

A COMPARATIVE STUDY OF THE APPLICATION OF INDIAN LABOUR WELFARE STATUTES WITH SPECIAL REFERENCE TO MANUFACTURING AND SERVICE SECTORS IN INDIA

Kaushik Banerjee^{1*} and Sudipta Adhikary¹

¹*School of Law, Brainware University, West Bengal, India*

**Corresponding Author. E-mail: kaushik.phd@gmail.com*

Received on: November 22, 2022 | Accepted on: December 23, 2022 | Published on: December 28, 2022

Abstract

After 1991 the concept of Labour Welfare had been gradually changing. The modern era can be characterized by the demise of manufacturing, the growth of service sector, adoption of contract labour, reverse migration etc. had been created a mammoth barrier for the labour welfare activities in India. This empirical study tries to emphasize the application of various labour welfare statutes through the lens of manufacturing and service sectors in India. Two major areas, statutory and non-statutory welfare amenities are taken into consideration. For the study a total sample size of 285 participants from 19 different organizations is considered. Under statutory welfare amenities, 8 different welfare criteria which are binding on organizations through statutes are considered. Similarly, under non-statutory welfare amenities twelve categories are considered as well. We had used Likert scale for our study for scoring purpose. Through our study, it can be regarded as the welfare facilities should be a social obligation and compelled by law.

Keywords: *Statutory Provisions, Manufacturing and Service Sectors, Welfare Statutes, Labour*

1. Introduction

In July 1991, India unveiled a new industrial policy to reform and restructure the industrial and financial sectors. Privatization of public sector firms, modernization and technology upgradation, man-power training and skill upgradation, rehabilitation of sick industrial units, and VRS packages for various employees are key policy measures. Public sector enterprises became BIFR-regulated in 1991. In the lack of a significant social security system in India, the Nation Renewal Fund developed a social safety net for restructured the labour force. The system had many flaws. 89% of INR 18 billion spent on programmes went to VRS packages for 100,000 public sector workers. However, NRF enrolment continuously declined. In 1995, ILO found that most public sector employees who chose VRS schemes were

managers, making compensation costly for the government. In After many public and private sector businesses introduced sudden separation plans, Indian workers had major issues without a social safety net.

2. Review of Earlier Literature

The emergence of a large number of industries, diverse in their operations, coupled with the changing environment, has made the present industrial relations scenario complex and challenging. The co-existence of a more enlightened labour force, a labour friendly Government and dynamic trade unions make industrial relations more complicated today. Industrial relations system, is hence, conditioned by various critical aspects such as industrial disputes, workers' participation in management,

settlement of grievances, wages, working conditions, labour welfare, absenteeism and trade unions. The complexity of the subject has attracted more and more researchers with the result that there is a deluge of literature on this subject dealing with the various critical aspects.

Till mid 80s the different studies on labour welfare focused on importance and necessity of statutory welfare provisions and the extent to which the employers adhered to those provisions. Different areas of social security legislations were discussed (Kohli,1983). It has been noticed that both the management and workers of the organization had made positive efforts for the success of joint consultations. All the parties concerned were fully aware of the benefits accruing from the joint consultations (Mirza,1984). It also has been observed how various players in the industrial relations system are adapting to the new economic environment, and highlighted some of the special issues and pressures that have emerged in the push for reform in the field of human resource management (Sodhi, 1994). A study has been conducted named 'Human Resource Development Practices in India (Ramachandran,1996). It has been highlighted importance of integrating HRD and OD for successful achievement of Human Resource Management System (HRMS). He made the hypothesis that learning makes the personnel to understand the objectives of the organization creating a better reaction to the environmental situation. He made case studies on TELCO and L&T to test the hypothesis. He also highlighted

different non-statutory welfare practices at TELCO like free medical and hospitalization, subsidized housing, pension scheme to retired employees, etc. (Ramachandran,1996). A published an article in Times of India on 'Why HRD fails '. In the words of Prof. Singh 'poverty, social injustice, illiteracy and low-quality education, high rate of fertility, and poor health status prejudice, inter group intolerance and sexual discrimination are some of the obstacles to be removed in the development of Human Resource in India (Singh,1993). A book regarding "Negotiated change" pointed out the inadequacy in application of various social security schemes in unorganized sectors in India. He pointed out that in majority private sectors; medical benefits for non-executive employees are still limited to a maximum of few thousand, including both domiciliary and hospitalization expenses (Ratnam, 2003).

3. Methodology

The two Hypothesis of this study are:

Hypothesis I:

Statutory Welfare amenities are properly applied in big Manufacturing Organizations.

Hypothesis II:

Non-Statutory welfare amenities are not properly applied in big manufacturing & Service organizations.

3.1.Data Collection, Analysis and Results

Sl. No.	Company Name	Score		
		Manager	Supervisor	Worker
1	Stone India Ltd.	28	29	28
2	Paharpur Cooling Towers	14	14	16
3	Calcutta Port Trust	27	26	22
4	Pulver Ash Ltd.	24	24	28
5	TATA International Ltd.	35	35	35
6	Burn Standard Ltd.	21	18	20
7	Mescab Cables	27	28	28
8	Modern Bakeries	29	29	30
	AVERAGE	25.62	25.37	25.87

Table 1 Average score of Managers, Supervisors and Workers on statutory welfare amenities applied at different production houses. [Source: Primary Data]

Sl. No.	Company Name	Score		
		Manager	Supervisor	Worker
1	Stone India Ltd.	46	41	26
2	Paharpur Cooling Towers	35	35	29
3	Calcutta Port Trust	40	37	33
4	Pulver Ash Ltd.	40	40	36
5	TATA International Ltd.	36	34	35
6	Burn Standard Ltd.	22	21	21
7	Mescab Cables	46	43	43
8	Modern Bakeries	33	31	32
	AVERAGE	37.25	35.25	31.876

Table 2 Average score of Managers, Supervisors and Workers on non- statutory welfare amenities applied at different production houses.

t-test result on average score of Managers, Supervisors and Workers on non-statutory welfare amenities at 95% confidence level			Whether significantly different or not (Percentage points of t-distribution at 95% confidence level for 14 degrees of freedom is 1.76 for two tailed test)
1.	Managers & Supervisors	0.54	Not Significant
2.	Mangers & Workers	2.364	Significant
3.	Supervisors & Workers	1.92	Significant

Table 3 t-test result on average score of Managers, Supervisors and Workers on non-statutory welfare amenities at 95% confidence level.

Sl. No.	Company Name	Score		
		Manager	Supervisor	Worker
1	Renaul Technologies	39	39	35
2	WBBSE	21	22	24
3	WBSEB	30	27	37
4	Bank of India	27	25	26
5	UCO Bank	37	35	30
6	KMC	29	26	25
7	LICI	33	29	24
8	SBI	33	30	29
9	CESC	33	33	30
10	CMRI	26	26	28
11	Bajaj Allianz	31	31	30
	AVERAGE	30.818	29.363	28.909

Table 4 Average score of Managers, Supervisors and Workers on non- statutory welfare amenities applied at different service sectors.

Sl. No.	Company Name	Correlation Coefficient		
		Manager vs. Supervisor	Manager vs. Worker	Workers vs. Supervisor
1	Stone India Ltd.	0.828	0.364	0.505
2	Paharpur Cooling Towers	0.800	0.086	0.347
3	Calcutta Port Trust	0.930	0.803	0.864
4	Pulver Ash Ltd.	0.986	0.577	0.563
5	TATA International Ltd.	0.941	0.920	0.983
6	Burn Standard Ltd.	0.960	0.814	0.931
7	Mescab Cables	0.873	0.977	0.908
8	Modern Bakeries	0.828	0.803	0.864
9	Renaul Technologies	0.100	0.901	0.901
10	WBBSE	0.188	0.198	0.316
11	WBSEB	0.041	0.714	0.301
12	Bank of India	0.950	0.904	0.911
13	UCO Bank	0.961	0.557	0.737
14	KMC	0.922	0.918	0.964
15	LICI	0.782	0.530	0.647
16	SBI	0.900	0.548	0.809
17	CESC	0.837	0.818	0.775
18	CMRI	0.891	0.880	0.952
19	Bajaj Allianz	0.974	0.989	0.989

Table 5 Consolidated Statement on Correlation Coefficients among Managers, Supervisors, and Workers in Production Units and Service Sectors [Source: Primary Data]

3.2 Interpretation of Primary Data

In production units, the value of correlation coefficients on answers on non-statutory welfare amenities between managers and supervisors are positive and close to one. Correlation on non-statutory welfare amenities between managers and workers is positive but in 25% cases it is around or below 0.5. t-test result on average score of Managers, Supervisors and Workers on non-statutory welfare amenities at 95% confidence level shows the score of deviations of two independent random samples of Managers and Supervisors are not significant, whereas of

Managers and Workers are significant and Supervisors and Workers are also significant.

3.3 Interpretation

The composition of combined social sector expenditure of the centre and states is shown in Table 6. Although expenditure on social security and welfare shows an increasing trend, in comparison to other major heads it is very low. Again, it is lowest on labour and employment. It may be due to tendency of both the Central and State governments to cut down expenditures on welfare and employment due to financial difficulties in the wake up of short falls in revenue and need to contain fiscal deficit.

Sl. No.	Major Heads	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
1	Education & Sports	11.04	11.41	11.34	11.82	12.28	11.39
2	Public Health & Water Supply	4.25	4.39	4.52	4.62	4.48	4.47
3	Family Welfare	0.62	0.56	0.57	0.50	0.56	0.62
4	Housing & Urban Development	1.04	1.40	1.44	1.50	1.66	1.56
5	Broadcasting	0.30	0.32	0.32	0.29	0.29	0.17
6	Social Security & Welfare	3.03	2.97	2.88	2.78	2.84	2.86
7	Labour & Employment	0.42	0.42	0.43	0.40	0.42	0.41
8	Other Social Services	1.18	1.29	1.19	1.18	1.09	1.23
9	Food Subsidy	1.83	1.86	2.12	2.04	1.77	2.12
10	Total Social Service (1 to 8)	21.88	22.77	22.71	23.07	23.62	22.71

Table 6 Combined Expenditure in Percentage of Total Public Expenditure of the Centre and States on Social Sector

[Source: Computed from the data available in Indian Public Finance Statistics, Ministry of Finance, GOI various issues.]

4. Result

- **Hypothesis 1:**

Statutory welfare amenities are properly applied in big production houses. The hypothesis 1 is accepted as most of the big production houses provide proper statutory welfare amenities. As seen in Table 1. most of the manufacturing organizations are giving proper statutory welfare amenities. This is reflected in Table 1 as average scores of managers, supervisors and workers are more than fair values.

- **Hypothesis 2:**

Non-statutory welfare amenities are not properly applied in big production houses. This is reflected in Table 2. In production units, the value of correlation coefficients on answers on non-statutory welfare amenities between managers and supervisors are positive and close to one. Correlation on non-statutory welfare amenities between managers and workers is positive but in 25% cases it is around or below 0.5. t-test result on average score of Managers, Supervisors and Workers on non-statutory welfare amenities at 95% confidence level shows the score of deviations of two independent random samples of Managers and Supervisors are not significant, whereas of Managers and Workers are significant and Supervisors and Workers are also significant.

5. Conclusion

Adoption of welfare measures by national bodies affects industrial workers' lives. These operations vary greatly between states, industries, even divisions within the same industry. Such activities need standardisation and a basic quality of welfare. Providing welfare facilities should be a social obligation, and laws must be enacted. The Factories, Mines, and Plantations Acts make such requirements, but they are not fully enforced, and

inspection and control of such activities are not satisfactory.

Since labour is on the concurrent list, both the Centre and the State can legislate in this area, resulting in many laws. The Central Government has adopted 47 labour-related acts dealing with minimum wages, accident, death, maternity, employment conditions, dismissal, disciplinary action, trade union formation, industrial disputes, etc. State laws cover various aspects of labour.

These laws deserve a thorough evaluation. They must be simplified and aligned with modern economic realities, especially international practise. There are also issues with law enforcement inspections. Industry complains that this apparatus exploits its wide powers to hound employers to demand bribes, a procedure that puts high expenses on small firms. Trade unions believe the labour enforcement mechanism should be upgraded to better enforce labour rules.

6. Implications for Practice

This study identifies the gap between law and practise on social security. Most service and production jobs lack welfare or social security. This is formalisation of the formal sector, where regular workers without social security benefits and casual or contract workers expand. Employers can see where gaps remain. This paper emphasises non-statutory advantages. These provisions can boost employee growth.

7. Limitations

- This study report identifies the gap between statutory and practised labour welfare and social security laws. But psychology, leadership, motivation, and group dynamics aren't demonstrated. They're alternatives.

- Employee growth is variable. Variables beyond welfare and social security exist. This report would've covered other staff growth areas.
285 samples total. For more reliable data, this size should have been raised.
This report would have covered labour psychology. These methodologies are important for evaluating recession-related psychological issues.
- Ethics and morale, fairness and righteousness would have been emphasised as alternative employee growth tactics.

References

1. Mamoria, C.B., Mamoria, Satish, and Gankar, S.V., Dynamics of Industrial Relations, Himalaya Publishing House, New Delhi, 1997.
2. Monappa, Arun, Industrial Relations, Tata McGraw-Hill Publishing Co. Ltd., New Delhi, 1995.
3. Mirza, Ali, Mazood, Workers' Participation in Public sector Enterprises with Special Reference to Hindustan Insecticides Ltd., Aligarh Muslim University, Aligarh, Ph.D. Thesis, 1984.
4. Pushpa, S., Workers' Participation in Management in Kerala, University of Kerala, Trivandrum, Ph.D. Thesis, 1993.
5. Rizvi, F.H. and Khan, Arif, Mohammed, Impact of Worker's Education Schemes on Industrial Relations, A Diagnostic Study Conducted Under the U.G.C's Scheme, Faculty of Commerce, Aligarh Muslim University, Aligarh, 1971.
6. Ratnam, Venkata, C.S., Impact of New Economic Policy on the Role of Trade Unions, Indian Journal of Industrial Relations, July, 1993, 29(1).
7. Economic Survey. Available at: <https://www.indiabudget.gov.in/economicsurvey/> (accessed on November 18, 2022).
8. Handbook of Labour Statistics. Ministry of Labour & Employment. Available at: <https://labour.gov.in/wages-and-statistics> (accessed on November 22, 2022).
9. Indian Labour Gazette. Ministry of Labour & Employment. Available at: <https://labour.gov.in/gazette-notification> (accessed on November 20, 2022).
10. Pocket Book of Labour Statistics. Labour Bureau Main Page. Available at: <http://www.labourbureau.gov.in/> (accessed on November 20, 2022).
11. Reports on Indian Labour Year Book (no date). Available at: <http://64.227.179.246/reportsonindianlabouryearbook> (accessed on November 20, 2022).