reduction at RE stage.** The

Ministry informed that all the implementing agencies have been advised to monitor the progress of expenditure closely and regularly.

- Rec.No.4: **Labour Tribunals, Courts of Enquiry and Conciliation Boards- Making efforts to utilize the funds earmarked for setting up of Lok Adalats and popularizing the scheme to curb the trend of piling up of cases.** The Ministry stated that though it would take some more time to make Lok Adalats popular, they would strive more vigorously to make them more popular in the CGITs.
- Rec.No.5: **Beedi Workers Welfare- State Governments to conduct survey before March 2007 to identify and issue identity cards to all the beedi workers so that welfare measures could be taken up.** The Welfare Commissioners have been directed to assist the State Government authorities and the matter is being taken up at the highest level.
- Rec.No.7: **Directorate General of Mines Safety- Conducting annual general inspection of coal mines by augmenting the mine safety machinery by filling up the posts of inspecting staff.** The Ministry informed that the selection process for filling up of 9 posts has been completed by UPSC and the proposal for revival of other vacant posts is under examination.
- Rec.No.9: **Directorate General of Mines Safety- Bringing suitable amendments in the Mines Act, 1952 to provide for stringent punishment against the offenders.** Amendment of Mines Act, 1952 is under process, which also includes provisions for inclusion of stringent penalties against offenders.
- Rec.No.17: **Minimum Wages Act, 1948- Strengthening of Enforcement Machinery in Central and State spheres and carrying out suitable amendments in Minimum Wages Act, 1948 for enhancement of punishment.** Action has to be initiated by the appropriate governments. The Ministry informed that the State Governments have been sent a copy of the recommendations of the Committee to suitably amend the said Act. The recommendation for enhancing the punishment under the Minimum Wages Act, 1948 will be taken into account while considering the amendment proposals.

Rec.No.23: **Employees Provident Fund Scheme- Allotting National Social Security Number (NSSN) to every subscriber for early settlement of Provident Fund claims and collection of pension from any office of Employees Provident Fund Organisation.** The Ministry assured that the vendor has been identified and necessary steps have been taken for the completion of allotment of NSSN for the entire country at the earliest.

II. Recommendations which the Committee do not desire to pursue in view of the Government's replies

Rec.No.1: **General Performance- Utilising the funds allocated for various schemes during the same financial year and devising effective steps to improve their monitoring over the respective schemes.** The Ministry stated that the concept of Lok Adalats is slowly becoming popular, the pace of plan expenditure is being monitored periodically at various levels and efforts are being made to utilize the entire amount earmarked for Schemes in the same financial year with due diligence.

Rec.No.11: **Directorate General of Factory Advice Service and Labour Institutes- Carrying out more inspections in factories and docks and strengthening of Directorate General of Factory Advice Service and Labour Institutes (DGFASLI) by providing sufficient manpower to enable it to intensify the activities on improving working conditions, health status of workers and other matters relating to industrial safety in the factories and ports.** The Inspectorates under DGFASLI are making efforts to carry out as many inspections as possible. The Ministry also informed the Committee that a proposal for filling up of few posts by direct recruitment has been sent to Screening Committee for review and other posts are at various stages of recruitment.

III. Recommendations which were reiterated by the Committee in their Eighteenth Report

Rec.No.3: **Bonded Labour- Eradication and rehabilitation of Bonded Labour, strengthening of monitoring mechanism with the State Governments to receive Utilisation Certificates from them in time and conducting survey by a Central Team for ascertaining actual number of bonded labour in order to come out with a rehabilitation package in a phased manner.** The Committee strongly recommended conducting

survey to identify bonded labour by a Central Team and to come out with their rehabilitation package in a phased manner. In the action taken reply, the Ministry has informed that grants are being provided to States/UTs for conducting district-wise survey of bonded labour and awareness generation.

In their Final Action Taken reply, the Ministry has stated that a proactive approach has been taken towards elimination of bonded labour system and a Special Group constituted under the Chairmanship of Union Labour and Employment Secretary has been monitoring the implementation of the Bonded Labour System (Abolition) Act, 1976. The issue, inter-alia, has also been discussed in the State Labour Ministers Conference held on 21st December, 2006 at New Delhi.

Rec.No.6: **Beedi Workers Welfare- Making functional hospitals for beedi workers expeditiously by providing adequate staff and equipments within a set time frame, engaging ESIC or some similar agency to administer these hospitals as an interim measure and setting up of a 50 bedded hospital in Sambalpur region in Orissa which is a highly concentrated zone of beedi workers.** The Committee desired that two hospitals, one at Sagar (Madhya Pradesh) and another at Mukkudal (T.N.) be made functional at the earliest. They also recommended setting up of a 50-bedded hospital in Orissa for beedi workers. In the action taken reply, the Ministry informed that the hospitals will be made functional once the Ministry of Health fills up the posts of doctors and other paramedical staff. The Ministry has stated that no new project for setting up of hospitals/dispensaries for beedi workers can be considered in the light of recommendation of the Committee on Non-Plan expenditure. They also informed that a pilot scheme has already been launched to provide one time grant of Rs.2.00 crore to construct/expand a new/existing hospital.

In their Final Action Taken reply, the Ministry has furnished that the construction work of the hospitals at Sagar (M.P) and Mukkudal (T.N.) has been completed and O.P.D services are being provided to the beneficiaries. The Ministry of Health has been requested to fill up the vacant posts at the hospital at Sagar. Further, medical staff has been deputed at the hospital at Mukkudal. As regards setting up of a 50-bedded hospital at Sambalpur region in Orissa, the Ministry has replied that despite serious efforts to explore possibilities for providing Grant to the State Governments/Employees State Insurance Corporation/Reputed and Recognised Private hospitals

etc. under the pilot scheme, no proposal has been received from the State Government.

Rec.No.15: **Minimum Wages Act, 1948- Taking up the issue of disparity in minimum wages with the State Governments, revision of minimum wages where these have not been revised so far, State Governments/UTs be pursued to link minimum wages to Consumer Price Index (CPI) and amending Minimum Wages Act, 1948 to cover new employments both in the Central and State spheres.** The Committee desired that the Minimum Wages should be revised and it should be linked to the Consumer Price Index (CPI). The Parent Act should also be suitably amended to cover new employments in the Central and State spheres. In the action taken reply, the Ministry furnished that States/UTs are requested to fix minimum wages at par with National Floor Level Minimum Wages, revision of wages is also done on a continuous basis and the State Governments have been forwarded the recommendations of the Committee for necessary action.

In their Final Action Taken reply, the Ministry has replied that twenty-six State Governments and Union Territory Administrations have adopted the Variable Dearness Allowance (VDA) system and the remaining States/UTs are being asked to adopt the concept. Regarding revision of minimum wages, the Ministry has stated that the Central and State Governments are the appropriate Governments to fix and revise minimum wages in the scheduled employments and the State Governments are impressed, from time to time, to ensure that minimum wages are not below the national floor level wage. Certain scheduled employments have also been notified by some of the States/UTs.

Rec.No.16: **Minimum Wages Act, 1948- Bringing out an amendment in the Minimum Wages Act, 1948 to define the term "Minimum Wages" or criteria/norms for fixing the minimum wages to legally enforce the employers to pay the prescribed wages.** The Committee desired that amendment in the Act to define the term 'Minimum Wages' or criteria/norms for fixing the minimum wages should be carried out. In the action taken reply, the Ministry stated that well-defined norms as decided by the 15th Session of ILO and guidelines issued by Supreme Court are in existence which are taken into consideration by appropriate Governments while fixing/revising minimum wages and the system is working reasonably well.

In their Final Action Taken reply the Ministry has stated that the concept of national floor level minimum wage was mooted to reduce disparity in minimum wages across the country. At present it has no statutory backing. However, States/UTs were impressed upon to revise the minimum wages upwards in respect of scheduled employment wherever the minimum wages are below the National Floor Level Minimum Wage.

Rec.No.22: **Employees Provident Fund Scheme- Strengthening and gearing up of Provident Fund machinery to recover outstanding dues by taking appropriate legal action against defaulting establishments.** The Committee recommended that the Government should strengthen its machinery to recover outstanding dues and take urgent steps for early disposal of pending cases under EPF & MP Act, 1952. In the action taken reply, the Ministry has informed that a sizeable amount is not realizable on account of stay granted by courts/tribunal, establishment liquidation/closure/lockouts, sanction of installments by courts, Rehabilitation Scheme sanctioned by the BIFR, etc. However, substantial amounts of old arrears have been recovered and targets for recovery are also set each year.

In their Final Action Taken reply, the Ministry has stated that all out efforts as provided in the EPF & MP Act, 1952 are being made by EPFO. The Ministry may take up the matter with the concerned Departments/State Governments to clear the outstanding dues in respect of defaulting PSUs under their administrative control. As regards setting up of Fast Track Courts for speedy disposal of cases, the Government may take an appropriate action.

Rec.No.24: **Employees Provident Fund Scheme- Evolving a consensus by consulting trade union representatives while deciding the rate of interest under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and keeping the rate of interest at a realistic level to safeguard interest of subscribers.** The Committee urged that while taking decision on the rate of interest, the Government should invariably involve the representatives of the trade unions and further desired that the interest rate should be at a realistic level. In the action taken reply, the Ministry informed that the Government in consultation with the Central Board of Trustees (CBT) including Trade Union representatives takes any decision including the rate of interest in accordance with the provisions of the Act. The rate recommended by the Board is purely based on estimates of the income likely to be earned in the coming year.

In their Final Action Taken reply, the Ministry has furnished that the rate of interest has to be declared by the Government in consultation with the CBT, EPF. The CBT is yet to make the recommendations for the interests for the year 2006-07.

IV Recommendations on which replies of the Government were interim in nature

Rec.No.5: **Beedi Workers Welfare- State Governments to conduct survey before March 2007 to identify and issue identity cards to all the beedi workers so that welfare measures could be taken up.** The Welfare Commissioners have been directed to assist the State Government authorities and the matter is being taken up at the highest level.

In their Final Action Taken reply, the Ministry has stated that Labour Departments of State Governments have been requested to launch fresh campaign in their States. The matter has been taken up at the highest level to conduct the survey before March 2007 and the States have been requested to inform the status of the survey.

Rec.No.7: **Directorate General of Mines Safety- Conducting of annual general inspection of coal mines by augmenting the mine safety machinery by filling up the posts of inspecting staff.** The Ministry informed that selection process for filling up of 9 posts has been completed by UPSC and the proposal for revival of other vacant posts is under examination.

In their Final Action Taken reply, the Ministry has stated that the Department of Expenditure has cleared the proposal to appoint the selected candidates to the 9 vacant posts on 17.01.2007. Action to appoint the candidates as soon as possible is under way.

Rec.No.8: **Directorate General of Mines Safety- Number of prosecution launched against erring managements under Mines Act, 1952 is piling up and disposal rate is meagre.** The Committee had desired that High Courts be persuaded to designate one Judicial Magistrate/Metropolitan Magistrate in the District to liquidate the pending cases.
The Ministry informed that the matter is being taken up with the Registrar Generals of the High Courts.

In their Final Action Taken reply, the Ministry has stated that the matter was taken up with the Registrar Generals of various High Courts to set up Special Courts/Designated Courts exclusively to deal with cases under the said Act.

Rec.No.9: **Directorate General of Mines Safety- Bringing suitable amendments in the Mines Act, 1952 to provide for stringent punishment against the offenders.** Amendment of Mines Act, 1952 is under process, which also includes provisions for inclusion of stringent penalties against offenders.

In their Final Action Taken reply, the Ministry has stated that a draft proposal of amendment of the Act was circulated to all stakeholders across the mining industry. Comments have been received. Widely divergent views on the proposed amendment particularly on enhanced penalties have been received. DGMS has been advised to expedite the consultation process.

Rec.No.10: **Directorate General of Mines Safety- Amendment of Oil Mines Regulations, 1984 to provide safety and occupational health to off-shore workers beyond the limits of territorial waters.** The Committee recommended for suitable amendment on a top priority. The Ministry stated that the recommendation of the Committee to amend the Act is under the consideration of the Government.

In their Final Action Taken reply, the Ministry has stated that the Parliamentary Standing Committee Petroleum did not agree to expand jurisdiction of DGMS to offshore oil fields. Safety of workers in offshore installations follows the norms set by the International Maritime Organisation and OISD under the Ministry of Petroleum is looking after the issue.

Rec.No.12: **Directorate General of Factory Advice Service and Labour Institutes-Setting up of Inspectorate of Dock Safety at Ennore Port.** The Committee desired that no further delay should be made in setting up of the office of Inspectorate at Ennore Port with full infrastructure.

The Ministry furnished that the setting up of office of the Inspectorate of Dock Safety at Ennore Port will be done after creating the necessary posts. The matter is under examination in consultation with DGFASLI and the Ministry of Finance.

In their Final Action Taken reply, the Ministry has stated that the Department of Expenditure under the Ministry of Finance have agreed for creation of only one post of Assistant Director (Safety) for the Port, provided a matching saving from the live posts is given, the possibility of which is being explored.

Rec.No.13: **Directorate General of Factory Advice Service and Labour Institutes- Completing the Regional Labour Institute (RLI) building at Faridabad.** The Committee desired that the building of RLI at Faridabad be completed by the end of June, 2006 so as to make the Institute fully functional.

The Ministry stated that the construction is nearing completion and the matter is being pursued with officials of CPWD who have promised to hand over the building by the end of June, 2006.

In their Final Action Taken reply, the Ministry has stated that about 80% of construction work has been completed. CPWD has been asked to make the Safety, Health and Welfare Centre and technical laboratories on priority basis so that the Institute can undertake technical activities.

Rec.No.14: **Directorate General of Factory Advice Service and Labour Institutes-Enacting an umbrella legislation on occupational safety and health of workers.** The Committee desired that an umbrella legislation may be enacted without further delay to secure the safety and health of workers.

The Ministry stated that comments of DGFASLI and those received from 26 States/UTs on the draft bill on Occupational Safety and Health Bill, 2002 have been compiled and is under the consideration of the Government.

In their final action taken reply, the Ministry has stated that the Occupational Safety and Health Bill (drafted in 2002) will be applicable to all places of work. Since the existing Acts relating to OSH have been enacted by the Parliament and administered by various Ministries and State Governments, the Ministry of Labour and Employment is in the process of consultation with them.

Rec.No. 18: **Directorate General of Education & Training- Complete utilization of seats located for trade apprentices and those reserved for persons with disabilities.** The Committee recommended taking up the matter regarding 100% utilization of seats in all trades and 3% seats reserved

for disabled persons with the Ministry of Human Resource Development and State Governments on priority.

The Ministry informed that concerned authorities have been requested in this regard. They have also been requested to communicate the progress achieved in the matter to the Directorate General of Employment, urgently.

In their final action taken reply, the Ministry has furnished that the concerned authorities of the training institutes have been requested to make concerted efforts to achieve 100% utilization of seats. They have been further requested to adopt both the method of persuasion and issue of show cause notices to the defaulting establishments and to invoke provisions of Section 30 (1) (c) of the Apprentices Act, 1961, if necessary.

Rec.No.19: **Directorate General of Education & Training- Filling up of vacant posts in Institutes, replacing obsolete and unserviceable equipments and full utilization of funds allocated for vocational training programmes.** The Committee desired that vacant posts in various Institutes may be filled up within a year, progress in the matter be intimated, replace obsolete and unserviceable equipments to increase the proficiency of the trainees and full utilization of the allocated funds to achieve the objectives of the vocational training programmes to the maximum extent. The Ministry stated that the matter regarding filling up of vacant posts has been taken up with the Department of Expenditure. All the NVTIs/RVTIs have been instructed to take necessary action to replace the obsolete and unserviceable equipments.

In their Final Action Taken reply, the Ministry has stated that due to various economy instructions, difficulties are being faced in getting the posts revived. Issue of revival of posts was taken up by Secretary (L&E) with the Secretary (Expenditure) for his interventions and posts have now been revived. As regards replacing the obsolete and unserviceable equipments, all the NVTI/RVTIs were instructed to take necessary action and the matter is being gradually followed. The Ministry has further stated that plan funds during the financial year 2005-06 were fully utilized and as against BE of Rs.474.50 lakhs for the year 2006-07, an expenditure of Rs.255.13 lakhs have been incurred upto September 2006.

Rec.No.20: **Directorate General of Education & Training- Completion of construction work of RVTIs.** The Committee noted that the

construction work of 3 RVTIs at Hissar, Vadodara and Indore has been inordinately delayed as it was proposed to be completed in the 10th Five Year Plan and recommended for its expeditious completion with the Plan.

The Ministry stated that construction of buildings of three RVTIs is likely to get completed by March 2008 as it would be difficult to complete these buildings during the 10th Plan. Constant liaison is being maintained with the CPWD for timely construction of buildings.

Rec.No.21: **Employees' Provident Fund Scheme- Launching of special drives to cover**

more establishments. The Committee desired that efforts should be made to provide social security cover to every eligible person both in organized and unorganized sectors, special drives be launched to cover more establishments and also recommended that Enforcement Officers should be earmarked areas for coverage of establishments and the concerned Assistant Commissioner be made personally accountable for any lapse/laxity in this regard. Progress achieved should also be communicated to the Committee at quarterly intervals.

The Ministry stated that Government is exploring every possible step to cover maximum number of workers both in Organised and Unorganised Sectors. EPFO launched 'Compliance 2001' programme to carry out routine inspections. Decision has been taken to evaluate the programme and submit a proposal to the Central Board of Trustees and the decision of the Board will be intimated to the Committee in due course.

In their Final Action Taken reply, the Ministry has furnished that routine inspections by Enforcement Officers under 'Compliance 2001' programme has been dispensed with and emphasis is being given to promote voluntary compliance. It has also been decided to evaluate the performance of the said programme and place a suitable proposal for consideration of CBT.

Rec.No.23: **Employees Provident Fund Scheme- Allotting National Social Security Number (NSSN) to every subscriber for early settlement of Provident Fund claims and collection of pension from any office of Employees Provident Fund Organisation.** The Ministry assured that the vendor has been identified and necessary steps have been taken for the completion of allotment of NSSN for the entire country at the earliest.

In their Final Action Taken reply, the Ministry has furnished that the activity for allotment of NSSN has been resumed and instructions issued to all field offices. It is continuous in nature as employable persons will continuously join the employment stream and they are to be enumerated as and when they join.

CHAPTER-II

INTRODUCTORY

Mandate of the Ministry of Labour and Employment

2.1 The main responsibility of the Ministry of Labour and Employment is to protect and safeguard the interests of workers in general and those who constitute the poor, deprived and disadvantaged sections of the society, in particular, with due regard to creating a healthy environment for higher production and productivity and to develop and coordinate vocational skill training and employment services. Attention is focused on promotion of welfare and providing social security to the labour force both in the organized and the unorganized sectors in tandem with the process of liberalization. These objectives are sought to be achieved through enactment and implementation of various labour laws, which regulate the terms and conditions of service and employment of workers.

2.2 Under the Constitution of India, Labour is a subject in the Concurrent List where both the Central and the State Governments are competent to enact legislations subject to certain matters being reserved for the Centre as illustrated in the box below:

| LABOUR JURISDICTION: CONSTITUTIONAL STATUS | |
|--|---|
| Union List | Concurrent List |
| Entry No.55-Regulation of labour and safety in mines and oil fields. | Entry No.22- Trade Unions; industrial and labour disputes. |
| Entry No.61- Industrial disputes concerning Union employees. | Entry No.23-Social security and social insurance; employment and unemployment. |
| Entry No.65- Union agencies and institutions for "vocational.....training" | Entry No.24- Welfare of labour including conditions of work, provident funds, employers' liability, workmen's |

| | |
|--|--|
| | compensation, invalidity and old age pensions and maternity benefit. |
|--|--|

2.3 In pursuance of the powers derived from the respective entries in the Union List and the Concurrent List of Seventh Schedule of the Constitution, the Ministry of Labour and Employment has been allocated the following items of work:-

Labour Policy (including wage policy) and legislation, safety, health and welfare of labour, social security of labour, policy relating to special target group such as women, child labour, industrial relations and enforcement of labour laws in the Central sphere, Adjudication of industrial disputes through Central Government Industrial Tribunals-cum-Labour Courts and National Industrial Tribunals, Workers' Education, Labour and Employment Statistics, Employment Services and Vocational training, Administration of Central Labour & Employment Services, International Cooperation in Labour & Employment matters.

2.4 In order to efficiently carry out the task of implementing various schemes, the Ministry has the following four attached offices, ten subordinate offices, four autonomous organizations, twenty-two adjudicating bodies and one arbitration body under it.

Attached Offices:

- (a) Directorate General of Employment & Training (DGE&T)
- (b) Office of Chief Labour Commissioner (Central) [CLC (C)]
- (c) Directorate General of Factory Advice Service and Labour Institutes (DGFASLI)
- (d) Labour Bureau

Subordinate Offices:

- (a) Directorate General of Mines Safety (DGMS)
- (b) Welfare Commissioners

Autonomous Organisations:

- (a) Employees' State Insurance Corporation (ESIC)
- (b) Employees' Provident Fund Organisation (EPFO)
- (c) V.V. Giri National Labour Institute (VVGNLI)
- (d) Central Board for Workers' Education (CBWE)

Adjudicating Bodies:

Central Government Industrial Tribunals-cum-Labour Courts (CGITs)

In all, 22 (twenty two) Industrial Tribunal-cum-Labour Courts have been set up under the provisions of the Industrial Disputes Act, 1947 for adjudication of the industrial disputes in organizations.

Arbitration Body:

Board of Arbitration (Joint Consultative Machinery)

2.5 The implementation of the policies in regard to the above matters is also the responsibility of the State Governments concurrently with the Central Government.

2.6 The Committee have attempted to scrutinize the Demands for Grants for the year 2007-08 of the Ministry to the extent possible and the conclusions drawn have been illustrated in the ensuing Chapters.

CHAPTER-III**REPORT****DEMANDS FOR GRANTS****A. GENERAL PERFORMANCE**

3.1 The Ministry of Labour and Employment has furnished Demands for Grants (2007-08) under Demand No. 59.

3.2 To achieve the objectives, funds are required by the Ministry under the following Heads:-

1. 2225 Welfare of SC/ST and Other Backward Classes.
2. 2230 Labour Employment and Training.
3. 2251 Secretariat -Social Service
4. 2552 Lump sum Provisions for North Eastern Region
5. 3601 Grants-in-aid to State Governments.
6. 4250 Capital Outlay on other Social Services.
7. 6250 Loans for Other Social Services

3.3 According to the Outcome Budget (2007-08) that the Planning Commission had made an allocation of Rs.336.76 crore during the year 2006-07 of which Rs.25.40 crore were transferred to Ministry of Urban Affairs and Poverty Alleviation. Further a provision of Rs.33.68 crore was kept for ongoing/proposed Schemes in North Eastern Region and Sikkim. Budget Estimates of the Ministry for the year 2007-08 are Rs.1897.27 crore (Plan Rs.325.48 crore and Non-Plan Rs.1571.79 crore). The Planning Commission made an allocation of Rs.345.00 crore towards Plan Budget for the year 2007-08 out of which Rs.19.52 crore have been transferred to Ministry of Urban Affairs and Poverty Alleviation for incorporation in the budget document of the Ministry for Capital Works to be executed during 2007-08. A provision of Rs.34.50 crore has been made for ongoing/proposed Schemes in the North Eastern Region and Sikkim.

3.4 The Ministry has furnished the following statement showing Budget Estimates, Revised Estimates, actual expenditure incurred during the year 2006-2007 (upto February 2007) and percentage of expenditure over BE and RE for the year 2006-07:-

| Statement showing BE/RE for year 2006-07 and actual expenditure incurred under Plan/Non Plan Schemes during 2006-07 (upto 28.02.2007) alongwith % expenditure on BE/RE. | | | | | |
|--|--------------------------|--------------------------|--------------------------------|--|--|
| PLAN | | | | | |
| (Rs. in lakhs) | | | | | |
| Item | B.E 2006-2007 | R.E 2006-2007 | Exp. upto Feb, 2007 | % of Exp. over BE upto Feb 2007 | % of Exp. over RE upto Feb 2007 |
| 1. Research & Statistics | | | | | |
| (a) Central Scheme | 1545.00 | 630.00 | 479.68 | 31.05 | 76.14 |
| 2. Industrial Relations | | | | | |
| 08.03: Machinery for better conciliation Service and Preventive Mediation on more effective Enforcement of Labour | 230.00 | 246.00 | 203.85 | 88.63 | 82.87 |
| 08.08: Improving effectiveness by providing better facility | 20.00 | 40.00 | 41.99 | 209.95 | 104.98 |
| 08.11: improvement & Strengthening of Trg. Wing at CLS Offices | 5.00 | 5.00 | 2.22 | 44.40 | 44.40 |
| 05.2: Strengthening of Adjudication | 185.00 | 220.00 | 167.90 | 90.76 | 76.32 |
| 05.12: Holding of Lok Adalat | 5.00 | 2.00 | 0.19 | 3.80 | 9.50 |
| 3. Working condition & Safety | | | | | |
| a) DGFASLI | 292.00 | 318.00 | 271.11 | 92.85 | 85.25 |
| b) DGMS | 490.00 | 450.00 | 315.36 | 64.36 | 70.08 |
| 4. 2230.01.109 (New Scheme) | | | | | |
| Construction of Houses for Beedi Workers and low-income occupation clusters | 500.00 | 10.00 | 0.00 | - | - |
| 5. Social Security for Unorganised Sector Workers Scheme | | | | | |
| Central Government's share | 400.00 | 10.00 | 0.00 | - | - |
| 6. Labour Education | | | | | |
| a) CBWE | 729.00 | 729.00 | 853.25 | 117.04 | 117.04 |

| | | | | | |
|--|-----------------|-----------------|-----------------|--------------|--------------|
| b) NLI | 290.00 | 290.00 | 305.83 | 105.46 | 105.46 |
| 7. Rehabilitation of bonded labour-Grants in aid | | | | | |
| | 180.00 | 100.00 | 70.40 | 39.11 | 70.40 |
| 8. Improvement in Working Conditions of Child/Women labour | | | | | |
| a) Child Labour | 12705.00 | 12105.00 | 10354.86 | 81.50 | 85.54 |
| b) Women Cell | 41.00 | 41.00 | 20.94 | 51.07 | 51.07 |
| 9. Employment | | | | | |
| a) Central Scheme | 124.00 | 140.00 | 132.95 | 107.22 | 94.96 |
| 10. Training | | | | | |
| a) Central Scheme | 1752.00 | 1803.00 | 1499.97 | 85.61 | 83.19 |
| b) Grant-in-aid to State | 7140.00 | 3772.00 | 1679.56 | 23.52 | 44.53 |
| 11. 3601 Skill Development Through PPP | | | | | |
| Grants-in-aid | 800.00 | 10.00 | - | - | - |
| 12. Other Item | | | | | |
| i) Information Technology | 230.00 | 128.00 | 78.25 | 34.02 | 61.13 |
| ii) Grants-in-aid to research and Academic Institutions | 26.00 | 22.00 | 6.12 | 23.54 | 27.82 |
| 13. Welfare of SC/ST & other backward Classes | | | | | |
| | 70.00 | 79.00 | 61.52 | 77.87 | 77.87 |
| 14. Lump sum Provision for Schemes on North Eastern States | | | | | |
| | 3368.00 | 2350.00 | 1371.26 | 40.71 | 58.35 |
| Total | 33116.00 | 23500.00 | 17917.21 | 57.54 | 76.24 |

| NON-PLAN - MINOR HEAD WISE | | | | | |
|--------------------------------------|--------------------------|--------------------------|-----------------------------------|---|---|
| (Rs. in lakhs) | | | | | |
| Item | B.E 2006-2007 | R.E 2006-2007 | Exp. upto Feb 2007 | % of exp over BE upto Feb 2007 | % of exp over RE upto Feb 2007 |
| 1. Secretariat social service | 1720.00 | 1685.00 | 1375.27 | 79.96 | 81.62 |
| 2. Research & Statistics | 572.00 | 572.00 | 506.15 | 88.49 | 88.49 |
| 3. Industrial Relations | | | | | |
| a) CLC | 1835.00 | 1864.00 | 1711.75 | 93.28 | 91.83 |
| b) Labour Tribunal Courts of enquiry | 215.00 | 215.00 | 180.52 | 83.96 | 83.96 |

| | | | | | |
|---|----------|----------|----------|--------|--------|
| c) Board of Arbitration | 27.00 | 27.00 | 15.50 | 57.41 | 57.41 |
| d) Wage Cell | 4.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| 4. Working condition & Safety | | | | | |
| a) DGFASLI | 1095.00 | 1052.00 | 852.19 | 77.83 | 81.01 |
| b) DGMS | 2027.00 | 1945.00 | 1644.47 | 81.13 | 84.55 |
| 5. Labour Education | | | | | |
| a) CBWE | 1970.00 | 1970.00 | 1743.32 | 88.49 | 88.49 |
| b) NLI | 230.00 | 230.00 | 210.83 | 91.67 | 91.67 |
| 6. LABOUR WELFARE SCHEMES | | | | | |
| Mica Mines Labour Welfare Scheme | 140.00 | 143.00 | 109.27 | 78.05 | 76.41 |
| Iron Ore Mines - Central Scheme | 1335.00 | 1188.00 | 743.81 | 55.72 | 62.61 |
| Limestone dolomite Labour Welfare- Central Scheme | 994.00 | 1001.00 | 577.41 | 58.09 | 57.68 |
| Beedi Worker Welfare | | | | | |
| i) Central Scheme | 13400.00 | 13513.00 | 12127.46 | 90.50 | 89.75 |
| ii) Grant-in-aid to State | 250.00 | 250.00 | 51.15 | 20.46 | 20.46 |
| Cine Workers Welfare | 103.00 | 127.00 | 83.56 | 81.13 | 65.80 |
| Total DGLW: | 16222.00 | 16242.00 | 15652.76 | 97.19 | 96.37 |
| 7. Transfer to Reserve Fund | | | | | |
| | 16105.00 | 16105.00 | 14108.11 | 122.15 | 87.60 |
| 8. Social Security | | | | | |
| | 85344.00 | 85344.00 | 85344.00 | 100.00 | 100.00 |
| 9. International Cooperation | | | | | |
| a) India Contribution to ILO | 750.00 | 750.00 | 558.21 | 74.43 | 74.43 |
| b) India subscription to ISSA | 3.00 | 3.00 | 3.16 | 105.33 | 105.33 |
| c) Others | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 |
| 10. Employment | | | | | |
| | 2000.00 | 2000.00 | 1756.13 | 87.81 | 87.81 |
| 11. Training | | | | | |
| Central Scheme | 2800.00 | 2800.00 | 2505.98 | 89.50 | 89.50 |
| 12. Other Item | | | | | |
| i) Welfare Of Emigrant Labour Wrong booking | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ii) Other Items | 76.00 | 53.00 | 21.05 | 27.70 | 39.72 |
| 13. Welfare of SC/ST & others backward classes | | | | | |
| | 225.00 | 225.00 | 189.72 | 84.32 | 84.32 |

| | | | | | |
|-------|-----------|-----------|-----------|-------|-------|
| Total | 133222.00 | 133222.00 | 127963.67 | 96.05 | 96.05 |
|-------|-----------|-----------|-----------|-------|-------|

3.5 On perusal of the above statement, the Committee observe that the percentage expenditure over RE on some of the schemes (upto February 2007) is not upto the mark under Plan Scheme.

3.6 When asked to state the reasons for less expenditure, nil expenditure and reduction of funds at RE stage by the Planning Commission on the schemes like Holding of Lok Adalat, Construction of Houses for Beedi Workers and low-income occupation clusters, Social Security for Unorganized Sector Workers Scheme-Central Government's share, Training--Grants-in-aid to State, Rehabilitation of the Bonded Labour , the Ministry in a written reply stated as follows:-

“(1) **Holding of Lok Adalat:** The reason for less expenditure is due to the fact that the posts of Presiding Officers of some of the CGITs were lying vacant, as such Lok Adalats could not be held.

(2) **Construction of Houses for Beedi Workers and low-income occupation clusters:** The reason for nil expenditure is attributed to non-approval of the Scheme on the Plan side. However, the Scheme continues to be operated on non-Plan side.

(3) **Social Security for Unorganised Sector Workers Scheme--Central Government's share:** Only a token provision had been made for this Scheme for 2006-07. However, the Scheme is still being deliberated and has not been approved so far.

(4) **Training--Grants-in-aid to States:** The reason for nil expenditure is attributed to non-approval of the Skill Development through Public Private Partnership (PPP) Scheme by the CCEA.

(5) **Rehabilitation of the Bonded Labour:** The reason for less expenditure is attributed to non-receipt of complete proposals from the State Governments. Hence, less funds were demanded at RE stage.

3.7 When asked to state the strategy chalked out for better utilisation of funds in the XI Plan, the Ministry stated as under:

“The progress (financial & physical) of the Plan Schemes of the Ministry of Labour & Employment is reviewed by Member (LEM), Planning Commission on six-monthly basis. The Secretary (L & E) also reviews the pace of expenditure every month with the Joint Secretaries & Financial Adviser to identify the main hurdles and steps to overcome them. This monitoring mechanism will be further strengthened for better utilisation of funds in the XI Plan”.

3.8 As regards the reasons for less expenditure on Central Schemes and the major Schemes affected due to under utilization of allocated funds, the Ministry stated as under:

“85.78% of the Revised Estimates for the year 2006-07 had already been spent by February 2007. Hence, there has not been under utilization of funds in respect of any major Scheme in Central Sphere. However, there was less expenditure for ‘Women Labour’ and ‘Grants-in-aid to NGOs/VOs’ primarily due to non-receipt of utilization certificates”.

3.9 The Committee note that the plan allocation for the year 2006-07 was Rs.311.36 crore which was reduced to Rs.235 crore at RE stage. When asked the reasons for such drastic reduction of budget at RE stage, the Ministry in a written reply stated as under:-

“Considering the pace of expenditure upto October 2006 and ceiling of expenditure upto 33% in last quarter, the Ministry of Finance has restricted the Revised Estimates in Plan Schemes for the year 2006-07 to Rs.235.00 crore, thereby reducing the allocation by 76 crore and 36 lakh at RE stage”.

3.10 As per the Government’s directives, 10% of plan allocations are to be earmarked for specific projects/schemes of North-Eastern States. It has been observed that the lump sum provisions for schemes for NE States were Rs.3,368.00 lakh at BE level and reduced to Rs.2,350.00 lakh at RE level. The actual expenditure upto February 2007 was, however, Rs.1,371.26 lakh only which is 40% of the BE. When asked regarding the major Schemes in the NE region being run alongwith the target fixed for the year 2006-07 and extent to which the schemes have suffered due to less spending of the allocated funds, the Ministry in their written reply stated as under:-

“The major Scheme being run in the NE region is ‘Establishment of new ITIs in the North Eastern States and Sikkim’. Under the Scheme, 22 new

ITIs were to be opened and 35 of the existing ITIs were to be upgraded. Out of which, 16 new ITIs have been completed and 30 existing ITIs will be upgraded till March 2007.

Mainly expenditure is incurred in the above-mentioned scheme. Other Schemes are very small in nature and therefore, very small expenditure is incurred”.

3.11 The Committee observe that under the Plan Schemes percentage expenditure over RE in the four quarters of the year 2006-07 is as under:-

| Quarter | % of progressive expenditure over RE |
|-------------------------|---|
| 1 st Quarter | 19.37% |
| 2 nd Quarter | 46.09% |
| 3 rd Quarter | 68.42% |
| 4 th Quarter | 76.24% |

3.12 When asked to state the reasons for low pace of expenditure in the first few quarters of 2006-07, the Ministry stated as under:

“Generally, the pace of expenditure takes time to pick up as a result of which it is relatively more in third and fourth quarter and less in first and second quarter of a financial year”.

3.13 When asked about the steps taken for even pace of expenditure in every quarter, the Ministry replied as under:

“.....More effective monitoring would be made to ensure that the pace of expenditure is evenly distributed among different quarters in future”.

3.14 The scrutiny of Demands for Grants (DFGs) 2007-08 of the Ministry of Labour and Employment reveals that the total outlay of Rs.1,897.27 crore (Plan Rs.325.48 crore and non-Plan Rs.1,517.79 crore) for the year 2007-08 shows an overall increase of Rs.199.69 crore over the BE of the previous year. However, a glance at the scheme-wise/programme-wise financial outlays shows that the percentage of expenditure incurred over RE on the execution of some of the important schemes during 2006-2007 is far less than what is stipulated under plan items viz., Holding of Lok Adalat, Rehabilitation of Bonded Labour, DGMS, Skill Development through PPP, Information Technology, etc. Furthermore, in some other schemes such as Construction of Houses for Beedi Workers and low income occupation clusters, Social Security for Unorganised Sector Workers Scheme - Central Government's share and Training - Grants-in-aid to State, the expenditure is nil. The reasons put forth by the Ministry for less spending or no spending at all on some of the schemes such as non-filling up of vacant post of presiding officers of some of CGITs, non-approval of schemes for construction of Houses for Beedi workers and low-income occupation clusters, non-approval of the Skill Development through Public Private Partnership (PPP) Scheme by CCEA and non-receipt of complete proposals from the State Governments for rehabilitation of the Bonded Labour are least convincing. The Committee are, therefore, of the opinion that this clearly reflects that the planning of the Ministry with regard to various Central Schemes is done without proper spadework. Moreover, monitoring and

coordination of the Ministry with other implementing agencies are not very effective. The Committee, therefore, desire that the Ministry should take concrete measures for improvement in their planning process besides further strengthening their monitoring mechanism for better utilization of funds which would ultimately benefit the intended beneficiaries.

3.15 The Committee note that as per the Government's directive, 10% of the Plan allocation are to be earmarked for specific projects/schemes in North-Eastern States and Sikkim. In pursuance of the directive of the Government, the Ministry made a lump sum provision of Rs.3,368.00 lakh at BE level for the year 2006-07 for all the schemes of North Eastern States. The allocation was reduced to Rs.2,350.00 lakh at RE stage. However, the actual expenditure upto February 2007 was only Rs.1,371.26 lakh, which is only 40% of the BE and 58% of the RE. The Committee note that the major scheme being run in the North Eastern region pertains to establishment of new ITIs in the North-Eastern States and Sikkim. The Committee are distressed to find that the shortfall in utilization of allocated funds is due to non-achievement of targets set for the aforesaid scheme. Out of 22 new ITIs to be opened and 35 of the existing ITIs upgraded during 2006-07, only 16 new ITIs have been completed and 30 existing ITIs upgraded. The Committee feel that lack of concerted efforts on the part of the Ministry has contributed significantly to such a performance which can only be termed as 'below average'. The Committee are of the view

that since ITIs are meant for producing multi-skilled the human resource assets of the nation who will in turn contribute significantly towards economic development, delay for completion of assigned projects should not be taken lightly and responsibility for the lapse may be fixed in future. The Committee, therefore, stress that the reasons for such low performance may be analysed in detail and improvements brought in. The Committee also desire that they be apprised of the steps taken in this direction.

3.16 The Committee note that the financial rules of the Government clearly stipulate spreading of expenditure evenly over the four quarters and bars the undue utilization of funds in the last quarter of the year. However, on close scrutiny of the progressive quarterly figures, the Committee find that the actual quarterly expenditure under various Plan schemes have been 19.37% in first quarter, 26.72% in second quarter, 21.33% in third quarter and only 7.82% (upto Feb 2007) in fourth quarter. The Committee had, in their earlier reports, been repeatedly impressing upon the need to spread the expenditure evenly during the year but it seems that recommendations of the Committee have not been taken seriously. The Committee further note that considering the pace of expenditure and ceiling of expenditure upto 33% in the last quarter, the Ministry of Finance restricted the RE in the Plan schemes to Rs.235.00 crore for the year 2006-07, thereby reducing the allocation by 76.36 crore at RE stage. The Committee recommend that the nature and mechanism of monitoring of

expenditure in the Ministry needs a thorough review to ensure that the pace of expenditure is evenly distributed among different quarters to avoid drastic reduction in the budgetary allocations at RE stage and thereby affecting any schemes substantially, in future.

Major Head: 2230

Minor Head: 111

SOCIAL SECURITY SCHEME:

B. EMPLOYEES' PROVIDENT FUND SCHEME

3.17 The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 [Act 19 of 1952] is an Act to provide for the institution of provident funds, pension fund and deposit-linked insurance fund for employees in factories and other establishments. The following three schemes have been framed there under with an objective to provide monetary benefits to the working class in Commercial and Industrial Establishments by way of accumulated provident fund and pension benefits at the time of retirement and Insurance Benefit to the family members of the covered employees in case of their death while in service.

- Employees' Provident Fund Scheme, 1952
- Employees' Pension Scheme, 1995
- Employees' Deposit-Linked Insurance Scheme, 1976

3.18 The Act aims at improving the social and economic conditions of the workers and also at promoting the welfare of the labour force contributing to the national productivity. The main functions of the E.P.F. Organisation are as follows:-

1. To make the benefits available to all the eligible employees in all the covered establishments in the proper manner and at the proper time.
2. To secure from the employers, compliance with the statutory provisions and ensure prompt deposit of statutory dues and submission of returns.
3. To maintain the accounts of the three funds and of the subscribers upto date.
4. To grant advances to the subscribers from their credit in the E.P.F. for certain specific purposes in times of need.
5. To keep each subscriber informed about the amount at his credit in the Provident fund by furnishing to him every year a statement of Provident Fund accounts.
6. To settle accounts of the subscribers promptly in the event of death or on the cessation of membership.

3.19 Presently, the Act is applicable to 182 specified industries/classes of establishments as is specified in Schedule I of the Act or any activity notified by the Central Government in the Official Gazette and employing 20 or more persons. As on 31st March 2006 there were 4,44,464 establishments and factories covered under the Act with membership of 429.53 lakh both in the exempted and unexempted sectors. With effect from 1.6.2001, an employee on joining the employment in a covered establishment and getting wages upto Rs.6,500/- is required to become a member.

The Ministry has furnished the details of coverage and membership for the last three years as under:-

| Year | Establishments | | | Members | | |
|---------|----------------|------------|--------|----------|------------|----------|
| | Exempted | Unexempted | Total | Exempted | Unexempted | Total |
| 2003-04 | 2491 | 367895 | 370386 | 3717390 | 36375093 | 40092483 |
| 2004-05 | 2423 | 406408 | 408831 | 3896580 | 37212594 | 41109174 |
| 2005-06 | 2558 | 441906 | 444464 | 3964515 | 38988494 | 42953009 |

3.20 When asked about the efforts made by the organization to increase the coverage of non-covered establishments, the Ministry stated as under:-

“The Act applies with its own force. Hence, the establishments to which the Act applies are required to comply with the provisions of the Act suo moto. Nonetheless many establishments are brought under purview of the Act on verification of information received from various quarters. Intelligence circles have been created in the offices to keep track of such establishments and bring them under the purview of the Act. Advertisements for educating the employers have also been issued in the past for this purpose.

Special drives have also been launched from time-to-time for this purpose, e.g. during a special drive launched during January 2005 to March 2005, 19,854 establishments were covered and 6,02,669 employees were enrolled as members of the Fund. Further, under the Compliance Validation and Analysis Programme, 2006, non-enrollment in respect of 1,84,343 workers from 3,492 establishments was also detected”.

3.21 On being asked about the non-enrollment of 1,84,343 workers from 3,492 establishments under the Compliance Validation & Analysis Programme, 2006 and the action taken against the defaulting establishments, the Ministry stated that necessary action has been initiated for enrolment of the workers in accordance with the established procedures. Issue of Advisory memos to defaulting establishments alongwith action for quantification of dues under section 7A and recovery under section 8 of the Act is undertaken.

3.22 Under ‘Compliance 2001’ programme emphasis was given on voluntary compliance. However, special drives were conducted from time to time to detect evasion, under reporting, etc.

3.23 The Committee was further apprised that for enhancing compliance a proposal incorporating some strategic adjustments in the ‘Compliance 2001’ programme is under the consideration of the Central Board of Trustees, Employees’ Provident Fund.

3.24 When asked about the number of establishments which are not depositing the Provident Fund contribution in the office of the Provident Fund Commissioner though they are deducting the amount from the wages of their employees alongwith the action taken against such establishments, the Ministry has stated as under:-

“Default by the employer including default in remittance of employees’ share is detected on the basis of the Computerised Compliance Tracking System (CCIS) and accordingly, action is taken to assess the amount and recovery thereof. However, no separate record in respect of default in remitting the employees’ share is maintained. On identification of default by an establishment, action for quantification of dues under section 7A and recovery thereof under Section 8 of the Act is taken. The details of 7A finalized and recovery made are given below:-

Recovery of Arrears (2003-04 to 2005-06)

| Year | No. of 7A completed during the year | Recovery made (Rs. in crore) |
|----------------|--|-------------------------------------|
| 2003-04 | 42336 | 1832.70 |
| 2004-05 | 38392 | 1901.03 |
| 2005-06 | 27229 | 1958.55 |

3.25 On being asked about the increasing arrears for recovery during the last year the Ministry replied as under:-

“On detection of default by the employer, action is taken for assessment of dues under section 7A and subsequent recovery thereof. Though a substantial part of old arrears is recovered, the amount of arrears outstanding also keeps on increasing on account of new default. Hence, outstanding dues keep on rising. As the procedure prescribed in the provisions of the Act calls for a series of steps to be taken for recovery of dues, it has some impact on timelines. The details of outstanding dues and recovery thereof for the last three years is as following:

Recovery of Arrears (2003-04 to 2005-06)

(Amount in crore)

| Year | Opening Balance | No. of 7A completed during the year | Demand created during the year | Total workload | Recovery made | Balance as on 31st March |
|-------------|------------------------|--|---------------------------------------|-----------------------|----------------------|--|
| 2003-04 | 1511.79 | 42336 | 2183.71 | 3695.50 | 1832.70 | 1862.80 |
| 2004-05 | 1862.80 | 38392 | 2183.06 | 4045.86 | 1901.03 | 2144.82 |
| 2005-06 | 2144.62 | 27229 | 2343.80 | 4488.62 | 1958.55 | 2530.07 |

The Committee was informed that the organization is facing difficulties in recovery of outstanding dues on account of the following reasons:

- Stays granted by Courts/Tribunal
- Establishments having gone into liquidation/closure/lock outs
- Sanction of Installments by Courts/Higher authorities
- Establishment in respect of which Rehabilitation Scheme had been sanctioned by the BIFR.

3.26 As regards action taken for recovery of outstanding due, the Ministry informed as under:

“The Employees’ Provident Fund Organization launches prosecution against the defaulting employers under Section 14 of the Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 and prosecutes employers under Section 406/409 of the Indian Penal Code in case they deduct employees share of contribution but do not remit the same to the fund.

For recovery of outstanding dues, action is taken in accordance with the provisions of the Act, which includes prosecution under Section 14 of the Act, filing of complaint under Section 406/409 of IPC, attachment of movable/immovable property and arrest of defaulters”.

3.27 When asked to state the amount lying with EPFO as unclaimed and the reasons therefor, the Ministry stated as under:

“The amount lying in the unclaimed Deposit Account as on 31.3.2006 was Rs.1,351.38 crore. The main reasons for amounts accumulating in the Unclaimed Deposit account are:-

- It is a safe investment option and as such not withdrawn by members even after superannuation.
- Multiple Accounts of a single subscriber due to non-transfer of Provident Fund amount on change of job.
- Tax exemption and immunity from attachment.

3.28 As regards steps taken to disburse the dues to its rightful claimants, the Ministry informed:

“ The efforts made to liquidate the amount lying in the Unclaimed Deposit Account include:-

- Special drive to settle these accounts to the rightful claimants or to transfer the amount to the present accounts of the members.
- Advertisements in newspapers informing the members about the special drive to settle the accounts of those members who have not contributed to their PF accounts for more than 3 years.
- Deputing Enforcement Officers to the establishments having more number of such accounts to give a list of such accounts to the employers and to get the addresses of such members as per employers' records. Individual members may be addressed on the basis of addresses so obtained.
- Besides, EPFO under the 'Re-inventing EPF India' project has initiated allotment of nationally unique Social Security Number to the members, which will eliminate incidences of multiple accounts and the need to transfer accounts, etc."

3.29 When asked about the number of cases settled out of Unclaimed Deposit Account and the total amount disbursed out of unclaimed Deposit Account, the Ministry informed as under:

"The information regarding number of cases settled out of the Unclaimed Deposit Account is not maintained separately. However, the total amount disbursed out of the Unclaimed Deposit Account during the last three years is as follows:-

| Year | Amount (Rupees in crore) |
|-----------|--------------------------------|
| 2003-2004 | 56.31 |
| 2004-2005 | 86.60 |
| 2005-2006 | 71.08 |

3.30 When asked whether the Government has drawn up any scheme for the utilization of this unclaimed money, the Ministry stated as follows:-

"As per existing scheme provisions, the amount lying under Unclaimed Deposit Account cannot be utilised for any other purpose except for paying to the rightful claimants".

3.31 The rate of interest payable to the subscribers of EPFO is an issue of perennial dispute and discord. Low income/returns from investments of EPFO

has been cited to be the reasons for non-acceptance of higher rate of interest to the subscribers of EPFO. When asked about the action taken in this regard, the Ministry stated as under:-

“The funds of the Employees’ Provident Fund Organisation are invested as per the prescribed pattern of Investments. The Central Board of Trustees, Employees’ Provident Fund, in its 178th and 179th meetings, held on 27.1.2007 and 10.3.2007 respectively has recommended the Central Government for changing the Investment pattern. The exact impact of the proposed changes will depend on the availability of securities and the prevailing market conditions of yields.

The proposed changes being recommended to the Central Government include the following:-

- Government should be requested to allow investments in NSCs and POTDRs.
- Investments in TDRs of Private Sector Banks should be permitted subject to a limit of 5% of the deposit base.
- Term Deposit Receipts issued by public sector banks should be allowed for upto three years.
- The board decided to recommend to the Government the merging together of two categories of 25% and 15% of Central and State Government securities respectively to make a single category of 40% of Government securities; treat the category wise percentage norms as indicative and not mandatory; and to do away with any floor in any single category.

The declaration of the rate of interest depends on the estimated earnings of the fund and estimated liability towards members at the declared rate. The quantum of increase in ‘Interest Income’ depends on the market conditions of ‘Yield on securities’ and the availability of securities in each of the prescribed category of investments. No definite forecast can be made”.

3.32 On being asked whether EPFO has consulted any financial experts/advisor to provide sufficient options regarding various avenues of investments/direct involvement in financial/production activities in the prevailing market in public sector. The Ministry replied as under:-

“The Employees’ Provident Fund Organisation had appointed M/s Mercer Human Resources Consulting Company in the year 2005 as consultants for suggesting various options of investments. The recommendations of the consultant are yet to be considered by the Board”.

3.33 When asked about the rate of interest paid to subscribers during the last three years and the latest position for 2007-08, the Ministry in a written reply stated as under:-

“The rate of interest paid to subscribers is as under:-

| Year | EPF Rate of Interest |
|-------------|-----------------------------------|
| 2004-2005 | 9.5% |
| 2005-2006 | 8.5% |
| 2006-2007 | Yet to be recommended by CBT, EPF |
| 2007-2008 | Yet to be recommended by CBT, EPF |

As explained above, the rate of interest is determined keeping in view the projected income and projected interest payment liabilities during a particular year”.

3.34 The Committee are constrained to note that out of more than 40 crore workforce in the country, the total membership of the EPFO as on 31 March 2006 is only 4.6 crore both in the exempted and unexempted sectors which is just 10.74 per cent of the total work force. The Committee are least satisfied with this sorry state of affairs. The Committee note that with a view to bring many establishments under the purview of the Act, various steps like Compliance 2001 programme, special drives, creation of intelligence circles, etc. have been taken, but the fruitful results could not be achieved. The Compliance 2001 programme has not come up to expectations and for the purpose of enhancing compliance a proposal incorporating some strategic adjustments in the said programme is under consideration of the appropriate authorities. This is a welcome move keeping in view the fate of various initiatives in the past, the Committee are sceptic whether this step alone will help in proper coverage of all coverable establishments. The Committee, therefore, strongly recommend that the Ministry should intensify its coverage programme and for this purpose a multi-pronged strategy be devised which may *inter alia* include voluntary compliance, special drives for coverage, earmarking of areas to enforcement officers and all such other steps which are deemed proper for enhancing the coverage.

3.35 The Committee note with concern that the arrears due for recovery are continuously mounting year after year against the defaulting establishments. The recovery position for the last three years has been Rs.1,832.70 crore in 2003-04, Rs.1,901.03 crore in 2004-05 and Rs.1,958.55 in 2005-06. Thus, it may be seen that there is marginal increase in recovery of arrears during the aforesaid period. However, the arrears due for recovery during the corresponding period are far greater in percentage vis-à-vis the recovery made. They are Rs.1,862.70 crore in the year 2003-04, Rs.2,144.82 crore in 2004-2005 and Rs.2,530.07 in 2005-06 respectively. The reasons for non-realisation of arrears have been attributed to the stays granted by courts/tribunals, establishments having gone into liquidation/closure/lock-outs, sanction of instalments by courts/higher authorities and establishments in respect of which Rehabilitation Scheme had been sanctioned by BIFR. The Committee are of the opinion that the reasons given for non-realisation of arrears prima facie appear to be plausible, yet the arrears due for recovery cannot be left unrecovered notwithstanding any impediments whatsoever. The Committee, therefore urge upon the Government to gear up its machinery to recover the outstanding dues by taking appropriate action including filing of caveat in the court, convincing BIFR to make provisions for payment of arrears of EPFO, realization of dues during the process of liquidation of the establishments, etc.

3.36 The Committee note that the rate of interest payable to subscribers of EPFO is an issue of perennial dispute and discord. Due to acute difference of opinion, the rates of interest for years 2006-07 and 2007-08 are yet to be recommended by the Central Board of Trustees (CBT, EPF). It has been stated that the rate of interest is determined keeping in view the projected income and projected interest payment liabilities during a particular year. The Committee are heartened to note that with a view to earn better returns from investment of EPFO corpus, the CBT, EPF has agreed to certain recommendations regarding changing the investment pattern such as investments in NSCs and POTDRs, investments in TDRs of private sector banks subject to a limit of 5% of the deposit base, TDRs of public sector banks upto 3 years and merger of two categories of 25% and 15% of Central and State Government securities, respectively to make a single category of 40% of government securities; treat the category-wise percentage norms as indicative and not mandatory and to do away with any floor in any single category (Percentage of approved investment in any single category by EPFO is not mandatory. It can vary and interchange of category can also take place) . The Committee hope and trust that with the proposed changes in the investment pattern, earnings of the EPFO will be augmented, thus enabling it to give an

enhanced rate of interest to subscribers. The Committee, therefore, urge upon the Government to take appropriate initiatives for implementation of the recommendations regarding changing the investment pattern of EPF suggested at its 178th and 179th meetings of CBT at the earliest. The Committee may be apprised of the developments in this regard at periodic intervals.

3.37 The Committee note that the declaration of EPFO interest rate has been lingering on due to difference of opinion in CBT which is against the interest of subscribers. The Committee, therefore, strongly reiterate their earlier recommendation made in Thirteenth Report (14th Lok Sabha) that EPF rate of interest for the year 2006-2007 and 2007-2008 be declared at least @ 9.5%, if not more, in view of overall price rise and substantial increase in rates of loans by the banks/financial institutions recently.

3.38 The Committee note with concern that an amount of Rs.1351.38 crore has been lying with the Employees Provident Fund Organisation (EPFO) in the unclaimed Deposit Account as on 31.03.2006. The Committee has been informed that as per provisions of the existing scheme, the amount lying under unclaimed Deposit Account cannot be utilized for any other purpose except for paying to the rightful claimants. The Committee find that the total amount disbursed out of the Unclaimed Deposit Account during the last three

years has been quite meagre i.e., Rs.56.31 crore in 2003-2004, Rs.86.60 crore in 2004-2005 and Rs.71.08 crore in 2005-06. The Committee are not satisfied with this state of affairs. The Committee feel that since not large number of claimants are coming forward to settle their claims, a large amount of fund has been blocked which could be used elsewhere for better purposes. The Committee, therefore, recommend that the provisions of the scheme should be suitably amended for better utilization of money. The Committee also desire that the number of cases settled out of the Unclaimed Deposit Account should also be maintained along with the amount disbursed.

Major Head: 2230**SOCIAL SECURITY SCHEME:****C. EMPLOYEES' STATE INSURANCE SCHEME**

3.39 The Employees' Insurance Act, 1948 is applicable to all non-seasonal factories using power in manufacturing process and employing 10 or more employees and non-power using factories employing 20 or more employees. The Scheme has also been extended to shops and establishments, preview theatres, cinemas, hotels, restaurants, road-motor transport undertaking and newspaper establishments employing 20 or more employees. Employees working in covered factories/establishments and drawing wages upto Rs.10,000/- pm (w.e.f. 1.10.2006) are covered under the Scheme. The wage ceiling of Rs.7,500/- has been enhanced to Rs.10,000/- per month for coverage w.e.f. 1.10.2006.

3.40 The Act is being implemented area-wise in a phased manner. The ESI Scheme is operated in 728 centres situated in 25 States/Union Territories. As on 31.03.2006, 91.49 lakh insured persons and about 353.05 lakh beneficiaries are covered under the Scheme. The number of factories and establishments covered by the end of the year had gone upto about 3,05,294.

3.41 The Scheme provides to Insured Persons medical care, cash benefits during sickness, maternity, employment injury and dependant benefit to the dependants of insured persons in case of death due to employment injury besides payment of funeral expenses of an Insured Person. Medical care including hospitalization facilities is also provided to members of the family of the insured persons.

3.42 The Employees' State Insurance Scheme is mainly financed by the employers' and employees' contribution. The rate of employers' share of contribution is 4.75% of the wages of the employees, while the employees' share of contribution is 1.75% of their wages. The employees earning wages upto Rs.50/- per day (w.e.f. 1.4.2004) are exempted from payment of their share of contribution. The expenditure on medical care is shared between the Employees' State Insurance Corporation and the State Governments in the ratio of 7:1. The Corporation does not receive any financial assistance from the Central Government. The ESI Scheme is a self-financing social security programme for the workers in the organized sector.

3.43 The current rate of contribution to ESIC is @1.75% for employees and @4.75% for employers. The said rate of contribution was decided more than a decade ago.

3.44 When asked the reasons for not reviewing the existing rate and the criteria which determines the rate of contribution, the Ministry stated as under:-

“The rate of contribution, both the employers’ and employees’ share was based on flat rates upto 26.1.1985 for different slabs of wages drawn by the employees covered under the ESI Scheme. While considering the enhancement in the wage ceiling for coverage from Rs.1,000/- to Rs.1,600/- from 27.1.85, the rate of contribution for both the employers and employees’ share was approved by the Corporation and Central Government at 5% and 2.25% (total 7.25%) of the wages of the employees per month. The wage ceiling for coverage under the ESI Act was increased from Rs.1,600/- to Rs.3,000/- w.e.f. 1.4.92, and the rate of contribution both for the employers’ and employees’ was approved by the Corporation and Central Government @ 4% and 1.5% respectively (total 5.5%) of the wages of the employees. Enhancement in the wage ceiling is being discussed at length in the meetings of the Standing Committee and the ESI Corporation where the employers’ and employees’ representatives are expressing their views on the increase in the rate of contribution both employees and employers.

It is seen from the deliberations of Special Meeting of the Corporation held on 08.10.1991 that the employers’ and employees’ representatives have agreed for enhancement of the wage ceiling from Rs.1,600/- to Rs.3,000/- with the condition that the rate of contribution be reduced to 4% and 1.5% respectively, from then prevailing rate of contribution of 5% and 2.25% of employers’ and employees’ share of contribution.

When the wage ceiling for the coverage of the employees was enhanced from Rs.3,000/- to Rs.6,500/- from 1.1.1997, the rate of contribution, both the employers’ and employees’ share was again enhanced from 4% and 1.5% to 4.75% and 1.75% respectively”.

Again while enhancing the wage ceiling from Rs.6,500/- to Rs.7,500/- w.e.f. 1.4.2004, and from Rs.7,500/- to Rs.10,000/- on the recommendations of the Parliamentary Standing Committee in its 5th

Report, while approving the Grants of Ministry of Labour and Employment for 2005-06, the wage ceiling under the ESI Act has been enhanced w.e.f. 1.10.2006. However, the rate of contribution both the employers' and employees' continued as 4.75% and 1.75% respectively.

It has been specified in the proviso to Section 39 (2) that the rates of contribution so prescribed shall not be more than the rates which were in force immediately before the commencement of the Employees' State Insurance (Amendment) Act, 1989 (29 of 1989). The rate of contribution then prevailing in the year 1989 was 5% and 2.25% of employers' and employees' share respectively.

In the above background the replies to questions are given below:-

- (a) Existing rates of contribution both the employers and employees as approved are sustainable.
- (b) The criteria for the determining the rate of contribution is based on the views of the employers' and employees' representatives as well as of other members and approved by the Chairman, ESI Corporation.
- (c) No periodicity for reviewing the rate of contribution has been fixed under the provisions of ESI Act.

3.45 When asked about the status report of 100-bedded ESI Hospital in Kolhapur and 50-bedded ESI Hospital in Bibvewadi, Maharashtra, the Ministry in a written reply stated as under:

"ESI Hospital at Kolhapur and Bibvewadi were constructed at the request of the State Government and were ready for commissioning in the year 1997. The State Government had not commissioned the hospitals till date. State Government has now agreed to take over ESI Hospital, Bibvewadi from ESIC and to commission the hospital directly. Regarding ESI Hospital, Kolhapur, State Government proposed to run it through third party participation and had sought approval of ESIC. The matter was referred to the Ministry of Labour/Law and as per the legal advise received, ESI Hospitals cannot be commissioned through third party participation within the existing provisions of Employees' State Insurance Act, 1948".

3.46 When asked how the ESIC proposes to run its hospital at Kolhapur, when the State Government is not ready to run it, the Ministry informed the Committee as under:

“The commissioning of the hospitals after construction by ESI Corporation is the primary responsibility of the State Government as the ESI hospital, Kolhapur was constructed at the specific request of the State Government. However, the Government of Maharashtra expressed inability to commission the hospital due to financial constraints. On repeated pursuance of ESIC, Government of Maharashtra proposed to commission the hospital buildings through third party participation. However, the same could not be operationalised as the ESI Act, does not provide for running of hospitals through third party participation. In view of this, ESI Corporation is taking action for necessary amendments in the ESI Act. Till the time, the Act is amended, the Government of Maharashtra is being asked to commission the hospital directly by themselves. ESIC has increased the ceiling on reimbursement of expenditure on medical care by State Government from Rs.900/- per IP family unit per annum to Rs.1,000/- per IP family unit per annum w.e.f. 1.4.2007, which would ease the financial crunch being faced by Government of Maharashtra”.

3.47 Recently, on the representations received both from the employers and employees, the Government has introduced an Amnesty Scheme for withdrawal of prosecution cases against insured persons and employers. As regards the salient features of the Scheme, the Ministry submitted as under:

“The Scheme broadly envisages withdrawal of prosecution cases filed against the insured persons and the employers for giving wrong declaration resulting in excess payment and non-compliance with the provisions of the Act under Section 84 and 85 respectively, of the Employees’ State Insurance Act, 1948. The conditions for withdrawal of cases filed under Section 84 against the insured persons are that the entire amount paid in excess to the insured person has to be refunded in full to the Corporation and an undertaking given to the effect that there shall be no repetition of such offence.

So far as cases filed under Section 85 and Section 85-A are concerned, the employer has to pay the entire amount of contribution for the period of prosecution both employers’ and employees’ share of contribution, interest and damages. The employer shall have also to furnish an undertaking to the effect that he shall regularly comply with the provision of the Act in future”.

3.48 When asked about the response of persons/employers on the scheme, the Ministry stated as under:

“2600 applications have been received from the employers’ upto February 2007 under Amnesty Scheme. Out of these applications, 511 applications have been processed and on payment of dues of the Corporation, applications moved before the concerned Courts for withdrawal. In remaining 2089 applications, the employers are still to pay dues of the Corporation. The Corporation has realised Rs.5.18 crore from the defaulting employers under Amnesty Scheme.

175 applications have been received from the employees against whom prosecutions were launched under Section 84. The details of the cases referred to concerned Courts for withdrawal on payment of excess payments are being submitted separately”.

3.49 The Committee are constrained to note that the ESI facilities are not available in all the States/Union Territories even after about 60 years of its coming into force. The Committee observe that the Employees’ State Insurance Scheme is mainly financed by employers’ and employees’ contribution. The current ratio of contribution @ 1.75% for employees’ and @ 4.75% for employers’ has been in operation since 1 January 1997. The employees’ earning wages upto Rs.50 per day (w.e.f. 1 January 2004) are exempted from payment of their share of contribution. The Committee find that with the enhancement of wages of the employees’ from time to time the rate of contribution for both the employers’ and employees’ has also been raised. Recently, the wage ceiling has been raised from Rs.7,500/- to Rs.10,000/- w.e.f.

1.10.2006, however, the rates of contribution for both the employers and employees continued as 4.75% and 1.75% respectively. The Committee are of the view that ESIC plays a very vital role in the medical care of workers. Moreover, this is a self-financing social security programme for the workers in the organized sector, since the Corporation does not receive any financial assistance from the Central Government. As per the existing arrangements, ESI hospitals/dispensaries are mainly financed by the employers' and employees' contribution. The Committee feel that the Corporation should have sufficient funds at its disposal for opening new dispensaries/hospitals, strengthening its existing medical network by modernizing its hospitals/dispensaries, upgrading existing diagnostic facilities and clinical services, providing latest equipments for super speciality treatments and making available state of the art technology for treatment. The Committee, therefore, recommend each State/Union Territory should be provided with facilities for ESI beneficiaries. The Committee also recommend that the rate of contribution should be reviewed so as to generate adequate funds for opening new dispensaries/hospitals and for upgrading the medical facilities being provided to the beneficiaries. The Committee may be apprised of the action taken in this matter.

3.50 The Committee note that under provisions of ESI Act prosecution cases can be filed against the insured persons and employers for giving wrong

declaration. On demand of the employers and employees the third Amnesty Scheme for withdrawal of the prosecution cases filed against employers and insured persons on making the payment of contribution, interest and damages for the period involved under the prosecution by the employers and excess cash benefit availed of by insured persons was introduced with effect from 1.8.2006 to 31.1.2007 which was later extended upto 31.3.2007 has since been extended further. The Committee observe that out of 2,600 applications received from the employers' upto February 2007 under the Scheme, only 511 have been processed for payment while the remaining 2,089 applications have been kept pending for want of payment of dues by the employers to the Corporation. The Corporation realized Rs.5.18 crore from the defaulting employers under the Amnesty Scheme. The Committee note that though the goal of the scheme is to reduce the number of pending cases, a large number of employers are not coming forward, reportedly because the cases are still being filed even after payment of arrears by the employers. The Committee, therefore, recommend that Ministry should evolve some mechanism to ensure that genuine people are not harassed.

Major Head: 2230

Sub Head: 102.03

D. DIRECTORATE GENERAL OF MINES SAFETY

3.51 The Mines Act, 1952 and the Regulations and Rules made thereunder constitute the statutory base for regulating safety, health, welfare and working conditions of persons employed in mines throughout India. The Directorate

General of Mines Safety has been entrusted with the function of enforcing the provisions of the Mines Act, 1952 and the Rules and Regulations framed thereunder, including the Mines Rules, the Mines Rescue Rules and the Mines Vocational Training Rules in respect of all Mines and the Creche Rules in respect of Non-Coal Mines.

Current functions of DGMS broadly include:

- i. Inspection of mines
- ii. Investigation into
 - (a) Accidents
 - (b) Dangerous occurrences - emergency response
 - (c) Complaints & other matters
2. (a) Grant of
 - (i) Statutory permission, exemptions & relaxations - preview of project reports & mining plans
 - (ii) Approval of mines safety equipment, material & appliances.
 - (b) Interactions for development of safety equipment, material and safe work practices through workshop etc.
 - (c) Development of Safety Legislation & Standards
 - (d) Safety Information Dissemination
3. Conduct of examinations for grant of competency certificates.
4. Safety promotional initiatives including:
 - (a) Organisation of:
 - Conferences on safety in mines

- National Safety weeks & Campaigns
 - Safety weeks & Campaigns
- (b) Promoting:
- Safety education and awareness programmes
 - Workers participation in safety management through
Workmen's inspector
 - Safety Committee
 - Tripartite reviews.

3.52 When the Ministry was asked to state the number of accidents which have occurred in mines during the last three years, the following statement has been furnished by them:

| Trend in incident of Accidents in Mines | | | | | | | | | |
|--|----------------------------|----------------|--------------|----------------------------|----------------|--------------|----------------------------|----------------|--------------|
| Year | Coal | | | Metal | | | Oil | | |
| | Number of accidents | | | Number of accidents | | | Number of accidents | | |
| | Fatal | Serious | Total | Fatal | Serious | Total | Fatal | Serious | Total |
| 2004 | 89 | 962 | 1051 | 57 | 150 | 207 | 2 | 38 | 40 |
| 2005 | 96 | 1103 | 1199 | 47 | 93 | 140 | 1 | 15 | 16 |
| 2006 | 78 | 782 | 860 | 62 | 61 | 123 | 6 | 13 | 19 |
| 2007 | 3 | 16 | 19 | 2 | 1 | 3 | 0 | 0 | 0 |

N.B: Figures of 2006 and 2007 are provisional.

Data for 2007 are as on 28.2.2007.

Figures are for calender year.

3.53 On being asked regarding the details of workers killed and seriously injured in underground and opencast coal mines, the Ministry provided the following statement:

| Year | Below ground | | | | Opencast | | | | Above ground | | | |
|-------|-----------------|---------|----------------|---------|-----------------|---------|----------------|---------|-----------------|---------|----------------|---------|
| | No. of accident | | No. of persons | | No. of accident | | No. of persons | | No. of accident | | No. of persons | |
| | Fatal | Serious | Killed | Injured | Fatal | Serious | Killed | Injured | Fatal | Serious | Killed | Injured |
| 2004 | 49 | 757 | 49 | 778 | 33 | 82 | 34 | 87 | 7 | 123 | 7 | 126 |
| 2005 | 49 | 841 | 69 | 865 | 28 | 98 | 29 | 101 | 19 | 164 | 19 | 169 |
| 2006* | 43 | 595 | 101 | 612 | 25 | 71 | 26 | 81 | 10 | 116 | 10 | 117 |

* Figures are provisional

3.54 When asked about the cause of fatal accidents and steps taken by DGMS to improve the safety norms/measures in coal mines and non-coal mines, the Ministry in their written reply stated that the fall of roof, involvement of dumpers, trucks etc. were the major causes of fatal accidents. The imponderability of fresh roof, which is almost continuously broken, is a challenge to mining engineers world over. DGMS has taken several initiatives to prevent accidents due to fall of roof. This includes introduction of roof bolting technology in the mines, reduction of manpower at the working faces through mechanization and raising the standard of front line supervisors.

3.55 In respect of reduction of accidents due to dumpers and trucks, the following steps have been taken:

- Using higher capacity trucks and dumpers thus engaging less number of vehicles for the same output.
- Not using spotters and khalasi.
- Fixing accountability on management for ensuring maintenance of contractor's trucks
- Implementation of traffic rules.

3.56 As regards safety measures taken, the Ministry informed the Committee that regarding accidents due to dumpers and trucks, number of circulars have been issued in this regard and management advised for strict implementation of Traffic Rules and vocational training rule of the persons employed specially through contractors.

3.57 On being asked to furnish the statement showing the number of inspections and enquiries carried out in mines (both in opencast and underground) and their findings by DGMS, the Ministry provided the following statement:-

| Year@ | No. of Inspections | | | | No. of Enquiries | | | | Grand Total |
|----------|--------------------|-------|-----|-------------|------------------|-------|-----|-------------|-------------|
| | Coal | Metal | Oil | Total | Coal | Metal | Oil | Total | |
| 2004-05 | 5308 | 2828 | 249 | 8385 | 821 | 423 | 17 | 1261 | 9646 |
| 2005-06 | 4889 | 3000 | 283 | 8172 | 871 | 372 | 21 | 1264 | 9436 |
| 2006-07* | 3063 | 1792 | 146 | 5001 | 769 | 246 | 24 | 1039 | 6040 |

Note : * Figures upto December 2006 & provisional

@ Figures pertain to financial year

3.58 The Ministry further stated that violations observed during the inspections in various mines were intimated to the management. All the fatal accidents were enquired into, the cause and responsibility of accidents were identified and suitable action such as warning letters, stoppage of increment, demotion to next grade, etc. were issued. Arising out of the above inspections & enquiries, further actions such as issuance of improvement notices and prohibitory orders and launching of prosecutions were also taken, the details are as given below:-

| Year | Prosecutions launched | Coal Mines | | | | Non-Coal Mines | | | |
|------|-----------------------|--------------------------|----------|-------------------------|----------|-------------------------|----------|-------------------------|----------|
| | | Notices issued | | Orders issued | | Notices issued | | Orders issued | |
| | | Section 22(1) or 22A (1) | Reg. 103 | Section 22(1A) or 22(3) | Reg. 103 | Section 22(1A) or 22(3) | Reg. 108 | Section 22(1A) or 22(3) | Reg. 108 |
| 2004 | 44 | 147 | Nil | 62 | Nil | 56 | Nil | 251 | 1 |
| 2005 | 32 | 124 | Nil | 36 | Nil | 130 | 1 | 136 | Nil |
| 2006 | 28 | 103 | Nil | 72 | Nil | 18 | 1 | 59 | 1 |

* Provisional figure

3.59 When asked about the latest status of proposal to amend the Mines Act, 1952 so as to provide for enhanced penalties against erring management of Mines, the Ministry in post evidence reply stated as under:-

“The proposal for amendment of Mines Act, 1952 was initiated in the year 1997 and the draft amendment was circulated to all stakeholders in the year 2002. The responses received from different stakeholders have been under examination”.

3.60 When the Ministry was asked regarding the reasons for steep decline in the number of Inspections in the coal, metal and oil mines, the Ministry furnished the following information:

| Year | Coal | Metal | Oil | Total number of Inspection | Number of Inspecting Officers | Decline in number of Inspecting Officers compared to 2004-05 |
|----------|------|-------|-----|----------------------------|-------------------------------|--|
| 2004-05 | 5308 | 2828 | 249 | 8385 | 88 | - |
| 2005-06 | 4889 | 3000 | 283 | 8172 | 84 | 4 |
| 2006-07* | 3792 | 2349 | 199 | 6340 | 80 | 8 |

* Figures upto February 2007

3.61 The Ministry further stated:

“.....The given figure for 2006-07 was provisional upto December 2006. However, based on the inspections trend the figure till end of March 2007 would have been around 7200. However, it may be noted that during this period there is a further drop of 8 numbers of frontline inspecting officers compared to 2004-05, leading to reduction of atleast 800 inspections. Taking all these into account, there is a drop of about 4.6% inspections compared to 2004-05 mainly because of the following reasons:

- (i) Substantial mandays were spent in rendering post disaster emergency service during the recent disasters in coal mines.
- (ii) More mandays were spent on safety promotional activities like organization of safety week, national safety awards (mines), tripartite and bipartite meetings at mine level and corporate level and with the State Administrative authorities”.

3.62 When asked about the staff strength of DGMS, the Ministry stated as under:-

“DGMS has a total sanctioned strength of 978 persons with 741 in position thus there is short fall of 237 in different categories as on 01.01.2007, details of which are given below:-

| CATEGORY | SANCTIONED STRENGTH | IN POSITION STRENGTH |
|----------|---------------------|----------------------|
| GROUP-A | 177 | 131 |
| GROUP-B | 104 | 89 |
| GROUP-C | 453 | 352 |
| GROUP-D | 244 | 169 |

| | | |
|--------------|------------|------------|
| TOTAL | 978 | 741 |
|--------------|------------|------------|

3.63 The Ministry has submitted the following reasons for shortfall in the staff strength of DGMS:-

“Shortfall in the staff strength is mainly due to retirement of persons and subsequently non-filling of vacant posts. There has been a reduction in the sanction strength of this Directorate due to the ongoing optimization scheme from direct recruitment posts. Action for filling up of the vacancies (shortfall) is under various stages of the recruitment/appointment process, including those necessitating review/revival as per the relevant instructions/orders of the Government. Presently, there is a shortfall of 237 staff against the sanctioned strength of 978. There are 164 sanctioned posts of Group A inspecting officers against which only 125 officers are in place. Recently, 9 posts of Dy. Director of Mines Safety (Mining) have been selected by UPSC and their joining is under process. Other vacant posts are under revival”.

3.64 When asked about the reasons for delay in filling up of the vacancies particularly those of the inspecting officers of DGMS, the Ministry stated as under:-

“The reasons for delay in filling up the vacancies particularly those of the inspecting officers of DGMS are given below:-

- (i) Any post lying vacant for more than one year is deemed to be abolished and require revival from the competent authority in the Ministry of Finance, Government of India. The process of revival is time consuming as per the prevailing norms.
- (ii) The direct recruitment (DR) posts are being filled up by UPSC and these are under different stages of recruitment process.
- (iii) The promotion process for Group A posts involves clearance from different agencies of Government of India. The entire process of filling up these DR posts are subject to the operation of optimization scheme of Government of India which involve procedural delays at various level.

- (iv) In many cases, the competent authority in the Ministry of Finance insist for identification of matching savings by surrendering other existing posts in lieu of the posts proposed to be revived.
- (v) However, close monitoring is being done now so as to avoid delays and expedite the process”.

3.65 The Ministry was asked whether the syllabus prepared for the courses for the seven statutory examinations under Coal Mines Regulations, 1957 and Metallic ferrous Mines Regulations, 1961 are innovative and as per the growing and enhancing requirements of the industry, the reply was that the syllabus is under revision. A representative of the Ministry during evidence further supplemented:-

“A Committee has been formed in the DGMS organization in the year 2004 to revise the syllabus for managers, surveyors and other supervisors working in coal and metal mines. The Committee is finalizing the revision after detail deliberation and is expected to submit the revised syllabus to the Board of Mining Examinations before submitting the same to the Ministry of Labour and Employment for approval and inclusions in the byelaws. The same is being expedited”.

3.66 In the post evidence reply, the Ministry informed the Committee that the new techniques/methods proposed to be included in the new syllabus are:

- (i) Longwall mining
- (ii) Gallery blasting method
- (iii) Pillar extraction by continuous miner
- (iv) Mechanised depillaring using SDL, LHD
- (v) Introduction of surface miners
- (vi) Introduction of in pit crushers, heavy earth moving machineries
- (vii) New survey technique like EDM etc.

3.67 The Committee note that the role of DGMS is to act as a watchdog to see that the mine management complies with the statutory provisions relating to occupational safety and health in mines. DGMS officers make periodic inspections to make sample checks. The Committee are constrained to note that there has been steady decline in the number of inspections and enquiries conducted during the last three years. As against 8,385 inspections in 2004-05, only 5,001 inspections have been carried out in the year 2006-07. Likewise, only 1039 enquiries were conducted in the year 2006-07 as against 1,261 during 2004-05. The prime reason for decline in the number of inspections and enquiries has been reportedly due to the shortage of frontline inspecting officers. The Department has only 125 Inspecting Officers against the sanctioned strength of 164. The Committee note with dismay the casual approach of the Government in filling up the post of inspecting staff which can have serious repercussions with regard the safety operation of mines. The Committee desire the Government to wake up from the deep slumber and not wait till a tragedy of serious nature takes place. The Committee, therefore, call upon the Government to fill up the posts of inspecting staff immediately so that efficiency of such an important organization does not suffer. A progress report in this regard may be submitted to the Committee in three months.

3.68 The Committee further note that the penalties prescribed for different categories of offences under the Mines Act 1952 are very meagre. To enhance the penalties, a proposal for amendment of the Mines Act, 1952 was initiated in the year 1997 and the draft amendment was circulated to all the stakeholders in the year 2002. The responses received from the different stakeholders have been under examination. The Committee express their anguish over inordinate delay to bring suitable amendments in the Mines Act to provide for stringent punishment against the offenders and desire that urgent steps be initiated to clear the proposal without any further delay.

3.69 The Committee take further note that the Directorate General Mines Safety conducts seven statutory examinations each under Coal Mines Regulations, 1957 and Metalliferrous Mines Regulations, 1961 besides conducting some medical examinations. The syllabus for statutory examinations conducted by DGMS for managers, surveyors and other supervisors working in coal and metal mines is under revision. The new techniques/methods that may be included in the new syllabus are longwall mining, gallery blasting method, pillar extraction by continuous miner, mechanized depillaring using SDL, LHD, introduction of surface miners, introduction of in pit crushers, heavy earth moving machineries, new survey technique like EDM etc. The Committee observe that the techniques/methods which are to be included in the new syllabus are essential ingredients for

improving the efficiency of mining activities. The Committee, therefore, strongly recommend that the process of the revision of the syllabus should be taken up on a top priority basis and completed within a definite time frame.

Major Head: 2230

Sub Head:111.05

E. UNORGANISED LABOUR

3.70 The term 'unorganised labour' has been defined as those workers who have not been able to organize themselves in pursuit of their common interests due to certain constraints, like, casual nature of employment, ignorance and illiteracy and small and scattered size of establishments, etc.

3.71 As per the survey carried out by the National Sample Survey Organisation in the year 1999-2000, out of the total of 39.7 crore employment in both organized and unorganized sector, 36.9 crore are in the unorganized sector. The workers in unorganized sector fall in various categories but a large number of them are home based workers which are engaged in occupations like beedi rolling, agarbatti making, papad making, tailoring, jari and embroidery work.

3.72 Several legislations like the Workmen's Compensation Act, 1923; the Minimum Wages Act, 1948; and the Maternity Benefit Act, 1961; the Contract Labour (Abolition and Prohibition) Act, 1970; Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996; the Building and Other Construction Workers Welfare (Cess) Act, 1996 etc. are directly or indirectly applicable to the workers in the unorganized sector also.

3.73 When asked about the progress of the Bills prepared by Ministry of Labour and Employment, National Advisory Council and National Commission for Enterprises in the Unorganised Sector (NCEUS) pertaining to unorganised labour, the Ministry furnished the following reply:

"To ensure the welfare of workers in the unorganized sector, which, inter-alia, include weavers, handloom workers, fishermen and fisherwomen, toddy tappers, leather workers, plantation labour, beedi workers, the Government propose to enact a comprehensive legislation for these

workers. The Ministry of Labour & Employment drafted the “Unorganised Sector Workers Bill, 2004” which, inter-alia, envisages provide for safety, social security, health and welfare matters. The National Advisory Council (NAC) has forwarded a draft Bill on social security for the unorganized sector workers.

In the meantime, the National Commission for Enterprises in the Unorganised Sector also drafted two bills i.e. one for the social security for the unorganized sector and the other draft Bill provides for Conditions of Work & Livelihood Promotion. The NCEUS has since presented its Report on Social Security for the Unorganised Sector Workers alongwith a draft Bill, namely, Unorganised Sector Workers Social Security Bill, 2006. The draft Bill is under consideration of the Government.

The proposal was discussed in the Meeting presided over by the Prime Minister on 18.11.2005 and Members/Experts of NAC/NCEUS on 22.11.2005. The PMO has informed that the LIC would first carry out a detailed exercise based on actuarial analysis on expenditure likely to be involved in implementation of social security scheme. Then, the COS headed by the Cabinet Secretary would verify the numbers, estimate possible GOI contribution, list out various issues relating to modalities of implementation and collate and evaluate various State level initiatives. Particular attention to the health insurance aspect and possibility of group insurance scheme for persons employed on NREGA work-sites. Thereafter, the proposal could be considered by a GOM chaired by the Finance Minister with Deputy Chairman Planning Commission and Labour Minister as Members.”

3.74 The Ministry in a written reply submitted that the National Commission for Enterprises in Unorganised Sector (NCEUS) has recommended constitution of Welfare Boards at National level and State level. The Commission has recommended formulation of national minimum social security benefits which are as under:

- (i) Health benefits in the form of health insurance for self, spouse and children below the age of 18 years, sickness allowance, and Maternity benefits for women workers or spouse of men workers.
- (ii) Life insurance to cover natural and accidental death.

- (iii) Old age security in the form of old age pension for BPL workers above the age of 60 years and provident fund cum unemployment insurance benefit to all other workers. “

3.75 When asked about the schemes pertaining to welfare and well being of workers in the unorganized sector, the Secretary, Ministry of Labour and Employment during the course of oral evidence stated:

“Due importance has been given in the Ministry to the mandate enshrined in the National Common Minimum Programme (NCMP), namely, enhancement of welfare and well being of workers in the unorganized sectors, proper implementation of minimum wages, striving for elimination of child labour, bringing about changes in the labour laws following a consensual approach and imbibing the spirit of tripartism.

The proposal of the enactment of legislation and also formulation of schemes for Social Security for the Unorganised Workers as well as the report of the National Commission for Enterprises in the Unorganised Sector (NCEUS) was considered by the Committee of Secretaries (COS) chaired by the Cabinet Secretary in a meeting held on 25.07.2006. After detailed discussions, it was decided that a small Group would be constituted, which would examine various draft Bills and proposals and give their recommendations to the Cabinet Secretary.

The small Group constituted by the Cabinet Secretariat held its first meeting under the Chairmanship of former Secretary (L & E) on 24.08.2006. There were exhaustive discussions on all the vital issues and various options available, including extension of Janshree Bima Yojana and remodeled *Krishi Shramik Samajik Suraksha Yojana*, to provide social security to the workers in a phased manner. However, no consensus could be arrived at.

Another meeting of COS under the Chairmanship of Cabinet Secretary was held on 25.10.2006 in which detailed deliberations were held on the recommendations proposed by the small Group and NCEUS. After detailed deliberations, it was decided to constitute another small Group headed by Finance Secretary to examine the various possible options and components of social security scheme for unorganized sector workers along with the phasing of implementation and financial implications, including administrative expenses. This Group met on 27.10.2006.

Based on the recommendations of the Group, a draft Cabinet Note was circulated to the concerned Ministries/Departments. The Cabinet Secretariat has since constituted a Group of Ministers under the chairmanship of Hon'ble

Finance Minister to consider the above proposal, which is deliberating the matter. It may also be mentioned that in his Budget Speech 2007-08, Hon'ble Finance Minister has announced to extend death and disability insurance cover through LIC to rural landless households under a new scheme called "Aam Admi Bima Yojana". The Central Government will bear 50% of the premium of Rs.200/- per person per year and the State Governments have been urged to bear the other 50% on behalf of beneficiaries. Accordingly a sum of Rs.1000 crore has been placed in a fund that will be maintained by LIC."

3.76 The Committee find that the Group discussed various options and financial implications of various schemes proposed by the small Group and NCEUS for unorganized sector workers and made the following recommendations:

- (a) The welfare schemes should be taken up stage-by-stage in a phased manner.
- (b) Life insurance package to be introduced in the initial stage covering for (i) natural death cover of Rs.30,000/- (ii) accidental death/total disability due to accident Rs.75,000/- and (iii) partial permanent disability Rs.37,500/-.
- (c) The Group recognized the need for health insurance. However, in the absence of appropriate health related infrastructure, both in the public and private sector, Ministry of health may examine separately the feasibility of providing universal health insurance as a part of the Health Mission.
- (d) Ministry of Labour & Employment to evolve schemes for sectoral workers like weavers, handloom workers, fishermen, toddy tappers, leather workers, plantation labour, etc.
- (e) The Ministry of Agriculture should work on the protective legislation for all agricultural workers in consonance with the National Common Minimum Programme (NCMP).
- (f) To oversee the implementation of the proposed insurance scheme and other such schemes, which may be added from time to time, an institution may be set up by the Ministry of Labour and Employment.

3.77 The Committee note that an allocation of Rs.15,000/- crore for the entire XI Plan period has been sought from the Planning Commission for the schemes pertaining to welfare of workers of unorganized sector.

3.78 When asked how this amount will be utilized, a representative of the Ministry of Labour and Employment gave the break-up of utilization of this amount during the evidence as under:-

“This allocation has been spread over in the amounts of Rs.1,000/-, Rs.2,000/-, Rs.3,000/-, Rs.4,000/- and Rs.5,000/- crore during each of the first to five years of the XI Plan period”.

3.79 When asked whether this amount is sufficient to achieve the goal of the of the scheme, a representative of the Ministry informed during the evidence that in his Budget Speech 2007-08, Hon'ble Finance Minister has proposed to extend death and disability insurance cover through Life Insurance Corporation of India (LIC) to rural landless households under a new scheme called 'Aam Admi Bima Yojana'. The head of the family or one earning member in the family will be insured. The Central Government will bear 50 per cent of the premium of Rs.200 per year per person and the State Governments have been urged to bear the other 50 per cent on behalf of the beneficiaries. Taking into account the annual cost to the Central Government, he intended to place a sum of Rs.1,000 crore in a fund that will be maintained by LIC.

3.80 The Committee note that as per survey carried out by the National Sample Survey Organisation in the year 1999-2000, out of the total 39.7 crore persons employed in both the organized and the unorganized sectors, 36.9 crore are in the unorganized sector. The workers in unorganized sector fall in various categories but a large number of them are home based workers which are engaged in occupations like beedi rolling, agarbatti making, papad making, tailoring, jari work and embroidery work, etc. The Committee note that though the Government has enacted several laws and schemes for the welfare of workers in the organized sector, much is needed to be done by them for the workers in the unorganized sector who constitute around 92% of strong work force in the country. The Committee also note that over the years, the

status of unorganized labour in the country has been studied by various Committees/Groups. All these studies have projected the plight of workers in the unorganized sector and called for substantial measures for improvement of their lot and providing them some sort of protection. But not much progress has been made in the matter. The Committee, therefore, recommend that urgent steps should be taken by the Government to bring in a comprehensive legislation for unorganized workers without any loss of time.

3.81 The Committee note that of late, some new segments of working class, i.e. personnel working with the private security agencies, employees of call centres and workers engaged in private sanitation agencies, etc., also form sizeable number of unorganized workers and no welfare schemes of the Government have been extended to them for the purpose of coverage. Their position is no better than those of other categories of workers in the unorganized sector. The Committee, therefore, call upon the Government that these categories of workers may also be provided the benefits of social security by bringing them within the definition of unorganized labour and covering them in the proposed Bill to be brought before the Parliament shortly.

3.82 The Committee observe that an allocation of Rs.15,000 crore has been made during the 11th Plan period for the schemes pertaining to welfare of workers of unorganized sector. This allocation has been spread over in

amounts of Rs.1,000/, Rs.2,000/-, Rs.3,000/-, Rs.4,000/- and Rs.5,000/- crore during each of the first to five years of the Eleventh Plan period. The Committee are at a loss to understand the logic behind this uneven spreading of amount in respect of schemes formulated/being formulated for the welfare of workers of the unorganized sector. Taking into account the huge number of unorganized workers in the country with all uncertainties and insecurities, the Committee strongly urge upon the Government to step up the budgetary provision under this head. They also desire that the outlay so allocated be evenly spread in all the years of the Eleventh Plan period, target in each year be fixed and sincere and genuine efforts be made to achieve it.

Major Head: 2230**F. CONSTRUCTION WORKERS**

3.83 The construction workers constitute one of the largest categories of workers in the unorganized sector. According to the Sample Survey conducted by NSSO in 1999-2000, about 1.76 crore workers are employed in the construction activities. The Government have enacted the following two legislations for the construction workers:-

1. The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.
2. The Building and Other Construction Workers' Welfare Cess, Act, 1996.

Further, the Building and Other Construction Workers (RECS) Central Rules, 1998 have been notified on 19.11.1998.

3.84 When asked about the number of construction workers in the country at present, the Ministry replied that as per the latest survey of NSSO (2004-05) the number of construction workers has increased to around 2.57 crore.

3.85 The Committee note that there is a provision of constitution of Central and the State Advisory Committees to advise the appropriate Governments on matters arising out of laws under the Building and Construction Workers (RECS) Act, 1996.

3.86 On being asked about the number of meetings held and major recommendations made by the Central Advisory Committee, the Ministry in their written reply stated:

“A total of five meetings of the CAC have been held so far”.

3.87 Regarding the major recommendations of the CAC and action taken thereon, the Ministry furnished the following information:

| Sl.No. | Recommendations | Action Taken |
|--------|---|---|
| 1. | The Government should encourage giving of concessions/stipend for opening | Training and skill development has been identified as one of the priority areas in the Tenth Five |

| | | |
|----|---|---|
| | of institutes for training for the workers in the construction industry. | Year Plan. The Government (Dte. General of Employment and Training) has formulated a centrally sponsored scheme Testing and Certification of Skills of workers in the informal sector and has encouraged by giving concessions/subsidy for opening of institutes for training of workers in the construction industry. Besides, a numbers of organizations like Indian Building Congress, National Institute of Construction Management and Research (NICMAR), Construction Industry Development Corporation (CIDC) etc. have designed a number of training programmes and skill certification for the workers engaged in construction activities in the country. |
| 2. | The Chairman of the CAC may also request the Labour Minister/Chief Ministers of concerned State Governments for early adoption and implementation of the Act. | The Secretary (L&E)) through a D.O. letter dated 4.8.2006 requested the Chief Secretaries of all the States/UTs Governments for taking concrete steps towards implementation of the Act since all the States are required to file affidavit in the Supreme Court in response to a PIL filed in the Apex Court, seeking issue of directions from the Hon'ble Court for the implementation of the Act without any further loss of time. |
| 3. | Need to constitute a Sub-Committee of members to hold a review meeting regarding progress made towards implementation of the Act with the concerned Chief Minister/Labour Minister of the State | Draft Resolution authorizing selected members of the CAC to hold meeting to review the progress of implementation of the Act, with the Chief Minister/Labour Minister of the concerned State, was circulated among the members of CAC for their opinion/views. |
| 4. | Members of the CAC may be kept informed about the developments taking place in the implementation of the Act in the | Status of the implementation of the Act in the States has been sent to all the members. |

| | | |
|----|--|--|
| | States. | |
| 5. | Meetings of CAC may be held in different zones where representatives from States concerned may be invited to share their views and problems if any faced by them in implementation of the Act. | Concerted efforts are being made to hold the CAC meetings/workshops in different Zones where the representatives of the States concerned will be invited to share their views for effective implementation of the Act. Next meeting is scheduled to be held in Bangalore in the second week of April 2007 subject to the convenience of Chief Minister of Karnataka. |
| 6. | Organise workshop at State or Zonal level to facilitate the States in finalisation of procedures required for implementation of the Act. Success stories of implementation of the Act in States where the Act has been fully implemented should be highlighted in such Workshops | Concerted efforts are being made to hold the CAC meetings/workshops in different Zones where the representatives of the States concerned will be invited to share their views for effective implementation of the Act. Next meeting is scheduled to be held in Bangalore in the second week of April 2007 subject to the convenience of Chief Minister of Karnataka. |
| 7. | Awareness generation campaign should be one of the objectives of such Workshops/meetings. | This will be kept in view while organizing such Workshop. |
| 8. | States where the Rules have not been finalized should asked to adopt the Rules framed by Government of Kerala and to formulate Scheme on the lines of Kerala Building and other Construction Workers Welfare Board which may serve as a model Rule for such States. | The concerned States, where the Rules have not yet been finalized, have been advised suitably through D.O. letter from DG (LW) to Labour Secretary of the States concerned. |

3.88 The Committee note with concern that there are about 2.57 crore construction workers in the country. These workers are one of the most vulnerable segments of the unorganized sector in India. Their position is no better than any other category of workers in the unorganized sector. The building and other construction workers are characterized by an inherent risk to their life and limb. The construction work is also characterized by its casual nature, temporary relationship between the employer and the employees, uncertain working hours, lack of basic amenities and inadequacy of welfare facilities. Only two enactments i.e., The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and The Building and Other Construction Workers' Welfare Cess, Act, 1996 are in operation for the construction workers. However, no monitoring is being done with regard to their implementation. The Apex Court has been approached seeking directions for implementation of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The Government also do not have any information regarding constitution of the State Welfare Boards for construction workers. No proper infrastructure regarding training and skill development of construction workers is currently available as well. The Committee feel deeply distressed at the prevailing scenario in this sector and, therefore, strongly recommend the implementation of the Acts in letter and spirit, creating infrastructure for skill development and training of the construction workers, impressing upon the State

Governments to constitute welfare boards without any further delay and take up special and specific measures for the betterment of the women workers who constitute a major segment in this sector.

Major Head: 2230

Minor Head: 109.06

G. BEEDI WORKERS WELFARE FUND

3.89 Beedi industry is primarily a rural based labour intensive industry, which provides employment to about 4.9 million workers mainly in the States of Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal.

3.90 The Beedi Workers Welfare Fund Act, 1976 has been enacted to provide for financing of measures to promote the welfare of beedi workers. Several welfare schemes have been formulated to extend health, housing, educational, social security, maternity benefits etc., to beedi workers and their family members. Under this Act, several initiatives have been taken to increase the coverage of various welfare schemes and to liberalise the schemes. Health care is provided to the beedi workers and their dependents through 4 hospitals and 206 dispensaries all over the country. 'The Revised Integrated Housing Scheme-2005 (RIHS-2005) for Beedi Workers has come into force w.e.f. 25th May, 2005 wherein a uniform central subsidy of Rs.40,000/- is provided to a worker having his own land against a contribution by him of Rs.5,000/- only.

3.91 When asked whether any survey has been conducted to ascertain the number of beedi workers in the country, the Ministry in a written reply stated as follows:-

“During the last three years, fresh survey has been conducted in the State of Rajasthan between 10.4.2005 to 10.5.2005 to identify beedi workers in that State. All the State Governments also have been requested to conduct fresh survey for identification of beedi workers in their respective States, as it is the prime responsibility of State Governments to safeguard the interest of the workers of the States. The Government of Bihar and Jharkhand have intimated to start fresh survey of beedi workers w.e.f. 10.4.2007 to 10.5.2007 respectively”.

3.92 Statement showing State-wise details of the total number of beedi workers and number of identity cards issued to them is as under:-

| SL.NO. | NAME OF THE STATE | TOTAL NO. OF ESTIMATED BEEDI WORKERS | NO. OF IDENTITY CARDS ISSUED |
|--------------|-------------------|--------------------------------------|------------------------------|
| 1. | Andhra Pradesh | 7,35,711 | 7,15,711 |
| 2. | Assam | 6,674 | 6,335 |
| 3. | Bihar | 1,94,170 | 1,94,170 |
| 4. | Jharkhand | 89,124 | 84,967 |
| 5. | Gujarat | 46,355 | 45,874 |
| 6. | Karnataka | 2,50,078 | 2,50,078 |
| 7. | Kerala | 84,133 | 79,208 |
| 8. | Madhya Pradesh | 9,87,088 | 8,25,150 |
| 9. | Chhattisgarh | 20,481 | 20,481 |
| 10. | Maharashtra | 2,56,000 | 2,17,663 |
| 11. | Orissa | 1,90,313 | 1,89,008 |
| 12. | Rajasthan | 34,226 | 34,226 |
| 13. | Tripura | 9,372 | 6,349 |
| 14. | Tamil Nadu | 6,25,000 | 6,05,079 |
| 15. | Uttar Pradesh | 4,50,000 | 3,22,098 |
| 16. | West Bengal | 10,74,531 | 7,42,050 |
| TOTAL | | 50,53,256 | 43,38,447 |

3.93 The various welfare schemes meant for beedi workers are extended to them based on their identity for which due identity cards are issued to them. When asked about the progress regarding issue of identity cards to beedi workers along with Ghar Khata workers, the Ministry replied as under:-

“The identification of the beedi workers is a continuous process. The matter is taken up with the State Governments from time to time to conduct the surveys and to issue identity cards to the workers. The field offices of Director General (Labour Welfare) also assist the State Governments in the process. The Welfare Commissioners also organize camps to mobilize the workers and issue identity cards to the beedi workers. Recently, the Government of Bihar and Jharkhand have intimated that the survey work will commence from May, 07. Other States have also been requested to take up the survey work at the earliest.

Identity Cards are issued to the ghar khata beedi workers also by the State Government and Welfare Commissioner Office. The beedi workers and their families are eligible to receive benefits under various schemes implemented under the Welfare Fund. “

3.94 Regarding waiver of contribution of Rs.5,000/- from a beedi worker for a uniform subsidy of Rs.40,000/- for construction of a dwelling unit under Revised Integrated Housing Scheme (RIHS), the Ministry replied:

“There has been a demand from various Unions and Associations of beedi workers from the States of Orissa, Bihar and Kerala etc. and also from a Member of Parliament from the Jharkhand State to do away with the requirement of depositing workers contribution of Rs.5,000/- with application.

The issue, to do away with the requirement of worker contribution, was also taken up along with other issues, for review of Scheme, with the M/o Finance (Department of Expenditure). However, the M/o Finance did not accept this recommendation. The worker has to deposit a contribution Rs.5,000/- after the grant of administrative approval under the RIHS 2007 as against the earlier provision of advance deposit of Rs.5,000/- along with the application in RIHS 2005. “

3.95 When the Ministry was asked about the reasons why the amount allocated for construction of houses to beedi workers could not be spent and why the scheme itself can't be modified by either doing away with the provision of contribution by the beedi workers or by providing interest free loan of Rs.5000/- to the beedi workers selected for dwelling units, the Ministry in their written post evidence reply stated as under:

“Under the Revised Integrated Housing Scheme (RIHS-2005) for beedi workers, a uniform subsidy of Rs.40,000/- is provided for construction of a dwelling unit to a beedi worker. The scheme was being implemented through the State Governments. A Non-Plan allocation of Rs.50 crore was made in the budget for the year 2006-20 and full amount has been utilized. Therefore, it cannot be said that the scheme is a failure.

However, there was a proposal under consideration for the construction of houses under Plan as well for beedi workers and other low-income occupations. A token provision of Rs.5 crore was made in the B.E 2006-20 under Plan Head. As the entire demand for the subsidy for construction of the houses was met from the Non-Plan Head, the Plan allocation has been surrendered”.

3.96 The Committee had earlier recommended vide their 13th Report on Demands for Grants (2006-07) (Presented to Lok Sabha on 17.05.2006) for setting up of a 50-bedded hospital in Sambalpur (Orissa) to provide better medical facilities to beedi workers in this highly concentrated zone of beedi workers. The

Ministry was asked regarding the efforts made by the Government in this direction and the likely time by when it would be set up. In their written reply, they stated:

“The Committee had recommended for setting up of a 50-bedded hospital in Sambalpur (Orissa) under the ‘pilot scheme’ wherein a one-time grant of Rs.2 crore is provided or any other plan/scheme. Despite serious efforts to explore possibilities for providing grant under the ‘pilot scheme’ to the State Governments/ESIC/Reputed and recognized private hospitals, etc., no proposal has been received from the State of Orissa. However, a Committee has been set up in the Ministry to review the ‘pilot scheme’ and recommend the attractive scheme in place of the existing scheme. As soon as recommendations of the Committee are received, action will be taken accordingly”.

3.97 The Committee note that several welfare schemes viz., health, housing, education, social security, maternity benefits etc. are extended to beedi workers only after establishing their identity as beedi worker for which due identity cards are issued to them from time to time. For the purpose of issuing identity cards, periodic surveys are conducted. During the last three years only in the State of Rajasthan a fresh survey has been conducted to identify the beedi workers. The Governments of Bihar and Jharkhand have intimated to start fresh survey of beedi workers in the months of April 2007 and May 2007 respectively. The Committee are dismayed to note that more than 7 lakh identified and eligible beedi workers are yet to be issued identity cards. The Committee are of the view that the identity card to a beedi worker is extremely important, since it is a pre-requisite for him to claim benefits of various welfare schemes statutorily granted to him. The Committee, therefore, strongly recommend that the Union Government should impress upon the State Governments to take all necessary steps to ensure that a periodic and timely survey to identify beedi workers including 'Ghar Khata Workers' is conducted so that all eligible and identified beedi workers are no longer deprived of the benefit of welfare schemes being run by the Government. The Committee also desire that effective monitoring should be done by the Ministry in this regard.

3.98 The Committee note that the Revised Integrated Housing Scheme 2005 for beedi workers came into being w.e.f. 25 May 2005 wherein a uniform Central subsidy of Rs.40,000/- is provided to construct a dwelling unit against a contribution by him of Rs.5,000/-. The Committee feel that the contribution of Rs.5,000/- by a beedi worker to avail of the subsidy of Rs.40,000/- for construction of a dwelling unit is on the higher side as it is beyond the capacity of a poor beedi worker earning approximately Rs.66/- a day, i.e. the National Minimum Floor Level Wages. The amount of subsidy of Rs.40,000/- is also on the lower side as it is virtually not possible to construct a dwelling unit with this meagre amount particularly due to steep rise in the prices of the construction material. The Committee, therefore, desire that the contribution of beedi worker for the purpose of construction of a dwelling unit should be waived off. Alternatively, it may be given by the Government in the form of interest free loan stretched over a longer duration, say 5 years, so that they are able to pay the instalments without much burden. The subsidy of Rs.40,000/- should also be appropriately hiked keeping in view the escalating prices of construction materials.

3.99 The Committee recall they had, in their Thirteenth Report on Demands for Grants (2006-2007), recommended for setting up a 50-bedded hospital in Sambalpur (Orissa), a highly concentrated zone of beedi workers, to provide better medical facilities to beedi workers. The Ministry in its reply furnished on action taken has stated that despite efforts to explore possibilities for providing grant under the 'pilot scheme' to the State Government/ESIC/reputed and recognized private hospitals; no proposal has been received from the State of Orissa. However, a Committee has been set up in the Ministry to review the 'pilot scheme' and recommend the attractive scheme in place of the existing scheme. As soon as the recommendations of the Committee are received, action will be taken accordingly. In this regard, the Committee desire the Ministry to expedite the process of setting up of a 50-bedded hospital at Sambalpur, Orissa. Till then, the Committee feel, some wards in nearby General Hospitals of the State Government may be reserved exclusively for the beedi workers and sufficient annual grants may be provided for such wards reserved for beedi workers to ensure that best medical treatment is given to them.

*NEW DELHI;
REDDY,
19 April, 2007
29 Chaitra, 1929 (Saka)*

*SURAVARAM SUDHAKAR
Chairman,
Standing Committee on Labour.*

*ANNEXURE***MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON MONDAY, 2 APRIL 2007**

The Committee met from 1100 hours to 1405 hrs. and again from 1500 hrs. to 1705 hrs. in Committee Room `E', Parliament House Annexe, New Delhi for taking oral evidence of the representatives of the Ministry of Labour and Employment and the Ministry of Textiles on Demands for Grants for the year 2007-08.

PRESENT

Shri Suravaram Sudhakar Reddy - CHAIRMAN

MEMBERS**LOK SABHA**

2. Shri Furkan Ansari
3. Shri Subrata Bose
4. Shri Santasri Chatterjee
5. Shri Thawar Chand Gehlot
6. Dr. Satyanarayan Jatiya
7. Shri Virendra Kumar
8. Shri Rajesh Kumar Manjhi
9. Shri Chandradev Prasad Rajbhar
10. Smt. C.S. Sujatha
11. Shri Mohan Rawale

RAJYA SABHA

12. Chowdhary Mohammad Aslam
13. Shri Rudra Narayan Pany
14. Shri Narayan Singh Kesari
15. Shri K. Chandran Pillai
16. Shri Gandhi Azad
17. Ms. Pramila Bohidar

SECRETARIAT

- | | | | |
|----|-------------------|---|---------------------|
| 1. | Shri N.K. Sapra | - | Joint Secretary |
| 2. | Shri R.K. Bajaj | - | Director |
| 3. | Shri N. K. Pandey | - | Deputy Secretary-II |

**REPRESENTATIVES OF THE MINISTRY OF LABOUR AND
EMPLOYMENT**

| Sl.No. | Name of the Officer | Designation |
|--------|-------------------------|---|
| 1. | Smt. Sudha Pillai | Secretary |
| 2. | Shri S. Krishnan | Additional Secretary (L&E) |
| 3. | Shri R.C. Ray | Labour & Employment Adviser |
| 4. | Shri S.K. Srivastava | Joint Secretary |
| 5. | Ms. Gurjot Kaur | Joint Secretary |
| 6. | Shri Shambhu Singh | Joint Secretary & FA (L&E) |
| 7. | Shri Anil Swarup | Joint Secretary (DGLW) |
| 8. | Shri Sharda Prasad | Joint Secretary (DGE&T) |
| 9. | Dr. Ashok Sahu | Economic Adviser |
| 10. | Dr. Harcharan Singh | Dy. Director General |
| 11. | Dr. Shakuntala | Controller of Accounts |
| 12. | Shri S.K. Mudkhopadhyay | Chief Labour Commissioner (C) |
| 13. | Shri A. Vishwanthan | Central Provident Fund Commissioner |
| 14. | Shri A.J. Pawar | Insurance Commissioner, (Employees State Insurance Corporation) |
| 15. | Dr. (Ms.) Kamlesh Kalra | Medical Commissioner (ESIC) |
| 16. | Shri M.M. Sharma | Chief Inspector of Mines, DGMS |
| 17. | Shri S.K. Saxena | DGFASLI |
| 18. | Shri K. C. Gupta | DG, National Safety Council |
| 19. | Shri A.S. Ahluwalia | DG, Labour Bureau, Chandigarh |
| 20. | Shri V. Parmeswaran | Director, CBWE |
| 21. | Kanwar Manjeet Singh | Director, V.V. Giri, NLI |
| 22. | Shri Ranbir Singh | Deputy Secretary |
| 23. | Shri N.C. Bhatia | Under Secretary |

2. At the outset, the Hon'ble Chairman welcomed Smt. Sudha Pillai, Secretary and other accompanying officials of the Ministry of Labour and Employment and invited their attention to the provisions contained in Direction 55 (1) of the Directions by the Speaker.

3. Then the Secretary, Ministry of Labour and Employment briefed the members about the budgetary allocations for the year 2007-08 and the expenditure incurred so far on various schemes/programmes undertaken by the Ministry.

4. The Committee thereafter took evidence of the representatives of the Ministry of Labour and Employment. The important topics discussed in the meeting inter-alia included (a) General Performance of the Ministry; (b) Employees' Provident Fund Scheme; (c) Employees' State Insurance Scheme; (d) Directorate-General of Mines Safety; (e) Contract Labour; (f) Unorganised Sector Workers; (g) Construction Workers; (h) Beedi Workers Welfare; (i) Child Labour and (j) DGE&T.

5. The Secretary and other officials of the Ministry replied to the queries raised by the Members. The Chairman also directed the Secretary to send written replies to the Supplementary List of Points within a week.

6. The Chairman thanked the Secretary and other officials for giving valuable information to the Committee on the subject.

A verbatim record of the evidence was kept.

{The witnesses then withdrew}

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| 13. | XX | XX | XX |

The Committee then adjourned.

**MINUTES OF THE TWELFTH SITTING OF THE STANDING COMMITTEE
ON LABOUR HELD ON THURSDAY, 19 APRIL 2007**

The Committee met from 1500 hours to 1640 hours in Committee Room 'C', Parliament House Annexe, New Delhi to consider and adopt draft two reports on Demands for Grants for the Year 2007-2008 of the Ministry of Labour and Employment and the Ministry of Textiles.

PRESENT

Shri Suravaram Sudhakar Reddy – CHAIRMAN

**MEMBERS
LOK SABHA**

2. Shri Furkan Ansari
3. Shri Santasri Chatterjee
4. Shri Thawar Chand Gehlot
5. Shri Munawar Hasan
6. Shri Virendra Kumar
7. Shri Rajesh Kumar Manjhi
8. Shri Devidas Pingle
9. Shri Mohan Rawale

RAJYA SABHA

10. Shri Rudra Narayan Pany
11. Shri Narayan Singh Kesari
12. Shri K. Chandran Pillai

SECRETARIAT

- | | | | |
|----|-------------------|---|------------------|
| 1. | Shri N.K. Sapra | - | Joint Secretary |
| 2. | Shri R.K. Bajaj | - | Director |
| 3. | Shri N. K. Pandey | - | Deputy Secretary |
| 4. | Smt. Mamta Kemwal | - | Under Secretary |

2. At the outset, the Hon'ble Chairman welcomed the Members and apprised them about the two Draft Reports on the Demands for Grants for the year 2007-2008 of the Ministry of Labour and Employment and the Ministry of Textiles.

3. The Committee first took up the Draft Twentieth Report on Demands for Grants for the year 2007-2008 of the Ministry of Labour and Employment and adopted the same with the following modifications:

- (i) Page No.34, Para 3.36, line 8 from bottom “to do away with any floor in any single category” **may be modified** suitably to make it understandable.
- (ii) At Page No.35, Para 3.37 “The Committee’s earlier recommendation that at least 9.5% rate of interest should be given to the subscribers of EPFO, may be strongly reiterated”.

4. XX XX XX XX

5. The Committee authorised the Chairman to finalise the above Reports and present the Report of the Ministry of Labour and Employment to Hon’ble Speaker under Direction 71 A of Directions by the Speaker, Lok Sabha. This is to facilitate the circulation of the Report and enable the Members to participate in the discussion on Demands for Grants (2007-2008) of the Ministry of Labour and Employment to be held on 26 April 2007 in Lok Sabha. Thereafter, the Reports of both the Ministries, i.e. Ministry of Labour and Employment and the Ministry of Textiles may be presented/laid in Lok Sabha/Rajya Sabha on their behalf.

The Committee then adjourned.

APPENDIX**STATEMENT OF RECOMMENDATIONS/OBSERVATIONS**

| Sl. No. | Para No. | Recommendations/Observations |
|---------|----------|---|
| 1. | 3.14 | <p>The scrutiny of Demands for Grants (DFGs) 2007-08 of the Ministry of Labour and Employment reveals that the total outlay of Rs.1,897.27 crore (Plan Rs.325.48 crore and non-Plan Rs.1,517.79 crore) for the year 2007-08 shows an overall increase of Rs.199.69 crore over the BE of the previous year. However, a glance at the scheme-wise/programme-wise financial outlays shows that the percentage of expenditure incurred over RE on the execution of some of the important schemes during 2006-2007 is far less than what is stipulated under plan items <u>viz.</u>, Holding of Lok Adalat, Rehabilitation of Bonded Labour, DGMS, Skill Development through PPP, Information Technology, etc. Furthermore, in some other schemes such as Construction of Houses for Beedi Workers and low income occupation clusters, Social Security for Unorganised Sector Workers Scheme - Central Government's share and Training - Grants-in-aid to State, the expenditure is nil. The reasons put forth by the Ministry for less spending or no spending at all on some of the schemes such as non-filling up of vacant post of presiding officers of some of CGITs, non-approval of schemes for construction of Houses for Beedi workers and low-income occupation clusters, non-approval of the Skill Development through Public Private Partnership (PPP) Scheme by CCEA and non-receipt of complete proposals from the State Governments for rehabilitation of the Bonded Labour are least convincing. The Committee are, therefore, of the opinion that this clearly reflects that the planning of the Ministry with regard to various Central Schemes is done without proper spadework. Moreover, monitoring and coordination of the Ministry with other implementing agencies are not very effective. The Committee, therefore, desire that the Ministry should take concrete measures for improvement in their planning process besides further strengthening their monitoring mechanism for better utilization of funds which would ultimately benefit the intended beneficiaries.</p> |

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| 2. | 3.15 | <p>The Committee note that as per the Government's directive, 10% of the Plan allocation are to be earmarked for specific projects/schemes in North-Eastern States and Sikkim. In pursuance of the directive of the Government, the Ministry made a lump sum provision of Rs.3,368.00 lakh at BE level for the year 2006-07 for all the schemes of North Eastern States. The allocation was reduced to Rs.2,350.00 lakh at RE stage. However, the actual expenditure upto February 2007 was only Rs.1,371.26 lakh, which is only 40% of the BE and 58% of the RE. The Committee note that the major scheme being run in the North Eastern region pertains to establishment of new ITIs in the North-Eastern States and Sikkim. The Committee are distressed to find that the shortfall in utilization of allocated funds is due to non-achievement of targets set for the aforesaid scheme. Out of 22 new ITIs to be opened and 35 of the existing ITIs upgraded during 2006-07, only 16 new ITIs have been completed and 30 existing ITIs upgraded. The Committee feel that lack of concerted efforts on the part of the Ministry has contributed significantly to such a performance which can only be termed as 'below average'. The Committee are of the view that since ITIs are meant for producing multi-skilled the human resource assets of the nation who will in turn contribute significantly towards economic development, delay for completion of assigned projects should not be taken lightly and responsibility for the lapse may be fixed in future. The Committee, therefore, stress that the reasons for such low performance may be analysed in detail and improvements brought in. The Committee also desire that they be apprised of the steps taken in this direction.</p> |
| 3. | 3.16 | <p>The Committee note that the financial rules of the Government clearly stipulate spreading of expenditure evenly over the four quarters and bars the undue utilization of funds in the last quarter of the year. However, on close scrutiny of the progressive quarterly figures, the Committee find that the actual quarterly expenditure under various Plan schemes have been 19.37% in first quarter, 26.72% in second quarter, 21.33% in third quarter and only 7.82% (upto Feb 2007) in fourth quarter. The Committee had, in their earlier reports, been repeatedly impressing upon the need to spread the expenditure evenly during the year but it seems that recommendations of the Committee have not been taken seriously. The Committee</p> |

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| | | <p>further note that considering the pace of expenditure and ceiling of expenditure upto 33% in the last quarter, the Ministry of Finance restricted the RE in the Plan schemes to Rs.235.00 crore for the year 2006-07, thereby reducing the allocation by 76.36 crore at RE stage. The Committee recommend that the nature and mechanism of monitoring of expenditure in the Ministry needs a thorough review to ensure that the pace of expenditure is evenly distributed among different quarters to avoid drastic reduction in the budgetary allocations at RE stage and thereby affecting any schemes substantially, in future.</p> |
| 4. | 3.34 | <p>The Committee are constrained to note that out of more than 40 crore workforce in the country, the total membership of the EPFO as on 31 March 2006 is only 4.6 crore both in the exempted and unexempted sectors which is just 10.74 per cent of the total work force. The Committee are least satisfied with this sorry state of affairs. The Committee note that with a view to bring many establishments under the purview of the Act, various steps like Compliance 2001 programme, special drives, creation of intelligence circles, etc. have been taken, but the fruitful results could not be achieved. The Compliance 2001 programme has not come up to expectations and for the purpose of enhancing compliance a proposal incorporating some strategic adjustments in the said programme is under consideration of the appropriate authorities. This is a welcome move keeping in view the fate of various initiatives in the past, the Committee are sceptic whether this step alone will help in proper coverage of all coverable establishments. The Committee, therefore, strongly recommend that the Ministry should intensify its coverage programme and for this purpose a multi-pronged strategy be devised which may <i>inter alia</i> include voluntary compliance, special drives for coverage, earmarking of areas to enforcement officers and all such other steps which are deemed proper for enhancing the coverage.</p> |

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| 5. | 3.35 | <p>The Committee note with concern that the arrears due for recovery are continuously mounting year after year against the defaulting establishments. The recovery position for the last three years has been Rs.1,832.70 crore in 2003-04, Rs.1,901.03 crore in 2004-05 and Rs.1,958.55 in 2005-06. Thus, it may be seen that there is marginal increase in recovery of arrears during the aforesaid period. However, the arrears due for recovery during the corresponding period are far greater in percentage <u>vis-à-vis</u> the recovery made. They are Rs.1,862.70 crore in the year 2003-04, Rs.2,144.82 crore in 2004-2005 and Rs.2,530.07 in 2005-06 respectively. The reasons for non-realisation of arrears have been attributed to the stays granted by courts/tribunals, establishments having gone into liquidation/closure/lock-outs, sanction of instalments by courts/higher authorities and establishments in respect of which Rehabilitation Scheme had been sanctioned by BIFR. The Committee are of the opinion that the reasons given for non-realisation of arrears <u>prima facie</u> appear to be plausible, yet the arrears due for recovery cannot be left unrecovered notwithstanding any impediments whatsoever. The Committee, therefore urge upon the Government to gear up its machinery to recover the outstanding dues by taking appropriate action including filing of caveat in the court, convincing BIFR to make provisions for payment of arrears of EPFO, realization of dues during the process of liquidation of the establishments, etc.</p> |
| 6. | 3.36 | <p>The Committee note that the rate of interest payable to subscribers of EPFO is an issue of perennial dispute and discord. Due to acute difference of opinion, the rates of interest for years 2006-07 and 2007-08 are yet to be recommended by the Central Board of Trustees (CBT, EPF). It has been stated that the rate of interest is determined keeping in view the projected income and projected interest payment liabilities during a particular year. The Committee are heartened to note that with a view to earn better returns from investment of EPFO corpus, the CBT, EPF has agreed to certain recommendations regarding changing the investment pattern such as investments in NSCs and POTDRs, investments in TDRs of private sector banks subject to a limit of 5% of the deposit base, TDRs of public sector banks upto 3 years and merger of two categories of 25% and 15% of Central and State Government securities, respectively to make a single category of 40% of government securities; treat the category-wise percentage norms as</p> |

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| | | <p>indicative and not mandatory and to do away with any floor in any single category (Percentage of approved investment in any single category by EPFO is not mandatory. It can vary and interchange of category can also take place) . The Committee hope and trust that with the proposed changes in the investment pattern, earnings of the EPFO will be augmented, thus enabling it to give an enhanced rate of interest to subscribers. The Committee, therefore, urge upon the Government to take appropriate initiatives for implementation of the recommendations regarding changing the investment pattern of EPF suggested at its 178th and 179th meetings of CBT at the earliest. The Committee may be apprised of the developments in this regard at periodic intervals.</p> |
| 7. | 3.37 | <p>The Committee note that the declaration of EPFO interest rate has been lingering on due to difference of opinion in CBT which is against the interest of subscribers. The Committee, therefore, strongly reiterate their earlier recommendation made in Thirteenth Report (14th Lok Sabha) that EPF rate of interest for the year 2006-2007 and 2007-2008 be declared at least @ 9.5%, if not more, in view of overall price rise and substantial increase in rates of loans by the banks/financial institutions recently.</p> |
| 8. | 3.38 | <p>The Committee note with concern that an amount of Rs.1351.38 crore has been lying with the Employees Provident Fund Organisation (EPFO) in the unclaimed Deposit Account as on 31.03.2006. The Committee has been informed that as per provisions of the existing scheme, the amount lying under unclaimed Deposit Account cannot be utilized for any other purpose except for paying to the rightful claimants. The Committee find that the total amount disbursed out of the Unclaimed Deposit Account during the last three years has been quite meagre i.e., Rs.56.31 crore in 2003-2004, Rs.86.60 crore in 2004-2005 and Rs.71.08 crore in 2005-06. The Committee are not satisfied with this state of affairs. The Committee feel that since not large number of claimants are coming forward to settle their claims, a large amount of fund has been blocked which could be used elsewhere for better purposes. The Committee, therefore, recommend that the provisions of the scheme should be suitably amended for better utilization of money. The Committee also desire that the number of cases settled out of the Unclaimed Deposit Account should also be maintained along with the amount disbursed.</p> |

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| 9. | 3.49 | <p>The Committee are constrained to note that the ESI facilities are not available in all the States/Union Territories even after about 60 years of its coming into force. The Committee observe that the Employees' State Insurance Scheme is mainly financed by employers' and employees' contribution. The current ratio of contribution @ 1.75% for employees' and @ 4.75% for employers' has been in operation since 1 January 1997. The employees' earning wages upto Rs.50 per day (w.e.f. 1 January 2004) are exempted from payment of their share of contribution. The Committee find that with the enhancement of wages of the employees' from time to time the rate of contribution for both the employers' and employees' has also been raised. Recently, the wage ceiling has been raised from Rs.7,500/- to Rs.10,000/- w.e.f. 1.10.2006, however, the rates of contribution for both the employers and employees continued as 4.75% and 1.75% respectively. The Committee are of the view that ESIC plays a very vital role in the medical care of workers. Moreover, this is a self-financing social security programme for the workers in the organized sector, since the Corporation does not receive any financial assistance from the Central Government. As per the existing arrangements, ESI hospitals/dispensaries are mainly financed by the employers' and employees' contribution. The Committee feel that the Corporation should have sufficient funds at its disposal for opening new dispensaries/hospitals, strengthening its existing medical network by modernizing its hospitals/dispensaries, upgrading existing diagnostic facilities and clinical services, providing latest equipments for super speciality treatments and making available state of the art technology for treatment. The Committee, therefore, recommend each State/Union Territory should be provided with facilities for ESI beneficiaries. The Committee also recommend that the rate of contribution should be reviewed so as to generate adequate funds for opening new dispensaries/hospitals and for upgrading the medical facilities being provided to the beneficiaries. The Committee may be apprised of the action taken in this matter.</p> |
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| 10. | 3.50 | <p>The Committee note that under provisions of ESI Act prosecution cases can be filed against the insured persons and employers for giving wrong declaration. On demand of the employers and employees the third Amnesty Scheme for withdrawal of the prosecution cases filed against employers and insured persons on making the payment of contribution, interest and damages for the period involved under the prosecution by the employers and excess cash benefit availed of by insured persons was introduced with effect from 1.8.2006 to 31.1.2007 which was later extended upto 31.3.2007 has since been extended further. The Committee observe that out of 2,600 applications received from the employers' upto February 2007 under the Scheme, only 511 have been processed for payment while the remaining 2,089 applications have been kept pending for want of payment of dues by the employers to the Corporation. The Corporation realized Rs.5.18 crore from the defaulting employers under the Amnesty Scheme. The Committee note that though the goal of the scheme is to reduce the number of pending cases, a large number of employers are not coming forward, reportedly because the cases are still being filed even after payment of arrears by the employers. The Committee, therefore, recommend that Ministry should evolve some mechanism to ensure that genuine people are not harassed.</p> |
| 11. | 3.67 | <p>The Committee note that the role of DGMS is to act as a watchdog to see that the mine management complies with the statutory provisions relating to occupational safety and health in mines. DGMS officers make periodic inspections to make sample checks. The Committee are constrained to note that there has been steady decline in the number of inspections and enquiries conducted during the last three years. As against 8,385 inspections in 2004-05, only 5,001 inspections have been carried out in the year 2006-07. Likewise, only 1039 enquiries were conducted in the year 2006-07 as against 1,261 during 2004-05. The prime reason for decline in the number of inspections and enquiries has been reportedly due to the shortage of frontline inspecting officers. The Department has only 125 Inspecting Officers against the sanctioned strength of 164. The Committee note with dismay the casual approach of the Government in filling up the post of inspecting staff which can have serious repercussions with regard the safety operation of mines. The Committee desire the Government to wake up from</p> |

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| | | <p>the deep slumber and not wait till a tragedy of serious nature takes place. The Committee, therefore, call upon the Government to fill up the posts of inspecting staff immediately so that efficiency of such an important organization does not suffer. A progress report in this regard may be submitted to the Committee in three months.</p> |
| 12. | 3.68 | <p>The Committee further note that the penalties prescribed for different categories of offences under the Mines Act 1952 are very meagre. To enhance the penalties, a proposal for amendment of the Mines Act, 1952 was initiated in the year 1997 and the draft amendment was circulated to all the stakeholders in the year 2002. The responses received from the different stakeholders have been under examination. The Committee express their anguish over inordinate delay to bring suitable amendments in the Mines Act to provide for stringent punishment against the offenders and desire that urgent steps be initiated to clear the proposal without any further delay.</p> |
| 13. | 3.69 | <p>The Committee take further note that the Directorate General Mines Safety conducts seven statutory examinations each under Coal Mines Regulations, 1957 and Metalliferous Mines Regulations, 1961 besides conducting some medical examinations. The syllabus for statutory examinations conducted by DGMS for managers, surveyors and other supervisors working in coal and metal mines is under revision. The new techniques/methods that may be included in the new syllabus are longwall mining, gallery blasting method, pillar extraction by continuous miner, mechanized depillaring using SDL, LHD, introduction of surface miners, introduction of in pit crushers, heavy earth moving machineries, new survey technique like EDM etc. The Committee observe that the techniques/methods which are to be included in the new syllabus are essential ingredients for improving the efficiency of mining activities. The Committee, therefore, strongly recommend that the process of the revision of the syllabus should be taken up on a top priority basis and completed within a definite time frame.</p> |

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| 14. | 3.80 | <p>The Committee note that as per survey carried out by the National Sample Survey Organisation in the year 1999-2000, out of the total 39.7 crore persons employed in both the organized and the unorganized sectors, 36.9 crore are in the unorganized sector. The workers in unorganized sector fall in various categories but a large number of them are home based workers which are engaged in occupations like beedi rolling, agarbatti making, papad making, tailoring, jari work and embroidery work, etc. The Committee note that though the Government has enacted several laws and schemes for the welfare of workers in the organized sector, much is needed to be done by them for the workers in the unorganized sector who constitute around 92% of strong work force in the country. The Committee also note that over the years, the status of unorganized labour in the country has been studied by various Committees/Groups. All these studies have projected the plight of workers in the unorganized sector and called for substantial measures for improvement of their lot and providing them some sort of protection. But not much progress has been made in the matter. The Committee, therefore, recommend that urgent steps should be taken by the Government to bring in a comprehensive legislation for unorganized workers without any loss of time.</p> |
| 15. | 3.81 | <p>The Committee note that of late, some new segments of working class, i.e. personnel working with the private security agencies, employees of call centres and workers engaged in private sanitation agencies, etc., also form sizeable number of unorganized workers and no welfare schemes of the Government have been extended to them for the purpose of coverage. Their position is no better than those of other categories of workers in the unorganized sector. The Committee, therefore, call upon the Government that these categories of workers may also be provided the benefits of social security by bringing them within the definition of unorganized labour and covering them in the proposed Bill to be brought before the Parliament shortly.</p> |

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| 16. | 3.82 | <p>The Committee observe that an allocation of Rs.15,000 crore has been made during the 11th Plan period for the schemes pertaining to welfare of workers of unorganized sector. This allocation has been spread over in amounts of Rs.1,000/, Rs.2,000/-, Rs.3,000/-, Rs.4,000/- and Rs.5,000/- crore during each of the first to five years of the Eleventh Plan period. The Committee are at a loss to understand the logic behind this uneven spreading of amount in respect of schemes formulated/being formulated for the welfare of workers of the unorganized sector. Taking into account the huge number of unorganized workers in the country with all uncertainties and insecurities, the Committee strongly urge upon the Government to step up the budgetary provision under this head. They also desire that the outlay so allocated be evenly spread in all the years of the Eleventh Plan period, target in each year be fixed and sincere and genuine efforts be made to achieve it.</p> |
| 17. | 3.88 | <p>The Committee note with concern that there are about 2.57 crore construction workers in the country. These workers are one of the most vulnerable segments of the unorganized sector in India. Their position is no better than any other category of workers in the unorganized sector. The building and other construction workers are characterized by an inherent risk to their life and limb. The construction work is also characterized by its casual nature, temporary relationship between the employer and the employees, uncertain working hours, lack of basic amenities and inadequacy of welfare facilities. Only two enactments i.e., The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and The Building and Other Construction Workers' Welfare Cess, Act, 1996 are in operation for the construction workers. However, no monitoring is being done with regard to their implementation. The Apex Court has been approached seeking directions for implementation of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The Government also do not have any information regarding constitution of the State Welfare Boards for construction workers. No proper infrastructure regarding training and skill development of construction workers is currently available as well. The Committee feel deeply distressed at the prevailing scenario in this sector and, therefore, strongly recommend the</p> |

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| | | implementation of the Acts in letter and spirit, creating infrastructure for skill development and training of the construction workers, impressing upon the State Governments to constitute welfare boards without any further delay and take up special and specific measures for the betterment of the women workers who constitute a major segment in this sector. |
| 18. | 3.97 | The Committee note that several welfare schemes <u>viz.</u> , health, housing, education, social security, maternity benefits etc. are extended to beedi workers only after establishing their identity as beedi worker for which due identity cards are issued to them from time to time. For the purpose of issuing identity cards, periodic surveys are conducted. During the last three years only in the State of Rajasthan a fresh survey has been conducted to identify the beedi workers. The Governments of Bihar and Jharkhand have intimated to start fresh survey of beedi workers in the months of April 2007 and May 2007 respectively. The Committee are dismayed to note that more than 7 lakh identified and eligible beedi workers are yet to be issued identity cards. The Committee are of the view that the identity card to a beedi worker is extremely important, since it is a prerequisite for him to claim benefits of various welfare schemes statutorily granted to him. The Committee, therefore, strongly recommend that the Union Government should impress upon the State Governments to take all necessary steps to ensure that a periodic and timely survey to identify beedi workers including 'Ghar Khata Workers' is conducted so that all eligible and identified beedi workers are no longer deprived of the benefit of welfare schemes being run by the Government. The Committee also desire that effective monitoring should be done by the Ministry in this regard. |
| 19. | 3.98 | The Committee note that the Revised Integrated Housing Scheme 2005 for beedi workers came into being w.e.f. 25 May 2005 wherein a uniform Central subsidy of Rs.40,000/- is provided to construct a dwelling unit against a contribution by him of Rs.5,000/-. The Committee feel that the contribution of Rs.5,000/- by a beedi worker to avail of the subsidy of Rs.40,000/- for construction of a dwelling unit is on the higher side as it is beyond the capacity of a poor beedi worker earning approximately Rs.66/- a day, i.e. the National Minimum Floor Level Wages. The amount of subsidy of Rs.40,000/- is also on the lower side as it is virtually not possible to construct a dwelling unit with this meagre amount particularly due to steep |

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| | | <p>rise in the prices of the construction material. The Committee, therefore, desire that the contribution of beedi worker for the purpose of construction of a dwelling unit should be waived off. Alternatively, it may be given by the Government in the form of interest free loan stretched over a longer duration, say 5 years, so that they are able to pay the instalments without much burden. The subsidy of Rs.40,000/- should also be appropriately hiked keeping in view the escalating prices of construction materials.</p> |
| 20. | 3.99 | <p>The Committee recall they had, in their Thirteenth Report on Demands for Grants (2006-2007), recommended for setting up a 50-bedded hospital in Sambalpur (Orissa), a highly concentrated zone of beedi workers, to provide better medical facilities to beedi workers. The Ministry in its reply furnished on action taken has stated that despite serious efforts to explore possibilities for providing grant under the 'pilot scheme' to the State Government/ESIC/reputed and recognized private hospitals; no proposal has been received from the State of Orissa. However, a Committee has been set up in the Ministry to review the 'pilot scheme' and recommend the attractive scheme in place of the existing scheme. As soon as the recommendations of the Committee are received, action will be taken accordingly. In this regard, the Committee desire the Ministry to expedite the process of setting up of a 50-bedded hospital at Sambalpur, Orissa. Till then, the Committee feel, some wards in nearby General Hospitals of the State Government may be reserved exclusively for the beedi workers and sufficient annual grant may be provided for such wards reserved for beedi workers to ensure that best medical treatment is given to them.</p> |

