

MODULE - 9

LABOUR WELFARE LEGISLATION

LABOUR WELFARE LEGISLATION – AN INTRODUCTION

➤ Labour Welfare improves physical, mental, and moral conditions of worker. Labour welfare includes housing, medical, educational, rest rooms, recreation ,canteen, games and sports club facilities, adequate wages, reasonable working hours, insurance etc.



By providing these facilities to the workers, efficiency increase considerably. These facilities create confidence in the worker; he feels happy and thus takes more interest in the work.

The important benefits of welfare measures can be summarized as follows:

- ✓ They provide better physical and mental health to workers and thus promote a healthy work environment
- ✓ Facilities like housing schemes, medical benefits, and education and recreation facilities for workers' families help in raising their standards of living. This makes workers to pay more attention towards work and thus increases their productivity.
- ✓ Employers get stable labor force by providing welfare facilities. Workers take active interest in their jobs and work with a feeling of involvement and participation.

- ✓ Employee welfare measures increase the productivity of organization and promote healthy industrial relations thereby maintaining industrial peace.
- ✓ The social evils prevalent among the labors such as substance abuse, etc are reduced to a greater extent by the welfare policies.

LABOUR WELFARE FUND

Labour welfare is an aid in the form of money or necessities for those in need. It provides facilities to labourers in order to improve their working conditions, provide social security, and raise their standard of living.

To justify the above statement, various state legislatures have enacted an Act exclusively focusing on welfare of the workers, known as the Labour Welfare Fund Act. The Labour Welfare Fund Act incorporates various services, benefits and facilities offered to the employee by the employer. Such facilities are offered by the means of contribution from the employer and the employee. However, the rate of contribution may differ from one state to another.

☐ SCOPE OF LABOUR WELFARE FUNDS ACT

scope of this Act is extended to housing, family care & worker's health service by providing medical examination, clinic for general treatment, infant welfare, women's general education, workers activity facilities, marriage, education, funeral etc. State specific Labour Welfare Funds are funded by contributions from the employer, employee and in few states, the government also.

APPLICABILITY OF THE ACT

In order to provide social security to workers, the government has introduced the Labour Welfare Fund Act.

APPLICABLE STATES :

➤ This act has been implemented only in 16 states out of 37 states including union territories.

Andhra Pradesh	Chandigarh	Chhattisgarh	Delhi
Goa	Gujarat	Haryana	Karnataka
Kerala	Madhya Pradesh	Maharashtra	Odisha
Punjab	Tamil Nadu	Telangana	West Bengal

NOT APPLICABLE STATES :

Andaman and Nicobar Islands	Arunachal Pradesh	Assam	Bihar
Dadra and Nagar Haveli	Daman and Diu	Himachal Pradesh	Jammu and Kashmir
Jharkhand	Ladakh	Lakshadweep	Puducherry
Rajasthan	Sikkim	Tripura	Uttar Pradesh
Uttarakhand			

The Labour Welfare Fund Act is not applicable to all category of employees working in the establishment. It depends upon the wages earned and designation of the employee. Also, one needs to check the total number of employees working before extending this Act to their establishment. The applicability of the Act based on the number of employees may differ depending upon state specific Act.

How Does the Process Work?

The contribution in the Labour Welfare Fund may be made annually, half yearly or monthly. The frequency may differ depending upon the state specific Act. Further, if the frequency is half yearly the period of deduction shall be divided into two consecutive periods as per the date mentioned in the state specific Act. The employer needs to make the deduction from the salary of the employee and submit the same to the Labour Welfare Fund board in the prescribed form before the due date.

Labour Welfare Fund Expenditure

In general the money in the Fund may be utilized by the Board to defray expenditure on the following:

- ✓ Educational facilities for the children of the workers.
- ✓ Medical facilities for both private and public-sector employers to facilitate medical facilities for their workers and their families.
- ✓ Transport facilities to the workers for commuting to work.

- ✓ Recreational facilities in form of music, dance, drama, games, sports, paintings, etc. are usually offered to the employees to build a wholesome working environment.
- ✓ Housing facilities under this scheme offer loans to industrial workers for constructing houses at concessional rates.
- ✓ Excursions, tours and holiday homes.
- ✓ Home industries and subsidiary occupations for women and unemployed persons.
- ✓ Reading rooms and libraries.
- ✓ Vocational training.
- ✓ Nutritious food to children of employees.

WORKERS COMPENSATION AND WELFARE ACTS

EMPLOYEE COMPENSATION ACT

According to the preamble of this act, “An Act to provide for the payment by certain classes of employers to their employees of compensation for injury by accident.”

EMPLOYEE INSURANCE ACT

The Employees state insurance act, 1948 (ESI Act) provides for health care and cash benefits payments in the case of sickness maternity and employment injury. The act applies to all non-seasonal factories run with power and employing 10 or more persons and to those factories, which run without power and employing 20, or more persons.



Maternity Benefit



Disablement Benefit



Sickness Benefit



Medical Benefit



Funeral expenses



Dependant Benefit



Funeral expenses

Medical Benefit



Dependant Benefit

FACTORIES ACT, 1948

→ It applies to factories covered under the Factories Act, 1948. The industries in which 10 or more than ten workers are employed on any day of the proceeding twelve months and are engaged in manufacturing process being carried out with the aid of power or twenty or more than twenty workers are employed in manufacturing process being carried out without the aid of power, are covered under the provisions of this Act.

➤ Working Hours of Adults

Weekly hours

- Under Sec. 59 it is mentioned that where a worker works in a factory for more than 9 hours in any day or for more than 48 hours in any week.
- In respect of overtime work, be entitled to receive wages at the rate of twice his/her ordinary rate of wages.
- A worker must be given a rest period of at least half an hour after 5 hours of work
- Restriction on employment of women before 6 am and after 7 pm.
- A holiday must be given every week.
- Compensatory holidays in case of missing of weekly holidays.

➤ Annual Leave with Wages

- ✓ A worker having worked for 240 days @ one day for every 20 days.
- ✓ Accumulation of leave for 30 days.

➤ Special Provisions

- ✓ Section 85. Power to apply the Act to certain premises.
- ✓ Section 86. Power to exempt public institution
- ✓ Section 812. Dangerous operations
- ✓ Section 89. Notice of certain diseases.
- Section 90. Power to direct inquiry into cases of accident or disease.

APPRENTICE ACT

The key purpose of this Act is to provide practical training to technically qualified people in various trades. The objective is promotion of new skilled workers. This scheme is now also applicable to engineers and diploma holders.



Benefits of Apprenticeship

Employees State Insurance Act

- All employees including casual, temporary or contract are covered.
- Employers should register their factories with the Employee State Insurance Corporation and procure an identity code number.
- Both self and dependents are entitled to the benefits including sickness, maternity, disability and other medical facilities.

Apprentices Act

- The Central Apprenticeship Council is the apex body laying down policies and prescribing norms for the Apprenticeship Training Schemes.
- Six Regional Directorates of Apprenticeship Training all over the country govern the implementation of the Act.
- 4 to 6-months training is provided for those who are 14 years or above in 243 trades.

Obligation of Employer

- ✓ Every employer is under obligation to take apprentices in prescribed ratio of the skilled workers in his employment in different trades. [section 11]. Ratio of trade apprentices to workers shall be determined by Central Government. Employer can engage more number of apprentices than prescribed minimum. [section 8(1)].
- ✓ The employer has to make arrangements for practical training of apprentice (section 9(1)). Employer will pay stipends to apprentices at prescribed rates.
- ✓ If the employees are less than 250, 50% of cost is shared by Government. If employer is employing more than 250 workers, he has to bear full cost of training.

Who can be a apprentice?:

Apprentice should be of minimum age of 14 years and he should satisfy the standard of education and physical fitness as prescribed. [section 3].

Duration of training :

Duration of Apprenticeship may be from 6 months to 4 years depending on the trade, as prescribed in Rules. Period of training is determined by National Council for training in de) (NSC) Vocational Trades (established by Government of India).

Contract with apprentice:

Apprentice appointed has to execute an contract of apprenticeship with employer. The contract has to be registered with Apprenticeship Adviser. If apprentice is minor, agreement should be signed by his guardian.

Test and Proficiency certificate:

On completion of training, every trade apprentice has to appear for a test conducted by National Council. If he passes, he agreement should be signed by his guardian gets a certificate of proficiency

EMPLOYEE STATE INSURANCE ACT (ESI)

Employees' State Insurance Scheme of India is an integrated social security scheme tailored to provide social protection to workers and their dependants, in the organised sector, in contingencies, such as, sickness, maternity and death or disablement due to an employment injury or occupational hazard.

Objective

→ The objective of this Act is to provide for certain benefits to employees in cases of sickness, maternity and employment injury and to make provisions for certain other matter in relation thereto as the preamble to this Act reflects.

→ The main object of the Act is to evolve a scheme of socio-economic welfare, making elaborate provisions in respect of it.

Applicability

→ ESI act applies to the following:

✓ Non-seasonal factories employing 10 or more than 10 people and using power.

✓ Non seasonal factories having twenty or more people and not using power

Organization

-The Employees' State Insurance Scheme is administered by a corporate body called the Employees' State Insurance Corporation (ESIC) which has members representing employers employees, the State Governments, the Central Government, medical profession and the Parliament.

Social Security Benefits



The ESI Act, one of the most important social legislations had been enacted to provide for various benefits in different contingencies such as employment injury, sickness and maternity.

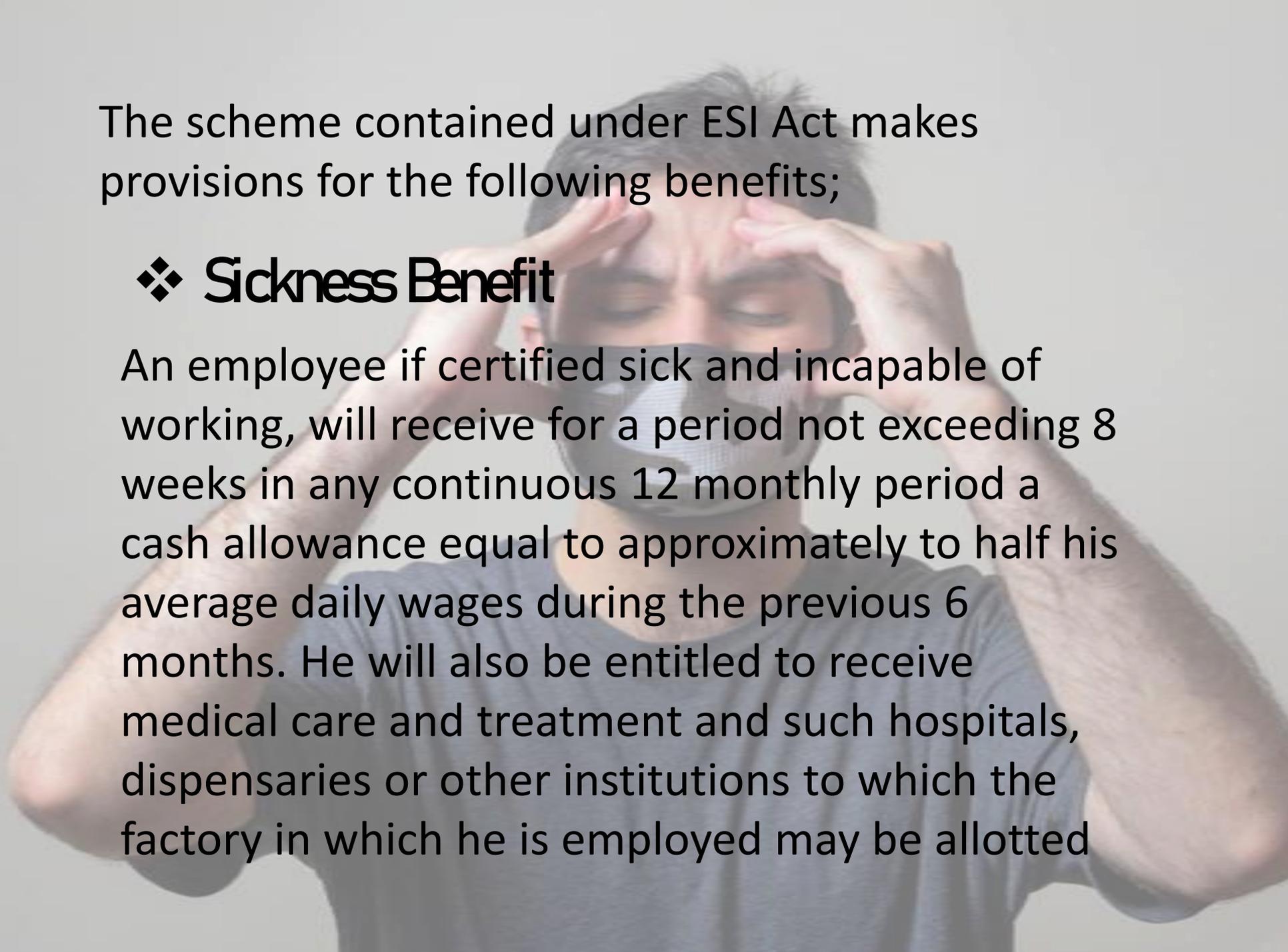


Key Features of ESI

- Medical Benefit
- Sickness Benefit
- Maternity Benefit
- Disablement Benefit
- Dependents Benefit
- Unemployment allowance



• गुणवत्तापूर्ण सेवाएँ
• सुरक्षा और स्वास्थ्य



The scheme contained under ESI Act makes provisions for the following benefits;

❖ **Sickness Benefit**

An employee if certified sick and incapable of working, will receive for a period not exceeding 8 weeks in any continuous 12 monthly period a cash allowance equal to approximately to half his average daily wages during the previous 6 months. He will also be entitled to receive medical care and treatment and such hospitals, dispensaries or other institutions to which the factory in which he is employed may be allotted

Extended Sickness Benefit (ESB):

SB extendable up to two years in the case of 34 malignant and longterm diseases at an enhanced rate of 80 per cent of wages.

Enhanced Sickness Benefit:

Enhanced Sickness Benefit equal to full wage is payable to insured persons undergoing sterilization for 7 days/14 days for male and female workers respectively.

Maternity Benefit

Women workers will be entitled to receive after maternity benefit in case of confinement or miscarriage or sickness relating to.

Disablement Benefit

- Any injured person shall be entitled to periodical payments if:
 - He suffers from disablement;
 - The disablement results from any employment injury; and
 - He sustained the employment injury as an employee under conditions mentioned in the Act.

Medical Benefits

This benefit is available to an injured person or to a member of his family, where such benefit is extended to the members of his family. This benefit is in the following forms:

- Out-patient treatment and attachment in the hospital or dispensary: or.
- By visits of the home of the insured; or
- As an in-patient in a hospital or other institution.

Dependent's Benefit

- Dependents benefit is available to such dependants of an insured person who dies because of an employment injury sustained as an employee, as are entitled under this Act.

Other Benefits

- **Funeral Expenses:** An amount of Rs.10, 000/- is payable to the dependents or to the person who performs last rites from day one of entering insurable employment.
- **Confinement Expenses:** An Insured Women or an I.P. in respect of his wife in case confinement occurs at a place where necessary medical facilities under ESI Scheme are not available.
- **Vocational Rehabilitation:** To permanently disabled Insured Person for undergoing VR Training at VRS.
- **Physical Rehabilitation:** In case of physical disablement due to employment injury

PAYMENT OF WAGES ACT

The Payment of Wages Act, 1936 is a central legislation which has been enacted to regulate the payment of wages to workers employed in certain specified industries and to ensure a speedy and effective remedy to them against illegal deductions and/or unjustified delay caused in paying wages to them. It applies to the persons employed in a factory, industrial or other establishment or in a railway, whether directly or indirectly, through a sub-contractor. Further, the Act is applicable to employees drawing wages up to Rs. 1600/- a month.

PAYMENT OF WAGES ACT, 1936



EMPLOYEES PROVIDENT FUND SCHEME

EPF is a **welfare scheme brought into force to secure a better future for employees.** It is a statutory benefit available to the employees post retirement or when they leave the services.

As the preamble to the Act, the EPF Act, is enacted to provide for the institution of provident funds, pension fund and deposit lined insurance fund for employees in factories and other establishments.

Employees' Provident Fund (EPF)



Employee's contribution

12% of Basic + Dearness Allowance

Employer's contribution

8.33% towards EPS and 3.67% towards EPF

Interest Rate offered on EPF is
8.55% for FY 2017-18



When unemployed, an employee can withdraw:

- 75% of EPF corpus after 1 month
- Remaining 25% after 2 months of unemployment

No tax is deducted if the withdrawal is
made after 5 years of service



Activate your UAN and link it with Aadhar
and PAN to transfer or withdraw funds
online.

The EPF account becomes inoperative after
36 months of unemployment. No interest is
offered on the accumulated fund.



TYPES OF WAGES



Salary wages



Hourly wages



Overtime wages

Employees Compensation Act

The Employees Compensation Act, 1923 is the first social security measure undertaken in India to provide workmen and their dependents relief for injury by accident resulting in either death or disability. According to the theory of notional extension of employment, a fictitious employment extension is a presumptive or imaginary extension of an employee's working time under certain circumstances in order to enjoy temporary benefits under various laws by the employer. The employer is liable in certain circumstances for the injury caused to his workers even when he is away from the premises at the time of the accident.

THE EMPLOYEES COMPENSATION ACT, 1923



THANK

YOU