

CHAPTER 3.5

LABOUR WELFARE & SOCIAL SECURITY

3.5.1 The productivity of labour is an essential condition for the prosperity of enterprises and the well being of the workers and their families. While the production facilities at workplace and the remuneration are important, attitudes towards work, and the value placed by the society on dignity of labour are equally important in influencing the productivity of labour.

3.5.2. The planning process supports the attainment of economic and social objectives in the labour sector through a set of strategies. The supply of labour is kept in tune with demand through skill development and vocational training. Appropriate conditions at work are ensured by measures taken to promote safety at the workplace and minimising occupational hazards. A reasonable return on labour is facilitated by labour laws that regulate payment of wages and provision of social security to workers.

3.5.3 Situations where the supply of labour exceeds demand by a huge margin can lead to highly exploitative forms of work. Therefore, an effective implementation of the existing regulations relating to prohibition of bonded (forced) labour and child labour and monitoring the conditions of migrant workers is required.

Tenth Plan Objectives

3.5.4 The present infrastructure for improving labour productivity and for ensuring the welfare of workers covers only a very small segment of the labour force. The objective of Tenth Plan will be to increase the coverage of the labour market institutions. The essential condition for this is the provision of gainful employment to the entire labour force.

3.5.5 However, certain recent trends make the attainment of these objectives a more challenging

task. The growth of population in the working age group is at a substantially higher pace than that of the average population. Agriculture used to provide employment to a major part of the workforce. However, the number of workers deployed in agriculture cropping activities has not increased in recent years and it has even declined in certain parts of the country. The pace of growth of jobs in the organised sector has slowed down primarily because number of jobs in the public sector (which has a three-fourth share in organised sector jobs) has reduced and employment elasticity in the private sector has decreased significantly. The economic policy in general, and labour policy in particular, must facilitate the opening up of new employment avenues. In agriculture and related sectors, there is need to create more employment opportunities in horticulture, animal husbandry, poultry, and development of watersheds. However, the non-agricultural sectors of the economy will have to absorb the bulk of the increase in labour force. The labour sector has to focus at those kinds of establishments where much of the labour finds work.

Labour Policy and The Smaller Establishments

3.5.6 The Economic Census enumerates economic activities other than those which are purely for self-consumption and agricultural crop production. It identifies two types of enterprises that operate in such economic activities – the own account enterprises (OAE), which operate without any hired workers and establishments which hire workers. Labour regulations apply to the second category. Ninety-five per cent of establishments employ less than 20 workers, and 60 per cent of the workers serve in such establishments. (Tables 3.5.1 and 3.5.2). In order to reach the bulk of the workers, labour policies and programmes have to focus on the requirements of the small establishments. This is in contrast to the situation in recent years, where the large enterprises and

their workers have been the focus of labour policy.

Development of Vocational Skills

3.5.7 One of the important determinants of labour productivity is the working skills of the worker. Enterprises will be able to absorb the new entrants to labour market only if they have the requisite training. Surveys have revealed that only about 5 per cent of those in 20 to 24 year age group had

any kind of technical education, in contrast to the situation in several developing countries (Table 3.5.3). On the other hand, education levels have improved. Fifty-one per cent of those in 20 to 24 age group now have middle school level or higher education. With education becoming compulsory for those in the 6-14 age group, this number is set to increase in the future. If the youth do not have the working skills required by the employers, the incidence of unemployment among the educated youth will increase.

Table 3.5.1
Distribution of establishments by employment size class

Employment size ¹	Agricultural establishments	Non agricultural establishments
1-5	86.4	81.3
6-19	12.7	15.4
20-99	0.8	3.1
100-499	-	0.1
Above 500	-	-
All establishments	100.0	100.0
No. of establishments (thousand)	(371.9)	(8,601.2)

¹ Employment size includes both the hired workers and those working on 'own account' basis.
Source: Economic Census, 1998

Table 3.5.2
Distribution of workers by employment size class of establishments

Employment size ¹	Agricultural establishments	Non agricultural establishments
1-5	61.4	35.6
6-19	27.9	24.3
20-99	7.4	18.3
100-499	2.7	10.9
Above 500	0.6	10.9
All establishments	100.0	100.0
No. of workers ¹ (million)	(1.39)	(49.66) ²

¹ Includes both the hired workers and those working on 'own account' basis.

²Economic Census covers enterprises in selected agricultural activities. These are livestock production and agricultural services including hunting, tracking and game production, forestry, logging and fishing.

Crop production and plantations are not covered.

All non-agricultural entrepreneurial activities are included. Activities purely for self-consumption are excluded.

Source: Economic Census, 1998

Table 3.5.3
Proportion of vocationally trained among the youth in labour force - international comparison²

Country	Age	Vocationally trained (per cent of those in labour force)
India	20-24	5.06@
Developing countries		
Botswana	20-24	22.42
Colombia (1998)	20-29	28.06
Mauritius (1995)	20-24	36.08
Mexico (1998)	20-24	27.58
Developed Countries		
Australia (1998)	20-24	64.11
Canada (1998)	20-24	78.11
France (1997)	20-24	68.57
Germany (1998)	20-24	75.33
Israel (1998)	18-24	81.23
Italy (1997)	20-24	43.88
Japan (1997)	15-24	80.39
Republic of Korea (1998)	20-24	95.86
Singapore (1998)	20-24	66.24
United Kingdom (1998)	20-24	68.46

- Note :
1. Vocationally trained persons are defined here as those having education level 3 or 5 as per ISCED Classification which classifies the population across age groups and levels of education starting with level X i.e. no education and the highest level being level 7 which is post graduate level specialisation in a field. Levels 4 and 8 are not used. Level 3 of education: General education continues to be an important constituent of the programmes, but separate subject presentation and more specialisation are found at this level. Also classified under Level 3 are programmes consisting of subject matter mainly with a specific vocational emphasis of apprenticeship programmes, with an entrance requirement of eight full years of education, or a combination of basic education and vocational experience that demonstrates the ability to handle the subject matter of that level. Level 5 of education: Programmes of this type are usually "practical" in particular vocational fields in which they can qualify as high level technicians, teachers, nurses, production supervisors etc. It may be noted however that in developing countries, economically productive skills are acquired orientation in that they are designed to prepare students for not only in training/ education institution but also through the family. Only the formal institute/school vocationally trained are shown above.
 2. Only those who have received formal vocational training are shown as trained in this table. To the extent that training and skills in India are acquired through informal methods, including training in the family, the Indian figures are understated
- @ Estimates are based on (NSSO Report No.409 on Results of 50th round (1993-94) survey on Employment and Unemployment; Table 20) distribution of persons by technical education in India adjusted by labour force participation rate by sex. The corresponding percentages by sex and residence are rural female 1.7, rural male 2.3, urban male 9.4, and urban female 17.0.

3.5.8 The projections of increase in labour force indicate that 8-10 million new entrants are required to be trained each year during the Tenth Plan period. Against this, the vocational training/ technical/ professional education sector has a capacity of only 2-2.3 million. The resultant large gap is not entirely due to a shortage in the availability of training infrastructure. In some training establishments, the enrolment is much below the capacity and dropout rate in training institutes is significant in certain instances. So a part of the gap can be attributed to a lack of demand for vocational training, since the youth may not find the training at the vocational training institute enhances their chances of finding jobs. There is a mismatch between the training facilities available and the skills that employers require. The factors which suppress the demand for vocational training have to be addressed. In addition, new ways of generating resources to expand the capacity for training have to be found so that the training system can absorb the large number of new entrants to the labour force. A reform of the vocational training system is, therefore, required.

Reform of the Vocational Training System

3.5.9 The objective of providing skills to all entrants to the labour force will have to be fulfilled by initiatives that (i) increase the demand for training; and (ii) increase the capacity for training. Thus, the process of reform will address both the factors that influence demand for vocational training and the factors that influence supply. So far, the main thrust of Government policies has been on augmenting the supply capacity. Since the factors that restrain the demand did not receive adequate attention, greater returns are expected, in the near future, from the initiatives that increase the demand for vocational training.

Demand For Vocational Training

3.5.10 The demand for vocational training comes from the returns to the trainee in the form of a job and better income and returns to the employer by way of a higher output from a trained worker. If the income expectations of workers exceed the output

realised by the employer, the demand for training cannot be sustained, let alone be increased. Hence, the quality of training should be of a standard that the employer expects. On the other hand, if the expectation from training is to get a job in the Government or public sector, which are not expanding much, no useful purpose will be served by acquiring such training.

Improving Linkage Of Training With Prospective Employment

3.5.11 Employment prospects of trained manpower can increase if the employer has a say in imparting training. In the Ninth Plan, industry-institute interaction was initiated in Industrial Training Institutes (ITIs), whereby Institute Management Committees (IMC) were set up under the leadership of a local employer/ industrialist. However, the IMC has been set up only at 33 ITIs. There has been no such effort outside the labour sector. In the Tenth Plan, State Governments will be encouraged to cover practically all the training institutes by the IMC mode of management.

3.5.12 Industries/employers which require training for new recruits will get priority in allotment of seats in training institutes.

3.5.13 Though the bulk of the employment opportunities arise in the small establishments, these enterprises do not have an adequate role in the formulation of a policy for training and its implementation. Such involvement can be meaningful only at the local level rather than at the state or national level. The formulation of a training policy in Tenth Plan will give priority to the needs of local small employers.

3.5.14 Apprenticeships in establishments lead to better job prospects than the training based in the institute classroom. The Apprenticeship Training Scheme under the Apprentices Act, 1961 has remained confined to large establishments, especially those in the public sector. Small employers have not been a significant part of the scheme. In the Tenth Plan, the Apprenticeship Training Scheme will be modified keeping the small employers in mind. Payment of stipend should not

be made mandatory for small employers. Absorption of apprentice trainees by the establishment to which they are attached should be voluntary.

3.5.15 There is a social divide between those who opt for vocational training after completing school and those who enter the higher technical/professional/medical education stream. In the entry requirements for higher applied education, vocational training and even vocational experience should be considered as fulfillment of some part of the requirement of basic education. Entry criteria to higher-level institutions should give higher priority to those coming out of vocational training establishments over those who join after basic and general education in schools. Thus, the higher applied education streams should be vertically integrated with the training institutes that provide training in industrial trades, medical diagnostics, commercial practice, tailoring, cooking, travel services, accounting, financial services, insurance services etc. This requires closer interaction between the authorities that regulate higher applied education and those regulating vocational training and related applied courses.

Capacity For Training

3.5.16 A massive expansion of training capacity is required if all the entrants to labour force are to acquire some vocational skills. New methods to enable skill building have to be created. More resources are needed and this requires new means to mobilise resources. The informal sector must receive special attention since it absorbs a large part of the labour force and enables the bulk of the new entrants to labour force to acquire working skills.

Skill Building And The Informal Sector

3.5.17 Training activity for entrants to organised sector has always received a highly preferential treatment in contrast to those working in the unorganised sector. This trend has only got accentuated in the recent phase of economic reforms. This is reflected in the exorbitant capitation fees for medical education and the high fees in private establishments for newly emerging areas of employment like information technology –(IT) and

IT-enabled services, engineering, hotel and catering, etc. The problem had already got compounded even before reforms, because the formal training certificates became a screening mechanism for recruitment to the public sector/ Government. Within the human resource development activity, literacy and general education always received greater attention from Central and State Governments than vocational training. In short, a policy is needed for skill building for the bulk of the new entrants to labour force for employment in the unorganised and the informal sector.

3.5.18 A strategy for skill building in the informal sector will be framed in the Tenth Plan. The elements of this strategy are:

- Government to articulate a policy framework for support of informal sector training.
- Use all available methods to increase literacy standards and production skills of persons in the informal sector.
- Certification system to declare competency in vocational skills acquired at work.
- Detailed surveys on training needs and existing arrangements for training in informal sector.
- Motivate associations in the informal sector to help develop skills and entrepreneurship.
- International agencies (such as the International Labour Organisation (ILO), United Nations International Children's Emergency Fund (UNICEF) and World Bank) to act in collaboration with the Government at grass root level for administration and distribution of aid to informal sector.
- Opening training-cum-production centres in informal sector to enable individuals to earn while they learn e.g., handicrafts sector.

- Common identity cards by local bodies and police to those working in the informal sector clearly specifying the places where informal sector activity is not wanted.
- Refinancing for urban micro-credit that creates training facilities for this sector to open up entrepreneurship in this area.
- Private sector companies to be enabled to create foundations to finance community-based programmes which include training and business support to micro-enterprises, coupled with tax and credit incentives.
- Identify organisations through which action programmes can be developed – trade-based guilds, trade unions (including the smaller ones) and self-help groups.
- In the construction sector, the Building and Other Construction Workers Welfare Cess Act, 1996 enables generation of funds for the welfare of construction workers. A part of this can be utilised for financing the training of informal sector construction workers.
- Open learning systems for vocational skills.

Attracting Investment Into Skill Building Activities

3.5.19 Vocational skill building needs to be developed as an entrepreneurial activity in which the private sector would be willing to invest. Income tax incentives are available to higher technical and medical education establishments. These establishments can also draw resources from the market because of higher returns on such education. Vocational skill building establishments need more income tax incentives than higher education establishments.

3.5.20 A skill development fund is envisaged to institutionalise the management, collection mechanism, contributions, and utilisation of funds. The resources collected should be utilised for creating training infrastructure in the area where they are collected. The purpose is to attract

resources from the beneficiaries of training including the employers, the employees in the organised sector and the trade unions. Income tax incentives for these contributions could be considered.

3.5.21 Under Section 37(1) of the Income Tax Act, tax benefits for providing apprenticeship training is available to employers employing 500 or more workers. This benefit should be available to all establishments registered under the Factories Act, 1948, Shops and Commercial Establishments Act, (Central & State Acts), or any other relevant Act that enables setting up of institutions.

3.5.22 Equipment donated to vocational training institutes should be exempted from customs duties.

3.5.23 In urban areas, schools and higher technical/professional/medical institutions get land at special rates. These institutions have a much higher income potential than the vocational training institutions, and, therefore, it is the latter that needs support and concessions in the allotment of plots and other civic infrastructure. This should be done especially in small and medium towns where the bulk of the new entrants to the labour force is located or can have easier access than the metropolitan towns.

Training Services Provided By Governments at Centre and States

3.5.24 Much of the present capacity for training is provided by institutions financed by the Central and State Governments. Most of the ITIs in the State sector, and the Central Government institutes are organised as subordinate offices of the respective governments. Examples of this are the establishments in sectors such as labour, technical education, health, small industry, agro and rural industries, and agriculture. In contrast, similar establishments under other departments like the Ministry of Information Technology are organised as autonomous bodies. Administering these establishments through the normal governmental procedures greatly reduces the operational flexibility which a specialised institution needs. Such institutional structures also preclude the possibility of raising any resources from the trainees for financing at least a part of the cost. Thus, the

discipline of a consumer-server relationship that accrues from claims against payments made is not easily possible in the existing departmental set up of the services rendered. These training and training related establishments should therefore be restructured as 'autonomous bodies'. Autonomous bodies publish their accounts and a review of their performance and place them before the relevant legislature. This is more transparent than the operation of an attached office of government whose details of operations and accounts get absorbed in the voluminous accounts of the main ministry/ department.

3.5.25 Under the departmental mode, all the revenue expenditure for salaries, raw materials, and maintenance of equipment is financed by the government budget directly to the training establishment. Sometimes, even the expenses related to travel and daily allowances are funded by Government through the training establishment. Thus the department that owns the establishment finances not only the production of the training services but also the consumption of services produced by it. There is little or no exchange of services taking place and the trainees are faced with a 'take it or leave it' situation. While vocational training definitely serves a social purpose, the trainees should be allowed a choice of institutes. Therefore, rather than funding the revenue expenditure to the institute, the trainees can be provided stipends through the local bodies, and they can choose among the approved institutes, which can either be Government establishments, Government-funded autonomous bodies, Government-aided institutes or private establishments. The performance of a training establishment will be reflected in the number of trainees attending it.

3.5.26 As a first step in the restructuring of ITIs, Central assistance for developing 100 State-run ITIs as institutes of excellence during the Tenth Plan will be extended to ITIs that are registered as an autonomous body and have a formal tie up with industry.

3.5.27 In addition, financial aid given by State Governments to local bodies to introduce schemes

for payment of stipend to vocational trainees for attending approved institutes will also be looked into. This will not have a burdensome impact on the budget because the funds given directly to training institutes for revenue expenditure will be reduced by a corresponding amount.

District-Specific Policies And Programmes for Vocational Training And Skill Development

3.5.28 The present system of governance of vocational training is nearly four decades old (Box 3.5.1). The policy is framed at national level and the establishments that implement the policy are mainly at the state level. A national forum is useful for laying down guidelines but the transaction of business (for example, design of curriculum, recognition of institutes, conduct of examinations, award of certificates, etc.) has to be delegated to the field level or to autonomous professional bodies. The National Vocational Training System (NVTS) is in contrast to education sector where the administrative responsibility is delegated to the State Governments and State Governments are in the process of delegating the responsibility for the administration of junior schools to panchayats and local bodies.. In the vocational training field, however, only a few states have 'State Councils for Vocational Training' that are active and there are no state-level organisations in fields of training not covered by the NVTS. Hence, most State Governments rely on the Central Government for operational decisions concerning their vocational training institutes.

3.5.29 In matters pertaining to vocational training, even the state-level arrangement cannot be sensitive to local needs. This is because vocational training has enormous linkages. It is concerned with the local employing establishments, the services needed by the local households, magnitude of new entrants to local labour force, the traditional skills available with local population, out-turn from local schools at Class VIII and Class X level, and the expectations of the local youth. Such inter-disciplinary linkages can be established better at the district or block level, rather than at the national level.

Box 3.5.1**Evolution of vocational training system in the labour and employment sector**

The Second and the Third Five-Year Plans, which were designed to create a strong industrial base, emphasised the need for expansion of training facilities. Vocational training in Institutes became the principal means of turning out skilled workers. However, even with such expansion as the Government could undertake traditional methods of imparting training had to be continued for many sectors of the economy.

Based on the recommendation of 'Training and Employment Service Committee' (Shiva Rao Committee), the administration of Industrial Training Institutes (ITIs) was transferred to the respective State Governments from 1 November 1956, with the Directorate General of Employment and Training (DGE&T) at the Centre retaining the functions of coordinating craftsmen training and laying down training policies. Recognising the need for expansion and improvement in the training centres, the Committee recommended that the Central and State governments should share the expenditure in the ratio of 60:40. The sharing of the cost of administration of training institutions continued till March 1969 and thereafter was entrusted to the State Governments.

Starting from 54 in 1953, the number ITIs has now gone up to 4,274 with the seating capacity progressively increasing from 10,000 to 6,28,000 over the same period. Out of 4,274 ITIs, 1,654 are in government sector and the remaining 2,620 in the private sector. The Craftsmen Training Scheme was complemented by introducing the Apprenticeship Training Scheme with the enactment of Apprentices Act, 1961. Each State Government has a Directorate of Technical Training or a Directorate of Employment & Training which is responsible for the implementation of training programmes run by the ITI, and for implementation of the provision of Apprentices Act in respect of State Government and private establishments.

The Apprentices Act essentially serves a dual purpose. – One, to regulate the programme of training apprentices in industry so as to conform to the syllabi, period of training, etc. prescribed by the Central Apprenticeship Council, and secondly, to utilise fully the facilities available in industry for imparting practical training to meet the requirement for skilled workers. As on 31 March 2001, the number of seats in over 17800 public/private sector establishments covered under the Act, were 2,20,000, out of which 1,58,000 seats were utilised. Many occupations in the emerging high-tech areas, services sector and informal sector are outside the scope of the present system of Apprenticeship Training.

Although the Craftsmen Training Scheme and the Apprenticeship Training Scheme are the two important schemes, the DGET runs several other schemes like Craft Instructors Training Scheme, Advanced Vocational Training, Supervisory Training Scheme, Women Training Scheme, Executive Training, Research and Development in Vocational Training, Development of Instructional Material etc. Most of them are in the form of support to the core schemes (Craftsmen Training Scheme and Apprenticeship Training Scheme) or in the form of continuing education/ training to the already employed people.

Source: Report of Working Group on Skill Building for Tenth Plan

3.5.30 Besides the labour sector of Plan, vocational training facilities exist in many other sectors (Box 3.5.2). Most of these are national level efforts, and individually they are able to reach a very small part of the new entrants to the labour force. Each authority in charge of subject sets up training establishments in its field of specialisation. The target audience at the local level is the same set of households. The attempt to meet training needs through multiple authorities – labour, handlooms, handicrafts, small industry, education, health, women & child development, social welfare, tourism, etc. — does lead to redundancy at some locations. The local-level small industry establishments in the unorganised and the informal sector, and the local labour force do not derive benefits commensurate with the expenditure incurred by the Government. Sometimes, the locations where the labour force has a high density of tiny establishments may not get reasonable attention from any of the training institutions set up by the Government. While each of the training initiatives has a definite area of specialisation, there is need for coordination amongst these and with the vocational training system at the district level, because the target beneficiaries are the same.

3.5.31 Information on the occupation profile of the labour force, wages, gap between skills required

and available, the available and needed training facilities at district or block level is needed for framing training programmes sensitive to local needs. The nature of policy support required from the Government varies with the social and economic conditions in a district or block. This covers liaison with industry, role of local industry/market/trade/self employed persons associations in guiding training and providing employment to trainees; role of associations/unions of workers; involvement or otherwise of NGOs; direct financial support to trainees versus incentives to the training establishment; institute-based versus industry-based apprenticeship training; provision of capital equipment or technology to training establishments; restructuring of existing institutes versus establishment of new institutes; inter-sectoral linkage among the developmental wings of governments; nature of interface with local education and labour administration; and relative roles for panchayat/district administration/local government/State Governments/ Central Government at a location.

3.5.32 In the Tenth Plan a district-level vocational training system will be evolved. A special group will be set up to suggest the modalities of designing and implementing a district-based vocational training system.

Box 3.5.2 Vocational Training activities in sectors other than labour and employment

Development head	Training activity
Human Resource Development	Vocational Education
Human Resource Development	Community Polytechnics
Khadi and Village Industries Commission	- Khadi (cotton, silk and wool)
	- Village industries including polyvastra
	- Entrepreneurship Development Programme
Small Scale Industry	- Entrepreneurship
	- Skill Development
	- Management Development
Textiles	Handloom Weavers
CAPART	NGOs
Health and Family Welfare	Health & Para-Medical
Construction	Construction Workers
Urban Employment and Poverty Alleviation	Self-employment
Apparel Export Promotion Council	Cutting, tailoring and fashion design
Informal Training Sector	Competency Based Certification
Tourism	Hotel Management

Source: Report of Working Group on Skill Building for Tenth Plan

Training Of Youth in Rural Areas

3.5.33 With the diversification of agriculture and fresh opportunities in the rural non-farm sector, a number of new possibilities are emerging for employment in rural areas with better income. Besides the State Governments rural ITIs, the lead agencies of the Central Government are the Council for the Advancement for People's Action and Rural Technology (CAPART), Khadi and Village Industries Commission (KVIC), and the Community Polytechnics under the Ministry of Human Resource Development. The envisaged district-level vocational training system will be useful in developing programmes relevant for local rural needs.

3.5.34 The programme run by KVIC and CAPART impart skills as a part of the effort at establishing new production units and projects. Entrepreneurship development, besides training in production skills, is a part of the programme of these two organisations. These will be strengthened further in the Tenth Plan.

Training of Women

3.5.35 Certain occupations are preferred more by women. Training in such trades is included under the NVTs. State Governments have set up special women wings in ITIs and the Central Government has set up Regional Vocational Training Institutes for women. Handlooms, handicrafts, and weaver development programmes provide training opportunities for women, along with the men. The women and child development sector includes development of self-help groups of women and training programmes. There are special needs for vocational training for women, given the low female participation in the labour force, greater proportion of women in jobs which are of a seasonal or short-term nature and the phenomenon of women resuming work after mid career breaks in the organised sector. Since setting up two parallel streams of training institutes for women and men will be too expensive, vocational training of women in existing institutes can be directly supported by paying stipends to women candidates and by supporting capital expenditure by institutes for specific trades. The women component of the Plan will also be used for getting a better share for women in the sector wise training initiatives.

Regions Requiring Particular Attention

3.5.36 The incidence of unemployment among the educated is higher in the northeast and in Jammu and Kashmir. The economic activities in these two regions are different from those in other parts of the country. A centrally sponsored scheme for doubling the capacity of ITIs in the northeast is being implemented. A similar scheme for Jammu and Kashmir is also envisaged.

Occupational Safety and Health of Workers

3.5.37 Ensuring a reasonable quality of employment requires safeguarding of workers against risk and the occupational hazards. In a situation of labour surplus, the workers take up whatever work is available and are often exposed to risks. There is a plethora of laws that seek to safeguard the safety and health of workers (Box 3.5.3). However, in practice, it is very difficult to enforce their compliance. The result is that the bulk of the workforce does not get a reasonable level of protection. Such tendencies get accentuated when market forces motivate the minimisation of the cost of labour input. Compliance with safety measures is confined to units in the organised sector.

3.5.38 Central Government establishments dealing with occupational safety and health provide mainly advisory and training services, except in the case of mines and ports and docks where enforcement is also with Central Government establishments like the Director General of Mines Safety (DGMS) and the Director General Factory Advisory Services and Labour Institutes (DGFASLI). Outside the labour sector, National Safety Council (NSC), located at Mumbai, sponsored by insurance companies and operating as a self-financing autonomous institution, conducts educational, training, promotional and consultancy services.

3.5.39 Typical industries, which are not covered by effective safety measures commensurate with the degree of exposure to risk, are:

- Agricultural workers
- Small mines
- Truck/buses operators

- Hotels
- Eating places
- Machinery repair establishments
- Beedi & cigar making
- tiny/small units
- Building construction
- Brick kilns
- Carpet manufacturing
- Fire works
- Power looms
- Home-based workers

3.5.40 To reach a majority of the workers, the focus has to be on the agriculture sector and on small establishments.

Agricultural Operations

3.5.41 There is a higher risk in agricultural occupations but it is difficult to administer safety regulations in this sector. Hence voluntary safety campaigns through agricultural universities and state agriculture departments are needed. Awareness campaigns to demonstrate the degree of risk and educate people about preventive measures should be conducted on television and radio.

3.5.42 The Dangerous Machines Act, 1983, should be supplemented by positive efforts. Designs of agricultural equipment that are safe and those that are risk-prone should be displayed in the safety awareness campaigns.

Box 3.5.3

Statutes on occupational safety and health of workers – multiplicity of enforcement agencies

Activity	Authority for enforcement
Agricultural machinery	Dangerous Machines Act, 1983
Insecticides sale, transport, distribution	Insecticides Rules, 1981
Pesticides manufacture, packaging, distribution, handling and use	Central Insecticides Board, Ministry of Agriculture
Beedi workers	DG (Labour Welfare), Labour Ministry (Empowered under Beedi & Cigar Workers (Conditions of Employment) Act, 1966)
Factories	State Government - Chief Inspector of Factories (Empowered by Factories Act, 1948)
Boilers	State Government - Inspector of Boilers - (Empowered by Boilers Safety Act, 1923)
Shops and establishments	Labour Commissioner, (Empowered by the Shops and Establishments Acts of respective State Governments)
Construction workers	Labour Commissioner, (Empowered by Building and Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996)
Docks	Central Government - DG(FASLI)
Mines	Central Government - DG(MS) (Mines Act, 1952)
Gas cylinder rules Explosives rules Pressure vessels rules	Chief Controller of Explosives under the Indian Explosives Act, 1884.

Small Establishments

3.5.43 Clusters of small establishments have to be reached. Increase in worker productivity, reduction in worker fatigue, and curbing of disease needs to be established through safety audits and areas with a high density of poor workers and where work is done under extremely tiring physical conditions should be selected for this. A recent study by International Labour Organisation (ILO) (2000-01) at Moradabad in Uttar Pradesh showed that only small investments in brass foundry chimney yielded substantial benefits. Improvements in designs of equipment were made after a study by technical consultants. To create a demonstration effect, such initiatives will be supported through the Plan. Awareness campaigns to disseminate success stories will also be supported.

3.5.44 The involvement of the insurance industry in promoting safety of workers in small establishments should be encouraged. Group insurance to share the risks of establishment owners should be promoted by the labour administration.

3.5.45 A simple safety code for small establishments — whether factories, shops, establishments, building construction sites, road transport etc. — should be devised. This can be followed by umbrella legislation on occupational safety and health.

3.5.46 Safety as a profession should be developed on the same lines as accounting practice, cost accounting, company law compliance, asset valuation, insurance risk assessors, loss surveyors, etc.

3.5.47 Establishments should be encouraged to have safety audit carried out. The practice of self-certification based on adequate expertise should be encouraged. The NSC should establish its branches at the district level.

REVIEW OF LABOUR LAWS

3.5.48 The employer-employee relationship cannot be left to be determined entirely in the

market place based on a voluntary contract between the employer and employee because workers are not commodities and individual workers are the weaker party in any employer-employee relationship. Hence, legislations aimed at protecting the rights of labour are needed in a number of areas, e.g., to form unions for the purpose of collective bargaining, laying down minimum obligations which employers must meet with regard to social benefits, health and safety of workers, provision of special facilities for women workers, establishing grievance redressal mechanisms, etc.

3.5.49 The primary purpose of labour laws is to foster the growth of the employer-employee acknowledged relationship, in lieu of relationships based on voluntary contracts. Thus labour laws should enable the creation of jobs based on this acknowledged relationship.

3.5.50 In the new economic scenario, the need for changes in labour laws has been emphasised. A fresh look at the structure of labour laws is, therefore, envisaged in the Tenth Plan. However, this task is to be seen in the perspective of the structure of the labour market.

3.5.51 Labour laws are relevant for the wage employed, and not the self-employed. Out of the total estimated number of workers, 47.1 per cent are wage employed (Table 3.5.4). Among these, 25.3 per cent are in the agriculture sector where labour laws do not generally apply, 11.7 per cent are in the services sector and 10.2 per cent in manufacturing, mining and electricity, gas & water supply. A good part of services is the employment in government establishments where the industrial labour laws do not apply. Among the wage employed, the labour laws apply to those hired on a regular salaried basis. Only about one-third of the wage employed are hired on a regular salaried basis.

3.5.52 Of the 83 million workers covered by the Economic Census, 51.9 per cent are hired workers (Table 3.5.5).

Table 3.5.4
Structure of employment by industry and category of employment

Per cent

	Self Employed	Wage Employed	All Workers
Agriculture	34.5	25.3	59.8
Non-Agriculture :			
Manufacturing, mining, electricity etc.	7.3	10.2	17.5
Services sectors	11.1	11.7	22.9
All Activities	52.9	47.1	100.0

Table 3.5.5
Share of hired workers in all workers in enterprises covered by the Economic Census¹

Per cent

Workers employed in	Agricultural enterprises	Non agricultural enterprises	All enterprises
Enterprises not hiring any worker	6.4	32.3	38.7
Establishments hiring workers	1.7	59.6	61.3
(share of hired workers in establishments)	(1.1)	(50.9)	(51.9)
All workers	8.1	91.9	100.0
Number of Workers (million)			83.30 ^a

¹ Economic Census 1998.

^a Economic Census covers enterprises in selected agricultural activities. These are livestock production and agricultural services including hunting, tracking and game production, forestry, logging and fishing. Crop production and plantations are not covered.

All non-agricultural entrepreneurial activities are included. Activities purely for self-consumption are excluded.

3.5.53 Thus the present structure of the labour market is such that the labour laws apply to a small part of the labour force. Hence, any immediate impact of changes in labour laws will be rather small. At the same time, the long-term objective is to increase the number of jobs, and, therefore, the goal is to substantially increase the present small share of employment that is based on some simple form of employer-employee contract.

3.5.54 The Government has already announced its intention to review some of the labour laws. Subsequently the Report of Second National Commission on Labour has suggested restructuring of labour laws. The Report is being examined by the Government.

3.5.55 The restructuring of labour laws must bear in mind that small establishments employing less than 20 persons account for more than 60 per cent employment.

Small Establishments and Labour Laws

3.5.56 Labour laws are drafted uniformly for all enterprises and some exemption is provided under the common laws for smaller establishments. There is need to draft one single labour legislation applicable to all establishments employing less than 20 persons. Such legislation will provide for safety and social security of workers. Business linkages between large and small enterprises should be fostered and be utilised voluntarily by the large

enterprise to deliver social security benefits to labour in the small enterprises

3.5.57 One of the reasons for rigidity in labour laws is that the 'employer' is expected to provide, individually, for security of employment (i.e., guarding against risks of loss of job, family sickness), retirement benefits and bear the costs of accidents and other occupation-related risk compensation. This happens because the labour market institutions, which are designed to provide social security to the workers, have a narrow reach, are almost exclusively administered by the Central Government, provide security at a high cost, are highly specific to individual employers and lack the concepts of 'shared risk'. Therefore, a more innovative and broad-based social security system for workers is needed to smoothen the process of labour reforms and enable rationalisation of labour laws.

Need For Making Changes in Certain Laws

3.5.58 The changes proposed in the Industrial Disputes Act, 1947 are meant to provide more flexibility in the hiring and firing of labour in order to increase productivity, efficiency and allow a more flexible adjustment process in the changing demand market. These proposals are being examined by the Government.

3.5.59 The repeal of the Contract Labour Act, 1947 will help provide more flexibility in recruiting labour without putting a long-term financial commitment on the employer. This, in turn, will encourage more recruitment. However, care should be taken to ensure that, in this process, more casualisation of labour does not take place. Already, the growth of casual labour in the 1990s is very high. A proper social security measure and a regulatory body to oversee the function of the recruiting agencies should accompany any change in the Act to safeguard the minimum quality of the job provided.

Placement agencies, which are utilised for hiring contract labour, should be registered. A forum to monitor placement agencies against exploitation of labour should be established. The principal employer should deliver unemployment benefits and pension to contract labour through placement agencies.

3.5.60 The small-scale industry (SSI) sector plays an important role in economic development and contributes significantly to industrial output, employment, and export. However, the sector is burdened with maintenance of an unmanageable number of forms and registers under different labour laws. The approach during the Tenth Plan would be to exempt it from the rigour of the various labour laws and make it vibrant and efficient. Efforts will, therefore, be made to conduct proper orientation and training programmes for the officers of the labour law enforcement machinery and create a positive climate for growth in this sector.

3.5.61 The enforcement of various labour laws pertaining to SSI units falls under the jurisdiction of the State Governments. The entire onus of compliance in furnishing the returns and inspections falls on the entrepreneur. Most entrepreneurs cannot afford to engage a person exclusively for this purpose. Therefore, the present system may be replaced by a system of self-certification wherein the return submitted on various labour laws by SSI units may be treated as prima facie compliance. Alternatively, a system of random inspection of a certain percentage of units on annual basis with well-defined criteria may be introduced.

3.5.62 The fact that labour laws are in the Concurrent List and are being implemented both by the Centre and the State Governments creates more complications. Various State Governments are demanding authorisation to carry out amendments in labour laws according to specific requirements. Since the State Governments are in the best position to enforce labour laws, in keeping with the prevailing socio-economic conditions in their states, the approach in the Tenth Plan would be to authorise them to amend labour laws as per their requirements.

3.5.63 In view of the increasing number of industrial disputes, industrial tribunals or labour courts are overburdened, affecting the speedy resolution of these disputes. Therefore, the approach in the Tenth Plan would be to set up Lok Adalats wherever necessary. In addition, the concept of social dialogue would be introduced

where all concerned parties can participate to work out an amicable solution to major problems/issues in labour market reforms.

Framework Of Procedures, Administration And Related Services Concerning Labour Regulations

- As labour laws are in the Concurrent List, the State Governments may be permitted to make amendments as per their requirement.
- While carrying out amendments, the need for an adequate social safety net for the workers may be kept in mind.
- Formulation of schemes for pension and unemployment benefit for the unorganised sector workers may be considered, depending upon the availability of resources.
- To avoid disproportionate regulatory burden on small-scale units, the present system of maintenance of various forms and registers under different labour laws may be replaced by a system of self-certification and treated as prima-facie compliance.
- Inspection under the labour laws in SSI units may be conducted only on the basis of complaints by affected persons like workers, neighbours etc., or when absolutely essential in the interest of safety of workers in industry.
- Routine and periodic inspections of information technology establishments may not be necessary.
- Special quasi-judicial tribunals manned by officers of the labour department may take up hearing of disputes in case conciliation talks fails.
- Health, safety and welfare of the workers may be given due importance while reviewing the labour laws.

SOCIAL SECURITY OF WORKERS

3.5.64 Out of about 400 million workers in the country, only around 50 to 60 million are covered by some form of social security. For the rest, a job is the best guarantee for social security right now. However, the labour market is moving in a direction that change-over of jobs by an individual will become more frequent, public sector which provides a comprehensive social security cover to its employees, is shrinking in size, the pension system for government employees is under review, and more workers are seeking work in rural and urban informal sector, as the ability of agriculture to absorb workers diminishes. In other words, the job related uncertainty would increase. Since any social security system stabilises over a period of 20 to 30 years, the efforts to be made in the Tenth Plan should have a long-term perspective.

3.5.65 A budget-funded social security system similar to that available in developed countries is not feasible for India at present. Even in the present small base of coverage, a number of models to raise resources for social security are in use (Box 3.5.4).

Box 3.5.4

Alternative models presently used for funding of Social Security of workers

- Central Budget Funded – Plan
- Central Budget Funded– Non Plan
- State Budget Funded – Non Plan
- State Budget – Plan
- State Government Sponsored Insurance (Employer & Employee)
- Commodity Cess funded Welfare Funds
- Insurance Schemes
- Workers' Funded
- Self financed pension schemes

3.5.66 The annual resource flows in respect of a few selected schemes is of the order of Rs. 28,000 crore (Table 3.5.6). A more comprehensive listing of schemes will increase this. Thus, the economy is able to generate a sizeable volume of funds for social security even at present, though it may be small compared to the number of workers. Secondly, these funds are mobilised under some structured arrangements, which are specific to the category of workers covered. Therefore, new sources will have to be explored to cover additional category of workers.

Table 3.5.6
Resource flows In economy for social security – selected schemes

Scheme/ Institution	Rs. Crore/ year
1. EPFO	10,700
2. ESIC	1,500
3. EPFO Pension Scheme	600
4. LIC – Jeevan Suraksha	600
5. Cess-based Central Welfare Funds	100
6. State Government Welfare Funds	100
7. SGRY	10,000
8. NSAP	600
9. Agricultural Workers- Central scheme	20
10. Handloom Weavers – Thrift, Health & Group Insurance Schemes	5
11. Central Government Employees Pension	4,000
12. State Government t Employees Pension	NA
Total (1-12)	28,225

3.5.67 The social security presently in use can be grouped under two categories organised sector and the unorganised sector. Though the organised sector social security system caters to a very small part of labour force, it has certain inefficiencies and weaknesses that need to be removed.

3.5.68 A legislative and administrative framework has to be created for significant coverage of the unorganised sector by social security cover. The strategy would be to motivate and encourage the State Governments to formulate and implement schemes and programmes targeted at certain occupational groups in the unorganised sector without putting any additional pressure on the budget.

3.5.69 To extend the coverage of social security measures for the unorganised sector workers, setting up of the cooperatives, self-help groups, mutual benefit associations managed and financed by the occupational groups/workers and voluntary health insurance and pension schemes would be encouraged. Also, attention would be focussed on alternative income generating activities with the provision of credit arrangement for the supply of raw materials, etc.

3.5.70 Awareness generation campaigns and dissemination of information to unorganised workers would be strengthened. To improve the efficiency of the delivery mechanism of existing programmes for workers in the unorganised sector, local institutions like panchayati raj institutions (PRIs) and urban local bodies would be involved in monitoring the social security programmes.

3.5.71 Considering the size of the country's workforce, a policy framework, at the national level, on social security provisions for different groups of workers and employees will be formulated.

3.5.72 The following approach will be pursued:

Minimum Wages

- The Minimum Wages Act, 1948 may be amended enhancing the penalty for violations.
- A national policy on minimum wages may be evolved to help deal with the problem of inter-state variations in minimum wages. Presently, there are significant variations even in wages for the same occupations.

- The enforcement machinery for minimum wages in the Central and the State Governments may be strengthened with involvement of NGOs, and PRIs.
- To prevent exploitation of workers in the unorganised sector, awareness generation may be stepped up in collaboration with voluntary organisations, trade unions and other committed individuals. The Central Board for Workers Education can be entrusted with the task of awareness generation.

A Role For EPFO And ESIC

- The delivery of services in social security through the Employees Provident Fund Organisation (EPFO) and the Employees State Insurance Scheme (ESIS) may be improved with the help of IT.
- Priority attention may be given to those social security covers for the unorganised sector, which can provide medical care, accident benefits, old age pension and maternity benefit.
- Provident fund schemes and Employees State Insurance schemes may be extended to the workers in the unorganised sector through innovative approaches. Innovative schemes may be launched on experimental basis targeting groups like rickshaw puller, auto rickshaw driver, head loader, etc.

Convergence Among Multiple Worker Welfare Schemes

- Emphasis may be given to the convergence of services for various social security measures undertaken by different ministries/departments.
- Community-based and location-specific social security measures may be encouraged through self-help groups, voluntary organisations, PRIs etc.

Central Funds for Welfare of Workers

- Based on the experience of the existing welfare funds for beedi, mine and cine industry workers, efforts may be made to constitute similar welfare funds for fish processing, salt workers, etc.

State Level Worker Welfare Funds

- State Governments may be encouraged to formulate and implement social security schemes for the unorganised sector as per their requirements with minimum burden on their budget.
- Concerted efforts may be made to enhance the coverage under the National Social Assistance Programmes (NSAP) for providing old age pension, maternity and other benefits to workers in the unorganised sector.

3.5.73 While an outline of possible initiatives is given here, a special group will prepare a perspective plan for social security for all workers. It would study the effectiveness of alternative models of providing social security to workers. The special group will examine the problems faced by other countries in implementing social security systems and their solutions.

Pension System for Unorganised Sector:

3.5.74 The present pension system is confined to organised sector, which covers less than a tenth of the labour force employed. And even in the organised sector, there is no mechanism to generate earmarked resources for pension payments. Employers, who are mainly government and public sector, have severe financial limitations. And the organised sector pension systems, including those for the private corporate sector establishments, are designed for a single life-long employer-employee relationship. These features curtail the possibility of any significant expansion of coverage of workers by the pension system.

3.5.75 In the unorganised sector, there are a large number of self-employed persons with a reasonable

level of income, but do not have a mechanism for earning a risk-free and reasonable return on their savings for retirement. And the low-income groups have no credible institution, where they can save during their active working life and earn an assured return for income support during retirement. Moreover, there is no prospect of a single employer-employee relationship in the unorganised sector, whether for the self-employed or for the wage employed. The self-employed persons and the low-income wage employed frequently take recourse to informal market, where the failure rate is high. In keeping with the announcement in the Union Budget 2001, Insurance Regulatory & Development Authority (IRDA) is preparing a road map for a pension system for the unorganised sector so that a self-sustaining pension system for unorganised sector can be introduced.

Vulnerable Groups In Labour Force

3.5.76 The groups that need particular attention are child labourers, bonded labourers, migrant labour, building and construction Workers and landless agricultural workers.

Child Labour

3.5.77 The best solution to this problem is compulsory primary education for all children. However, till this is achieved, special measures to curb child labour will include:

- Regular surveys to assess the number of working children, and placing them in special schools.
- Imparting vocational skills to all children before they attain the age of 14, in schools set up under the National Child Labour Project.

Bonded Labour

3.5.78 The centrally sponsored scheme on the release and rehabilitation of bonded labour will continue. A new element of the scheme is the survey of bonded labour-prone locations.

3.5.79 The effectiveness of the Bonded Labour Act 1976 primarily depends upon the identification of bonded labourers. Except specifying the functions

of the vigilance committee, there is no inherent provision in the Act to force identification of bonded labourer. Therefore, the institutional mechanism in the shape of a vigilance committee would improve considerably if these bodies were broad based. Accordingly, it would be appropriate to induct some volunteers, including representatives from trade union organisations and local NGOs, as co-opted members in these committees. All vigilance committees should be reconstituted once in two years to ensure their proper functioning.

Migrant Labour

3.5.80 The Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 There is a legislation to regulate inter-state flows of migrant workers through the contractors. Key actions are required both at the destination as well as at the point of origin of migration in order to reduce vulnerability and increase the capacities of the targeted social groups.

3.5.81 Effective action requires the creation of a reliable information system for labour migration, as macro level data is often inadequate to capture the flow and pattern of migration. Apart from estimating the magnitude of migration, the database may cover vital aspects like: causes of migration; processes of recruitment; occupational profile of migrants; working and living conditions of migrant workers; skill profile of migrants; expenditure and remittance patterns of migrant workers; status of enforcement of legislations like the Minimum Wages Act, 1948 Equal Remuneration Act 1976 etc. Initially such a survey may be undertaken in the major lending and borrowing districts and, thereafter, in other districts during the Tenth Plan.

Building And Construction Workers

3.5.82 Only four states have set up welfare boards provided under the Building and Construction Workers Welfare Cess Act, 1996 (Table 3.5.7). These welfare boards are meant to implement schemes like immediate assistance to beneficiary in case of accident, pension at the age of 60 years, premiums for group insurance scheme for the beneficiary and medical expenses etc. In the absence of such an administrative mechanism provided under the Act, resources could not be collected from construction contractors.

Table 3.5.7
Implementation status of the Building and Other construction Workers Welfare Cess Act, 1996^a

Building & other Construction Workers Welfare Board constituted ¹	Rules framed ²	Expert committee constituted ²
KERALA ASSAM	MADHYA PRADESH WEST BENGAL	ANDHRA PRADESH MAHARASHTRA GUJRAT UTTAR PRADSH PONDICHERRY PUNJAB RAJASTHAN JAMMU AND KASHMIR DELHI

^a As on 20.08.2001

¹ Notification of the Welfare Board by a State Government enables implementation of schemes for providing various welfare benefits to workers.

² Expert Committee drafts the Rules for conducting business under the Act, and approval of Rules by State Government enables the creation of the Welfare Board.

3.5.83 Implementation of the Act by the State Governments will be pursued in the Tenth Plan. If necessary, giving some incentive to State Governments that implement the Act may be considered.

Landless Agricultural Workers

3.5.84 The main effort of Plan is poverty alleviation through rural development programmes. There is a need to ensure the effective implementation of the Minimum Wages Act, upgrading of skills, creation of awareness and introduction of social security measures, without putting serious burden on the government budget.

3.5.85 In the absence of a consensus among states on the Bill for the welfare of agricultural workers, state-specific approaches will have to be worked out. Some State Governments have introduced group insurance schemes to protect the workers against accidents and provide insurance in the case of death. Pension and other family benefits are available only in isolated cases, as for example, in Kerala. The number of workers to be covered is so large that the Central Government cannot by itself assume responsibility independent of the states.

3.5.86 The resources available with the Mandi Boards need to be tapped for this purpose. Some

district-specific models for the welfare of this category of workers through one-time assistance could be explored. The problems of landless agricultural workers merit consideration under the agriculture sector reforms that have been initiated in the Union budget 2002-03.

THE PATH AHEAD

3.5.87 Much of the agenda for social and economic planning gets automatically addressed if the labour households get opportunities for gainful employment; are able to get a reasonable return for labour; have access to some insurance against risk of accident, death and against short spells of loss of work. Mechanisms by which some savings can be pooled, during the active working career, for an old age pension are also required.

3.5.88 The pre-requisite for improving the lot of the labour is the availability of gainful employment to the entire labour force. Macro-economic policies leading to 8 per cent GDP growth and promotion of labour-intensive sectors should enable the creation of more jobs than the additions to labour force in the Tenth Plan leading to a substantial reduction in the incidence of unemployment by the end of the Plan period.

3.5.89 Labour policy (including the measures taken for skill development and social security) has,

by and large, focused on the organised sector, which has a very small share in the total labour force and, in any case, provides a reasonable level of income for its average worker. The infrastructure for the labour market that is presently available benefits only about 8 to 10 per cent of the labour force employed. Labour policy and programme in the Tenth Plan will focus on bulk of the labour force by taking up initiatives for those workers who are outside the private corporate and the public sector, i.e., in the so-called unorganised sector.

3.5.90 It is possible to reach out to the entire labour force through the labour market institutions over a period of five to ten years. This requires innovations in the existing policies concerning the labour market, and initiatives in a number of sectors that relate indirectly to work opportunities for, and income of, labour.

3.5.91 Since the essential condition for improving the lot of the workers is the availability of gainful employment, the labour policy has to interact closely with the economic policy that concerns growth of labour intensive sectors, such as:

- Agricultural crop production, storage and marketing.
- Agro forestry, medicinal plants, bamboo development.
- Wasteland development and minor irrigation.
- Animal husbandry, livestock, horticulture, fisheries.
- Rural non-farm activities (rural development).
- KVIC.
- Small industries, including the weavers, the urban informal sector.
- Construction.
- Urban infrastructure services.
- Road transport and road construction.
- Retail and distributive trade.

- IT and communication services.
- Education and vocational training services.
- Women and child development services.

3.5.92 At present, most of these economic activities are dominated by the informal sector and the small and medium enterprises. Economic infrastructure to support these has to be strengthened. Support from micro-credit institutions and the insurance industry has to be provided to meet the capital needs and to cover risk in such ventures. Since, the nature of the activities listed above is not uniform, the labour policy must also take note of these variations.

3.5.93 To reach out to the entire labour force employed, many of the existing institutions, laws and programmes have to be restructured. These pertain to:

- Reform of the vocational training system.
- Occupational safety and health.
- Labour regulations.
- Social security of workers.

3.5.94 Reform of the vocational training system will include measures to increase the demand for vocational training by linking it with the requirements of prospective employers. Recognising the role of the informal sector both as a principal provider of jobs and as a provider of on-the-job training, the vocational training policy has to specify a role for the informal sector. Noting the variations across locations in regard to employment opportunities, occupations, skill requirement, magnitude of and social characteristics of entrants to labour force, and traditional skills available, a district-level system for vocational training has to be developed. The present national-level policies and programmes should only lay down guidelines, leaving implementation to the district-level authorities. To attract private capital into vocational training, skill building has to be developed as an entrepreneurial activity at par with technical and professional education.

3.5.95 To ensure that the average worker is covered by occupational safety and health

measures, programmes will be taken up for clusters with a high density of establishments and poor workers. Special programmes for labour-intensive high-risk activities will be taken up. Safety and risk awareness media campaigns to reach out to the workers in agriculture, small mines and road transport sectors will be taken up. Since the number of small establishments is very large, all of which cannot be supervised directly by labour administration, occupational safety and health will be developed as a profession. Such professionals will supplement the efforts of labour administration in promoting compliance with labour standards.

3.5.96 A new and simple labour law designed for small establishments, with the main objective of providing occupational safety and social security for workers, will be taken up. Shared risk concepts (social insurance) for bearing the risks faced by small establishments workers will be developed further.

3.5.97 At present, there are a number of models to provide some form of social security cover to the unorganised sector workers. A few states have set up welfare boards for unorganised workers. The EPFO and ESIC are developing

models to demonstrate the provision of social security cover to the informal sector workers at specific locations. A role for associations of workers, and of the self-employed in the provision of social security has to be explored. Given the large resource requirements, and the experience in raising some resources through cess and other levies, the approach will be to provide social security through budget neutral measures. Provision of a comprehensive social security cover to all workers is a gigantic task and requires adequate preparation. A perspective plan to provide social security cover to workers in agriculture, small establishments and in the informal sector will be prepared.

3.5.98 The Tenth Plan will strive to ensure that, over a period of five to ten years, the labour market institutions for productivity improvement, safety, health and social security of workers cover the bulk of the labour force through simplified procedures.

3.5.99 The outlay under Central Plan for Ministry of Labour for the Tenth Plan is Rs. 1500 Crore. The Schemewise break of the Tenth Plan outlay is given in the Appendix.

