

An Overview of Labor Welfare Measures in India in Response to Globalization

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ABSTRACT

Globalization refers to complex economic networks of international competition, resource suppliers, and product markets. Most organizations achieve high performance within a complex and competitive global environment. Hence we can see it as a trend in which the economic, political, and cultural activities of people in different countries increasingly influence each other and become interdependent. With the change in the global labor market as a result of globalization, welfare measures are considered as a necessary investment that may save money in the long run and provide employers with a stable labor force. Labor welfare is part of social welfare both conceptually and operationally. It encompasses the state of well-being, happiness, satisfaction, conservation, and development of human resources. This article provides an overview of labor welfare in India.

Keywords: labour, welfare, capabilities, legislation, reforms

Introduction

Labor is a fundamental asset to the global market characterized by complexity, uncertainties, and changes where price, innovation, quality, flexibility, and intense competitive. Globalization and other structural forces aggravate poverty and continue to push a large number of laborers to the margins of society. The marginalization of individuals with disabilities is prevalent today, despite the legislation intended to prevent it in most western countries, and the academic achievements, skills, and training of many disabled people (Leslie, Leslie, & Murphy 2003, p. 159). In a global competitive environment, management introduces new managerial and organizational processes and systems to design, produce, and distribute products in diverse markets around the world. To retain a stable labor force, it becomes essential for management to

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seek the cooperation of the labor force by providing welfare services and facilities.

Any organization can be effective when there is a high degree of cooperation between labor and management. And today most scholars are of the opinion that the basic needs of labor must be satisfied in order for them to adapt to the rapid growth in information technology and electronic communications, the movement of valuable skills and investments across borders, the increasing job migration among nations and the diversity of multicultural workforces.

To understand the current situation, the capability approach developed by Amartya Sen and Martha Nussbaum (1999) provides a framework for analysis and offers a possible solution to the challenges arising from globalization (as cited in Kleist, 2010). Nussbaum assumes that all human beings need respect, dignity, and honor (Nussbaum, 2001, p. 312). She contends what people choose to do should not be the focus of policy makers rather they should seek to enhance the choices available to everyone. Her perspective is based on the Aristotelian informed capability approach. Nussbaum focuses on bodily health, bodily integrity, thought, emotions, reasons affiliations, play, and control over the environment to explain the concept of well-being. The purpose of this article is to reinterpret the factual literature on labor welfare in Indian context using this perspective. This article highlights the various findings of scholars about the nature of labor welfare in India in the context of economic globalization.

Understanding of the Concept of Welfare

Welfare is a broad concept which refers to the state of living experienced by individuals and groups in relationship to their total environment—ecological, economic, and social. Welfare can be positive and negative. Negative welfare exists when the state or other institutions provide a “safety net” or the distribution of certain benefits; positive welfare exists when the state or other institutions provide opportunities for people to “help themselves.” This contrast can be seen in foreign-aid strategies which concentrate on providing skills or “seed capital” rather than food parcels. The concept of positive and negative welfare is related to the concepts of positive and negative freedom. Marxists support both positive and negative welfare schemes, but recognize that the market inevitably generates inequality and a class of people who are inevitably the recipients of welfare and who have nothing to sell but their labor

power, alongside a class of people who live off the proceeds of their exploitation of the laborers. The members of this class are invariably the providers of welfare, and only by bringing the means of production under democratic control can the very need for welfare be abolished (Sivarethinamohan, 2010, p. 199). The *Oxford Dictionary* defines labor welfare as “efforts to make life worth living for workmen.”

According to the International Labour Organization:

Workers welfare should be understood as meaning such services, facilities and amenities which may be established in, or in vicinity of, an undertaking to enable the persons employed there to perform their work in healthy congenial surrounding and provides all voluntary acts by employer aimed at improvement and betterment of workers social moral and social economic and intellectual conditions. (Sharma, 1997, p. 294)

The philosophy underlying labor welfare activities is based on the assumption that the success of industrial development depends upon harmonious relations and cooperation between labor and management (the employer). The laborer is assumed to have knowledge and experience that relevant to his/her job. It follows that if he/she is rightly directed, the laborer will make a positive contribution to the prosperity of the organization involved, but this can be achieved only through the satisfaction of the laborer.

The general concept of labor welfare can be applied in a flexible and elastic manner and can differ widely with time, region, industry, social values and customs, degree of industrialization, the general socio-economic development of the people involved, and the prevailing political ideologies. It is also shaped according to the age-groups, socio-cultural background, marital and economic status, and educational level of the workers. In its broad connotation, the term welfare refers to a state of living of an individual or group in a desirable relationship with the total environment—ecological, economic, and social. Conceptually as well as operationally, labor welfare is a part of social welfare which, in turn, is closely linked to the concept and the role of the State in society. The concept of social welfare, in its narrowest sense, has been equated with economic welfare.

The provision of welfare services in actual practice is generally based on different conceptualizations which reflect the existing contextual cultural and social conditions. Labor welfare is generally determined by the efforts of employers to establish, within the existing industrial

system, the working and sometimes living and cultural conditions of their employees as conditioned by existing laws, the customs of the industry involved and the conditions of the market (Sivarethinamohan, 2010, p. 199). The constituent elements of labor welfare include working hours, working conditions, safety, industrial health insurance, workmen's compensation, provident funds, gratuity, pensions, protection against indebtedness, industrial housing, rest rooms, canteens, crèches, wash places, toilet facilities, lunches, cinemas, theaters, music, reading rooms, holiday rooms, workers' education, cooperative stores, excursions, playgrounds, and scholarships and other forms of assistance for the education of employees' children. However, as aforementioned labor welfare has both positive and negative sides associated to it. On the positive side, it deals with the provision of opportunities which enable the worker and his/her family to lead a good life, socially and personally, as well as help him/her to adjust to changes in his/her work life, family life, and social life. On the negative side it serves to ameliorate the baneful effects on the laborers of large-scale industrialization and neutralize the social consequences and labor problems which have evolved as a result of this process.

The Indian Scenario

In the Indian context, the social evils suffered by laborers, such as, exploitation, illiteracy, lack of skill training, substance abuse, among many others, are reduced to a greater or lesser extent by the country's welfare policies. During the pre-independence period, the industrial relations policy of the British government was generally based on *laissez faire* and selective intervention. There were hardly any labor welfare schemes. After Independence, labor legislation has been introduced which has shaped industrial relations and social security in contemporary India. This legislation has also provided for the machinery for bipartite and tripartite consultations for the settlement of labor-management disputes.

Soon after independence, the government at a tripartite conference in December 1947 adopted an industrial truce resolution. The following laws were enacted to maintain industrial peace and harmonious labor-management relations: the Factories Act of 1948, the Employees State Insurance Act of 1948 and the Minimum Wages Act of 1948. Later, the Bonus Act was passed in 1965. The Constitution of India also spells out the underlying principles of state policy which place an emphasis on labor welfare, especially Articles 38 to 43 of the Constitution. Labor welfare

in India is aimed at getting the best out of the worker in the production process by creating the working conditions required for this outcome.

In the early 1990s, the neoliberal economic reforms that were introduced by the government set in motion a series of measures to reduce state regulation of industries, particularly the larger industries. In general, the country's workers have opposed these economic liberalization policies out of fear of unemployment while the country's entrepreneurs have welcomed it in the hope of obtaining new opportunities to improve India's industries. These new economic policies have directly affected industrial relations in the country. The government has had to play a dual role, on the one hand, of protecting the interests of the workers, and on the other of promoting the free play of so-called market forces. The economic reforms, by removing barriers to entry, have in general created more competitive markets. The neoliberal fiscal constraints placed on the state have resulted in a drastic reduction in budgetary support provided to public sector enterprises while exposing these enterprises to increased competition from the private sector. This has resulted in a reduction of public sector employment.

Necessity for Labor Welfare in India

The need for labor welfare measures was recognized during the colonial period in 1931 when the Royal Commission on Labour declared that labor welfare measures were of great importance to workers since they were unable to secure their welfare by themselves. The commission also recognized that labor welfare measures were a wise investment because these would bring about a profitable return in form of greater labor productivity and efficiency. The commission concluded that the provision of canteens improved the physique of workers; the provision of entertainment reduced the incidence of vices; medical aid, maternity, and child welfare services improved the health of the workers and their families and would bring down the rates of general, maternal, and infant mortality; while educational services would increase the efficiency and productivity of workers. It was said that industrial workers were indeed soldiers who were safeguarding the social and economic factors of the industrial economy.

Since Independence, labor welfare to increase productivity and ensure a reasonable level of social security have been prime objectives in the social and economic policies of the government in India. Public resources have been directed toward skill formation and development,

the monitoring of working conditions, the creation of industrial harmony through the provision of the infrastructure for industrial relations and insurance against illness, accident, and unemployment. But surplus labor and unregulated employment in the unorganized, informal sector of the economy have given rise to unhealthy social practices, such as, bonded labor, child labor, and a wide spectrum of adverse working conditions.

Role of the Central Government in Labor Welfare

Various schemes of the central government's Ministry of Labour focus on the welfare and social security of the working class and the maintenance of industrial peace. There are planned initiatives in the labor and labor welfare sector, such as, training for skill development, services that provide assistance to job seekers and the administration of labor regulations.

Under the Constitution of India, vocational training is a concurrent subject. The development of training schemes at the national level, formulation of policy, the establishment of training standards, the conducting of examinations, certifications, among others, are the responsibility of the central government, whereas the implementation of training schemes are largely the responsibility of the state and Union Territory governments. The central government is advised by the National Council of Vocational Training (NCVT), a tripartite body which has representation from employers, workers and central/state governments. At the state level, similar councils known as State Councils for Vocational Training are constituted for the same purpose by the respective state governments at state levels. The main objectives of these programs are to ensure a steady flow of skilled workers, to raise the quality and quantity of industrial production by systematic training of potential workers and to reduce unemployment among educated youth by equipping them with suitable skills for industrial employment.

The Craftsmen Training Scheme and Apprenticeship Training Scheme which are dovetailed and meant to bring maximum benefit to youth in their formative years, and they form the center stage of the vocational training schemes. A number of other departments also provide training activities for their respective sectors, for example, small industry, hand-looms, tourism (hotel management and catering), electronics, medical, technicians, agriculture, and rural development. These training schemes are smaller but serve a very useful and essential purpose in the overall sphere of vocational training. In spite of difficulties and shortcomings, the

vocational training schemes have continued to make progress especially in terms of being the primary source of manpower for the industry.

The V.V. Giri National Labour Institute, a fully funded autonomous body of the Ministry of Labour, conducts action-oriented research and provides training to grass root level workers in the trade union movement, both in the urban and rural areas, and also to officers who deal with industrial relations, personal management, and labor welfare, among others. The Institute has completed research projects on women and the labor market, labor laws, the contractual parameters and conditions of construction workers, the adverse sex ratio and female labor force participation, wage determination in rural labor markets and the requirements for rural labor.

There are also laws enacted and schemes established by the central/state governments providing for social security and welfare of specific categories of working people. The principal social security laws are the following:

- The Workmen's Compensation Act, 1923;
- The Employees State Insurance Act, 1948;
- The Employees Provident Funds and Miscellaneous Provisions Act, 1953;
- The Payment of Gratuity Act, 1972;
- The Maternity Benefit Act, 1961.

The E.P.F. and M.P. Act is administered exclusively by the Government of India. The cash benefits under the ESI Act are administered by the central government through the Employees State Insurance Corporation (ESIC) whereas medical care under the ESI Act is administered by the state governments and Union Territory administrations. The Payment of Gratuity Act is administered by the central government in the establishments under its control, establishments having branches in more than one state, major ports, mines, oil fields, and the railways and by the state governments and Union Territory administrations. In mines and circus industry, the provisions of the Maternity Benefit Act are administered by the central government through the Chief Labour Commissioner and by the state governments in factories, plantations, and other establishments. The provisions of the Workmen's Compensation Act are administered exclusively by the state governments.

The Employees' Provident Fund Organisation is a statutory body of the Government of India under the Ministry of Labour and Employment.

It administers a compulsory contributory Provident Fund Scheme, Pension Scheme and an Insurance Scheme. It is one of the largest social security organizations in India in terms of the number of covered beneficiaries and the volume of financial transactions undertaken. Permanent and totally disabled children covered under the Provident Fund Scheme in February, 1999 were given a monthly children/orphan pension payment irrespective of the age. Disbursement of pension and provident fund benefits on the date of retirement in public sector organizations and model private sector establishments also exists.

For workers of poor families who are not covered under any insurance scheme or any law, the central government has introduced a Personal Accident Insurance and Social Security Scheme. The scheme is applicable to all persons in the age group of 18–55 who are income earning members of poor families and suffer fatal accidents. The quantum of benefits is ₹3,000. This scheme is being implemented through the General Insurance Corporation.

A new initiative has been undertaken by the Ministry of Agriculture to provide insurance coverage to unorganized laborers working in the construction industry, agriculture, and forestry. This insurance coverage will be provided on 50:50 basis through national insurance coverage and local labor cooperatives. A premium of ₹5.25 per annum will be paid by the cooperatives. The insurance coverage contains the provision that in the case of the death of a laborer, his/her family will be paid a death benefit of ₹25,000.

The Constitution of India contains specific provisions for the occupational safety and health of workers. The Directorate General of Mines Safety (DGMS) and Directorate General of Factory Advice Service and Labour Institutes (DGFASLI) are responsible for regulating occupational safety and health in the country's mines, factories and ports. The laws and regulations relating to occupational safety concentrate on the healthiness of the work environment, the worker–machinery interface, the control and prevention of chemical hazards, the use of protective gear and equipment, training in safety measures, and development of safety and health information systems.

Role of Trade Unions in Promoting Labor Welfare

The trade union movement is an off shoot of industrialization. Section 2(h) of the Trade Unions Act 1926 defines a trade union as any organization,

whether temporary or permanent, formed primarily for the purpose of regulating the relations between workers and employers, between workers and workers, and between employers and employers or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more trade unions. Trade unions are also defined as a continuing, long term association of employees formed and maintained for the specific purpose of advancing and protecting the interests of members in their working relationships (Yoder, 1950, p. 29). These organizations of workers are formed to promote, protect and improve through collective action the social, economic, and political interests of their members (Flippo, 1971, p. 57). The functions they provide in India are as follows:

- Representation;
- Negotiation;
- Voice in decisions affecting workers;
- Member services;
- Education and training;
- Legal assistance;
- Financial discounts;
- Welfare benefits.

As Pylee and George (1996, p. 25) have pointed out: “Even one discontented employee or an employee nursing a grievance can eventually infect an entire organization with the germ of discontent which, in turn, will result in lower efficiency, poor morale and reduction in overall production.”

Labor welfare activities, such as, health service centers are provided in India on the basis of the philosophy that a good medical service centre will help ensure the steady improvement of the job satisfaction and productivity of the labor force. It is assumed that a healthy worker should be a basic requirement of any organization. It is, therefore, incumbent on the part of the employer to look after the health of the workers and to provide such facilities which would ensure against minimum health hazards. The country’s labor welfare laws prescribe the minimum standards for occupational health and safety and the more progressive employers undertake labor welfare activities that effectively protect the health of both their laborers and their dependents. In return, they generally receive the cooperation of their labor force and higher levels of labor productivity and efficiency.

Conclusion

Various studies point out that labor welfare schemes contribute to the development of the health and safety of the labor force and make for a more productive work force. The proper formulation and implementation of these schemes involves understanding the working conditions and needs of the labor force. Many scholars are of the opinion that labor welfare schemes enable workers to enjoy a richer life as well as improve the productivity and efficiency of these workers. They increase the productivity of the organizations which employ them and promote healthy industrial relations thereby maintaining labor–management peace. They also make the quality of working life better and raise the standard of living of the labor force. As a result of effective labor welfare measures workers generally take a more active interest in their jobs and work with a sense of involvement and participation. Labor welfare schemes need to be considered by Indian employers as a worthy investment since they will provide their organizations with a healthy, stable, and productive labor force.

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