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**STANDING COMMITTEE ON LABOUR
(2007-2008)**

FOURTEENTH LOK SABHA

MINISTRY OF LABOUR AND EMPLOYMENT

**DEMANDS FOR GRANTS
(2008-2009)**

TWENTY-EIGHTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April 2008/Chaitra 1930 (Saka)

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(2007-08)**

(FOURTEENTH LOK SABHA)

MINISTRY OF LABOUR AND EMPLOYMENT

**DEMANDS FOR GRANTS
(2008-2009)**

Presented to Lok Sabha on 22 April 2008

Laid in Rajya Sabha on 22 April 2008



**LOK SABHA SECRETARIAT
NEW DELHI**

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**COMPOSITION OF THE STANDING COMMITTEE ON LABOUR
(2007-2008)**

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 Hasan
7. Smt. Sushila Kerketta
8. Shri Mohammad Tahir Khan
9. Shri Virendra Kumar
10. Shri Rajesh Kumar Manjhi
11. Shri Basangouda R. Patil
12. Shri Devidas Pingle
13. Shri Chandra Dev Prasad Rajbhar
14. Shri Mohan Rawale
15. Shri Dhan Singh Rawat
16. Shri Kamla Prasad Rawat
17. Smt. C. S. Sujatha
18. Shri Parasnath Yadav
- *19. Shri Ramdas Athawale
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. Shri Arjun Kumar Sengupta
- ***28. Vacant
- ***29. Vacant
30. Vacant
31. Vacant

(iii)

SECRETARIAT

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

-
- * Changed the nomination from Committee on Railways to Committee on Labour w.e.f. 21 August 2007.
- ** Nominated w.e.f. 14.09.2007.
- *** Vacancy caused due to retirement of Ms. Pramila Bohidar and Shri Dilip Ray w.e.f. 02.04.2008.

(iv)

INTRODUCTION

I, the Chairman of the Standing Committee on Labour 2007-08 having been authorised by the Committee to submit the Report on their behalf, present this Twenty-Eighth Report of the Ministry of Labour and Employment on Demands for Grants for the year 2008-2009.

2. The Committee considered the Demands for Grants pertaining to the Ministry of Labour and Employment for the current year i.e. 2008-2009 which were laid on the Table of the House on 17 March 2008. Thereafter, the Committee took evidence of the representatives of the Ministry of Labour and Employment on 31 March 2008. The Committee considered and adopted the Report at their sitting held on 16 April 2008.

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. The Committee would also like to place on record their deep sense of appreciation of the commitment, dedication and valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

5. 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;
16 April 2008
27 Chaitra, 1930 (Saka)

SURAVARAM SUDHAKAR REDDY,
CHAIRMAN,
STANDING COMMITTEE ON LABOUR

CHAPTER-I

REVIEW OF STATUS OF IMPLEMENTATION OF THE RECOMMENDATIONS CONTAINED IN THE TWENTIETH REPORT OF THE STANDING COMMITTEE ON LABOUR ON DEMANDS FOR GRANTS (2007-2008) RELATING TO THE MINISTRY OF LABOUR AND EMPLOYMENT

1.1 The Standing Committee on Labour presented their Twentieth Report on Demands for Grants (2007-2008) relating to the Ministry of Labour and Employment on 26.4.2007. Out of 20 recommendations, 8 recommendations (2,6,10,13,15,17,18 and 20) were accepted by the Government. The Committee did not desire to pursue 5 recommendations (1,3,5,9 and 11) in view of the replies given by the Government. In respect of 3 recommendations (8,16 and 19) replies of the Government were not accepted and hence were reiterated by the Committee in their Twenty Third Report. Replies of the Government were interim in nature in respect of 4 recommendations (4,7,12 and 14).

1.2 The status of implementation of the recommendations contained in the Twentieth Report of the Committee on Demands for Grants (2007-08) 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.

1.3 The Standing Committee on Labour presented their Twenty-Third Action Taken Report (Action taken by the Government on recommendations contained in Twentieth Report, Fourteenth Lok Sabha) on 5.9.2007. A gist of operational portion of recommendations contained in the Twentieth Report of the Committee is as under:

I. Recommendations which were accepted by the Government

Rec.No.2: **General Performance-** *Analyzing reasons for shortfall in utilization of allocated funds, delay in completion of assigned projects in respect of ITIs in North Eastern States and the details of improvement brought in.* The Ministry informed that all efforts to step up expenditure, conduct periodic review meetings to assess progress regarding ITIs, etc. have been taken.

Rec.No.6: **Employees' Provident Fund Scheme-** *Changing investment pattern of EPF to earn better returns.* Proposed changes have already been approved by Central Board of Trustees and recommendations have been sent to Government for consideration.

Rec.No.10: **Employees' State Insurance Scheme-** *Evolving some mechanism to ensure that employers who pay the dues are not harassed.* The Ministry has informed that instruction was issued to stop filing of prosecution during amnesty period and no case was to be filed by any regions.

- Rec.No.13: **Directorate General of Mines Safety** - *Taking up process of revising the syllabus on top priority and completing it within a time frame.* Two Committees formed for processing of syllabus revision have been directed to submit draft syllabus. After deliberations, revision process is to be completed in six months.
- Rec.No.15: **Unorganised Labour** - *Covering workers engaged in private security agencies, call centers etc. within the definition of unorganized labour.* Modalities of schemes and coverage of workers are under examination.
- Rec.No.17: **Construction Workers** - *Implementing concerned Acts, creating infrastructure for skill development and training, constituting State Welfare Boards, taking Special/Specific measures for betterment of women workers.* Some States have started implementation process after concerted efforts by the Government. Other States are also in the process of completing procedural requirements.
- Rec.No.18: **Beedi Workers Welfare Fund** - *Impressing upon State Governments to ensure periodic survey to identify beedi workers and issue identity cards and also do effective monitoring.* Concerned State Governments requested to conduct survey at the earliest and welfare Commissioners instructed to tender assistance in this regard.
- Rec.No.20: **Beedi Workers Welfare Fund** - *Setting up of 50 bedded hospital at Sambalpur, Orissa and till then reserving some beds in General Hospitals to ensure medical treatment to beedi workers.* Ministry has taken up the matter with the State Government of Orissa requesting them to reserve some beds in District Central Hospital, Sambalpur for Beedi Workers.

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

- Rec.No.1: **General Performance**- *Taking concrete measures for improving planning process and strengthening monitoring mechanism for better utilization of funds.* Progress of plan schemes is reviewed regularly in Planning Commission on half yearly basis. Pace of expenditure is also reviewed by Secretary (L&E), regularly with the joint Secretaries and Financial Adviser to identify main hurdles and to overcome them.

Rec.No.3: **General Performance** - *Thoroughly reviewing expenditure monitoring mechanism to ensure even pace of expenditure in all quarters to avoid reduction at RE stage.* Plan Schemes are reviewed by Planning Commission on half yearly basis. Pace of expenditure is also reviewed by Secretary (L & E), regularly with the Joint Secretaries and Financial Adviser to identify main hurdles and overcome them.

Rec.No.5: **Employees' Provident Fund Scheme** - *Gearing up of machinery to recover outstanding dues by filing caveat in courts, convincing BIFR for payment of arrears, realizing arrears during liquidation process of establishments, etc.* RPFCs monitor recovery of arrears under their charge. Addl. CPFCs monitor recovery of defaulting establishments exceeding 10 lakh. Necessary instructions have been issued to the RPFCs for attending all court cases, filing timely appeal, coordination with Standing Counsels. Following proceedings of courts are also done.

Rec.No.9 **Employees' State Insurance Scheme** - *Providing each State/UT with facilities for ESI beneficiaries and reviewing rate of contribution to generate funds.* _Cost of medical care for initial three years for new implementation taken by the Corporation, Adequate funds are available with the Corporation for opening new hospitals/upgrading existing ones.

Rec.No.11: **Directorate General of Mines Safety** - *Filling up posts of inspecting staff immediately so that efficiency do not suffer.* Selection process of a Deputy Director of Mines Safety (DDMS) completed by UPSC advertisement for 11 posts of DDMS made by UPSC for recruitment.

III. Recommendations which were reiterated by the Committee in their Twenty-Third Report

Rec.No.8: **Employees' Provident Fund Scheme** - *Amending provisions of the Scheme for better utilization of money and maintaining number of cases settled out of Unclaimed Deposit Account (UCDA).* The Committee strongly recommended that in the larger interest of beneficiaries, legal provisions in EPF Act may be suitably amended and effective steps taken urgently. In their action taken reply, the Ministry informed that EPFO has no legal right/power to utilize the Unclaimed Deposit Fund for any other purpose and cases settled are maintained separately in field offices and reflected in UCD return submitted in respective years.

In their final action taken reply, the Ministry has submitted that existing scheme does not provide for utilization of amount lying in Inoperative Account for any other purpose.

Rec.No.16: **Unorganized Labour** - *Stepping up budgetary provision under this head, spreading allocated funds evenly, making genuine efforts to achieve targets fixed each year.* The Committee strongly recommended the Ministry to approach Planning Commission to get the projected amount allocated soon. In their action taken reply, the Ministry furnished that the allocation recommended by the Group formed under the Chairmanship of Finance Secretary has not been approved.

In their Final Action Taken reply, the Ministry has informed that the Unorganized Sector Worker's Social Security Bill, 2007 has been approved by the Cabinet on 06.09.2007. The Health Insurance Scheme to cover unorganized sector workers and his family (units of five) has also been approved. The Unorganized Sector Workers Social Security Bill, 2007 has been introduced in Parliament on 10.9.2007.

Rec.No.19: **Beedi Workers Welfare Fund** - *Waiving off contribution of beedi worker for the construction of dwelling unit and hiking the current subsidy in view of escalating prices.* The Committee desired that State Governments be pursued to arrange interest free loan for workers' contribution and amount be increased urgently. In their action taken reply, the Ministry stated that no Unions/Associations of beedi workers or concerned State Governments requested for enhancement of subsidy and States have been requested to arrange for interest-free loans to these workers.

In their Final Action Taken reply, the Ministry has stated that the Scheme which was revised in 2005 has been further revised and thus now it will be implemented through the Labour Welfare Organization itself. Moreover, many States are already providing subsidy to beedi workers for construction of dwelling units and others have also been requested to grant State subsidy to these workers.

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

Rec.No.4: **Employees' Provident Fund Scheme** - *Intensifying coverage programme by devising multipronged strategy viz., voluntary compliance, special drives, earmarking areas for enforcement officers etc.* The Committee called upon the Ministry to intensify its coverage programme expeditiously. In the action taken reply, the Ministry stated that the

proposal seeking structural adjustments and changes in Compliance 2001 programme was placed before the CBT wherein Board authorized Chairman to constitute a Sub-Committee to look into the issue and formulate a comprehensive proposal to place before the Board.

In their Final Action Taken reply, the Ministry has stated that Hon'ble Minister of State for Labour and Employment and Chairman, CBT has been requested to constitute the Sub-Committee. Moreover, EPFO has intensified its coverage programme. Special coverage drives have been launched in August and September 2007 as a result of which large number of employees' and establishments have been enrolled as Members of the fund.

Rec.No.7: **Employees' Provident Fund Scheme** - *Declaring interest rate of EPFO and hiking it to 9.5% in view of overall price rise.* The Ministry informed that rate of interest is based on estimated earning of fund and estimated liability towards members at declared rate. Interest rate for 2006-07 and 2007-08 is yet to be recommended by CBT.

In their Final Action Taken reply, the Ministry has stated that rate of interest for 2006-07 has been declared as 8.5% while that of 2007-08 is yet to be recommended by CBT.

Rec.No.12: **Directorate General of Mines Safety** - *Amending Mines Act, 1952 to provide for stringent punishment against offenders and initiating urgent steps to clear the proposal.* The Ministry stated that the amendment is under process and penalties have suitably been proposed.

In their Final Action Taken reply, the Ministry has furnished that amendment is under process. Since objections to the proposal have been examined and discussed, a further period of one year would be required to bring about the amendments to the Mines Act.

Rec.No.14: **Unorganized Labour-** *Bringing in comprehensive legislation for unorganized workers urgently.* The Government is considering enactment of central legislation for workers in unorganized sector.

In their Final Action Taken reply, the Ministry has stated that 'The Unorganized Sector Workers' Social Security Bill, 2007' has been introduced in the Parliament on 10.9.2007.

CHAPTER-II

INTRODUCTORY

Objectives of the Ministry of Labour and Employment

2.1 The Ministry of Labour and Employment is responsible for laying down policies in respect of labour matters including industrial relations, co-operation between labour and management, settlement of labour disputes, regulation of wages and other conditions of work and safety, women labour and child labour, labour welfare, social security etc. besides, development and administration of employment service and training of craftsmen on national basis.

2.2 The implementation of the policies in regard to the above matter is the responsibility of the State Governments subject to control and direction of the Central Government except in the case of labour employed in Railways, Mines, Oilfields, Banking and Insurance Companies having branches in more than one State, major Ports and Central Government Undertakings where the Central Government retains the responsibilities in labour matters including employment and training and tenders technical advice as and when necessary.

Functions

- To promote harmonious relations between labour and management and to regulate wages and other conditions of work in the central sphere.
- To ensure speedy implementation of labour law awards, agreements, Code of Discipline etc. for improving industrial relations with regard to units in which Central Government is the appropriate Government.
- To conduct evaluatory studies of implementation of labour laws, industrial relations, personnel policies and practices etc., in Public Sector Undertakings.
- To regulate working conditions and safety in mines and factories.
- To prepare ground work for the formulation of National Wage Policy and maintain data on wages, all allowances and other related matters.
- To collect and publish statistics to conduct enquiries, surveys and research studies on various labour subjects.

- To conduct programmes relating to employment potential of scheduled caste and scheduled tribe candidates through Coaching-cum-Guidance Centres.
- To provide amenities to workers employed in the mining industry and beedi manufacturing.
- To assist in rehabilitation of bonded labour.
- To provide welfare measures for certain sections of the unorganized labour.
- To undertake training, education, research and consultancy service in the field of industrial relations and labour in general.
- To educate all sections of workers for their intelligent participation in social and economic development of the nation.
- To monitor the running of social security schemes viz. Employees' Provident Fund Organization and Employees' State Insurance Corporation.
- Policy framework for National Employment Service, Implementation of National Vocational Training Programme.

Organisational set up

2.3 The objectives are sought to be achieved by the main Ministry through its attached and subordinate offices and autonomous bodies. The important offices and organizations under the Ministry are listed below:-

1. Directorate General of Employment and Training
2. Organisation of the Chief Labour Commissioner (Central)
3. Directorate General of Factory Advice Service and Labour Institute.
4. Directorate General of Mines Safety
5. Directorate General of Labour Bureau
6. Central Government Industrial Tribunals
7. Offices of Labour Welfare Commissioners
8. Employees' Provident Fund Organisation
9. Employees' State Insurance Corporation
10. Central Board for Workers Education
11. V.V. Giri National Labour Institute
12. Board of Arbitration (JCM)

2.4 The State Governments are also competent to enact legislations, as labour is a subject in the concurrent list under the Constitution of India.

2.5 The Committee have attempted to scrutinize the Demands for Grants for the year 2008-09 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 (2008-09) under Demand No. 60.

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 and Employment.
3. 2251 Secretariat -Social Services
4. 2552 Lump sum Provisions for North Eastern Region
5. 3601 Grants-in-aid to State Governments.
6. 3602 Grants-in-aid to Union Territories Governments
7. 4250 Capital Outlay on other Social Services.
8. 6250 Loans for Other Social Services
9. 6552 Loans for North-Eastern Area

3.3 According to the Outcome Budget (2008-09), the Planning Commission had made an allocation of Rs.345.00 crore during the year 2007-08 of which Rs.19.52 crore were transferred to Ministry of Urban Affairs and Poverty Alleviation. Further a provision of Rs.34.50 crore was kept for ongoing/proposed Schemes in North Eastern Region and Sikkim. Budget Estimates of the Ministry for the year 2008-09 are Rs.2498.03 crore (Plan Rs.771.50 crore and Non-Plan Rs.11726.53 crore). The Planning Commission made an allocation of Rs.800.00 crore towards Plan Budget for the year 2008-09 out of which Rs.28.50 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 2008-09. A provision of Rs.80.00 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 2007-2008 (upto February 2008) and percentage of expenditure over BE and RE for the year 2007-08:-

Statement showing BE/RE for year 2007-08 and actual expenditure incurred under Plan/Non Plan Schemes during 2007-08 (upto 29.02.2008) alongwith % expenditure on BE/RE.					
PLAN					
(Rs. in lakhs)					
Item	B.E 2007-2008	R.E 2007-2008	Exp. upto Feb, 2008	% of Exp. over BE upto Feb 2008	% of Exp. over RE upto Feb 2008
1. Research & Statistics					
Plan Scheme under Research and Statistics	534.00	1002.00	435.47	81.55	43.46
2. Industrial Relations					
08.03: Machinery for better conciliation Service and Preventive Mediation on more effective Enforcement of Labour	250.00	250.00	214.91	85.96	852.96
08.08: Improving effectiveness by providing better facility	95.00	88.50	97.52*	102.65	110.19
08.11: improvement & Strengthening of Trg. Wing at CLS Offices	40.00	32.50	25.21	63.03	77.57
05.2: Strengthening of Adjudication	220.00	206.00	161.93*	73.60	78.61
05.12: Holding of Lok Adalat	5.00	4.00	0.32	6.40	8.00
3. Working condition & Safety					
a) DGFASLI	80.00	130.00	79.29	99.11	60.99
b) DGMS	370.00	402.00	234.07	63.26	58.23
2230.01.109					
Construction of Houses for Beedi Workers and low-income occupation clusters	0.00	0.00	0.00	0.00	0.00
2230.01.111: Social Security for Unorganised Sector Workers Scheme					

Central Government's share	0.00	0.00	0.00	0.00	0.00
4. Labour Education					
a) CBWE	790.00	790.00	930.00*	117.72	117.72
b) NLI	450.00	450.00	462.50*	1025.78	102.78
5. Rehabilitation of bonded labour-Grants in aid					
	180.00	150.00	80.40	44.67	53.60
6. Improvement in Working Conditions of Child/Women labour					
a) Child Labour	17055.00	15255.00	15013.69	88.03	98.42
b) Women Cell	51.00	51.00	29.86	58.55	58.55
7. Employment					
	90.00	152.00	142.17*	157.97	93.53
8. Training					
a) Schemes under 2230	2005.00	7793.00	3759.74	187.52	48.25
b) Schemes under 3601	5565.00	19182.00	19842.80	356.56	103.44
c) Scheme under 3602	120.00	670.00	282.01	235.01	42.09
9. 3601 Social Security for Unorganised Sector Workers Scheme					
Grants-in-aid/Rashtriya Swasthya Bima Yojana	500.00	125.00	1.66	0.33	1.33
10. Other Item					
i) Information Technology	200.00	150.00	111.39	55.70	74.26
ii) Grants-in-aid to research and Academic Institutions	25.00	15.00	12.58	50.32	83.87
11. 2225 Welfare of SC/ST & other backward Classes					
	99.00	91.00	59.36	59.96	65.23

12. 2552 Schemes on North- Eastern States	3450.00	2650.00	1587.95**	46.03	59.92
13. 4250 Capital Section	374.00	361.00	289.40	77.38	80.17
14. 6250 Loans for Other Social Service	0.00	72500.00	38500.00	0.00	53.10
15. 6552 Loans for North-Eastern Areas	0.00	2500.00	0.00	0.00	0.00
<u>Total</u>	32548.00	125000.00	82353.91	253.02	65.88

* Includes amount of NER provision for the scheme

** Shows expenditure of training scheme of NER

NON-PLAN - MINOR HEAD WISE					
(Rs. in lakhs)					
Item	B.E 2007-2008	R.E 2007-2008	Exp. upto Feb 2008	% of exp over BE upto Feb 2008	% of exp over RE upto Feb 2008
1. Secretariat social service	1980.00	1950.00	1539.86	77.77	78.97
2. Research & Statistics	636.00	636.00	569.56	89.55	89.55
3. Industrial Relations					
a) CLC	2431.00	2138.00	1836.53	75.55	85.90
b) Labour Tribunal Courts of enquiry	260.00	260.00	177.59	68.30	68.30
c) Board of Arbitration	36.00	28.00	15.35	42.64	54.82
d) Wage Cell	4.00	4.00	3.54	88.50	88.50
e) Wage Board	112.00	86.00	51.92	46.36	60.37
4. Working condition & Safety					
a) DGFASLI	1130.00	1049.00	925.50	81.90	88.23
b) DGMS	2076.00	2126.00	1947.99	93.83	91.67
5. Labour Education					
a) CBWE	2421.00	2421.00	2346.00	96.90	96.90
b) NLI	285.00	285.00	261.25	91.67	91.67
6. LABOUR WELFARE SCHEMES					
Mica Mines Labour Welfare Scheme	151.00	153.00	117.28	77.67	76.65
Iron Ore Mines - Central Scheme	1264.00	1248.00	652.55	51.63	52.29
Limestone dolomite Labour Welfare-Central Scheme	1127.00	1061.00	612.07	54.31	57.69
Beedi Worker Welfare i) Central Scheme	21110.00	21695.00	13229.54	62.67	60.98

ii) Grant-in-aid to State	2400.00	1868.00	17.05	0.71	0.91
Cine Workers Welfare	134.00	130.00	74.10	55.30	57.00
Total DGLW:	26186.00	26155.00	14702.59	56.15	56.21
7. Transfer to Reserve Fund					
	27305.00	27505.00	20311.61	74.39	73.85
8. Social Security					
	85480.00	100579.00	100579.00	117.66	100.00
9. International Cooperation					
a) India Contribution to ILO	800.00	800.00	609.46	76.18	76.18
b) India subscription to ISSA	4.50	4.50	3.65	81.11	81.11
c) Others	1.50	1.50	0.00	0.00	0.00
10. Employment					
	2223.00	2235.00	1886.40	84.86	84.40
11. Training Central Scheme					
	3163.00	3229.00	2755.76	87.12	85.34
12. Other Item					
	78.00	101.00	17.40	22.31	17.23
13. Welfare of SC/ST & others backward classes					
	244.00	254.00	207.84	85.18	81.83
14. Capital Section					
	323.00	310.00	109.44	33.88	35.30
Total					
	157179.00	172157.00	150858.24	95.98	87.63

3.5 On close scrutiny of the plan expenditure (2007-08) it is evident that there has been remarkable decrease in the amount at RE stage from the one sanctioned at BE stage under several heads. Under some schemes the allocation has been shown 'nil'. Under the heads Lok Adalat, Rehabilitation of bonded labour and Child labour, the details are as follows:

(Rupees in Lakhs)

Item	BE 2007-08	RE 2007-08	Exp. Upto February 2008
Lok Adalat	5.00	4.00	0.32
Rehabilitation of Bonded Labour	180.00	150.00	80.40
Child Labour	17055.00	15255.00	15013.69

3.6 The Ministry when asked the reasons for less expenditure, the reduction of funds at RE stage under the above mentioned schemes, the reasons for allocating 'Nil' funds under the items (i) construction of Houses for Beedi workers and low-income occupation clusters and (ii) Social Security for unorganized workers scheme-Central Government's share and the steps taken to ensure that the allocated amount are spent within the specified time period and targets fixed therein are achieved, stated in their written reply as under:

"Lok Adalat:

So far Lok Adalats is concerned, it is stated that the Presiding Officers of respective Central Government Industrial Tribunal cum Labour Courts did not hold sufficient number of Lok Adalats. Therefore, the funds allocated under BE could not be spent under the scheme and the funds were reduced at RE Stage. The reasons for settling less number of disputes through Lok Adalats are:

Lok Adalat is voluntary effort in which the workmen and the employer should reach an agreement. The Presiding Officer is a facilitator and both the parties are only persuaded to reach on an agreement.

Managements are normally found to be a bit rigid in settling cases as officials are bound by Statutory Rules and also to avoid complaints by rival parties in cases they are settling disputes.

The Ministry of Labour and Employment has been continuously impressing upon the Presiding Officers of the CGITs to hold more number of

Lok Adalats so that the expenditure allocated are suitably utilized. In this regard a Conference of Presiding Officers of Central Government Industrial Tribunal-cum-Labour Courts with specific reference to Lok Adalats was held under the chairpersonship of Secretary (L&E) on 19th December 2007 at New Delhi. In the meeting Secretary (L&E) has requested all the Presiding Officers to consider the year 2008 as the year to reduce pendency significantly i.e. at least up to 25% of the existing pendency.

Rehabilitation of Bonded Labour

Grants under the Centrally Sponsored Plan Scheme for rehabilitation of Bonded Labour etc. are released to the States/UTs on receipt of complete proposals and clearance of utilization certificates for the grants released to the State concerned during the previous years. The Budget Estimates are proposed on the basis of anticipated proposals and also the incomplete proposals in which the Ministry had sought clarifications from the State Governments.

As stated above, in spite of repeated request to States/UTs for sending complete proposals in time, generally the proposals are received in the 3rd the 4th quarter of the Financial Year and as such the Ministry is unable to maintain a normal pace of monthly expenditure throughout the year which some time led to reduction of BE at RE stage.

Under the direction of the Prime Minister's Office, 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 and the Centrally Sponsored Scheme for rehabilitation of bonded labour etc. by holding frequently region wise meetings. Eleven region wise meetings of the Special Group have been held till now.

Child Labour

The funds were fully utilized during the year 2007-08. The expenditure upto February 2008 was approximately 98% of the funds, allocated at RE stage. The reduction at RE stage was a result of overall reduction in the budget of the Ministry, which was proportionately reduced on all schemes.

Beedi Workers

A token allocation of Rs.5 crore under the Plan Fund 2006-07 was provided under the proposed Plan Scheme for grant of central subsidy for construction of houses to beedi workers & low income occupations clusters. As there was no sharp increase in the demand for housing subsidy and normal demand was met within the allocated budgetary resources of Rs.50 crore under the Non-Plan Head under Beedi Workers Welfare Fund, it was decided that the allocated funds of Rs.5 crore under the Plan Scheme be surrendered. Further, no provision was made in Plan Fund during 2007-08 and the requirement of funds for the construction of houses in respect of proposals received during the year 2007-08 has been met from the allocated budgetary resources of Rs.80 crore under Non-Plan head. As the proposed scheme for construction of houses to beedi workers and low income occupations clusters was not required, the Ministry did not make any provision of funds under plan allocations during 2008-09 and the requirement of funds for the construction of houses for beedi workers would be met within the Non-Plan budgetary provisions of Rs.74 crore allocated during the year 2008-09 under the Revised Integrated Housing Scheme, 2005.

Unorganised Sector Workers

It is mentioned that Rs.5 crore were provided as BE 2007-08 as token money for social security for unorganized sector workers which became Rs.1.25 crore at RE and is 85.67 lakh at FE stage respectively.

Rashtriya Swasthya Bima Yojana

The 'Rashtriya Swasthya Bima Yojana' for BPL families in Unorganised Sector was launched on 1 October 2007. The unorganized sector worker and his family (a unit of five) will be covered under the scheme. The scheme will be implemented in a phased manner and all 6 crore BPL workers are to be covered in five years starting with 1.2 crore in 2008-09 and 6 crore by 2012-13. The total sum insured would be Rs.30,000/- per family per annum on a family floater basis. The premium will be shared on 75:25 basis by Centre and State Government. The beneficiary would be entitled to cashless transactions through smart card. The benefits under the scheme would start accruing during 2008-09. During the year 2007-08 amount given as Grants-in-aids was re-appropriated to MH 2230 to incur administrative expenses to implement the scheme. The administrative expenses were incurred on National and State level workshops to sensitize the representatives of State Governments/Nodal Agencies, Insurance Companies and other stakeholders with regard to smart card operations, specially the Key Management System, purchase of hardware/software and SCOSTA smart card".

3.7 The examination of the plan figures portray that expenditure incurred under most of the heads spread over the four quarters is skewed. On being questioned the reasons for low pace of expenditure in the four quarters of 2007-08 and why an effective strategy was not adopted for even distribution of expenditure in all the four quarters, the Ministry in their post evidence written reply furnished as under:-

“The reasons for the low pace of expenditure have been that funds for the Schemes (i) World Bank assisted Vocational Training Improvement Project (VTIP) and (ii) Upgradation of 1396 ITIs through Public Private Partnership (PPP) were allocated by the Ministry of Finance to the tune of Rs.220 crore and Rs.750 crore in 1st supplementary and 2nd supplementary in the end of October 2007 (3rd quarter) and in the end of January 2008 (4th quarter) respectively. Further, another scheme, ‘Social Security for Unorganized Sector Workers’ was launched on 1st October 2007 and was to be operationalised with effect from 1st April, 2008, the period in between being of preparatory phase, which was resulted in low expenditure mainly on administrative exigencies during 2007-08. These Schemes have been regularized for implementation during 2008-09. Thus, it would result in higher expenditure towards better achievements in physical terms during the year.

3.8 When asked to state the strategy chalked out for streamlining the expenditure during the rest of the plan period, the Ministry stated as under:-

The progress of expenditure is reviewed regularly by Bureau Heads. Moreover, the progress (financial & physical) of the Plan Schemes of the Ministry of Labour and Employment was reviewed regularly in the Planning Commission on quarterly basis, now being held on half yearly basis from 2005-06. Secretary (L&E) also reviews the pace of expenditure in periodical meetings with Joint Secretaries and Financial Advisers to identify the main hurdles and steps to overcome them”.

3.9 As per the Government’s directions, 10% of plan allocations are to be earmarked for specific projects/schemes of North-Eastern States. The Committee observed that the amount allocated for schemes on North-Eastern States at BE was Rs.3,450 lakh which was reduced to Rs.2,650 lakh during RE stage. The expenditure incurred is Rs.1,587.95 lakh, which is also not upto the mark. The Ministry was asked to furnish the reasons for less expenditure for implementation of various schemes in these States alongwith the corrective steps taken to ensure total expenditure of the entire allocated amount in the coming years, their post evidence reply is thus:-

“During 2007-08, Plan allocation for Ministry of Labour and Employment was Rs.345.00 crore (including Rs.19.52 crore as CW). Out of this amount, as per Government directives, 10% of the budget i.e. Rs.34.50 crore was earmarked for

NE, which was further reduced to Rs.26.50 crore at RE stage. The Ministry, however, will be able to spend Rs.31.14 crore which is higher than the RE during 2007-08.

While efforts were made by the Ministry to utilize the funds earmarked for schemes in North-Eastern Region in 2007-08, yet there may be a marginal shortfall in expenditure due to certain administrative/technical constraints”.

Improving Planning Process and Strengthening Monitoring Mechanism

3.9 The scrutiny of Demands for Grants (2008-09) of the Ministry of Labour and Employment reveals that the total outlay of Rs.2,498.03 crore (Plan Rs.771.50 crore & Non-Plan Rs.1,726.53 crore) for the year 2008-09 marks an increase of more than Rs.600.00 crore over the allocation for the previous year 2007-08 (Rs. 1,897.27 crore). However, the scheme-wise/programme-wise scrutiny displays that the percentage of expenditure incurred on execution of some of the important schemes during the year 2007-08 is far from satisfactory. Holding of Lok Adalat, Rehabilitation of Bonded Labour, Elimination of Child Labour, Rashtriya Swasthya Bima Yojana, Information Technology, Grants-in-aid to research and academic institutions, etc. are some of the glaring examples in this regard. The Committee are disappointed to find that in some of the other schemes like construction of houses for beedi workers and low-income occupation clusters, social security for unorganized sector workers, there has been no expenditure. The Committee also do not appreciate the reasons put forth by the Ministry for less spending and no spending at all on the Schemes such as not holding sufficient number of Lok Adalats, non-receipt of utilization certificates in respect of Rehabilitation of Bonded Labour, etc. The Committee are of the considered opinion that it is certainly a matter of grave concern as it shows that the schemes were formulated without proper study and home work. Monitoring and coordination with other implementing agencies is also an area which requires utmost attention for improvement. The Committee, therefore, desire that the Ministry

should take immediate steps to improve its planning process and strengthen its monitoring mechanism for optimum utilization of funds. It will help in achieving the objectives of schemes/projects of the Ministry. The Committee desire to be apprised of the action taken in this regard.

Even pacing of quarterly expenditure

3.11 The Committee observe that the financial norms of the Government clearly mandate spreading of expenditure evenly during the four quarters and discourage the rapid utilization of funds in the last quarter. The close scrutiny of the progressive quarterly figures reveals a very dismal picture as far as the percentage of expenditure of the Revised Estimates during the four quarters is concerned. It was 1.94 % in the first quarter, 6.68 % in the second quarter, 7.78 % in the third quarter and 49.50 % in the fourth quarter. This kind of pacing of expenditure is a matter of great concern as the efforts to achieve the targets set out under each scheme remain tardy during most of the period and the last minute rush of spending coupled with half-hearted and haphazard efforts result in skewed fulfilment of targets or non-fulfilment of targets. The Committee have been emphasizing time and again in the past also that pacing of expenditure in every quarter should be even to the possible extent. The Committee are unhappy to find that the Ministry has not taken any action on their earlier recommendations on the matter. While taking a strong view, the Committee reiterate their earlier recommendation that the schemes should be drawn in such a way to ensure that expenditure in every quarter of the financial year be evenly distributed.

Judicious spending of allocated amount in North-Eastern States

3.12 The Committee note with serious concern that various schemes approved for implementation in the North Eastern States are not being implemented properly. The budget allocation of Rs.34.50 crore for the year 2007-08 was subsequently reduced to Rs.26.50 crore at RE stage. Even this amount could not be spent as the total actual expenditure on various schemes of North Eastern States is just Rs.15.88 crore. The reasons for shortfall in expenditure are due to certain administrative/technical constraints as given by the Ministry. The Committee are not at all inclined to accept the explanation given by the Ministry in this regard. The Union Government accords top priority for the development of North Eastern States in order to bring them at par with other developed States of the country. To achieve this objective, Government of India has earmarked 10% of the total budgetary allocation every year to the North Eastern States. Any laxity on this front may add to the problems of this sensitive region of the country. The Committee, therefore, recommend that every effort be made by the Ministry to judiciously expend the entire allocated amount for the development and welfare of the North Eastern States to avoid reduction at the RE stage.

Major Head: 2230

Minor Head: 111

SOCIAL SECURITY SCHEME:

B. EMPLOYEES' PROVIDENT FUND SCHEME

3.13 The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 is a welfare legislation enacted for the purpose of instituting a Provident Fund for employees working in factories and other establishments. The Act aims at providing social security and timely monetary assistance to industrial employees and their families when they are in distress and /or unable to meet family any social obligations and to protect them in old age, disablement, early death of the bread winner and in some other contingencies.

3.14 Presently, the following three Schemes are in operation under the Act through the Employees' Provident Fund Organisation;

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

Coverage of Establishments and Members

3.15 The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 extends to the whole of India, excluding the State of Jammu and Kashmir. The Act is applicable to factories and other classes of establishments engaged in specific industries, classes of establishments employing 20 or more persons. The Act, however, does not apply to cooperative societies employing less than 50 persons and working without the aid of power. The Act also does not apply to employees of the Central Government or State Government or local authority. The Central Government is empowered to apply the provisions of this Act to any establishment employing less than 20 persons after giving less than two months notice of its intent to do so by a notification in the official Gazette. Once the Act has been made applicable, it does not cease to be applicable even if the number of employees falls below 20. An establishment/factory, which is not otherwise coverable under the Act, can be covered voluntarily with the mutual consent of the employers and the majority of the employees under Section 1 (4) of the Act. Thus membership of the fund is compulsory for employees drawing a pay not exceeding Rs.6,500 per month (at the time of joining). Every employee employed in or in connection with the work of a factory or establishment shall be entitled and required to

become a member of the fund from the date of joining the factory or establishment. Employees drawing more than Rs.6,500/- per month at the time of joining may become members on a joint option of employer and employee. The Act is currently applicable to factories and other establishments engaged in about 182 specified industries, classes of establishments employing 20 or more persons (industries are specified in Schedule 1 of the Act). As on 31.3.2007, there were 4,71,678 establishments and factories covered under the Act with membership of 444.04 lakh both in the exempted and unexempted sectors.

3.16 The Ministry when questioned as to the quantum of work force covered under the EPF scheme and to increase the coverage of the workers, they stated in their written reply as under:-

“As on 31.3.2007 the total membership of the Fund stood at 4.44 crore. In this context, it is pertinent to mention that coverage of establishments is constrained due to a number of factors, such as employment of minimum of 20 employees, wage ceiling, exclusion clause under Section 16 of the Act and applicability of the Act to establishment/industries specified in Schedule I to the Act or notified by the Government. However, special coverage drives are launched from time-to-time for the purpose. Further, for enhancing compliance a proposal incorporating some strategic adjustments in the ‘Compliance Programme’ is under the consideration of the Central Board of Trustees, Employees’ Provident Fund”.

3.17 The Ministry when further questioned to state the reasons for not initiating appropriate measures to tide over these bottlenecks, in their post evidence reply, they stated:

“The limitation clauses regarding threshold limit, wage ceiling, Schedule-I, etc have been provided in the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees’ Provident Fund Scheme, 1952 since their inception. However, these clauses have suitably been amended from time to time.

The ‘Threshold Limit’ for coverage was revised from 50 to 20 employees on 31.12.1960. As regards ‘Wage Ceiling’, initially it was Rs.300/- and with time it has been revised many time to extend the reach of the Scheme to more and more employees. Presently, the wage ceiling is at Rs.6,500/- with effect from 1.6.2001.

Similarly, more and more classes of industries/establishments have been brought under the purview of the Act and as a result thereof the Act, which was initially applicable to six specified industries has presently been made applicable to 186 classes of industries/establishments.

Thus, it may be appreciated from above that appropriate measures have been taken by the Government from time to time to extend the each of the Act and the Schemes framed there under”.

3.18 On being asked the details of proposal for strategic adjustments currently under examination of Central Board of Trustees (CBT), the Ministry in their post evidence reply stated:-

“The proposal for strategic adjustments in the Compliance 2001 programme, which inter-alia lays emphasis on Compliance Audit of all defaulting and non-complying units, was placed before the Central Board of Trustees, EPF in its 179th meeting held on 10.3.2007. The Board has recommended the formation of a Sub-Committee to look into the matter. Accordingly, Chairman, CBT, EPF has approved the constitution of a Sub-Committee and his approval was conveyed on 22.1.2008 by the Ministry of Labour and Employment.

The Joint Secretary (Social Security) has since been nominated as the Chairman of the Sub-Committee”.

3.19 In reply to a question regarding the number of defaulting establishments who have not deposited the provident fund contribution of employees though they are deducting the amount from the wages of their employees and whether these defaulting establishments have been black-listed, the Ministry in their written reply furnished:

“The number of defaulting establishment (un-exempted sector) as on 31 March 2005, 2006 and 2007 was 40608, 76476 and 72554 respectively. This includes, the establishments, which have defaulted in remittance of employees share of contribution.

Default by the employer including default in remittance of employees’ share is detected on the basis of the Computerized Compliance Tracking System (CCTS). On detection of default by an establishment, action is taken under section 7 A of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 for assessment of contribution due. The recovery of dues is effected in accordance with provisions of the Act. This includes – attachments of bank accounts, movable/immovable property, arrest of defaulters, etc.

Employees' Provident Fund Organisation has no system of blacklisting defaulting establishments. However, major defaulters are under periodical and regular scrutiny".

3.20 When further asked the reasons for not introducing the system of black-listing habitual defaulting establishments alongwith the various methods in place to conduct periodical scrutiny of such establishments and the manner in which such organizations are made to pay for their defaults, the Ministry in their post evidence written reply submitted as follows.

"Since Para 14 of the Act already provides for a series of actions against defaulters, blacklisting of such establishments is not considered necessary particularly in view of the fact that no commercial relationship exists between the Employees' Provident Fund Organisation and the establishments.

Compliance of covered establishments is regularly monitored through computer software namely, 'Computerized Compliance Tracking System' (CCIS) and a special watch is kept on the establishments, which default habitually. Appropriate actions under sections 14 of the Act and 406/409 of IPC are also taken in respect of such establishments.

Recovery of outstanding dues is affected in accordance with the provisions of the Act, which include attachment of bank accounts, movable/improvable properties, arrest of defaulters, etc."

3.21 On the proposal to review the ceiling on the pattern of the Employees' State Insurance Corporation, the Ministry furnished in their written reply as under:-

"Raising of wage ceiling would have a wider impact on the Employees' Pension Scheme, 1995 hence unless the impact on the Pension Scheme is fully taken care of, the rise in wage ceiling may not be appropriate at this stage".

3.22 The Committee sought further information on any study/evaluation done to ascertain the impact of increase in wage ceiling on EPS and the time by when the organization proposes to enhance the wage ceiling. The post evidence reply given by the Ministry is as stated below:-

"The Valuer while valuing the Employees' Pension Fund as on 31.3.2004 in his report stated that, the increase in the pension eligibility salary from Rs.5,000/- to Rs.6,500/- made effective from 1.6.2001 has increased the liability to the extent of about Rs.10,000/- crore.

The enhancement of wage limit would result in an increase in actuarial deficit on the Employees' Pension Scheme, 1995. As soon as a suitable solution is found to remove/reduce such impact, the wage ceiling can be increased".

3.23 When further asked to state the reasons for not bringing in structural changes in the rate of contribution from the persons coming in the category of higher wage slabs so as to offset the adverse impact of induction of more persons from higher wages within the fold of EPFO, the post evidence written reply went as follows:

"As per existing instructions, the employees earning wages exceeding Rs.6500/-, if so desires is also allowed to contribute to their EPF accounts subject to the condition that the employer shall not be under an obligation to pay any contribution over and above his contribution payable under the Act. A large number of employers and employees also contribute beyond the wage ceiling. Hence, structural changes in the rate of contribution do not appear to be required".

3.24 On the staff front, the Ministry furnished the details of sanctioned and actual strength of the organisation as on 30.9.2007 are as under:-

Group	Sanctioned Strength	In Position
A	686	617
B	2241	2048
C	17998	14602
D	2420	2127
TOTAL	23345	19394

The Ministry has stated that appropriate action for filling up of vacant posts is taken from time to time.

3.25 The Ministry was further asked to state the reasons for not filling up these vacancies on priority, the post evidence written reply given by the Ministry is as under:

"Necessary action for filling up the vacant posts is taken from time-to-time. Very recently, the following action has been taken:

- 55 posts of Assistant Provident Fund Commissioners earmarked for Direct Recruitment have been filled up on ad hoc basis in August, 2007. Regular appointment by recruitment is being processed in consultation with U.P.S.C.

- Proposal for filling up vacancies of 15 Regional Provident Fund Commissioner-II posts, 02 Director (IS), 01 Dy. Director (Vig.) is under process.
- Action to fill up 60 posts in Audit Wing has been completed and offer of appointment is under issue.
- The recruitment process in respect of 1276 posts of SSA has been completed. The Select List is expected shortly”.

Steps for Enhancement of coverage

3.26 The Committee are constrained to observe that there are about 40 crore workforce working in the country, out of which only 4.44 crore are covered under EPFO as on 31 March 2007. The reasons for low membership have been attributed to various constraints regarding coverage of establishments due to a number of factors such as employment of minimum of 20 employees, wage ceiling, exclusion clause under section 16 of the Act and applicability of the Act to the establishment/industries specified in Schedule I of the Act or notified by the Government. Coverage of establishments is a continuous process and for the purpose various steps like Compliance 2001 programme, special coverage drives, etc. are resorted to for achieving the target. However, Compliance 2001 programme did not deliver the desired results as the establishments to which the Act applies are required to comply with the provisions of the Act suo moto. Hence, some strategic adjustments in the said programme are stated to be under consideration of the appropriate authorities (Central Board of Trustees, Employees' Provident Fund). The Committee express their apprehension whether strategic adjustments in Compliance 2001 Programme alone will help in proper and sufficient coverage of all the establishments. The Committee, therefore, strongly recommend that a multi-pronged and result oriented strategy be devised focusing on routine surveys, creation of intelligence circles for gathering information, earmarking of areas to enforcement officers, launching of special coverage drives from time to time and all other steps which are considered proper for enhancing the coverage.

Action against defaulting establishments

3.27 The Committee observe that there has been persistent default on the part of the employers' to deposit the provident fund contribution in the Office of the Provident Fund Commissioner though the amount is deducted from the wages of the employees regularly. The number of defaulting establishments (un-exempted sector) as on 31 March 2005, 2006 and 2007 was 40,608, 76,476 and 72,554, respectively which includes those establishments which had defaulted in remittance of employees' share of contribution. The Committee are given to understand that on identification of default in remitting the employees' share on the basis of Computerized Compliance Tracking System (CCTS) action is taken under Section 7A of the EPF & MP Act, 1952. However, EPFO has no system of blacklisting the defaulting establishments. The periodical and regular scrutiny is undertaken only in respect of the major defaulters. The Committee feel distressed at the present practice being adopted towards defaulting employers/establishments. This approach not only deprives the employees of their rightful claims but encourages the dishonest employer to indulge in malpractices. The Committee, therefore, desire that a suitable mechanism apart from Computerised Compliance Tracking System (CCTS) be devised to identify the defaulting establishments for initiating penal action against them including black listing.

Enhancement in wage ceiling

3.28 The Committee note that the present wage ceiling of Rs.6,500/- for the purpose of coverage under EFPO is in vogue since 1 June 2001. The Government also does not propose to enhance the wage ceiling on the plea that raising of wage ceiling would have a wider impact on the Employees' Pension Scheme, 1995 and hence unless the impact on the pension scheme is fully taken care of, the rise in the wage ceiling may not be appropriate. The Committee are of the firm opinion that the current ceiling has lost its significance in the wake of adequate increase in the wages of the workers due to changed employment scenario. Therefore, keeping the wage ceiling at Rs.6,500/- no more holds good. The increase in wage ceiling cannot be put on hold for the reason that its impact on pension scheme is yet to be assessed. The Committee take note of the fact that the rates of pension have not been revised since last many years and it is insufficient to fulfill the basic requirements of the pensioners. Needless to emphasize, the Ministry will take note of inflation/price rise and cost of living factors while reviewing the pension scheme. The Committee, therefore, strongly recommend that the assessment of the impact of rise in wage ceiling on pension scheme be carried out in a time bound manner and the rates of pension under EPS, 1995 accordingly be revised at the earliest. The Committee further recommend that the rate of contribution can be structured in such a way that it nullifies the possible adverse impact on Employees' Pension Scheme, 1995 after the wage ceiling for the purpose of coverage is increased. The Committee feel that this step will bring a large number of workers within the fold of EPFO providing them social security coverage.

Shortage in staff strength

3.29 The Committee are distressed to note that a large number of vacancies exist in various cadres of the EPFO. As against 23,344 sanctioned staff strength there were only 19,510 persons in position during 2006-07. The Committee feel that the absence of sufficient staff to carry out the numerous functions of the organization will not only erode its efficiency but will also snuff out the confidence of the subscribers regarding getting services promptly. The explanation of the Ministry that appropriate action for filling up of the vacant posts is taken from time to time is not acceptable to the Committee because despite the efforts made by the Government for filling up the positions, a large number of vacancies still remain unfilled. Considering the gigantic task ahead to be carried out by the organization due to the sharp increase in the number of beneficiaries coupled with the fact that services are to be provided to the satisfaction of subscribers, adequate staff should be put in place without any further delay. The Committee earnestly desire that all out efforts should be made to fill up the vacant positions in the organization in a time bound manner. The Committee further desire to be apprised of the steps taken in this direction.

Major Head: 2230

Minor Head: 111

SOCIAL SECURITY SCHEME:

C. EMPLOYEES' STATE INSURANCE SCHEME

Coverage

3.30 The Employees' Insurance Act, 1948 provides for health care and cash benefit payments in the case of sickness, maternity and employment injury. The Act is applicable to non-seasonal factories using power and employing 10 or more employees and non-power using factories and certain other establishments employing 20 or more employees. The Act is being implemented area-wise in a phased manner. The ESI Scheme is operated in 737 centres situated in 27 States/Union Territories. As on 31.3.3007, 101,57 lakh insured persons and about 394.11 lakh beneficiaries are covered under the Scheme. The number of factories and establishments covered by the end of the year had gone upto 3,31,744.

Administration

3.31 The ESI Scheme is administered by a statutory body called the Employees' State Insurance Corporation (ESIC), which has members representing employers, employees, Central and State Governments, Medical Profession and the Parliament. The Union Minister for Labour and Employment is the Chairman. A Standing Committee constituted from among the members of the Corporation acts as the executive body for administration of the Scheme and is chaired by Secretary to the Government of India, Ministry of Labour and Employment. There are 22 Regional Boards and 348 Local Committees in existence at present and 2 Regional Boards one each for Chhattisgarh and Jharkhand States are being constituted. The Director General is the Chief Executive Officer of the Corporation and is also an ex-officio member of the Corporation as well as its Standing Committee. The ESI Corporation, apart from the Headquarters Office located at New Delhi has a large number of field offices throughout the country. The Corporation has 23 Regional Offices, 16 Sub-Regional and 6 Divisional Offices throughout the country. Besides, there are 620 Branch Offices and 193 Pay Offices for administration of cash benefits to insured persons. For inspection and coverage of new factories/establishments, 265 Inspection Offices have also been set up across the country.

Fund and operation of the Scheme

3.32 The ESI Scheme is mainly financed by contributions from the employers and employees. The rates of the employer's and employee's share of contribution are 4.75% and 1.75% respectively. The State Government's share of the expenditure on the provision of medical care is to the extent of 12.5% (1/8th within the per capital ceiling). The Corporation has prescribed a ceiling on the shareable expenditure on medical care. From 1 April 2007, the ceiling on expenditure per insured person family unit has been raised to Rs.1000/- per annum. All capital expenditure on construction of ESI hospitals, and other building including their maintenance is borne exclusively by the Corporation.

3.33 According to the information furnished by the Ministry, there has been an increase of 8,38,004 employees, 10,08,968 Insured Persons (IPs), 39,14,73 beneficiaries on 31.03.2007 as against their number in 31.03.2006. However, branch offices have decreased from 646 to 620, beds in other hospitals from 3,128 to 2896, ESIC dispensaries from 1,422 to 1,388, medical officers from 6,992 to 6,890 and Insurance Medical Practitioners from 2041 to 1942. In this regard, the Ministry was asked the reasons for decline in infrastructural facilities of ESIC in the face of sharp increase in the number of beneficiaries and the Government proposes to augment the infrastructure to meet the requirements of these new entrants into the organization, the written reply is as follows:-

“The reduction in infrastructure facilities in Employees' State Insurance Corporation is due to reorganization and rationalization undertaken by the States to ensure optimum utilization of existing infrastructure. This was necessitated due to gross under utilization of ESIC dispensaries, hospitals and branch offices due to closure of factories and insured person going out of coverage. Now, as the number of insured person have increased due to enhancement of wage ceiling for coverage and implementation of the Scheme in new areas, additional infrastructure will be added as per norms and requirement of State Governments”.

3.34 The Committee sought the figures of the decrease in the beds, dispensaries, hospitals, medical officers and Insurance Medical Practitioners which has taken place in the State as well as Union sphere separately and the reasons for tossing over the responsibility for poor infrastructure and its gross under utilization, if any, on to State Governments, the post evidence information given by the Ministry is as follows:

“VARIATION IN DIFFERENT PARAMETERS DURING LAST THREE YEARS

Sl. No.	Particulars (in numbers)	2004-05	2006-07	Variation during the last three years
1.	Insured Persons	84,98,250	1,01,57,573	+ 1,59,323
2.	Beneficiaries	3,29,73,200	3,94,11,383	+ 64,38,183
3.	ESI Hospitals	144	144	nil
4.	ESI Beds	27099	27668	+ 569
5.	ESI Dispensaries	1427	1388	- 39
6.	Insurance Medical Officers	6960	6890	- 70
7.	Insurance Medical Practitioners	2135	1942	- 193

It is further informed that the reason for reorganization and rationalization is the decrease in the beneficiaries in areas where the existing infrastructure is located. The decrease is due to closure/ shifting of factories in the existing area, IPs going out of coverage etc. and shifting of IP population which results in gross under utilization.

The administration and running of the ESI Scheme in the State is the responsibility of the State Government. The Employees State Insurance Corporation only reimburses the expenditure incurred by the State Government on ESI Scheme as per the ceiling prescribed from time to time. The State Government has to take action for properly staffing and equipping the hospitals and dispensaries in the State as per norms and also re-organize the infrastructure as per the concentration of the IPs in various areas so as to ensure proper utilization of the facilities created”.

3.35 While delivering an account of the detailed Demands for Grants for the year 2008-09, the expenditure incurred on various schemes/projects, the achievements of the Ministry during the past one year etc., the representative of the Ministry during the course of evidence stated:

“.....What is the big change here is that the ESIC has brought the beneficiaries eligibility to 10; whether it is with power or without power, the eligibility has been brought with effect from last year, to 10”.

3.36 The Ministry was asked the latest position regarding functioning of ESI Hospital at Kolhapur and Bibvewadi in Maharashtra and reasons for delay in commissioning them. The written reply given by the Ministry stated that:

“At present, both these hospitals have not been commissioned. A proposal has been submitted by Director, ESI vide his letter dated 22.10.2007 to Government of Maharashtra for starting 50 bedded ESI Hospital at Kolhapur.

As per the decision of Government of Maharashtra, the ESI Hospital at Andheri is to be taken over by ESIC to be run as Model Hospital and ESI Hospital at Bibvewadi and Chinchwad are to be handed over to State Government by ESIC for commissioning shortly.

.....Initially it was decided to run these hospitals through third party participation but the same could not be formalized due to non availability of such provision in the Employees State Insurance Act, 1948 and action is being taken for amending the Act.

Both the hospitals are likely to commission shortly”.

3.37 The Ministry when further asked to state the reasons as to (i) why State Government of Maharashtra is not willing to take over the hospital particularly when they were raised at the request of the State Government, (ii) why these hospitals not being taken over by the ESIC (iii) the time since when these hospitals are ready for commissioning, but could not start functioning because the issue of their taking over is yet to be resolved and (iv) the time by which the issue is likely to be addressed, the post evidence written reply stated:

“With the efforts of Ministry and Employees State Insurance Corporation, the State Government has since shown willingness to take over the hospitals.

The administration of the ESI Scheme in the State is the responsibility of the State Government. The hospitals were to be commissioned by the State Government and not by Employees State Insurance Corporation. As per the policy of the Employees State Insurance Corporation, only one hospital is to be run by Employees State Insurance Corporation under Model Hospital Scheme - 2001. Accordingly, ESI Hospital at Chinchwad in Maharashtra is being run by ESI Corporation till now.

The buildings of ESI Hospitals at Chinchwad and Bibvewadi were completed in 1997. The ESI Hospital Chinchwad was commissioned by Employees State Insurance Corporation directly in February, 2003. Regarding ESI Hospital, Bibvewadi, the same is to be handed over to State Government by Employees State Insurance Corporation for commissioning shortly as per the decision of the Government of Maharashtra and ESI Hospital at Andheri will be taken over by Employees State Insurance Corporation to be run as Model Hospital".

Increase in beneficiaries - Augmenting existing infrastructure

3.38 The Committee note that there has been a substantial increase of 8,38,004 employees, 10,08,968 Insured Persons (IPs), 3,91,473 beneficiaries as on 31 March 2007 against their number in 31 March 2006. However, the Committee are pained to note that the number of branch offices have decreased from 646 to 620, beds in other hospitals from 3,128 to 2,896, ESIC dispensaries from 1,422 to 1,388, medical officers from 6,992 to 6,890 and Insurance Medical Practitioners from 2,041 to 1,942 during the same period. The re-organisation and rationalization undertaken by the States to ensure optimum utilization of existing infrastructure which was necessitated due to gross under-utilisation of ESIC dispensaries, hospitals, etc. is cited to be the reason behind the reduction in infrastructural facilities. The Committee are given to understand that the augmentation of the infrastructural facilities in case of requirement will be done as per the norms and requirements of the State Governments. The Committee are distressed to note the escapist approach adopted by the Government in toning up the ESIC. As it is, the duality of administration with regard to dispensation of medical facilities and other benefits (role and involvement of State Governments) has drastically eroded the efficiency of the organization and confidence of the beneficiaries. To augment the basic medical facilities at the instance of the State Government will hardly do any good to the beneficiaries as no prompt proposal can be expected from the State Governments, keeping in view the past experience. Moreover, this system will also not make anybody accountable for the decline in the services. The Committee, hence,

recommend that all out efforts should be made to put an end to the system of duality in administration to the extent possible with regard to the execution of ESI Scheme so that the health needs of the insured persons are well taken care of.

Doing away with ceiling on number of employees'

3.39 The Committee observe that at present the ESI Act, 1948 is applicable to all non-seasonal factories using power in the 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 transport undertaking and newspaper establishments, etc. employing 20 or more employees. The Committee appreciate the Government's proposal for amending the criterion for the purpose of coverage by reducing the number of workers under the Corporation from 20 to 10 irrespective of the fact that the establishments are functioning with or without power. With the passage of time and technological advancements even the ceiling of 10 persons in an establishment has become redundant. With less number of workers/employees, more volume of work with high economic output is now possible due to computerization and mechanization. In this scenario, the condition of minimum 10 or more workers in an establishment for the purpose of coverage will deprive most of the workers from the benefits of social security. The Committee, therefore, strongly recommend that the social security benefits under the ESIC should invariably be extended to all establishments irrespective of the number of workers engaged therein.

Expeditious commissioning of hospitals

3.40 The Committee are constrained to observe that ESI hospitals at Kolhapur and Bibvewadi were constructed at the request of State Government of Maharashtra and are ready for commissioning since 1997. Similarly, the hospital at Chinchwad also remains to be commissioned despite being ready since long. The State Government of Maharashtra has not taken over these hospitals till date. Initially, the State Government had proposed to run the hospital at Kolhapur through third party participation. The approval of ESIC has been sought in this regard. The ESIC, however, has no provision in the ESI Act, 1948 for allowing third party participation to run the hospital. Now, ESIC is taking action for making necessary amendment in the ESI Act to make the hospital operational. The Committee regret to note that this is a classic case of lack of coordination between the ESIC and the State Government, besides being an act of short sightedness on the part of ESIC. The Committee, therefore, urge upon the Government to bring forward an amendment in the ESI Act at the earliest. The Committee further recommend that ESIC should also explore all possible avenues to make the hospitals operational without any further delay even if they are to be owned and operated by ESIC itself till such an amendment is brought forward.

Major Head: 3601

D CONTRACT LABOUR

3.41 In India, contract labour generally refers to workers engaged by a contractor for the user enterprises. It is a significant and growing form of employment. These workers are millions in numbers and are engaged mainly in agricultural operations, plantation, construction industry, ports and docks, oilfields, factories, railways, shipping, airlines, road transport etc.

3.42 The Contract Labour (Regulation and Abolition) Act, 1970 was enacted to protect and safeguard the interests of these workers. It applies to every establishment/contractor in which 20 or more workmen are employed. It also applies to establishments of the Government and local authorities as well.

3.43 The Central Government has jurisdiction over establishments like Railways, Banks, mines etc. and the State Governments have jurisdiction over units located in that State.

3.44 The Advisory Boards of the Central Government and the State Governments comprising representatives of Government, employers and workers advise the respective Governments on matters arising out of the administration of the Act, as are referred to them, particularly on the question of abolition of contract labour system in establishments.

3.45 The Central Advisory Contract Labour Board is a statutory body, tripartite in constitution and quasi-judicial in nature. Its re-constitution is under process. Four meetings of the Board were held during the period under report and the last (70th) meeting was held on 16 October, 2007 at New Delhi.

3.46 The Ministry was asked to furnish the estimated total number of contract labour/workers in the country, various departments of the Union Government and Central PSUs as on date, alongwith the mechanism to establish the number of contract workers working in these establishments, the written reply furnished by the Ministry stated as follows:

“A contract labour is a person who is hired, supervised, contracted and remunerated by a contractor, who, in turn, is compensated by the user enterprises. Since contract labour is employed to meet the exigencies of the situation, the number of contract labour employed varies. Therefore, no estimate of contract labour/workers in the country is available.”

3.47 The Ministry was further asked to explain the reasons for not developing any system to ascertain the number of contract workers particularly when their services are engaged and continued for decades together, the post evidence written reply given is as follows:

“.....There is no full proof mechanism to establish the number of contract workers working in various departments of Union Government and Central PSUs as Contract Labour (Regulation & Abolition) Act, 1970 is not applicable to all establishments (Principal Employers) and all contractors who do not employ 20 or more contract labourers. However, there are provisions in the Contract Labour (Regulation and Abolition) Act, 1970 requiring the Principal Employers and contractors to submit periodical returns to the Licensing/ Registering Officers and Inspectors from which the number of contract labour can be assessed for the establishment coming under The Contract Labour (Regulation and Abolition) Act, 1970. As per the latest estimates available with this Ministry, the information is available in respect Contract Labour in Central Sphere only which is thirty lakh approximately.

The Government is not abdicating its responsibility of proper implementation of labour laws on the issues of social security and leaves etc. as there provisions in the relevant Acts for taking action against the contractors and principal employers violating the labour laws to safeguard the interests of the workers. The cases are examined by the appropriate Government and penalties & fines are imposed on the violators. The Registration & License of the principal employer and contractor have also been revoked”.

3.48 The Ministry when asked to furnish the details regarding violation of Contract Labour (Regulation and Abolition) Act, 1970 during the last three years and till date in the country, State-wise, the following information was given:

“Every establishment and contractor to whom the Contract Labour (Regulation and Abolition) Act, 1970 applies has to register itself/obtain a license for execution of contract work. The interest of contract workers are protected in terms of wages, hours of work, welfare, health and social security. The amenities to be provided to contract labour include canteen, rest rooms, first aid facilities and other basic necessities at the work place such as drinking water etc. The liability to ensure payment of wages and other benefits is primarily that of the contractor, and, in case of default, that of the principal employer.

So far enforcement of the Act is concerned information is available with respect to the Central Sphere as given below :-

ENFORCEMENT OF CONTRACT LABOUR (REGULATION AND ABOLITION) ACT, 1970

Sl.No.	Item	2004-05	2005-06	2006-07
1.	Number of Registration Certificates issues to Principal Employers	590	747	752
2.	Number of Licenses issued to contractors	7277	7317	9280
3.	Number of Inspections conducted	4540	5759	5365
4.	Number of Irregularities detected	59301	60206	77422
5.	Number of Prosecutions launched	3356	2991	2648
6.	Number of Convictions	2018	1017	887
7.	Number of Contract Labourer covered by licenses	968792	983707	1001947
8.	Number of Licenses revoked/cancelled	6601	7632	8186
9.	Number of Registration certificates revoked	08	211	51

In the Central Sphere, the Central Industrial Relations Machinery (CIRM) has been entrusted with the responsibility of enforcing the provisions of the Act and rules made there under, through Inspectors, Licensing Officers, Registering Officers and Appellate Authorities appointed under the Act. The Field Officers of the CIRM are conducting regular inspections and prosecutions are launched against the establishments, whenever violation of the Act/Rules/Notifications prohibiting employment of contract labour are detected. In order to ensure compliance with the labour laws from time to time, instructions/directions have been issued to the field officers of CIRM and State Government for proper implementation of the Act”.

3.49 The Committee note that there is a steady and steep increase in the number of irregularities detected during the last three years regarding implementation of contract labour (Regulation and Abolition) Act, 1970.

3.50 The Ministry was prodded as to whether the absence of stringent punitive measures is the reason giving impetus for committing these violations and the effective steps taken/likely to be taken by the Government to strictly enforce the provisions of the Act, the post evidence reply given by the Ministry is as under:-

“There are adequate punitive measures in the Act as mentioned above for taking action under the Contract Labour (Regulation and Abolition) Act, 1970. The various issues relating to Contract Labour have been discussed however, no consensus could be reached on this issue.

The remedial/preventive measures are taken in these cases by inspection at regular interval followed by prosecution and occasional counseling of the Principal Employers and the prospective Principal employers and Contractors and also by educating the Trade Unions / workmen about the requirements under the Contract Labour (Regulation and Abolition) Act, 1970.

Besides, the number of Contract Labour and Contractors is increasing rapidly and as such the incidents of violations of the Act are also increasing. The increasing awareness among the workers about their rights have also attributed to increase in reporting the cases of violations to the authorities”.

3.51 The Ministry was asked whether the Government proposed to amend the Payment of Wages Act, 1936, Minimum Wages Act, 1948 and the Contract Labour (Regulation & Abolition) Act, 1970 to provide for the payment of wages to contract workers in a similar fashion (through cheques) as is provided to regular workers of the Government, the written reply of the Ministry stated as follows:-

“The Payment of Wages Act, 1936 was amended as the Payment of Wages (Amendment) Act, 2005 (41 of 2005) on 5th September, 2005. There is no need for such an amendment in the Payment of Wages Act, 1936 because the Act already has the relevant provision under Section 6 as indicated below:

Wages to be paid in current coin or currency notes.-All wages shall be paid in current coin or currency notes or in both: “Provided that the employer may, after obtaining the written authorization of the employed person, pay him the wages wither by cheque or by crediting the wages in his bank account.

The Minimum Wages Act, 1948 does not differentiate between any form of labour like regular, contract, casual etc. While under Section 11 of the

Act minimum wages are payable in cash for all employments except agriculture, where the payments can be made in cash and kind, the feasibility of making payment through cheque is being explored by various appropriate Governments.

There is also no proposal to amend the Contract Labour (Regulation and Abolition) Act, 1970.”

3.52 When further asked to state the reasons for not bringing in a separate Central legislation or making amendment in the existing Central Acts to make it obligatory upon the Principal Employer/Contractor for paying the wages of the contract workers through cheques, the Ministry in their post evidence reply stated:-

“.....The Government is of the view that there are many workers, who are not willing to accept the payment by cheque because of not being familiar with banks procedures/facilities, the migratory/casual nature of job etc. Hence it would not be appropriate to bind the workers particularly in the unorganized sector for payment by cheques only under the above two Acts.

In cases where worker fail to plead their case before the Contractor or the Principal Employer, they can approach this Ministry / Central Advisory Contract Labour Board / Central Industrial Relations Machinery. In fact, even individual workers have also been reporting their cases to these bodies”.

Ascertaining exact number of Contract Workers

3.53 The Committee are deeply concerned to observe that no estimate of contract workers in the country is available with the Government. Outsourcing of jobs has become the order of the day not only in the private sector but also in the public sector. Although the Ministry has stated that the contract labour is employed to meet the exigencies of the situation and their number varies, it is an established fact that contract workers are mostly employed by establishments in the jobs that are perennial in nature. Their services are being availed of for decades together without being provided with the bare minimum facilities and wages, not to speak of social security coverage and regularization of employment. As per the provisions of the existing labour Acts, the contractors are primarily responsible for wages and other social security benefits of the contract workers and the principal employer simply does not play any role in ensuring that all the statutory dues and benefits are being extended to these workers. This segment of the workforce is employed even in the strategic sectors like defence, railways, telecom, coalmines, petroleum, etc. Absence of a mechanism to determine the number of such workers starkly portrays the apathetic attitude of the Government towards this important but neglected workforce of the country. Various statutory measures regarding the welfare, social security and minimum wages of the contract workers are meaningless without the record of the number of such beneficiaries. The Committee, therefore, strongly recommend that all the essential steps should be taken henceforth to devise a suitable and foolproof mechanism to ascertain the exact number of contract workers employed in the

various establishments of the public and the private sector. To achieve this objective, the services of the Regional Labour Commissioners, Trade Unions and other bodies representing the contract workers may be requisitioned.

Payment of wages through cheques

3.54 The Committee note that there is a steady increase in the number of irregularities that have been detected over the last couple of years regarding the implementation of Contract Labour (Regulation and Abolition) Act, 1970. In the year 2006-07 itself, there were 77,422 violations of the Act. This figure relates only to the Central sphere. As per the statute, the interests of the contract workers are protected in terms of wages, hours of work, welfare, health and social security. Other amenities include canteen facilities, rest rooms, first aid facilities and other basic necessities at the place of work. Needless to emphasize, efforts should be made to impart training and provide safety equipments to the workers. Of these, the most important is the payment of proper wages to the contract workers. Since they do not have any bargaining power, contract workers are exploited by paying them less than the minimum wages and coercing them to sign on higher amounts. This is the most prevalent form of exploitation being perpetrated on the contract workers. The absence of legislation making it obligatory upon the Principal Employer/Contractor for paying the wages of contract workers through cheques has compounded the problem. According to the Government there are many workers who are not willing to accept the payment by cheque because they are not familiar with bank procedures and also due to their migratory/casual nature of job, etc. and hence it would not be appropriate to bind the workers for payment by cheques. The Committee, however, feel this approach is unfriendly to the interest of the workers. Payment of wages to the workers through cheques will drastically reduce their chances of exploitation.

They will become adept in banking procedure after their exposure to it or at the most after one or two transactions. The Committee, therefore, strongly recommend that firstly the system of contract worker should be discouraged. Wherever it is essential to continue with this practice, it must be the sole responsibility of the principal employer to ensure that the contract worker is getting all his statutory dues and social security cover without any dilution. To achieve this goal and to mark the beginning, the payment of wages to the contract workers must be mandatorily disbursed through cheques to end their exploitation. The Committee expect that in cases where work done by the contract labour is perennial in nature, the concerned principal employer/contractor should ensure that the contract worker get fair wage i.e. equivalent to basic pay + DA of a fresh regular employee of the organization.

Major Head: 2230

Minor Head: 101.07

E FUNCTIONING OF CHIEF LABOUR COMMISSIONER (CENTRAL)

3.55 The Chief Labour Commissioner's (Central) CLC (C) Organisation, also known as Central Industrial Relations Machinery (CIRM), is an attached office of the Ministry of Labour and Employment. The CIRM is headed by the Chief Labour Commissioner (Central). It has been entrusted with the task of maintaining Industrial Relations, enforcement of Labour Laws and verification of Trade Union Membership in Central sphere. CIRM has a complement of 18 officers at the Head Quarters and 253 Officers in the field. The offices of CIRM are spread over different parts of the country with zonal, regional and unit level formations.

Functions of the Organisation:

3.56 The functions of CIRM are given as under:

- Implementation of settlements and awards.
- Enforcement of other provisions in the Industrial Disputes Act, 1947 relating to (1) Works Committee, (2) Recovery of Dues; (3) Lay off, (4) Retrenchment, (5) Unfair Labour Practices, etc.
- Prevention and Settlement of Industrial Disputes
- The CIRM ensures harmonious industrial relations in the Central Sphere establishments through:-
- Monitoring of industrial relations in the Central Sphere
- Intervention, mediation and conciliation in industrial disputes in order to bring about settlement of disputes.
- Intervention in situations of threatened strikes and lockouts with a view to avert the strikes and lockouts.

3.57 During the year 2006-07 the CIRM intervened in 454 threatened strikes and its conciliatory efforts succeeded in averting 445 strikes, which represent a success rate of 98%. The machinery handled the Industrial Disputes during the year 2006-07 as given as under:-

No. of Disputes received by CIRM	No. of Disputes which were considered unfit for intervention by CIRM	No. of Disputes which were settled without holding formal conciliation proceedings	No. of Disputes which formal C.P were held	No. of Disputes in which conciliation proceedings led to the settlement of Disputes	No. of Disputes in which conciliation proceedings ended in failure	No. of Disputes pending with the CIRM on the close of the year
8332	-	1685	3047	989	2058	3600

Enforcement of Labour Laws:

3.58 Another important function of CIRM is the enforcement of Labour Laws in the establishments for which the Central Government is the Appropriate Government. The machinery enforces following Labour Laws and Rules framed there under:-

- (i) The Payment of Wages Act, 1936 & Rules made there under for Mines, Railways, Air Transport Services and Docks, Wharves and Jetties.
- (ii) The Minimum Wages Act, 1948 and Rules
- (iii) The Contract Labour (Regulation & Abolition) Act, 1970 and Rules.
- (iv) The Equal Remuneration Act, 1976 & Rules
- (v) The Inter-State Migrant Workmen (RE&CS) Act, 1979 and Rules.
- (vi) The Child Labour (Prohibition & Regulation) Act, 1986 and Rules.
- (vii) The Payment of Gratuity Act, 1972 and Rules.
- (viii) The Labour Laws (Exemption from Furnishing returns and Maintaining Registers by certain Establishments) Act, 1988.
- (ix) The Building and other Construction workers (Regulation of Employment & Conditions of Service) Act, 1996 and Rules.
- (x) Chapter VI-A of Indian Railway Act; House of Employment Regulations for Railways Employees.
- (xi) The Industrial Employment (Standing Orders) Act, 1946 & Rules.
- (xii) The Maternity Benefit Act, 1961 (Mines and Circus Rules, 1963) & Rules.
- (xiii) The Payment of Bonus Act, 1965

3.59 When the Ministry was asked to explain the organizational set up of the Central Labour Commissioner (Central) in the country, region-wise, state-wise and whether the present structure is sufficient to manage the affairs of the organisation, the written reply furnished by the Ministry is as under:-

“The present structure of the Organisation appears to have the inherent weaknesses of unreasonably wide span of supervision by the head of the Organisation in as much as fifteen numbers of officers one required to report directly to him. Further, the base of the structure consisting of just 56 Assistant Labour Commissioners (Central) {ALC(C)} AND 162 Labour Enforcement Officers (Central) {LEO (C)} forming the backbone of the Organisation also appeared to be too narrow considering the increasing number of establishments as also the geographical area within their jurisdiction.

The Organisation of Chief Labour Commissioner (Central) {CLC(C)} also known as Central Industrial Relations Machinery, is primarily responsible for maintaining harmonious industrial relations through mediation and conciliation, enforcement of labour laws and discharge of quasi-judicial functions in the Central Sphere. To achieve this objective, this Organisation is required to secure more effective conciliation, preventive mediation, stricter enforcement of Labour Laws and judicious discharge of quasi judicial functions under Labour Laws.

The existing organizational structure having 15 officers directly reporting to the Head of the Organisation is opposed to the basic principle of management that the span of supervision should be limited to 4 or at the most of 5. 2 number of posts had earlier found place between the post of Head of the Organisation and posts held by 15 officers as mentioned above which in due course have been abolished consequent on Cadre review in 2004.

For the Organisation, the post of Assistant Labour Commissioner (Central) and that of LEO (C) are considered to be vital. ALCs (C) function as Conciliation Officers under I.D. Act, 1947 Controlling Authority under the Payment of Gratuity Act, 1972; Authority under the Equal Remuneration Act, 1976; Registering and Licensing Officer under the Contract Labour (Regulating and Abolition) Act, 1970 and Registering Officer under the Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996. They also function as Inspectors under various labour laws.

Consequent on up-gradation of 12 posts of ALCs (C) to that of RLCs (C) and abolition of 7 posts of ALCs (C) due to the restructuring of Central Labour Service (CLS) Cadre, the organisation had to reduce the posts of ALCs (C) from 75 to 56. This has resulted in reduction of number of ALCs (C) in the regional headquarters, like Chennai, Chandigarh, Bhubaneswar, etc. to only one. As of now, each of these ALC (C) is required to deal with industrial disputes for more than several districts.

The present strength of ALCs (C) in the field offices is not adequate to cope up with the increased volume of industrial disputes and payment of gratuity cases. On an average over 9,000 industrial disputes are handled by the CIRM Officers every year. Considering the procedural requirement involving strict observance of principles of natural justice disposal of 8 disputes and 5 gratuity cases in a month by each ALC (C) has been fixed as work norm for ALC (C). Presuming that on an average every ALC (C) goes on leave for one month in a year, each ALC (C) can dispose of 88 disputes in a year. Therefore, 53 ALCs (C) in the field can dispose of only 4664 disputes, not even half of the total number of disputes handled every year. Further on an average, the organisation receives 6000 gratuity applications under Payment of Gratuity Act every year. Therefore, 53 ALCs (C) posted in the field offices can dispose of 2915 cases in a year as per the norms. This is less than 50 per cent of the gratuity cases received in a year. Thus, taking into account the rate of disposal and intake of industrial disputes and gratuity cases, the organisation need double the present strength of ALCs (C).

Similarly, 162 number of LEOs (C) at the root i.e. cutting edge of the structure and posted across the length and breadth of the country are responsible for enforcement of over a dozen of labour laws in the Central Sphere besides discharging administrative and other multifarious functions like attending court cases, liaisoning the State authorities, investigating into complaints, verification of Trade Union Membership, etc. Notwithstanding the fact that in recent years a number of labour laws have been added and also a number of Scheduled employments have been added to the list under the Minimum Wages Act, 1948, no additional post of LEO has been created."

3.60 On being asked regarding the changes envisaged to make the functions of the organisation more efficient, the ministry replied:-

“In order that effective supervision and control can be exercised by the Head of the Organisation it is desirable that atleast three posts of Joint Chief Labour Commission (C) should be created between the post of CLC (C) and 15 Deputy. Chief Labour Commissioner (C) now directly reporting to him.

Keeping in view the multifaceted activities of the organisation, the organisation has already requested Ministry of Labour & employment to except the posts of CIRM from being abolished under Annual Direct Recruitment Plan Scheme as it has been felt that due to reduction of staff strength of this organisation, various functions being discharged are already adversely affected and any more reduction may lead to closure of several field offices which may in turn bring in adverse criticism from the employers and workmen. LEO (C) and ALC (C) are the cutting edge of the organisation. Unless their number is augmented with supporting staff, it is very difficult to cope up with the new challenges in Industrial Relation and enforcement of Labour Laws posed by liberalization, globalization and privatization. It is, therefore, suggested that 20 posts of ALC s (C), 30 posts of LEOs (C) and 170 posts of stenographers, UDCs, LDCs, Drivers and peons are required.

In addition to this, to achieve the objective of this organisation, in respect of maintenance of harmonious industrial relations and effective implementation of various labour laws, the field offices should be provided with new vehicles in place of the old vehicles that have lost their utility. Further, in order to equip the officers of this organisation to discharge their duties and responsibilities more effectively and professionally, it is of paramount importance to provide modern gadgets including latest computers and scanners, etc.”

3.61 The Committee observed that the Organisational set up of the Chief Labour Commissioner (Central) portrayed a picture riddled with inadequacies and inherent problems. When asked to explain the efforts made by the organization to streamline the structure to make it better equipped to deal with workers’ difficulties, the Ministry outlines the measures to strengthen the organisation as under:-

“The Organisation of Chief Labour Commissioner (Central) {CLC (C)} also known as Central Industrial Relations Machinery, is primarily responsible for maintaining harmonious industrial relations through mediation and conciliation, enforcement of labour laws and discharge of quasi-judicial functions in the Central Sphere. In order to cope up with the workload some efforts have been

made to strengthen the organisational structure / set-up by creating more regions and upgrading the regional offices. The Ministry had also carried out a Cadre Review of Central Labour Service (CLS) and consequently some posts at higher level were created. The Chief Labour Commissioner (Central) has also submitted a note suggesting remedial measures for improvement / strengthening the existing structure. It is expected that some of the suggestion made by CLC (C) would be taken up by the Ministry at the time of next Cadre Review of CLS due in 2009.

Measures for strengthening of CLC (C) Organization for effective implementation of the labour Laws

Historical Development of C.I.R.M. and Present Position

The Organisation of Chief Labour Commissioner (Central) also known as Central Industrial Relations Machinery, is an apex Organisation in the country responsible for maintaining harmonious industrial relations mainly in the sphere of Central Government namely central public undertakings like air transport services, telecommunications, Oil Sectors, Banks, Insurances, Railways, Financial Institutions, Cantonments etc. In pursuance of the recommendation of Royal Commission on Labour in India, the Organization was set up in April, 1945 by combining the former Organizations of the Conciliation Officer (Railway), Supervisor of Railway Labour and the Labour Welfare Advisor. It started with a small complement of staff comprising Chief Labour Commissioner at New Delhi; Regional Labour Commissioner's (Central) at Bombay, Kolkata & Lahore, 8 Conciliation Officers and 18 Labour Inspectors. The Conciliation Officers and Labour Inspectors were re-designated as Assistant Labour Commissioner (Central) and Labour Enforcement Officer(Central). The Organization was further augmented gradually consequent upon expanding Labour Legislation in the Post-Independence period, increased industrial activities in the country and growing responsibilities of the Organization and Regional Offices at Kanpur, Dhanbad, Madras, Asansol, Ajmer, Hyderabad and Bhubaneswar were established.

2. In order to secure better conciliation, preventive mediation and more effective enforcement of Labour Laws, a scheme to further strengthening the Central Industrial Relations Machinery was approved in the Sixth Five Year Plan. As a result, three more Regions at Guwahati, Chandigarh and Bangalore were created during 1981-82. Three more new Regions with headquarters at Ahmedabad, New Delhi and Cochin were created under the Seventh Five Year Plan in 1987-88. Two more regions with Headquarters at Patna and Nagpur and one post of Deputy Chief Labour Commissioner (Central) at Bombay with supporting staff were created during the financial year 1988-89 under the Seventh Five Year Plan. During 1990-91, one post of Deputy Chief Labour Commissioner (Central) at Bangalore with supporting staff was created.

Consequent on Cadre Review of CLS Officers two more Regions with headquarters at Dehradun and Raipur were created in the year 2005 by adjusting the existing Staff and Officers without creating any new post.

3. Out of 20 Regions at present 10 big regions have been upgraded and headed by Deputy Chief Labour Commissioners (Central) and the rest are headed by Regional Labour Commissioners (Central). The Organisation has a complement of 268 Officers including 162 Labour Enforcement Officers (Central) out of which 37 plan posts viz. 2 Deputy Chief Labour Commissioners (Central), 5 Regional Labour Commissioners (Central), 11 Assistant Labour Commissioners (Central) & 19 Labour Enforcement Officers (Central) are temporary and their continuance is ensured on year to year basis by obtaining concurrence of IFD by continuing the plan scheme in the current plan period also.

4. In year 2004 , in order to meet the career aspirations of the Officers restructuring/ cadre review was carried out resulting in upgradation and resultant abolitions of 11 posts of ALCs(C). ALCs(C) function as conciliation officers under Industrial Disputes Act, 1947, controlling authority under Payments of Gratuity Act, 1972; Authority under the Equal Remuneration Act, 1976; Registering and Licensing Officer under the Contract Labour (Regulating and abolition) Act, 1970 and BOCW Act. They also function as inspector of about a dozen labour enactments. Now it is being felt that due to reduction in the number of post of ALCs(C), it is becoming increasingly difficult for the existing ALCs(C) to perform all the work effectively. These functions being quasi-judicial in nature cannot be discharged by any officer other officers of higher rank. The basic executive unit of this organization i.e. LEO (C) Offices consist of one LEO, one LDC and one Peon. Presently most of LEO (C) offices even does not possess this minimum strength because of restrictions imposed by the screening committee, so far this office lost 73 sanctioned post(s). The shortage of staff has become so acute that we may have to close down some of the offices which will adversely affect the implementation of labour laws. LEO (C) and ALC(C) are the cutting edge of the Organisation. Unless their number is augmented with supporting staff, it is very difficult to cope up with the new challenges in industrial relation and enforcement of labour laws posed by liberalization, globalization and privatization. It is therefore suggested that 20 posts of ALCs(C), 30 post of LEOs(C) and 25 stenographers, 20 UDCs, 80 LDCs, 30 Drivers and 85 Peons are required.

5. Training of CIRM Officers

Further, in order to improve/enlighten the CIRM Officers with latest developments in labour laws on the basis of orders passed by various courts, Training Division of CLC (C) Organization in collaboration with V.V.Giri. NLI

and ISTM conduct customized training programme for officers belonging to CLS. This organisation is also in touch with IIM, Ahmedabad, Administrative Staff Collage Hyderabad and Lal Bahadur Shashtri Administrative Academy, Mussorie for higher training of CIRM Officers. But we are unable to fine-tune the training exactly required by the department due to lack of personnel like ALC(C), LEO(C) with supporting staff. The requirement for training has also been kept in mind while placing the requirement of officers and staff.

6. Office Aids

Further, in order to equip the officers of this organization to discharge their duties and responsibilities more effectively and professionally, it is of paramount importance to provide modern gadgets including latest computers and fast mode of communications viz scanners and means of transport. This will not only enhance their productivity but neutralize lack of other resources to some extent. At present this organization possesses 1 vehicle at Head Quarters and 43 vehicles at Field Offices. Out of the said 44 vehicles, 20 vehicles purchased in year 1995 or earlier have outlived their life and lost their utility. These vehicles require immediate replacement by new ones. But, due to ban on purchase of new vehicles the same could not be done. Besides, one RLC(C) and 12 ALCs(C) posted in small towns and far-flung areas, where hiring of vehicles is not possible, though they require to cover large areas under them, have not been provided with any vehicle. Thus, we need 33 vehicles and 15 drivers immediately. Similarly, it is not possible for the 90 LEOs(C) posted in far-flung areas to hire any vehicle. They may be provided motorcycles to carry out their normal duties of inspection of the establishments in remote areas and conduct court cases filed in the different courts of Judicial Magistrate in their territorial jurisdiction.

Under Plan schemes, so far we have provided 75 computers, 15 photocopiers and 2 fax machines in the Head Office of the CLC(C) Organisation. All the officers upto the level of Section Officer have been provided with computers. 294 computers, 71 photocopiers and 19 fax machines have been provided to different field offices under this Organisation. Computers have been provided to all the officers including almost all the LEOs(C). However, near about 100 computers, 20 photocopiers have become more than 7 years old, and presently are not rendering satisfactory services. These computers and photocopiers require replacement. We have been replacing old computers and photocopies in a phased manner as per the availability of funds in the Plan scheme. It will take 4 years to replace these old computers and photocopiers as per the availability of funds in the Plan scheme. However, if more funds are available, the time required for replacement may be reduced”.

Radical changes in functioning and filling up of vacant posts

3.62 The Committee are distressed to observe that the organizational set up of the Chief Labour Commissioner is riddled with inherent weaknesses. The workload of the organization is disproportionately heavier vis-à-vis its staff strength. The responsibilities assigned to it are of vital importance as harmonious industrial relations is the touchstone of judging the success or otherwise of the organization. The increasing number of establishments and the geographical areas under various functionaries of the organization is a matter of concern as they are not able to pay as much attention as is required to various issues before them. Only 56 Assistant Labour Commissioners (Central) {(ALCs) (C)} who form the backbone of the organization and 162 Labour Enforcement Officers {(LEOs) (Central)}, are currently in position. They are required to perform various functions for maintaining cordial industrial atmosphere through mediation and conciliation, enforcement of labour laws and discharge of quasi-judicial functions. Besides, they are also to implement various labour laws. Even the head of the organization is over burdened supervising 15 officers who are directly reporting to him. This is against the basic principle of Office and Management. On an average, one ALC has to handle around 9,000 industrial dispute cases every year. It is humanely impossible to handle these many cases and to do justice to every case. Resultantly, cases keep on piling up vitiating the industrial atmosphere. The Committee, therefore, strongly recommend that the necessary action should begin in right earnest to review the functioning of the Office

of the Chief Labour Commissioner with a view to bring in radical changes in its functioning and to fill up all the vacant positions at the earliest to make it more efficient and result-oriented.

Major Head: 2230

F CHILD LABOUR

3.63 Government of India stands committed to the elimination of child labour in the country. The Constitution provides for protection of children from involvement in economic activities and avocations unsuited to their age. Directive Principles of State Policy in the Constitution strongly reiterates this commitment and this is also provided for in the Fundamental Rights.

3.64 Realizing the multifaceted nature of this problem, Government had embarked on a holistic and multipronged programme to eliminate child labour from the country in a phased manner, beginning with children working in hazardous occupations and processes and progressively covering those working in other occupations also. On the one hand, it provides for legal action for enforcement purposes and on the other, it also focuses on general development programmes for the economic empowerment of the families of children as well as project based action in areas of high concentration of child labour. The various constitutional provisions, which aim at protecting children from employment are as under:-

Article 21 A

Right to Education

The State shall provide free and compulsory education to all children of the age of 6 to 14 years in such manner as the State, by law, may determine.

Article 24

Prohibition of employment of children in factories, etc.

No child below the age fourteen years shall be employed in work in any factory or mine or engaged in any other hazardous employment

Article 39

The State shall, in particular, direct its policy towards securing:-

(e) That the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength.

Legal protection of children at work

3.65 As per the Child Labour (Prohibition & Regulation) Act, employment of children below the age of 14 years is prohibited in notified hazardous occupations and processes. The Act also regulates employment of children in non-hazardous occupations and processes. There are at present 15 hazardous occupations and 57 processes, where employment of children is prohibited. Some of the important prohibited occupations and processes are carpet weaving, building and construction work, brick kilns, production of hosiery goods, work as domestic servants, and in tea-shops, road side eateries, etc. The Act also regulates the working conditions of children in other employments, which are not prohibited under the Child Labour (Prohibition & Regulation) Act, 1986.

National Child Labour Policy

3.66 Constitutional and Legislative provisions providing protection to children against employment also find an echo in the National Child Labour Policy announced in 1987. The policy addresses the complex issue of child labour in a comprehensive, holistic and integrated manner. The action plan under this policy is multi-pronged and mainly consists of:-

- (i) A legislative action plan;
- (ii) Focuses on general development programmes for the benefit of the families of children; and
- (iii) Project-based action plan in areas of high concentration of child labour.

National Child Labour Project (NCLP) Scheme

3.67 For rehabilitation of child labour, Government had initiated the National Child Labour Project (NCLLP) Scheme in 1988 to rehabilitate working children in 13 child labour endemic districts of the country. Its coverage was increased progressively to cover 250 districts in the country presently.

3.68 The Ministry was asked to furnish the details regarding the number of child labour in the country, the last census done to determine the number of child workers. The details of rehabilitation and other welfare schemes formulated for child workers. Their written reply stated:-

“The estimation of number of child labour in the country State-wise, is done on the basis of the census carried out by the Registrar General of India once in every ten years. Keeping in view of the size of the population, it is not practicable to conduct periodical census of the whole nation would be required.

State-wise figures of child labour as per the 2001 Census are as under:-

State-wise Distribution of Working Children according to 2001 Census in the age group 5-14 years

Sl.No.	Name of the State/UT	2001
1.	Andhra Pradesh	1363339
2.	Assam	351416
3.	Bihar	117500
4.	Gujarat	485530
5.	Haryana	253491
6.	Himachal Pradesh	107774
7.	Jammu & Kashmir	175630
8.	Karnataka	822615
9.	Kerala	26156
10.	Madhya Pradesh	1065259
11.	Maharashtra	764075
12.	Chhattisgarh	364572
13.	Manipur	28836
14.	Meghalaya	53940
15.	Jharkhand	407200
16.	Uttaranchal	70183
17.	Nagaland	45874

18.	Orissa	377594
19.	Punjab	177268
20.	Rajasthan	1262570
21.	Sikkim	16457
22.	Tamil Nadu	418801
23.	Tripura	21756
24.	Uttar Pradesh	1927997
25.	West Bengal	857087
26.	Andaman & Nicobar Island	1960
27.	Arunachal Pradesh	18482
28.	Chandigarh	3779
29.	Dadra & Nagar Haveli	4274
30.	Delhi	41899
31.	Daman & Diu	729
32.	Goa	4138
33.	Lakshadweep	27
34.	Mizoram	26265
35.	Pondicherry	1904
TOTAL		12666377

The districts to be covered under National Child Labour Project Scheme are identified on the basis of endemicity of child labour as per Census data. Thereafter, in these districts, an intensive child labour survey is carried out to determine the number of child labour in the district. Based on the survey reports, the number of Special Schools for the educational rehabilitation of child labour is sanctioned.

The Government has decided to conduct a district-wise child labour survey in the country with the help of the National Sample Survey Organisation (NSSO)".

3.69 On a further question as to the details of plan drawn out for this purpose alongwith the time by when the survey is likely to begin and culminate, the Ministry in their post evidence reply stated:-

"The Government proposes to conduct District-wise National child labour survey through National Sample Survey Organisation (NSSO). Discussions in this regard with reference to methodology etc for the survey are being done with NSSO. The State Governments are being involved in the development of methodology, sample frame etc. NSSO will conduct this survey in a sequential manner taking the district with highest incidence of child labour in all the states in the first phase and thereafter covering the remaining districts. NSSO has been

requested to indicate the time frame within which these two phases would be completed. The reply is yet to be received from NSSO”.

3.70 On being prodded on the reasons for sustained growth of child labour in the country and whether the government proposes to review the policy to make it meaningful, the written reply furnished by the Ministry is as under:-

“Child Labour being a socio-economic problem is a result of poverty and illiteracy. Considering the magnitude and the nature of the problem, Government has adopted a sequential approach to withdraw and rehabilitate working children, beginning with those working in hazardous occupations/processes and then covering children working in other occupations. While the actual numbers may not appear to have declined the Government has been able to rehabilitate around 4.57 lakh children mainstream mostly withdrawn from hazardous occupations/processes and currently 3.37 lakh are enrolled under National Child Labour Policy (NCLP) Scheme. Thus, the policy cannot be said to have failed. However, the Government will review the Policy from time to time in the light of field level experiences, reports, evaluations etc.

Since poverty is the root cause of the problem, the Government is laying lot of emphasis on convergence of National Child Labour Project Scheme with the developmental schemes of other Ministries viz., Ministry of Rural Development, Ministry of Urban Development and Poverty, Ministry of Panchayati Raj, Ministry of Women and Child Development, Ministry of Social Justice and Empowerment etc., economically empower the families of these child labour”.

3.71 The Ministry was further asked to provide details regarding the review of NCLP that has taken place since its inception, the major findings/observations of such review, the further action in store for the 3.37 lakh children enrolled under NCLP and the input of the functioning of NCLP which has necessitated its review, the detailed post evidence reply submitted is thus:-

“A Comprehensive evaluation of National Child Labour Projects in the country has been conducted by independent agencies, and coordinated by the VV Giri National Labour Institute, Noida, in 2001. Major Findings of the Evaluation are as follows:

- In most areas, the community has welcomed the opening of the NCLP schools/centers, which have provided an opportunity to fulfill the specific educational, needs of the identified target group. The special schools need to be continued and should be relocated to areas where they are most required.
- The enrolment rate has been as high as 95% with attendance rate averaging at 75%. The projects have made a fair impact in the areas where they are being run.
- Selection of teachers is crucial to the success of the programme. Where they have been systematically trained, the project has shown very positive results.
- Stipend and nutrition at school were important determinants for enrolment and retention of children in school.
- One of the primary objectives of the project is to mainstream as many children as possible into the formal school system. The position regarding mainstreaming showed a varied picture. While schools using the formal school curriculum have shown better levels of mainstreaming, schools using the non-formal curriculum have also managed to successfully mainstream students.
- Vocational training in most projects suffers from a paucity of funds and is not based on a scientific need based assessment of the labour demand in the area.
- Aspects of awareness generation, convergence and infrastructure in the schools need to be paid more attention.
- There is need for a full time project Director for the project
- A systematic plan of action needs to be drawn up for follow up with children who have been mainstreamed.
- The scheme of NCLPs remains the most powerful intervention available to the Government to combat the menace of child labour. The time is crucial for consolidation and expansion with certain modifications in structure and content

Recently, also an Evaluation of NCLP Scheme has been carried out by independent agencies, and coordinated by the V.V Giri National Labour Institute, Noida. The final report of the evaluation is awaited.

Further, based on the experience of implementing the Scheme in the 10th Plan, Government for the 11th Plan has proposed various additional components in the Scheme viz., Residential schools in the Metros, vocational training to adolescents, income generation activities for parents of child labour, monitoring and tracking of child labour and also the expansion of the Scheme to 600 districts.

Under the National Child Labour Project (NCLP) Scheme, the children are kept in Special Schools for a period of maximum three years so as to prepare them to join regular education system thereafter.

Review of the Schemes/Programmes of the Government is a continuous process. Based on the experience in implementing the Scheme, and the areas of concern, Government has proposed certain additional components in the NCLP Scheme, viz. Residential schools in the Metros, vocational training to adolescents, income generation activities for parents of child labour, monitoring and tracking of child labour".

Determining number of child workforce

3.72 The Committee are constrained to note that there is no mechanism to determine the number of child labour in the country other than the census carried out by the Registrar-General of India which is treated as authentic. The periodicity of census by the Registrar-General of India is after a gap of ten years. Even this census is not focused on child labour only. This is only one of the aspects of the numerous functions of the Registrar-General of India. As per the last such census conducted in the year 2001, there existed 1,26,66,377 child labour in various States of the country. Even this figure does not reflect the actual number of the child labour in the country. However, the Government has decided to conduct a district-wise child labour survey in the country with the help of the NSSO. The move, though belated, is commendable. The Committee, therefore, urge upon the Government to draw a strategy wherein the periodical survey of child labour is automatically taken care of. The involvement of various agencies, *viz.* State governments, trade unions, NGOs, employers and all other bodies directly or indirectly associated with child labour, must be considered as part of the strategy to determine the child workforce in the country so that effective steps may be taken to eradicate the menace of child labour in a phased manner.

Eradication of child labour menace

3.73 The Committee observe that the figure of child labour continues to remain worrisome despite all efforts under the National Child Labour Policy (NCLP) Scheme to eliminate it. As many as 4.57 lakh children are stated to have been rehabilitated after withdrawing them from hazardous employment and bringing them into mainstream. However, 3.37 lakh children are still enrolled under NCLP scheme for rehabilitation. It is true that child labour is a social and economic problem arising due to poverty and illiteracy, but as a nation state of conscience we cannot permit this malaise to continue howsoever the reasons may be genuine for its existence. Although the Government has framed a policy to eliminate the child labour, it has not borne the desired fruits. Hence, a thorough review and revision of the policy is the need of the hour. The Government has stated that it will review the policy from time to time in the light of the field level experiences, reports and evaluations placing emphasis on convergence of NCLP Scheme with the developmental schemes of other Ministries like Rural Employment, Urban Development and Poverty Alleviation, Panchayati Raj, Women and Child Development, Social Justice and Empowerment to economically empower the families of these child labour. The involvement of multiple agencies, *i.e.* various Ministries of the Government of India and other agencies may not only delay the finalisation of the reviewed scheme but may also make it more complicated. Hence, the Committee call upon the Government to take steps, honestly and positively, in

such a way that all efforts undertaken in this regard involving multiple agencies commensurate with the enormity of the task for the successful achievement of the desired results.

NEW DELHI;

16 April, 2008

27 Chaitra, 1930 (Saka)

*SURAVARAM SUDHAKAR REDDY,
Chairman,
Standing Committee on Labour.*

**MINUTES OF THE THIRTEENTH SITTING OF THE STANDING COMMITTEE
ON LABOUR**

The Committee sat on 31 March 2008 from 1030 hrs. to 1245 hrs. and again from 1400 hrs. to 1630 hrs. in Committee Room No. 53, Parliament House, New Delhi.

PRESENT

Shri Suravaram Sudhakar Reddy - CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Furkan Ansari
3. Shri Subrata Bose
4. Shri Thawar Chand Gehlot
5. Shri Virendra Kumar
6. Shri Bassangouda R. Patil
7. Shri Rajesh Kumar Manjhi
8. Shri Chandradev Prasad Rajbhar
9. Shri Mohan Rawale
10. Shri Ramdas Athawale

RAJYA SABHA

11. Shri Narayan Singh Kesari
12. Shri Gandhi Azad
13. Ms. Pramila Bohidar
14. Shri Dilip Ray

SECRETARIAT

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

PART-I
Witness

The following representatives of the Ministry of Labour and Employment participated in the meeting :-

Sl.No.	Name of the Officer	Designation
1.	Smt. Sudha Pillai	Secretary
2.	Shri S. Krishnan	Additional Secretary (L&E)
3.	Shri P.C. Chaturvedi	Director General, Employees State Insurance Corporation
4.	Dr. Ashok Sahu	Labour and Employment Adviser
5.	Shri S.K. Srivastava	Joint Secretary
6.	Shri Anil Swarup	Joint Secretary (DGLW)
7.	Shri Sharda Prasad	Joint Secretary (DGE&T)
8.	Shri S.K. Dev Verman	Joint Secretary
9.	Shri Ramesh Verma	Joint Secretary & FA (L&E)
10.	Dr. Harcharan Singh	Dy. Director General
11.	Shri S.K. Mudkhopadhyay	Chief Labour Commissioner (C)
12.	Shri A. Vishwanthan	Central Provident Fund Commissioner
13.	Kanwar Manjeet Singh	Director, V.V. Giri, NLI
14.	Shri A.S. Ahluwalia	DG, Labour Bureau, Chandigarh
15.	Shri V. Parmeswaran	Director, Central Board for Workers Education
16.	Shri A.J. Pawar	Insurance Commissioner, ESIC
17.	Dr. (Ms.) Kamlesh Kalra	Medical Commissioner, ESIC
18.	Shri Deepak Gupta	Deputy Director, DGMS
19.	Shri S.K. Saxena	DGFASLI
20.	Ms. Amarjeet Kaur	Dy. Director General, DGE&T
21.	Shri Keshwamurthy	Dy. Director General, DGE&T
22.	Shri Des Raj	Dy. Director General, DGE&T
23.	Dr. Shakuntala	Controller of Accounts
24.	Shri Ranbir Singh	Director
25.	Shri N.C. Bhatia	Under Secretary

2. The meeting began with the observation of the Chairman regarding bidding farewell to two Members of the Committee i.e. Ms. Pramila Bohidar and Shri Dilip Ray, both Members of the Rajya Sabha, whose term in the House was going to end on 1 April, 2008.

3. The Chairman recalled their valuable services to the Committee and appreciated their dedication and keen interest in the work of the Committee. The Chairman wished them all the success in life.
4. The Hon'ble Chairman then 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 and asked them to make the submission regarding Demands for Grants (2008-09).
5. The Secretary, Ministry of Labour and Employment, subsequently, briefed the members about the budgetary allocations for the year 2008-09 and the expenditure incurred so far on various schemes/programmes undertaken by the Ministry.
6. The Committee thereafter held detailed deliberations with 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) Contract Labour; (e) Functioning of Regional Labour Commissioner; (f) Child Labour; (g) important initiatives taken by the Ministry during the last one year, etc.
7. Hon'ble Chairman and other Members then raised various queries on the information furnished by the Ministry pertaining to the subjects under examination by the Committee in connection with the Demands for Grants (2008-09).
8. The Secretary and other officials of the Ministry replied to some of the queries raised by the Chairman and Members. The Chairman directed the Secretary to send written replies to the Supplementary List of Points and the rest of the unanswered queries to the Secretariat at the earliest.
9. The Chairman thanked the Secretary and other officials for giving valuable information to the Committee on the subjects.

A verbatim record of the evidence was kept.

{The witnesses then withdrew}

The meeting of the Committee then adjourned for lunch.

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| 11. | XX | XX | XX |

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|-----|----|----|----|
| 12. | XX | XX | XX |
| 13. | XX | XX | XX |
| 14. | XX | XX | XX |
| 15. | XX | XX | XX |
| 16. | XX | XX | XX |

A verbatim record of the evidence was kept.

{The witnesses then withdrew}

The Committee then adjourned.

MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON WEDNESDAY, 16 APRIL 2008

The Committee sat from 0930 hours to 1055 hours in Committee Room 'D', Parliament House Annexe, New Delhi to consider and adopt draft Twenty Eighth and Twenty Ninth Reports on Demands for Grants for the year 2008-09 of the Ministries of Labour and Employment and Textiles respectively.

PRESENT

Shri Suravaram Sudhakar Reddy - CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Subrata Bose
3. Shri Santasri Chatterjee
4. Shri Thawar Chand Gehlot
5. Shri Virendra Kumar
6. Shri Devidas Pingle
7. Smt. C.S. Sujatha

RAJYA SABHA

8. Shri Narayan Singh Kesari
9. Shri K. Chandran Pillai
10. Shri Gandhi Azad

SECRETARIAT

- | | | | |
|----|-------------------|---|---------------------------|
| 1. | Shri N.K. Sapra | - | Additional Secretary (NK) |
| 2. | Shri Brahm Dutt | - | Joint Secretary (B) |
| 3. | Shri R.K. Bajaj | - | Director |
| 4. | Shri N. K. Pandey | - | Deputy Secretary-II |

2. At the outset, the Chairman welcomed the Members and apprised them about the agenda for the day. He informed that Draft Twenty-Eighth and Twenty Ninth Reports on Demands for Grants for the year 2008-09 of the Ministries of Labour and Employment and Textiles respectively had been circulated to the Members. He also invited suggestions of the Members in regard to recommendations contained in the Reports.

3. After discussing the Draft Reports in detail, the Committee adopted the same with some minor modifications.
4. The Committee then authorized the Chairman to finalize the above Reports after making consequential changes, arising out of factual verification by the Ministry of Labour and Employment and the Ministry of Textiles, if any and present the same to the Parliament.
5. The Committee also placed on records their appreciation for the service rendered to the Committee by the officers/staff attached to the Committee.

The Committee then adjourned.

STATEMENT OF RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE REPORT

Sl. No.	Para No.	Recommendations/Observations
1.	3.10	<p style="text-align: center;"><u>Improving Planning Process and Strengthening Monitoring Mechanism</u></p> <p>The scrutiny of Demands for Grants (2008-09) of the Ministry of Labour and Employment reveals that the total outlay of Rs.2,498.03 crore (Plan Rs.771.50 crore & Non-Plan Rs.1,726.53 crore) for the year 2008-09 marks an increase of more than Rs.600.00 crore over the allocation for the previous year 2007-08 (Rs. 1,897.27 crore). However, the scheme-wise/programme-wise scrutiny displays that the percentage of expenditure incurred on execution of some of the important schemes during the year 2007-08 is far from satisfactory. Holding of Lok Adalat, Rehabilitation of Bonded Labour, Elimination of Child Labour, Rashtriya Swasthya Bima Yojana, Information Technology, Grants-in-aid to research and academic institutions, etc. are some of the glaring examples in this regard. The Committee are disappointed to find that in some of the other schemes like construction of houses for beedi workers and low-income occupation clusters, social security for unorganized sector workers, there has been no expenditure. The Committee also do not appreciate the reasons put forth by the Ministry for less spending and no spending at all on the Schemes such as not holding sufficient number of Lok Adalats, non-receipt of utilization certificates in respect of Rehabilitation of Bonded Labour, etc. The Committee are of the considered opinion that it is certainly a matter of grave concern as it shows that the schemes were formulated without proper study and home work. Monitoring and coordination with other implementing agencies is also an area which requires utmost attention for improvement. The Committee, therefore, desire that the Ministry should take immediate steps to improve its planning process and strengthen its monitoring mechanism for optimum utilization of funds. It will help in achieving the objectives of schemes/projects of the Ministry. The Committee desire to be apprised of the action taken in this regard.</p>

2.	3.11	<p><u>Even pacing of quarterly expenditure</u></p> <p>The Committee observe that the financial norms of the Government clearly mandate spreading of expenditure evenly during the four quarters and discourage the rapid utilization of funds in the last quarter. The close scrutiny of the progressive quarterly figures reveals a very dismal picture as far as the percentage of expenditure of the Revised Estimates during the four quarters is concerned. It was 1.94 % in the first quarter, 6.68 % in the second quarter, 7.78 % in the third quarter and 49.50 % in the fourth quarter. This kind of pacing of expenditure is a matter of great concern as the efforts to achieve the targets set out under each scheme remain tardy during most of the period and the last minute rush of spending coupled with half-hearted and haphazard efforts result in skewed fulfilment of targets or non-fulfilment of targets. The Committee have been emphasizing time and again in the past also that pacing of expenditure in every quarter should be even to the possible extent. The Committee are unhappy to find that the Ministry has not taken any action on their earlier recommendations on the matter. While taking a strong view, the Committee reiterate their earlier recommendation that the schemes should be drawn in such a way to ensure that expenditure in every quarter of the financial year be evenly distributed.</p>
3.	3.12	<p><u>Judicious spending of allocated amount in North-Eastern States</u></p> <p>The Committee note with serious concern that various schemes approved for implementation in the North Eastern States are not being implemented properly. The budget allocation of Rs.34.50 crore for the year 2007-08 was subsequently reduced to Rs.26.50 crore at RE stage. Even this amount could not be spent as the total actual expenditure on various schemes of North Eastern States is just Rs.15.88 crore. The reasons for shortfall in expenditure are due to certain administrative/technical constraints as given by the Ministry. The Committee are not at all inclined to accept the explanation given by the Ministry in this regard. The Union Government accords top priority for the development of North Eastern States in order to bring them at par with other developed States of the country. To achieve this objective, Government of India has earmarked 10% of the total budgetary allocation every year to the North Eastern States. Any laxity on this front may add to the problems of this</p>

		<p>sensitive region of the country. The Committee, therefore, recommend that every effort be made by the Ministry to judiciously expend the entire allocated amount for the development and welfare of the North Eastern States to avoid reduction at the RE stage.</p>
4.	3.26	<p><u>Steps for Enhancement of coverage</u></p> <p>The Committee are constrained to observe that there are about 40 crore workforce working in the country, out of which only 4.44 crore are covered under EPFO as on 31 March 2007. The reasons for low membership have been attributed to various constraints regarding coverage of establishments due to a number of factors such as employment of minimum of 20 employees, wage ceiling, exclusion clause under section 16 of the Act and applicability of the Act to the establishment/industries specified in Schedule I of the Act or notified by the Government. Coverage of establishments is a continuous process and for the purpose various steps like Compliance 2001 programme, special coverage drives, etc. are resorted to for achieving the target. However, Compliance 2001 programme did not deliver the desired results as the establishments to which the Act applies are required to comply with the provisions of the Act suo moto. Hence, some strategic adjustments in the said programme are stated to be under consideration of the appropriate authorities (Central Board of Trustees, Employees' Provident Fund). The Committee express their apprehension whether strategic adjustments in Compliance 2001 Programme alone will help in proper and sufficient coverage of all the establishments. The Committee, therefore, strongly recommend that a multi-pronged and result oriented strategy be devised focusing on routine surveys, creation of intelligence circles for gathering information, earmarking of areas to enforcement officers, launching of special coverage drives from time to time and all other steps which are considered proper for enhancing the coverage.</p>

5.	3.27	<p><u>Action against defaulting establishments</u></p> <p>The Committee observe that there has been persistent default on the part of the employers' to deposit the provident fund contribution in the Office of the Provident Fund Commissioner though the amount is deducted from the wages of the employees regularly. The number of defaulting establishments (un-exempted sector) as on 31 March 2005, 2006 and 2007 was 40,608, 76,476 and 72,554, respectively which includes those establishments which had defaulted in remittance of employees' share of contribution. The Committee are given to understand that on identification of default in remitting the employees' share on the basis of Computerized Compliance Tracking System (CCTS) action is taken under Section 7A of the EPF & MP Act, 1952. However, EPFO has no system of blacklisting the defaulting establishments. The periodical and regular scrutiny is undertaken only in respect of the major defaulters. The Committee feel distressed at the present practice being adopted towards defaulting employers/establishments. This approach not only deprives the employees of their rightful claims but encourages the dishonest employer to indulge in malpractices. The Committee, therefore, desire that a suitable mechanism apart from Computerised Compliance Tracking System (CCTS) be devised to identify the defaulting establishments for initiating penal action against them including black listing.</p>
6.	3.28	<p><u>Enhancement in wage ceiling</u></p> <p>The Committee note that the present wage ceiling of Rs.6,500/- for the purpose of coverage under EFPO is in vogue since 1 June 2001. The Government also does not propose to enhance the wage ceiling on the plea that raising of wage ceiling would have a wider impact on the Employees' Pension Scheme, 1995 and hence unless the impact on the pension scheme is fully taken care of, the rise in the wage ceiling may not be appropriate. The Committee are of the firm opinion that the current ceiling has lost its significance in the wake of adequate increase in the wages of the workers due to changed employment scenario. Therefore, keeping the wage ceiling at Rs.6,500/- no more holds good. The increase in wage ceiling cannot be put on hold for the reason that its impact on pension scheme is yet to be assessed. The Committee take note of the fact that the rates of pension have not been revised since last many years and it is</p>

		<p>insufficient to fulfill the basic requirements of the pensioners. Needless to emphasize, the Ministry will take note of inflation/price rise and cost of living factors while reviewing the pension scheme. The Committee, therefore, strongly recommend that the assessment of the impact of rise in wage ceiling on pension scheme be carried out in a time bound manner and the rates of pension under EPS, 1995 accordingly be revised at the earliest. The Committee further recommend that the rate of contribution can be structured in such a way that it nullifies the possible adverse impact on Employees' Pension Scheme, 1995 after the wage ceiling for the purpose of coverage is increased. The Committee feel that this step will bring a large number of workers within the fold of EPFO providing them social security coverage.</p>
7.	3.29	<p><u>Shortage in staff strength</u></p> <p>The Committee are distressed to note that a large number of vacancies exist in various cadres of the EPFO. As against 23,344 sanctioned staff strength there were only 19,510 persons in position during 2006-07. The Committee feel that the absence of sufficient staff to carry out the numerous functions of the organization will not only erode its efficiency but will also snuff out the confidence of the subscribers regarding getting services promptly. The explanation of the Ministry that appropriate action for filling up of the vacant posts is taken from time to time is not acceptable to the Committee because despite the efforts made by the Government for filling up the positions, a large number of vacancies still remain unfilled. Considering the gigantic task ahead to be carried out by the organization due to the sharp increase in the number of beneficiaries coupled with the fact that services are to be provided to the satisfaction of subscribers, adequate staff should be put in place without any further delay. The Committee earnestly desire that all out efforts should be made to fill up the vacant positions in the organization in a time bound manner. The Committee further desire to be apprised of the steps taken in this direction.</p>

8.	3.38	<p><u>Increase in beneficiaries - Augmenting existing infrastructure</u></p> <p>The Committee note that there has been a substantial increase of 8,38,004 employees, 10,08,968 Insured Persons (IPs), 3,91,473 beneficiaries as on 31 March 2007 against their number in 31 March 2006. However, the Committee are pained to note that the number of branch offices have decreased from 646 to 620, beds in other hospitals from 3,128 to 2,896, ESIC dispensaries from 1,422 to 1,388, medical officers from 6,992 to 6,890 and Insurance Medical Practitioners from 2,041 to 1,942 during the same period. The re-organisation and rationalization undertaken by the States to ensure optimum utilization of existing infrastructure which was necessitated due to gross under-utilisation of ESIC dispensaries, hospitals, etc. is cited to be the reason behind the reduction in infrastructural facilities. The Committee are given to understand that the augmentation of the infrastructural facilities in case of requirement will be done as per the norms and requirements of the State Governments. The Committee are distressed to note the escapist approach adopted by the Government in toning up the ESIC. As it is, the duality of administration with regard to dispensation of medical facilities and other benefits (role and involvement of State Governments) has drastically eroded the efficiency of the organization and confidence of the beneficiaries. To augment the basic medical facilities at the instance of the State Government will hardly do any good to the beneficiaries as no prompt proposal can be expected from the State Governments, keeping in view the past experience. Moreover, this system will also not make anybody accountable for the decline in the services. The Committee, hence, recommend that all out efforts should be made to put an end to the system of duality in administration to the extent possible with regard to the execution of ESI Scheme so that the health needs of the insured persons are well taken care of.</p>
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9.	3.39	<p><u>Doing away with ceiling on number of employees'</u></p> <p>The Committee observe that at present the ESI Act, 1948 is applicable to all non-seasonal factories using power in the 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 transport undertaking and newspaper establishments, etc. employing 20 or more employees. The Committee appreciate the Government's proposal for amending the criterion for the purpose of coverage by reducing the number of workers under the Corporation from 20 to 10 irrespective of the fact that the establishments are functioning with or without power. With the passage of time and technological advancements even the ceiling of 10 persons in an establishment has become redundant. With less number of workers/employees, more volume of work with high economic output is now possible due to computerization and mechanization. In this scenario, the condition of minimum 10 or more workers in an establishment for the purpose of coverage will deprive most of the workers from the benefits of social security. The Committee, therefore, strongly recommend that the social security benefits under the ESIC should invariably be extended to all establishments irrespective of the number of workers engaged therein.</p>
10.	3.40	<p><u>Expeditious commissioning of hospitals</u></p> <p>The Committee are constrained to observe that ESI hospitals at Kolhapur and Bibvewadi were constructed at the request of State Government of Maharashtra and are ready for commissioning since 1997. Similarly, the hospital at Chinchwad also remains to be commissioned despite being ready since long. The State Government of Maharashtra has not taken over these hospitals till date. Initially, the State Government had proposed to run the hospital at Kolhapur through third party participation. The approval of ESIC has been sought in this regard. The ESIC, however, has no provision in the ESI Act, 1948 for allowing third party participation to run the hospital. Now, ESIC is taking action for making necessary amendment in the ESI Act to make the hospital operational. The Committee regret to note that this is a classic case of lack of coordination between the ESIC and the State Government, besides being an act of short sightedness on the part of ESIC. The Committee, therefore, urge upon the Government to bring forward an</p>

		<p>amendment in the ESI Act at the earliest. The Committee further recommend that ESIC should also explore all possible avenues to make the hospitals operational without any further delay even if they are to be owned and operated by ESIC itself till such an amendment is brought forward.</p>
11.	3.53	<p><u>Ascertaining exact number of Contract Workers</u></p> <p>The Committee are deeply concerned to observe that no estimate of contract workers in the country is available with the Government. Outsourcing of jobs has become the order of the day not only in the private sector but also in the public sector. Although the Ministry has stated that the contract labour is employed to meet the exigencies of the situation and their number varies, it is an established fact that contract workers are mostly employed by establishments in the jobs that are perennial in nature. Their services are being availed of for decades together without being provided with the bare minimum facilities and wages, not to speak of social security coverage and regularization of employment. As per the provisions of the existing labour Acts, the contractors are primarily responsible for wages and other social security benefits of the contract workers and the principal employer simply does not play any role in ensuring that all the statutory dues and benefits are being extended to these workers. This segment of the workforce is employed even in the strategic sectors like defence, railways, telecom, coalmines, petroleum, etc. Absence of a mechanism to determine the number of such workers starkly portrays the apathetic attitude of the Government towards this important but neglected workforce of the country. Various statutory measures regarding the welfare, social security and minimum wages of the contract workers are meaningless without the record of the number of such beneficiaries. The Committee, therefore, strongly recommend that all the essential steps should be taken henceforth to devise a suitable and foolproof mechanism to ascertain the exact number of contract workers employed in the various establishments of the public and the private sector. To achieve this objective, the services of the Regional Labour Commissioners, Trade Unions and other bodies representing the contract workers may be requisitioned.</p>

12.	3.54	<p><u>Payment of wages through cheques</u></p> <p>The Committee note that there is a steady increase in the number of irregularities that have been detected over the last couple of years regarding the implementation of Contract Labour (Regulation and Abolition) Act, 1970. In the year 2006-07 itself, there were 77,422 violations of the Act. This figure relates only to the Central sphere. As per the statute, the interests of the contract workers are protected in terms of wages, hours of work, welfare, health and social security. Other amenities include canteen facilities, rest rooms, first aid facilities and other basic necessities at the place of work. Needless to emphasize, efforts should be made to impart training and provide safety equipments to the workers. Of these, the most important is the payment of proper wages to the contract workers. Since they do not have any bargaining power, contract workers are exploited by paying them less than the minimum wages and coercing them to sign on higher amounts. This is the most prevalent form of exploitation being perpetrated on the contract workers. The absence of legislation making it obligatory upon the Principal Employer/Contractor for paying the wages of contract workers through cheques has compounded the problem. According to the Government there are many workers who are not willing to accept the payment by cheque because they are not familiar with bank procedures and also due to their migratory/casual nature of job, etc. and hence it would not be appropriate to bind the workers for payment by cheques. The Committee, however, feel this approach is unfriendly to the interest of the workers. Payment of wages to the workers through cheques will drastically reduce their chances of exploitation. They will become adept in banking procedure after their exposure to it or at the most after one or two transactions. The Committee, therefore, strongly recommend that firstly the system of contract worker should be discouraged. Wherever it is essential to continue with this practice, it must be the sole responsibility of the principal employer to ensure that the contract worker is getting all his statutory dues and social security cover without any dilution. To achieve this goal and to mark the beginning, the payment of wages to the contract workers must be mandatorily disbursed through cheques to end their exploitation. The Committee expect that in cases where work done by the contract labour is perennial in nature, the concerned principal employer/contractor should ensure that the contract worker get fair wage i.e. equivalent to basic pay + DA of a fresh regular employee of the organization.</p>
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13.	3.62	<p><u>Radical changes in functioning and filling up of vacant posts</u></p> <p>The Committee are distressed to observe that the organizational set up of the Chief Labour Commissioner is riddled with inherent weaknesses. The workload of the organization is disproportionately heavier <u>vis-à-vis</u> its staff strength. The responsibilities assigned to it are of vital importance as harmonious industrial relations is the touchstone of judging the success or otherwise of the organization. The increasing number of establishments and the geographical areas under various functionaries of the organization is a matter of concern as they are not able to pay as much attention as is required to various issues before them. Only 56 Assistant Labour Commissioners (Central) {(ALCs) (C)} who form the backbone of the organization and 162 Labour Enforcement Officers {(LEOs) (Central)}, are currently in position. They are required to perform various functions for maintaining cordial industrial atmosphere through mediation and conciliation, enforcement of labour laws and discharge of quasi-judicial functions. Besides, they are also to implement various labour laws. Even the head of the organization is over burdened supervising 15 officers who are directly reporting to him. This is against the basic principle of Office and Management. On an average, one ALC has to handle around 9,000 industrial dispute cases every year. It is humanely impossible to handle these many cases and to do justice to every case. Resultantly, cases keep on piling up vitiating the industrial atmosphere. The Committee, therefore, strongly recommend that the necessary action should begin in right earnest to review the functioning of the Office of the Chief Labour Commissioner with a view to bring in radical changes in its functioning and to fill up all the vacant positions at the earliest to make it more efficient and result-oriented.</p>

14.	3.72	<p><u>Determining number of child workforce</u></p> <p>The Committee are constrained to note that there is no mechanism to determine the number of child labour in the country other than the census carried out by the Registrar-General of India which is treated as authentic. The periodicity of census by the Registrar-General of India is after a gap of ten years. Even this census is not focused on child labour only. This is only one of the aspects of the numerous functions of the Registrar-General of India. As per the last such census conducted in the year 2001, there existed 1,26,66,377 child labour in various States of the country. Even this figure does not reflect the actual number of the child labour in the country. However, the Government has decided to conduct a district-wise child labour survey in the country with the help of the NSSO. The move, though belated, is commendable. The Committee, therefore, urge upon the Government to draw a strategy wherein the periodical survey of child labour is automatically taken care of. The involvement of various agencies, <i>viz.</i> State governments, trade unions, NGOs, employers and all other bodies directly or indirectly associated with child labour, must be considered as part of the strategy to determine the child workforce in the country so that effective steps may be taken to eradicate the menace of child labour in a phased manner.</p>
15.	3.73	<p><u>Eradication of child labour menace</u></p> <p>The Committee observe that the figure of child labour continues to remain worrisome despite all efforts under the National Child Labour Policy (NCLP) Scheme to eliminate it. As many as 4.57 lakh children are stated to have been rehabilitated after withdrawing them from hazardous employment and bringing them into mainstream. However, 3.37 lakh children are still enrolled under NCLP scheme for rehabilitation. It is true that child labour is a social and economic problem arising due to poverty and illiteracy, but as a nation state of conscience we cannot permit this malaise to continue howsoever the reasons may be genuine for its existence. Although the Government has framed a policy to eliminate the child labour, it has not borne the desired fruits. Hence, a thorough review and revision of the policy is the need of the hour. The Government has stated that it will review the policy from time to time in the</p>

		<p>light of the field level experiences, reports and evaluations placing emphasis on convergence of NCLP Scheme with the developmental schemes of other Ministries like Rural Employment, Urban Development and Poverty Alleviation, Panchayati Raj, Women and Child Development, Social Justice and Empowerment to economically empower the families of these child labour. The involvement of multiple agencies, <i>i.e.</i> various Ministries of the Government of India and other agencies may not only delay the finalisation of the reviewed scheme but may also make it more complicated. Hence, the Committee call upon the Government to take steps, honestly and positively, in such a way that all efforts undertaken in this regard involving multiple agencies commensurate with the enormity of the task for the successful achievement of the desired results.</p>
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