

**STANDING COMMITTEE ON LABOUR
(2007-08)**

(FOURTEENTH LOK SABHA)

MINISTRY OF LABOUR AND EMPLOYMENT

*[Action taken by the Government on the Recommendations/Observations contained in the
Twentieth Report of the Standing Committee on Labour on Demands for Grants for the
year 2007-2008]*

TWENTY THIRD REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2007/Bhadrapada, 1929 (Saka)

(FOURTEENTH LOK SABHA)

[Action taken by the Government on the Recommendations/Observations contained in the Twentieth Report of the Standing Committee on Labour on Demands for Grants for the year 2007-2008]

Presented to Lok Sabha on 5.9.2007
Laid in Rajya Sabha on 5.9.2007



August, 2007/Bhadrapada, 1929 (Saka)

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

Shri Suravaram Sudhakar Reddy – **CHAIRMAN**

MEMBERS

LOK SABHA

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

RAJYA SABHA

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

SECRETARIAT

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

* Changed the nomination from Committee on Railways to Committee on Labour w.e.f. 21 August 2007.

INTRODUCTION

I, the Chairman of the Standing Committee on Labour having been authorised by the Committee to submit the Report on their behalf, present this Twenty-Third Report on the action taken by the Government on the recommendations contained in the Twentieth Report of the Standing Committee on Labour (Fourteenth Lok Sabha) on Demands for Grants for the year 2007-2008.

2. The Twentieth Report was presented to the Hon'ble Speaker on 20 April 2007 and was also laid in both the Houses, viz., the Lok Sabha and the Rajya Sabha on 26 April 2007. The Ministry of Labour and Employment furnished their replies indicating action taken on the recommendations contained in that Report on 20 June 2007. The report was considered and adopted by the Standing Committee on Labour at their sitting held on 30 August 2007.

3. An analysis of the action taken by the Government on the recommendations contained in the Twentieth Report of the Standing Committee on Labour (Fourteenth Lok Sabha) is given in Appendix-II.

4. For the facility of reference and convenience, recommendations/observations of the Committee have been printed in thick type in the body of the Report.

New Delhi;
30 August, 2007
8 Bhadrapada, 1929 (Saka)

SURAVARAM SUDHAKAR REDDY,
CHAIRMAN,
STANDING COMMITTEE ON LABOUR.

CHAPTER I

REPORT

1.1 This Report of the Committee deals with the action taken by the Government on the recommendations contained in the Twentieth Report on Demands for Grants (Fourteenth Lok Sabha) for the year 2007-2008 of the Ministry of Labour and Employment which was presented to the Hon'ble Speaker on 20 April 2007.

1.2 The Twentieth Report was also laid in both the Houses, viz., the Lok Sabha and the Rajya Sabha on 26.4.2007. It contained 20 recommendations. Replies of the Government have been received in respect of all the recommendations. They have been examined and are categorized as under:-

- (i) Recommendations/Observations which have been accepted by the Government--Paragraph Sl. Nos. 2, 6, 10, 13, 15, 17, 18 and 20.
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply --Paragraph Sl. Nos. 1, 3, 5, 9 and 11.
- (iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration--Paragraph Sl. Nos. 8, 16 and 19.
- (iv) Recommendations/Observations in respect of which replies of the Government are interim in nature--Paragraph Sl. Nos. 4, 7, 12 and 14.

1.3 The Committee desire that action taken notes in respect of recommendations contained in Chapter I and final action taken notes in respect of recommendations contained in Chapter-V for which only interim replies have been given by the Government may be furnished to them at the earliest and in any case not later than 3 months of the presentation of the Report.

1.4 The Committee will now deal with the action taken replies of the Government which need reiteration or merit comments.

A. Social Security – Employees' Provident Fund Organisation

Recommendation (Sl.No.4, Para No.3.34)

1.5 The Committee were constrained to note that out of more than 40 crore workforce in the country, the total membership of the Employees' Provident Fund Organisation as on 31.03.2006 is only 4.6 crore both in the exempted and unexempted sectors which is just 10.74 per cent of the total work force. The Committee were least satisfied with this sorry state of affairs. The Committee noted that with a view to bring many establishments under the purview of the Act, various steps like Compliance 2001 programme, special drives, creation of intelligence circles, etc. have been taken, but the fruitful results could not be achieved. The Compliance 2001 programme had not come up to expectations and for the purpose of enhancing compliance a proposal incorporating some strategic adjustments in the said programme is under consideration of the appropriate authorities. This is a welcome move keeping in view the fate of various initiatives in the past, the Committee were sceptic whether this step alone will help in proper coverage of all coverable establishments. The Committee, therefore, strongly recommended that the Ministry should intensify its coverage programme and for this purpose a multi-pronged strategy be devised which may *inter alia* include voluntary compliance, special drives for coverage, earmarking of areas to enforcement officers and all such other steps which are deemed proper for enhancing the coverage.

1.6 In their action taken reply furnished to the Committee, the Ministry has stated as follows :

"The wide gap between the workforce in the country and that covered under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952 pointed out by the Committee is attributable mainly to the restrictive application of the Act. An establishment can be brought under purview of the Act if it fulfils the criteria prescribed for the purpose. A large number of workers are from unorganized sector etc. Thus entire workforce of the country is not coverable under the Act as they may be employed in establishments, which are not specified under the Act, or employs less than 20 employees or which has protection of Section 16 of the Act.

However, it is submitted that the proposal seeking structural adjustments and changes in the Compliance 2001 programme aims basically to bring more and more establishments under purview of the Act and extend the reach of benefits to all eligible workforce of the country. The proposal was placed before the Central Board for Trustees (CBT), EPF in its 179th meeting wherein the Board authorized the Chairman to constitute a Sub-Committee to look into the issue and formulate a comprehensive proposal for being placed before the Board".

1.7 The Committee are informed that the wide gap between the total workforce in the country and those covered under EPF & MP Act, 1952 is due to the restrictive application of the Act. Citing the near failure of the Compliance 2001 programme, the Committee had recommended several measures for enhancing the coverage. The Ministry had replied that certain strategic adjustments in the said programme were under consideration of the Central Board of Trustees. But what exactly are the proposals for structural adjustments are not explained. Considering the need for coverage of more establishments under the purview of the Act, the Committee reiterate their earlier recommendations and call upon the Ministry to intensify its coverage programme expeditiously. The Committee would like to be apprised of conclusive action taken in the matter at the earliest.

Recommendation (Sl.No.8, Para No.3.38)

1.8 The Committee had noted with concern that an amount of Rs.1351.38 crore has been lying with the Employees' Provident Fund Organisation (EPFO) in the Unclaimed Deposit Account as on 31.03.2006. The Committee had been informed that as per provisions of the existing scheme, the amount lying under Unclaimed Deposit Account cannot be utilized for any other purpose except for paying to the rightful claimants. The Committee found that the total amount disbursed out of the Unclaimed Deposit Account during the last three years has been quite meagre i.e., Rs.56.31 crore in 2003-2004, Rs.86.60 crore in 2004-2005 and Rs.71.08 crore in 2005-06. The Committee were not satisfied with this state of affairs. The Committee felt that since not large number of claimants are coming forward to settle their claims, a large amount of fund has been blocked which could be used elsewhere for better purposes. The Committee recommended that the provisions of the scheme should be suitably amended for better utilization of money. The Committee also desired that the number of cases settled out of the Unclaimed Deposit Account should also be maintained along with the amount disbursed.

1.9 In their action taken reply furnished to the Committee, the Ministry has stated as follows:

"The nomenclature of "Unclaimed Deposit Account"(UCD) has been changed as Inoperative Account" vide Government of India notification dated 22.03.2007.

Para 72(6) of the Employees' Provident Fund Scheme, 1952 provides for classifying certain Provident Fund Accounts as Inoperative Accounts where accumulation in respect of any member who has either ceased to be employed or died but no claim has been preferred within a period of three years from the date it becomes payable.

In regard to the recommendation made by the Committee that provision of the scheme should be suitable amended for better utilization of money, it is submitted that all these Inoperative Accounts have a definite claimants who can file their claims at any time and on receipt of such claims, the Employees' Provident Fund Organisation has to make the full payments to them along with interest. The interest at the declared rate is regularly credited to such accounts in the same way as is given in the case of live account.

Since Employees' Provident Fund Organisation has no legal right / power to utilize this fund for any other purpose other than for making payment to the rightful claimant/their legal heirs, such amount can not be diverted for any other purpose. Nonetheless, regular efforts are being made by the Organisation to trace the whereabouts of the beneficiaries through advertisements in Newspapers, Trade Unions and the Employers etc. It is also reported that the number of cases settled out of UCD Account (now Inoperative Accounts) are maintained separately in the respective field offices and reflected in the UCD Return submitted by the field offices in the respective years".

1.10 The Committee are not satisfied with the reply given by the Government.

They were given to understand that the EPFO has no legal right/power to utilize the funds in the "Inoperative Account". The Committee observe that a huge amount of funds in this account has been lying idle for an inordinately long period of time for want of claim by the beneficiaries. The Committee note that meagre amounts, i.e. Rs.56.31 crore, Rs.86.60 crore and Rs.71.08 crore have been disbursed out of the Inoperative Account during the years 2003-2004, 2004-2005, 2005-2006 respectively. The Committee are of the opinion that for better utilization of money, a certain percentage may be retained in this account, while the remaining amount can be judiciously invested in avenues which in turn would earn more money into the fund. As far as the legality of such a move is concerned, the Committee strongly recommend that in the larger interest of the beneficiaries, the legal provisions in the EPF Act may be suitably amended to provide more flexibility to the organisation. The Committee, therefore, reiterate their earlier recommendation and desire that the effective steps be taken urgently in this regard. The Committee may be apprised of the action taken within three months of presentation of this report.

B. Unorganised Sector

Recommendation (Sl. No. 16, Para No. 3.82)

1.11 The Committee had observed that an allocation of Rs.15,000 crore had been made during the 11th Plan period for the schemes pertaining to welfare of workers of unorganized sector. This allocation was to be spread over in amounts of Rs.1,000/-, Rs.2,000/-, Rs.3,000/-, Rs.4,000/- and Rs.5,000/- crore during each of the first to five years of the Eleventh Plan period. The Committee were at a loss to understand the logic behind this uneven spreading of amount in respect of schemes formulated/being formulated for the welfare of workers of the unorganized sector. Taking into account the huge number of unorganized workers in the country with all uncertainties and insecurities, the Committee had strongly urged upon the Government to step up the budgetary provision under this head. They had also desired that the outlay so allocated be evenly spread in all the years of the Eleventh Plan period, target in each year be fixed and sincere and genuine efforts be made to achieve it.

1.12 In response to the above recommendation, the Ministry of Labour and Employment in its action taken reply has furnished as under:-

“On the directive of Prime Minister’s Office, a Committee of Secretaries (COS) was constituted . In pursuance of 2nd meeting of COS held on 25.10.2006, a Small Group under the chairmanship of Finance Secretary was formed. The Group recommended that the Welfare schemes should be taken up stage-by-stage in a phased manner and the then Finance Secretary had agreed to an allocation of Rs.1000 crore in the year 2007-2008 of social security schemes which would go upto Rs.5000 crore in the year 2011-2012. Accordingly, Rs.1000 crore in the Annual Plan 2007-08 with an increase of Rs.1000 in the each subsequent year in the Eleventh Five year i.e. total of Rs.15000 crore in the Eleventh Five Year Plan was proposed. However, this allocation has not been approved”.

1.13 The Committee are deeply dismayed to note that the much hyped proposal for the allocation of Rs.15,000 crore during the Eleventh Five Year Plan for the welfare schemes for the unorganized sector is yet to be approved. The Committee are convinced that the Ministry has not made any concrete efforts to pursue the proposal to get it approved by the concerned authorities. The Committee being fully aware of plight of the unorganized sector feel that social security and other welfare measures must be extended to the unorganized sector, without any further delay. They, therefore, strongly reiterate their earlier recommendation and urge the Government to take effective steps and approach the Planning Commission to get the projected amount allocated at the earliest so that some assistance could be provided to this neglected sector till a vital legislation for the upliftment of this sector is passed by the Parliament. The Committee would like to be apprised of the action taken in the matter at the earliest.

C. Beedi Workers Welfare Fund

Recommendation (Sl.No. 19, Para No.3.98)

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

1.15 The Ministry its action taken reply has stated:-

“The issue to do away with the requirement of worker contribution was examined along with other issues, in consultation with the Ministry of Finance. It has been decided that instead of deposit of Rs.5,000/- by the worker along with the application form, the worker contribution of Rs.5,000/- be obtained after grant of administrative approval and before advance release of 1st installment. As regards issues like enhancement of subsidy of Rs.40,000/-, due to steep rise in the price of the construction material, it may be mentioned that the new scheme has been implemented from 25th May, 2005. None of the Unions/Associations of Beedi workers or concerned State Governments have requested for enhancement of subsidy. As regards the suggestion of the Parliamentary Standing Committee regarding arrangement of interest free loan of worker contribution, it may be mentioned that in terms of the Scheme, concerned State Governments have been requested for assistance in the form of loan from financial institutions like HUDCO etc. or Contribution from the State Governments in the form of subsidy/loan.

However, the State Government of Tamil Nadu is already providing Rs.5,000/- as State Subsidy towards worker's contribution. The State Government of Bihar is likely to provide worker's contribution as State subsidy to the Beedi workers for construction of their houses”.

1.16 The Committee are least satisfied with the reply of the Government as the Government has not cared to pay any heed to their suggestions with respect to the welfare of Beedi Workers. The housing scheme for the Beedi Workers is not taking off. The price of building materials like cement, bricks, iron, sand etc. has increased and the amount of money (i.e. Rs.40,000) for construction of each house is no more enough. The Government should have initiated steps on their own to raise this amount suitably without awaiting the request from Unions/Associations of Beedi Workers or concerned State Governments on this score. As regard arrangement of interest free-loan of a worker's contribution, the Committee note that only one State Government of Tamil Nadu is providing Rs.5,000/- as State subsidy towards workers' contribution. The Committee desire that the Ministry should pursue vigorously with other State Governments in this regard and ensure that all the State Governments follow suit of State Government of Tamil Nadu. This will go a long way in providing a shelter to one of the most economically backward sections of the society. The Committee may be apprised of the developments made in this regard within three months of the presentation of this Report to Parliament.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl.No.2, Para No.3.15)

2.1 The Committee note that as per the Government's directive, 10% of the Plan allocation are to be earmarked for specific projects/schemes in North-Eastern States and Sikkim. In pursuance of the directive of the Government, the Ministry made a lump sum provision of Rs.3,368.00 lakh at BE level for the year 2006-07 for all the schemes of North Eastern States. The allocation was reduced to Rs.2,350.00 lakh at RE stage. However, the actual expenditure upto February 2007 was only Rs.1,371.26 lakh, which is only 40% of the BE and 58% of the RE. The Committee note that the major scheme being run in the North Eastern region pertains to establishment of new ITIs in the North-Eastern States and Sikkim. The Committee are distressed to find that the shortfall in utilization of allocated funds is due to non-achievement of targets set for the aforesaid scheme. Out of 22 new ITIs to be opened and 35 of the existing ITIs upgraded during 2006-07, only 16 new ITIs have been completed and 30 existing ITIs upgraded. The Committee feel that lack of concerted efforts on the part of the Ministry has contributed significantly to such a performance which can only be termed as 'below average'. The Committee are of the view that since ITIs are meant for producing multi-skilled the human resource assets of the nation who will in turn contribute significantly towards economic development, delay for completion of assigned projects should not be taken lightly and responsibility for the lapse may be fixed in future. The Committee, therefore, stress that the reasons for such low performance may be analysed in detail and improvements brought in. The Committee also desires that they be apprised of the steps taken in this direction.

Reply of the Government

2.2 The allocation earmarked for specific projects/schemes in North-Eastern States and Sikkim was reduced from Rs.33.68 crore to Rs.23.50 crore during Annual Plan 2006-07 R. E. Against this, the total expenditure during 2006-07 was Rs.19.05 crore which is 56.56% of the B.E. and 81.06% of the R.E. All efforts will be made by the Ministry to step up productive expenditure in future.

2.3 As regards Scheme pertaining to 'Establishment of new ITIs in the North Eastern States and Sikkim', a budget provision (BE) of Rs.20 Crore was made in FY 2006-07. Out of the above budget provision, an amount of Rs.16.80 Crore (84% of the BE) was released to various North Eastern States for completing the activities on civil construction, equipment procurement and recurring expenditure. As on date, 17 new ITIs have been completed and 31 existing ITIs have been upgraded. All-out efforts are being made to complete the civil construction and equipment procurement in these ITIs, at the earliest. The Scheme is being regularly reviewed through periodic Review Meetings to assess the progress made by each of the North-Eastern States.

2.4 During 2006-07, three review meetings were held under the Chairmanship of Secretary(Labour& Employment) wherein special emphasis was on completion of civil construction and equipment procurement, so as to enable the NE State to commence training activities in the remaining ITIs.

2.5 It may however, be added here that, the NE Project was to continue during the Xth Plan period i.e. upto 31.3.2007. Cabinet Committee on Economic Affairs(CCEA) is being requested to extend the project duration of the said scheme by another three years so as to enable this Ministry to set up three more new ITIs - 2 in Sikkim and 1 in the State of Assam. The Planning Commission with an outlay of Rs. 13.7 Crore within the existing scheme has recently approved these additional ITIs. The extension of the project duration will also facilitate release of central funds to NE States for completing the residual activities in the respective ITIs.

2.6 So far as Central Government Industrial Tribunal cum Labour Courts (CGITs) are concerned, there is only one CGIT Guwahati situated in North-Eastern Region. Funds for the CGIT Guwahati till 2006-07 used to be provided from common allocations received for the CGITs(Plan) and not from the separate NE component of the funds . For the financial year 2007-08 an amount of Rs.23.60 lakh has been provided as BE 2007-08 for CGIT Guwahati from the funds allocated for the North Eastern States.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Recommendation (Sl.No.6, Para No.3.36)

2.7 The Committee note that the rate of interest payable to subscribers of EPFO is an issue of perennial dispute and discord. Due to acute difference of opinion, the rates of interest for years 2006-07 and 2007-08 are yet to be recommended by the Central Board of Trustees (CBT, EPF). It has been stated that the rate of interest is determined keeping in view the projected income and projected interest payment liabilities during a particular year. The Committee are heartened to note that with a view to earn better returns from investment of EPFO corpus, the CBT, EPF has agreed to certain recommendations regarding changing the investment pattern such as investments in NSCs and POTDRs, investments in TDRs of private sector banks subject to a limit of 5% of the deposit base, TDRs of public sector banks upto 3 years and merger of two categories of 25% and 15% of Central and State Government securities, respectively to make a single category of 40% of government securities; treat the category-wise percentage norms as indicative and not mandatory and to do away with any floor in any single category (Percentage of approved investment in any single category by EPFO is not mandatory. It can vary and interchange of category can also take place) . The Committee hopes and trusts that with the proposed changes in the investment pattern, earnings of the EPFO will be augmented, thus enabling it to give an enhanced rate of interest to subscribers. The Committee, therefore, urge upon the Government to take appropriate initiatives for implementation of the recommendations regarding changing the investment pattern of EPF suggested at its 178th and 179th meetings of CBT at the earliest. The Committee may be apprised of the developments in this regard at periodic intervals.

Reply of the Government

2.8 The Central Board of Trustees, Employees Provident Fund, has already approved the proposed changes and recommendations have also been sent to the Government for consideration.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

(Recommendation (Sl.No.10, Para No.3.50)

2.9 The Committee notes that under provisions of ESI Act prosecution cases can be filed against the insured persons and employers for giving wrong declaration. On demand of the employers and employees the third Amnesty Scheme for withdrawal of the prosecution cases filed against employers and insured persons on making the payment of contribution, interest and damages for the period involved under the prosecution by the employers and excess cash benefit availed of by insured persons was introduced with effect from 01.08.2006 to 31.01.2007 which was later extended upto 31.03.2007 has since been extended further. The Committee observe that out of 2,600 applications received from the employers' upto February 2007 under the Scheme, only 511 have been processed for payment while the remaining 2,089 applications have been kept pending for want of payment of dues by the employers to the Corporation. The Corporation realized Rs.5.18 crore from the defaulting employers under the Amnesty Scheme. The Committee notes that though the goal of the scheme is to reduce the number of pending cases, a large number of employers are not coming forward, reportedly because the employers are still filing the cases even after payment of arrears by the employer.. The Committee, therefore, recommends that Ministry should evolve some mechanism to ensure that genuine people are not harassed.

Reply of the Government

2.10 The Amnesty Scheme for withdrawal of criminal cases against the insured persons and employer under Section 84 & 85 was initially introduced for 6 months w.e.f. 01.08.2006 to 31.01.2007. The Scheme was thereafter, extended for a further period upto 31.03.2007 and lastly extended upto 31.05.2007.

2.11 According to information received from different regions, against a total number of 3209 applications received from the employers, 846 applications have been processed for withdrawal of prosecutions under the Amnesty Scheme. A total of Rs.5.75 crore have also been realized during the period from the defaulting employers involved in these litigations.

2.12 The instructions regarding introduction of the Amnesty Scheme were issued on 06.07.2006 and a clarification was also issued on 21.08.2006 to the effect that no prosecution, be filed during amnesty period. In such cases, the RDs/ JDs were advised that the defaulting employers, could be allowed to avail of the Amnesty Scheme and action against them, if any, could be considered on expiry of the Amnesty period, if default persisted. During the period of Amnesty no case was to be filed by any of the regions.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

(Recommendation (Sl.No.13, Para No.3.69))

2.13 The Committee take further note that the Directorate General Mines Safety conducts seven statutory examinations each under Coal Mines Regulations, 1957 and Metalliferrous Mines Regulations, 1961 besides conducting some medical examinations. The syllabus for statutory examinations conducted by DGMS for managers, surveyors and other supervisors working in coal and metal mines is under revision. The new techniques/methods that may be included in the new syllabus are longwall mining, gallery blasting method, pillar extraction by continuous miner, mechanized depillaring using SDL, LHD, introduction of surface miners, introduction of in pit crushers, heavy earth moving machineries, new survey technique like EDM etc. The Committee observe that the techniques/methods which are to be included in the new syllabus are essential ingredients for improving the efficiency of mining activities. The Committee, therefore, strongly recommends that the process of the revision of the syllabus should be taken up on a top priority basis and completed within a definite time frame.

Reply of the Government

2.14 In accordance with the recommendations made by the Parliamentary Standing Committee on Labour for revision of Syllabus, two committees, one under Coal Mines Regulations, 1957 and another under Metalliferrous Mines Regulations, 1961 have been constituted under the Chairmanship of two Deputy Director-Generals of Mines Safety respectively for process of the revision of syllabus. The committees have been directed to submit a draft revised syllabus and after deliberations, the process of revision of the syllabus will be completed within a period of six months.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

(Recommendation (Sl.No.15, Para No.3.81))

2.15 The Committee note that of late, some new segments of working class, i.e. personnel working with the private security agencies, employees of call centres and workers engaged in private sanitation agencies, etc., also form sizeable number of unorganized workers and no welfare schemes of the Government have been extended to them for the purpose of coverage. Their position is no better than those of other

categories of workers in the unorganized sector. The Committee, therefore, call upon the Government that these categories of workers may also be provided the benefits of social security by bringing them within the definition of unorganized labour and covering them in the proposed Bill to be brought before the Parliament shortly.

Reply of the Government

2.16 After enactment of legislation, the schemes would be formulated. The modalities of the schemes and coverage of workers are under examination.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Recommendation (Sl.No.17, Para No.3.88)

2.17 The Committee note with concern that there are about 2.57 crore-construction workers in the country. These workers are one of the most vulnerable segments of the unorganized sector in India. Their position is no better than any other category of workers in the unorganized sector. The building and other construction workers are characterized by an inherent risk to their life and limb. The construction work is also characterized by its casual nature, temporary relationship between the employer and the employees, uncertain working hours, lack of basic amenities and inadequacy of welfare facilities. Only two enactments i.e., The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and Other Construction Workers' Welfare Cess, Act, 1996 are in operation for the construction workers. However, no monitoring is being done with regard to their implementation. The Apex Court has been approached seeking directions for implementation of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The Government also does not have any information regarding constitution of the State Welfare Boards for construction workers. No proper infrastructure regarding training and skill development of construction workers is currently available as well. The Committee feel deeply distressed at the prevailing scenario in this sector and, therefore, strongly recommend the implementation of the Acts in letter and spirit, creating infrastructure for skill development and training of the construction workers, impressing upon the State Governments to constitute welfare boards without any further delay and take up special and specific measures for the betterment of the women workers who constitute a major segment in this sector.

Reply of the Government

2.18 The Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 was enacted in 1996 and the Rules were framed in 1998. As for the matter of implementation of this Act is concerned, only States viz., Kerala, Madhya Pradesh, Delhi, Puducherry, Gujarat, Orissa West Bengal have started its implementation. In fact Kerala was the first State to adopt and implement the Act and by now they have enrolled more than one million workers. The Government of

Delhi, Madhya Pradesh and West Bengal have already started collection of cess and disbursement of various benefits to the beneficiaries in these States.

2.19 In order to impress upon the State Governments for early implementation of the Acts, under the direction of the Prime Minister's Office, a Special Group constituted under the Chairpersonship of Secretary (L&E) has been monitoring the implementation of the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and other Construction Workers Welfare Cess Act, 1996 by holding frequently region-wise meetings. The Central Government has completed the procedure requirements under the Act, i.e., framed rules, notified cess, constituted the Central Advisory Committee and appointed authorities to implement the Act in Central sphere. The actual implementation of the Act lies with the State Governments. The State Governments are required to frame rules, constitute Welfare Board, notify implementing authorities and constitute State Advisory Committee. Though more than 10 years have passed, the implementation of the Act has been tardy. Only Kerala started implementing the Act and in the State of Tamil Nadu the welfare of construction workers are looked into by an Act framed by the Government of Tamil Nadu, most of the State have not completed the procedural requirements.

2.20 During the meetings of the Special Group, the Union labour Secretary also met State Labour Minister / Chief Secretary of the States requesting them for speedy implementation of the Act. It may be mentioned that in the meetings of the Special Group the representatives of the State Governments / Union Territories were requested to implement the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 and constitute the State :Labour Welfare Boards for the benefit of construction workers. For convenience of the North Eastern region states, a Workshop was also organised at Guwahati for familiarizing the officers of the State Governments with various procedures/ rules for implementing the Act expeditiously.

2.21 In the aforementioned context, it is also be mentioned that several letters at the level of Hon'ble Labour & Employment Minister and the Labour Secretary (L&E) have been sent to State Chief Ministers and Chief Secretaries respectively. After making concerted efforts by the Ministry the States like Kerala, Delhi, Madhya Pradesh, Uttaranchal, Puducherry, Gujarat, Orissa and West Bengal have implemented the Act and other States are in the process of framing/finalizing the Rules, notifying authorities and constituting State Welfare Boards etc.

2.22 The above efforts have resulted in the implementation of the Act in the States mentioned above and other States are also in the process of completing the procedural requirements. It is the endeavour of the Government to make the State Governments realize the importance of the Act and implement the Act during the current year.

Recommendation (Sl.No. 18, Para No.3.97)

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

Reply of the Government

2.24 The concerned State Governments have been requested to conduct survey in order to identify and issue Identity Cards to the genuine beedi workers in their States vide letters No.S-24025/19/05-W.II dated 31.10.2005, 26.07.2006 and 31.01.2007. In this connection, Welfare Commissioners of the Labour Welfare Organization have also been instructed to tender assistance to the extent possible as per the resources available with them, while conducting survey by the respective State Governments. The Welfare Commissioners are being directed to pursue the matter with the State Governments for conducting the survey at the earliest possible.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Recommendation (Sl.No.20, Para No.3.99)

2.25 The Committee recall they had, in their Thirteenth Report on Demands for Grants (2006-2007), recommended for setting up a 50-bedded hospital in Sambalpur (Orissa), a highly concentrated zone of beedi workers, to provide better medical facilities to beedi workers. The Ministry in its reply furnished on action taken has stated that despite serious efforts to explore possibilities for providing grant under the 'pilot scheme' to the State Government/ESIC/reputed and recognized private hospitals; no proposal has been received from the State of Orissa. However, a Committee has been set up in the Ministry to review the 'pilot scheme' and recommend the attractive scheme in place of the existing scheme. As soon as the recommendations of the Committee are received, action will be taken accordingly. In this regard, the

Committee desires the Ministry to expedite the process of setting up of a 50-bedded hospital at Sambalpur, Orissa. Till then, the Committee feel, some wards in nearby General Hospitals of the State Government may be reserved exclusively for the beedi workers and sufficient annual grant may be provided for such wards reserved for beedi workers to ensure that best medical treatment is given to them.

Reply of the Government

2.28 Despite serious efforts to explore possibilities for providing grant to State Government / Employees State Insurance Corporation / Reputed and Recognized Private hospitals etc. under the pilot scheme no proposal has been received from any sector so far. In view of this fact, a Committee has been set up in the Ministry of Labour and Employment to review and recommend an attractive scheme in place of the existing scheme. As soon as recommendations of the Committee are received, action will be taken accordingly. However, in pursuance of the recommendation of the Parliamentary Standing Committee on Labour, Ministry has taken up the matter with the State Government of Orissa requesting them to reserve some beds in District Central Hospital, Sambalpur for Beedi Workers.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

CHAPTER-III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENTS REPLY

Recommendation (Sl.No.1, Para No.3.14)

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

Reply of the Government

3.2 The Settlement of industrial disputes through Lok Adalat depends on the mutual willingness of the litigant parties to get their cases settled through Lok Adalats with the CGITs playing the role of facilitator only. However, efforts are being made for the maximum utilization of funds provided for the holding of Lok Adalats.

3.3 The Grants under the Centrally Sponsored Plan Scheme for rehabilitation of Bonded labour etc. are released to the States/UTs. On receipt of complete proposals and clearance of utilization certificates from the grants released to the State concerned during the previous years. The State Governments are periodically reminded to send Utilization Certificates in respect of grants released earlier under the Centrally Sponsored Scheme for rehabilitation of Bonded labour and also send proposals for release of grants for rehabilitation bonded labour and other components of the Scheme viz., survey, awareness generation etc.

3.4 In pursuance of the Supreme Court order dated 11.11.1997, National Human Rights Commission (NHRC) has been involved in the overseeing/reviewing the implementation of Bonded Labour System (Abolition) Act, 1976 and the Centrally sponsored Scheme for rehabilitation of bonded labour etc. Further NHRC has appointed Special Reporters to make periodic visits to district and interact with local people, NGOs, and Government functionaries to ascertain the position at the ground level. Their reports are studied by the NHRC and follow up action initiated. Sensitization workshops are also being held at various places by the NHRC in collaboration with the Ministry of Labour & Employment for the frontline staff and district functionaries. This shows the deep commitment both of the political system and bureaucracy towards eliminating the menace of bonded labour system.

3.5 Moreover, under the direction of the Prime Minister's Office, a Special Group constituted under the Chairmanship of Union labour and Employment Secretary has been monitoring the implementation of the Bonded labour System (Abolition) Act, 1976 and the Centrally sponsored Scheme for rehabilitation of bonded labour etc. by holding frequently region wise meetings. So far eight such meetings have been held. The Ministry of Labour & Employment has taken concrete measures for improvement in the planning process and strengthened the monitoring mechanism for better utilization of funds.

3.6 The pace of plan expenditure of DGMS is being monitored regularly by the DGMS and efforts are being made to incur the plan expenditure as much as possible during the financial year 2007-08.

3.7 With regard to Scheme of Skill Development Initiative through PPP, it is stated that the Expenditure Finance Committee (EFC) had accorded its approval to the scheme in the meeting held on 19.02.2007 and also recommended that the approval of CCEA be obtained. The Hon'ble Finance Minister has approved the Cabinet Note for CCEA. Note for seeking approval of CCEA has been sent to the Cabinet Secretariat.

3.8 A token allocation of Rs.5 Crore under Plan Fund 2006-07 for housing subsidy to Beedi workers and low-income occupation workers was provided for the proposed scheme for the construction of 1 Lakh houses for Beedi workers. Considering that there may not be any sharp increase in the demand for housing subsidy and normal demand would be met within the allocated resources, it was felt that the allocated funds for Plan Scheme may not be required, hence the funds of Rs.5 Crore were surrendered. A

provision of Rs.80 Crore (Non-Plan) has been made during 2007-08 under the Revised Integrated Housing Scheme (RIHS), 2005. The Ministry may sanction around 25,000 to 30,000 houses, after fulfillment of committed liabilities, under the (RIHS).

3.9 As against plan & non-plan outlay of Rs.235.00 crore and Rs.1332.22 crore for the Ministry of Labour & Employment during 2006-07 RE, the actual expenditure was Rs.227.43 crore and Rs.1810.46 crore, respectively. Accordingly, the percentage of actual expenditure to plan and non-plan R. E. outlay is 96.78 and 135.90 respectively.

3.10 This could be possible because the progress (financial & physical) of the Plan Schemes of the Ministry of Labour & Employment is reviewed regularly in the Planning Commission on half yearly basis. Secretary (L&E) also reviews the pace of expenditure, both plan and non-plan, regularly with the Joint Secretaries and Financial Adviser to identify the main hurdles and steps to overcome them.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Recommendation (Sl.No. 3, Para No.3.16)

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

Reply of the Government

3.12 The plan expenditure during the last quarter of 2006-07 was 29.36% of the total plan expenditure for the entire year. The progress (financial & physical) of the Plan Schemes of the Ministry of Labour & Employment is reviewed regularly in the Planning Commission on half yearly basis. Secretary (L&E) also reviews the pace of expenditure, both plan and non-plan, regularly with the Joint Secretaries and Financial Adviser to identify the main hurdles and steps to overcome them.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Recommendation (Sl.No.5, Para No.3.35)

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

Reply of the Government

3.14 All necessary actions as provided under the Act are taken for effecting recovery from the defaulting establishments. Nonetheless to reinforce it, all Regional Provident Fund Commissioner (RPFCs), In-charge of the regions has been instructed to monitor the recovery of arrears under their charge. Addl. Central Provident Fund Commissioners of the Zones are monitoring the recovery of major defaulting establishments exceeding Rs.10 lakh. Necessary instructions have already been issued to the RPFCs to:-

- attend all the court cases including BIFR cases with urgency ensuring timely action
- file appeal within the admissible appeal time
- ensure proper coordination with the Standing Counsels of the organization
- closely follow all the proceedings in the Courts.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Recommendation (Sl.No.9, Para No.3.49)

3.15 The Committee are constrained to note that the ESI facilities are not available in all the States/Union Territories even after about 60 years of its coming into force. The Committee observes that the Employees' State Insurance Scheme is mainly financed by

employers' and employees' contribution. The current ratio of contribution @ 1.75% for employees' and @ 4.75% for employers' has been in operation since 1 January 1997. The employees' earning wages upto Rs.50 per day (w.e.f. 1 January 2004) are exempted from payment of their share of contribution. The Committee find that with the enhancement of wages of the employees' from time to time the rate of contribution for both the employers' and employees' has also been raised. Recently, the wage ceiling has been raised from Rs.7,500/- to Rs.10,000/- w.e.f. 01.10.2006, however, the rates of contribution for both the employers and employees continued as 4.75% and 1.75% respectively. The Committee is of the view that ESIC plays a very vital role in the medical care of workers. Moreover, this is a self-financing social security programme for the workers in the organized sector, since the Corporation does not receive any financial assistance from the Central Government. As per the existing arrangements, ESI hospitals/dispensaries are mainly financed by the employers' and employees' contribution. The Committee feel that the Corporation should have sufficient funds at its disposal for opening new dispensaries/hospitals, strengthening its existing medical network by modernizing its hospitals/dispensaries, upgrading existing diagnostic facilities and clinical services, providing latest equipments for super specialty treatments and making available state of the art technology for treatment. The Committee, therefore, recommends each State/Union Territory should be provided with facilities for ESI beneficiaries. The Committee also recommends that the rate of contribution should be reviewed so as to generate adequate funds for opening new dispensaries/hospitals and for upgrading the medical facilities being provided to the beneficiaries. The Committee may be apprised of the action taken in this matter.

Reply of the Government

3.16 With regard to non-availability of ESI facilities to all States / Union Territories even after 60 years, it is submitted that the ESI Scheme is implemented area-wise in a phased manner. As per the provisions of the Employees' State Insurance Act, 1948 the administration of medical care rests with the concerned State Governments. The implementation mainly depends upon creating infrastructure by providing medical care by the State Governments in the areas proposed to be implemented, which is a pre-requisite.

3.17 The State Governments have their own constraints in creating additional infrastructure. However, measures such as bearing the entire cost of medical care for the initial period of three years in case of new implementation have been taken by the Corporation.

3.18 The Committee has also recommended that the rate of contribution should be reviewed so as to generate adequate funds for opening new dispensaries/ hospitals and for upgrading the medical facilities being provided to the beneficiaries. In this regard, it is submitted that as per Sec-37 of the Employees' State Insurance Act, 1948, "the Corporation shall, at interval of five years, have a valuation of its assets and liabilities made by the valuer appointed with the approval of Central Government ". The rate of contribution is fixed based on recommendation of the valuer. The last such valuation of

assets and liabilities of the Corporation as at 31.03.2003 was carried out by Sh. Nalin Kapadia, Consulting Actuary and he has submitted his report on 26.05.2006. In his recommendation with regard to adequacy of contribution rate he has recommended that there is adequate margin in the contribution rate and over next five years 2005-06 to 2009-10, contribution will be adequate to meet the cost of benefits. Adequate funds are available with the Corporation for opening of new dispensaries/hospitals and upgrading the medical facilities being provided to the beneficiaries under the scheme.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Recommendation (Sl.No.11, Para No.3.67)

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

Reply of the Government

3.20 Selection of the 9 posts of Deputy Director of Mines Safety (Mining) has been completed by the UPSC and pre-appointment formalities have been initiated. Advertisement of 11 posts of DDMS(Mining) has been made by the UPSC on 24.04.2007 for recruitment. With the increased strength of officers, the frequency of inspection would further improve.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

CHAPTER-IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation (Sl.No.8, Para No.3.38)

4.1 The Committee note with concern that an amount of Rs.1351.38 crore has been lying with the Employees Provident Fund Organisation (EPFO) in the unclaimed Deposit Account as on 31.03.2006. The Committee has been informed that as per provisions of the existing scheme, the amount lying under unclaimed Deposit Account cannot be utilized for any other purpose except for paying to the rightful claimants. The Committee find that the total amount disbursed out of the Unclaimed Deposit Account during the last three years has been quite meager i.e., Rs.56.31 crore in 2003-2004, Rs.86.60 crore in 2004-2005 and Rs.71.08 crore in 2005-06. The Committee are not satisfied with this state of affairs. The Committee feel that since not large number of claimants are coming forward to settle their claims, a large amount of fund has been blocked which could be used elsewhere for better purposes. The Committee, therefore, recommends that the provisions of the scheme should be suitably amended for better utilization of money. The Committee also desires that the number of cases settled out of the Unclaimed Deposit Account should also be maintained along with the amount disbursed.

Reply of the Government

4.2 The nomenclature of "Unclaimed Deposit Account"(UCD) has been changed as "Inoperative Account" vide Government of India notification dated 22.03.2007.

4.3 Para 72(6) of the Employees' Provident Fund Scheme, 1952 provides for classifying certain Provident Fund Accounts as Inoperative Accounts where accumulation in respect of any member who has either ceased to be employed or died but no claim has been preferred within a period of three years from the date it becomes payable.

4.4 In regard to the recommendation made by the Committee that provision of the scheme should be suitable amended for better utilization of money, it is submitted that all these Inoperative Accounts have a definite claimants who can file their claims at any time and on receipt of such claims, the Employees' Provident Fund Organisation has to make the full payments to them along with interest. The interest at the declared rate is regularly credited to such accounts in the same way as is given in the case of live account.

4.5 Since Employees' Provident Fund Organisation has no legal right / power to utilize this fund for any other purpose other than for making payment to the rightful claimant/their legal heirs, such amount can not be diverted for any other purpose. Nonetheless, regular efforts are being made by the Organisation to trace the whereabouts of the beneficiaries through advertisements in Newspapers, Trade Unions and the Employers etc. It is also reported that the number of cases settled out of UCD Account (now Inoperative Accounts) are maintained separately in the respective field offices and reflected in the UCD Return submitted by the field offices in the respective years.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Comments of the Committee

(Please see Paragraph No. 1.10 of Chapter I of the Report)

Recommendation (Sl.No.16, Para No.3.82)

4.6 The Committee observe that an allocation of Rs.15,000 crore has been made during the 11th Plan period for the schemes pertaining to welfare of workers of unorganized sector. This allocation has been spread over in amounts of Rs.1,000/-, Rs.2,000/-, Rs.3,000/-, Rs.4,000/- and Rs.5,000/- crore during each of the first to five years of the Eleventh Plan period. The Committee is at a loss to understand the logic behind this uneven spreading of amount in respect of schemes formulated/being formulated for the welfare of workers of the unorganized sector. Taking into account the huge number of unorganized workers in the country with all uncertainties and insecurities, the Committee strongly urge upon the Government to step up the budgetary provision under this head. They also desire that the outlay so allocated be evenly spread in all the years of the Eleventh Plan period, target in each year be fixed and sincere and genuine efforts be made to achieve it.

Reply of the Government

4.7 On the directive of Prime Minister's Office, a Committee of Secretaries (COS) was constituted. In pursuance of 2nd meeting of COS held on 25.10.2006, a Small Group under the chairmanship of Finance Secretary was formed. The Group recommended that the Welfare schemes should be taken up stage-by stage in a phased manner and the then Finance Secretary had agreed to an allocation of Rs.1000 crore in the year 2007-2008 of social security schemes which would go upto Rs.5000 Crore in the year 2011-2012. Accordingly, Rs.1000 crore in the Annual Plan 2007-08 with an increase of Rs.1000 in the each subsequent year in the Eleventh Five year i.e total of Rs.15000 crore in the Eleventh Five Year Plan was proposed. However, this allocation has not been approved.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Comments of the Committee

(Please see Paragraph No. 1.13 of Chapter I of the Report)

Recommendation (Sl.No.19, Para No.3.98)

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

Reply of the Government

The issue to do away with the requirement of worker contribution was examined along with other issues, in consultation with the Ministry of Finance. It has been decided that instead of deposit of Rs.5,000/- by the worker along with the application form, the worker contribution of Rs.5,000/- be obtained after grant of administrative approval and before advance release of 1st installment. As regards issues like enhancement of subsidy of Rs.40,000/-, due to steep rise in the price of the construction material, it may be mentioned that the new scheme has been implemented from 25th May, 2005. None of the Unions/Associations of Beedi workers or concerned State Governments have requested for enhancement of subsidy. As regards the suggestion of the Parliamentary Standing Committee regarding arrangement of interest free loan of worker contribution, it may be mentioned that in terms of the Scheme, concerned State Governments have been requested for assistance in the form of loan from financial institutions like HUDCO etc. or Contribution from the State Governments in the form of subsidy/loan.

However, the State Government of Tamilnadu is already providing Rs.5,000/- as State Subsidy towards worker's contribution. The State Government of Bihar is likely to provide worker's contribution as State subsidy to the Beedi workers for construction of their houses.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Comments of the Committee

(Please see Paragraph No. 1.16 of Chapter I of the Report)

CHAPTER-V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE INTERIM IN NATURE

Recommendation (Sl.No.4, Para No.3.34)

5.1 The Committee are constrained to note that out of more than 40 crore workforce in the country, the total membership of the Employees' Provident Fund Organisation as on 31.03.2006 is only 4.6 crore both in the exempted and unexempted sectors which is just 10.74 per cent of the total work force. The Committee is least satisfied with this sorry state of affairs. The Committee note that with a view to bring many establishments under the purview of the Act, various steps like Compliance 2001 programme, special drives, creation of intelligence circles, etc. have been taken, but the fruitful results could not be achieved. The Compliance 2001 programme has not come up to expectations and for the purpose of enhancing compliance a proposal incorporating some strategic adjustments in the said programme is under consideration of the appropriate authorities. This is a welcome move keeping in view the fate of various initiatives in the past, the Committee are septic whether this step alone will help in proper coverage of all coverable establishments. The Committee, therefore, strongly recommend that the Ministry should intensify its coverage programme and for this purpose a multi-pronged strategy be devised which may *inter alia* include voluntary compliance, special drives for coverage, earmarking of areas to enforcement officers and all such other steps which are deemed proper for enhancing the coverage.

Reply of the Government

5.2 The wide gap between the workforce in the country and that covered under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952 pointed out by the Committee is attributable mainly to the restrictive application of the Act. An establishment can be brought under purview of the Act if it fulfils the criteria prescribed for the purpose. A large number of workers are from unorganized sector etc. Thus entire workforce of the country is not coverable under the Act as they may be employed in establishments, which are not specified under the Act, or employs less than 20 employees or which has protection of Section 16 of the Act.

5.3 However, it is submitted that the proposal seeking structural adjustments and changes in the Compliance 2001 programme aims basically to bring more and more establishments under purview of the Act and extend the reach of benefits to all eligible workforce of the country. The proposal was placed before the Central Board for Trustees (CBT), EPF in its 179th meeting wherein the Board authorized the Chairman to constitute a Sub-Committee to look into the issue and formulate a comprehensive proposal for being placed before the Board.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Comments of the Committee

(Please *see* Paragraph No. 1.7 of Chapter I of the Report)

Recommendation (Sl.No.7, Para No.3.37)

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

Reply of the Government

5.5 The rate of interest for a particular year is based on the estimated earning of the fund and estimated liability towards members at the declared rate. The rate of interest for the year 2006-07 and 2007-08 is yet to be recommended by the Central Board of Trustees, Employees' Provident Fund.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

Recommendation (Sl.No. 12, Para No.3.68)

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

Reply of the Government

5.7 The amendment of the Mines Act, 1952 is under process and penalties have suitably been proposed in the amended proposal.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

(Recommendation (Sl.No.14, Para No.3.80)

5.8 The Committee note that as per survey carried out by the National Sample Survey Organisation in the year 1999-2000, out of the total 39.7 crore persons employed in both the organized and the unorganized sectors, 36.9 crore are in the unorganized sector. The workers in unorganized sector fall in various categories but a large number

of them are home based workers which are engaged in occupations like beedi rolling, agarbatti making, papad making, tailoring, jari work and embroidery work, etc. The Committee note that though the Government has enacted several laws and schemes for the welfare of workers in the organized sector, much is needed to be done by them for the workers in the unorganized sector who constitute around 92% of strong work force in the country. The Committee also notes that over the years, various Committees/Groups have studied the status of unorganized labour in the country has been studied by various Committees/Groups. All these studies have projected the plight of workers in the unorganized sector and called for substantial measures for improvement of their lot and providing them some sort of protection. But not much progress has been made in the matter. The Committee, therefore, recommends that urgent steps should be taken by the Government to bring in a comprehensive legislation for unorganized workers without any loss of time.

Reply of the Government

5.9 Government is considering formulation of social security schemes and enactment of central legislation for workers in unorganized sector, including agricultural workers, in consultation with various stakeholders, concerned Ministries/ Departments and National Commission for Enterprises in the Unorganised Sector (NCEUS). A Group of Ministers (GoM) has been constituted to consider the proposal. Further, in his Budget Speech, the Finance Minister has announced 'Aam Admi Bima Yojana' covering death and disability cover for the rural landless households. The head of the family or one earning member in the family will be insured. To begin with, the scheme would cover landless rural households but subsequently other segments of the unorganized sector workers would also be covered.

[Ministry of Labour and Employment O.M. No.H-11013/9/2007-Coord dated 20.7.2007]

NEW DELHI;
30 August 2007
8 Bhadrapada, 1929 (Saka)

SURAVARAM SUDHAKAR REDDY,
Chairman,
Standing Committee on Labour.

**MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON
LABOUR HELD ON THURSDAY, 30 AUGUST 2007**

The Committee met from 1000 hours to 1055 hours in Committee Room
“C”, Parliament House Annexe, New Delhi.

PRESENT

Shri Suravaram Sudhakar Reddy – CHAIRMAN

**MEMBERS
LOK SABHA**

2. Shri Furkan Ansari
3. Shri Santasri Chatterjee
4. Shri Thawar Chand Gehlot
5. Shri Virendra Kumar
6. Shri Mohan Rawale
7. Smt. C.S. Sujatha
8. Shri Parasnath Yadav
9. Shri Ramdas Athawale

RAJYA SABHA

10. Chowdhary Mohammad Aslam
11. Shri K. Chandran Pillai
12. Shri Gandhi Azad

SECRETARIAT

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

2. At the outset, the Hon'ble Chairman welcomed the Members to the sitting particularly a new Member, Shri Ramdas Athawale who has been nominated by the Hon'ble Speaker w.e.f. 21.8.2007 to the Committee for the term 2007-08. He then apprised the Members about the two draft reports on the action taken replies received from the Ministry of Labour and Employment and the Ministry of Textiles on the Twentieth and Twenty-First Reports on the Demands for Grants for the year 2007-2008 respectively.

3. Thereafter, the Committee first took up the draft Twenty-Third Report on the Action taken by the Government on the Recommendations/Observations contained in the Twentieth Report of the Standing Committee on Labour on Demands for Grants for the year 2007-2008 of the Ministry of Labour and Employment for consideration and adoption. The Committee adopted the same without any modifications.

4. XX XX XX

5. The Committee then authorised the Chairman to finalise the above Reports and present the same to the Parliament on their behalf.

The Committee then adjourned.

APPENDIX-II
[vide Para 3 of the Introduction]

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
 RECOMMENDATIONS CONTAINED IN THE TWENTIETH REPORT OF THE
 STANDING COMMITTEE ON LABOUR (FOURTEENTH LOK SABHA)**

		Total	Percentage of Total
I.	Total number of Recommendations	20	
II.	Recommendations/Observations which have been accepted by Government (Sl. Nos. 2,6,10,13,15,17,18 and 20)	8	40%
III.	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies (Sl. Nos. 1,3,5,9 and 11)	5	25%
IV.	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee and which requires reiteration (Sl. Nos. 8,16 and 19)	3	15%
V.	Recommendations/Observations in respect of which final replies of Government are of interim in nature (Sl. Nos. 4,7,12 and 14)	4	20%
			----- 100% -----