

LABOUR POLICY 2001

INTRODUCTION

During the period of foreign rule, Britishers introduced industrialisation and thereby heralded the advent of labour sector in this country. With the emergence of native industrialists the labour sector expanded. The pace of industrialization and the expansion of labour sector were accelerated by the first and second world wars. In the early years the workers organised to obtain wages to meet limited needs for livelihood and convenience to work decently. Labour struggle became a part of national movement. The concepts of freedom, democracy, secularism and socialism, were indoctrinated in the labour movement, thanks to agitations for rights of workers. The trade union leaders of yesteryears played a glorious role in this respect.

We are still striving to ensure social security measures envisaged in the directive principles of the Indian Constitution such as right to work, living wages, security in work place etc. Today the economy of the nation itself is facing grave crisis due to the impact of globalization, and the labour sector is in the dark shadows of economic and social problems. The threats faced by the economy of the nation, industry, agriculture and thereby the labour sector are due to the impact of the global pressures and hence beyond our control. Yet we are compelled to defend ourselves to protect our economic and social security. We have to initiate an urgent action plan in this regard.

Labour Policy is a step by this Government in this context.

I. LABOUR SECTOR TODAY

1. It is the declared objective of this Government to formulate a new Labour Policy, which is responsive to the changing needs of the Labour and Industry, and to suit the requirements of economic development.
2. Governments have formulated Labour policies as a part of Industrial policy. This has also been a constraint in formulating labour policies independent of the industrial policy. Consequent on the grave crisis in the Indian economy, significant reforms based on liberalisation, globalisation were enforced from 1991. It was these economic reforms that dictated the industrial policy from then on. Only after a couple of years of reforms that negative effects on other sectors of polity came to be felt, the most affected being the Labour.

3. Though the new industrial policy was aimed at speedy industrial growth, Kerala has not been able to share in the spurt of industrial activity. The tardy growth in industrialisation has accentuated the problem of unemployment and the numbers have increased to 43 lakhs.
4. The state has a work force of around 83 lakhs of which 19 lakhs are women workers. The vast majority work in the unorganised, or informal sector; sometimes in conditions of partial employment, often without adequate access to decent wages or Social Security protection. The attention of Government has been largely focused on protecting the working conditions and the rights of the relatively privileged minority of workers in the organised sector.
5. Unemployment is one of the basic problems confronting the State, and Government has to spur the creation of new employment opportunities. There are presently around 43 lakhs of young people registered on the unemployment rolls of the State. Productive employment is being created in the State's economy at very low rates. Despite the relatively high skill and adaptability levels of the State's workforce, labour market has not been perceived as a positive factor by prospective investors in Kerala.
6. Labour Sector problems in Kerala are:-
 - (a) The high rates of unemployment and underemployment.
 - (b) The low rates of productive employment creation.
 - (c) The unprotected conditions in the unorganized sector.
 - (d) The perception of adversarial labour relations.
 - (e) The inadequate levels of skill creation and training.
 - (f) The inefficiently targeted Social Security regime.
 - (g) Labour legislation that is becoming out of tune with the times.
7. The competitive market reform policies have turned many industrial units unviable. The plantation sector is also facing a grave situation due to unremunerative prices for commodity products like Coffee, Tea and Rubber. All this has led to retrenchment and closure of many industrial units and estates in the plantation sector.
8. The forces of globalization, the dismantling of trade barriers, the new production paradigms in `sunrise` areas like information technology and biotechnology, the practice of homeworking, intangible value addition and other phenomena are making their presence felt in India also. The organised sector worldwide is moving away from

an employment security regime, towards an income security regime. The new environment demands a high degree of adaptability and flexibility in the Labour market, but the challenge before the government is to ensure that this flexibility is compatible with Labour market security, including protection against arbitrary loss of employment, arbitrary reductions in income and unhealthy work practices.

9. Hence labour policy initiatives are aimed at creating a favourable environment for a planned effort, facilitating industrial promotion and revival along with legislative and structural changes to bring in an environment devoid of restrictive labour practices, but protecting the rights and interests of the workers.
10. Given this context, the policy objectives of Government arise from the following strategic goals.
 - (a) Fostering an enabling environment for rapid employment generation through enhanced private and public investment, in order to achieve the goal of creating 15 lakhs of new jobs in the coming five years.
 - (b) Retraining and rehabilitation of retrenched labour in closed and sick units.
 - (c) Improving working conditions, providing decent wages and basic lifeline Social Security for workers, especially in the unorganized sector.
 - (d) Minimising adversarial Labour relations and providing Labour market security, employment security, work security, and income security for the working population.

II. SOCIAL SECURITY

- (i) Kerala has made considerable progress in extending Social Security coverage through the mechanism of tripartite welfare fund boards. However, many of these schemes lack clear perspective, and need to be restructured. Their delivery mechanisms are often inefficient and expensive. A "Frame Legislation" will be enacted to bring in a degree of perspective and order for all Social Security initiatives, aimed at consolidating the current set of enactment's, executive orders, provide guidelines for working out future schemes and obviate the need for individual legislation's, apart from providing a standards set of basic operating polices and procedures.
- (ii) Extending the coverage of the social security net to cover vulnerable workers in the unorganised sector is one of the major priorities of the Government. New welfare

schemes will be introduced for domestic workers, self-employed workers in the service sector and other unprotected categories. These new schemes will be introduced by utilizing existing administrative structures. The delivery system will be computerized to facilitate efficient disbursement; and Social Security cards will be introduced to facilitate universal access and to prevent leakage and malpractice.

- (iii) The fund management of the welfare fund boards will be improved by deploying professional expertise, keeping in view the twin objectives of fund security and income generation. An investment policy to maximise income and control expenditure that would be uniformly applicable to all Boards would be formulated. A comprehensive membership re-verification drive will be conducted in all the welfare fund boards to identify and eliminate fraudulent registrations.
- (iv) The financial resources of Government available to support the Social Service system are limited. Government will endeavour to reprioritize the allocation of funds to ensure that vulnerable workers and essential schemes benefit the most. The welfare fund boards would also have to be self-sustaining, drawing upon the resources of community and non-governmental organisations.

III. EMPLOYEE -EMPLOYER RELATIONSHIPS

- (i) It is a fact universally acknowledged that one of the impediments to the growth of investment in Kerala has been the poor image still subsisting from the years of Kerala's labour militancy. Even though this appears to be largely a thing of the past, this residual perception hampers industrial development. We are in an era when the various State and regions are in intense competition for attracting investment. The State's youth have paid a heavy price on account of inadequate employment creation arising from the very low levels of investment in Kerala. Given the relatively high knowledge levels, skills and adaptability of the worker in Kerala, labour should be projected as a positive factor while considering Kerala as an investment destination. Hence Government would endeavour to promote ideal employee-employer relationships and to curb undesirable labour practices and adversarial labour relations through suitable legislation, through conscientisation, awareness raising and appropriate administrative interventions.
- (ii) With in the purview of the existing laws, entrepreneur will have rights for engaging labour and shall not be inhibited by any claims from 'sons of the soil', displaced

persons from acquired land, construction, contract labour and dependents of employees.

- (iii) All restrictive labour practices including intimidation, “gherao”, harassment of managers and their families, and extortion of any kind will be treated as criminal offences and dealt with accordingly.
- (iv) Management will have the prerogative to deploy workers in any section of the unit as part of a multi craft approach.
- (v) Government will endeavour to prevent stoppages of work in projects on account of industrial disputes; especially during the first five years of the project. The Government will also severely discourage deleterious practices such as ‘go-slow’.
- (vi) The new economic policies have substantially reduced the intervention of government in running business. Government is actively pursuing steps to make the regulations for setting up and managing industry simple and transparent in tune with the new liberalisation policies. The state has entrenched trade unions led by knowledgeable and experienced leaders. Government will encourage by-partism in industrial disputes. Necessary amendments will be enacted to ensure presence of employers and employees in conciliation proceedings. An arbitration machinery will be constituted to settle disputes not resolved by conciliation. Government will also encourage long-term settlements in industries focussing on productivity and sound managerial practices.
- (vii) To prevent the occurrence of disruptive wildcat strikes and lockouts, Government will declare certain vital industries and establishments as “public utilities” under the Industrial Disputes Act.
- (viii) Special conciliation mechanisms will be set up by Government, if required, exclusively for entrepreneurs and projects with investment of Rs.150 crores or more in order to ensure that labour disputes are handled on site in a pro-active manner.
- (ix) The viability of a project depends on the completion of construction and commissioning within the time and cost estimate. Work stoppages whether due to labour dispute or non-fulfillment of obligations by builders will not be permitted.

- (x) Industrial Relations Committees have the pivotal role to create an atmosphere of complete understanding between labour and management. Tripartite industrial relations committees will be set up for key sectors and industries. The Government will endeavor to accord statutory legitimacy and protection to these committees.

IV.LABOUR LAW REFORMS

- (i) Many of the labour laws, which were enacted at a time when the production paradigm and environment were different, have become outmoded. The Government of India is amending seminal labour legislation like The Industrial Disputes Act, The Trade Unions Act, The Contract Labour (Regulation and Abolition) Act and others. The Second National Labour Commission, which is looking into the new legal regime in the sector, is expected to submit its report shortly. An expert committee will be constituted to study and make recommendations for simplifying and amending labour laws and rules.
- (ii) Government will attempt to reduce the needless proliferation of Trade unions in establishments, without detriment to the rights and interests of the work force. Legislation will be enacted for conduct of referenda and laying down norms for the recognition of Trade Unions in industries and establishments.
- (iii) There is a need to expedite the industrial dispute resolution mechanism of the labour judiciary, including the Labour courts, Industrial Tribunals, Workmen's Compensation Commissioners etc. Government will make requisite amendments to the rule and procedures governing the functioning of these bodies to speed up and streamline this process. The provisions for publication of the awards of Labour Courts and Tribunals in the Government Gazette will be amended to expedite enforcement.
- (iv) The Government will also enact requisite State amendments to the Industrial Disputes Act to enable workmen or managements to approach Labour Courts/Industrial Tribunals directly, if the conciliation process proves to be ineffective.
- (v) The Kerala Headload Workers Act 1978 is an enactment providing social security net to a category of workers. However certain unforeseen practices relating to loading and unloading have since become an irritant phenomenon perceived as a stumbling

block for industrial growth in the State. A separate legislation to do away with these practices without affecting the rights and interests of the labour will be enacted.

V. WORKPLACE SECURITY AND INCOME SECURITY

- (i) The rapidly changing economic environment accentuates the need to fortify the enforcement machinery of the Labour Department to ensure that workers rights including income security & work security are adequately protected. Kerala has a long history of activism for securing the rights of the working population. The Government will endeavour to ensure that the working conditions and the rights of workers are protected by enforcing welfare legislation.
- (ii) A special monitoring system will be instituted for ensuring work place security and dignified working conditions for women workers.
- (iii) Enforcement committees will be constituted at district levels on a sectoral basis for monitoring the enforcement of statutory rules, welfare measures and safety conditions of workers.
- (iv) For the effective implementation of the Minimum Wages Act, Government will expand the category of employment's under the schedule to the Act. Wages shall be revised for each category of employments without delay and the payment of minimum wages effectively supervised. Government shall take initiative to implement minimum wage for South Indian States, as part of the measures to implement the national minimum wage policy.
- (v) The Child Labour (Prohibition & Regulation) Act will be aggressively enforced and Government will endeavour to make Kerala the first State in the country to be free of Child Labour.
- (vi) Outbound migrant workers, especially women from Kerala require special attention, especially in sectors like fish processing. Government will strengthen the monitoring system for migrant workers to ensure proper implementation of the existing laws and to minimise the chances of their exploitation by intermediaries or principal employers.
- (vii) The quality of medical care made available under the Employees State Insurance scheme has to be improved. Government will endeavour to provide better access to

modern medical facilities to insured employees under the Employees State Insurance Scheme. The ESI coverage will be widened in order to increase its area of operation.

- (viii) The enforcement of laws & measures like the Factories Act and Rules for assuring workplace security and for the abatement of occupational hazards and diseases will be made more effective. Enforcement of Acts relating to industrial safety and prevention of pollution would be strengthened. Special attention will be focussed to identify hazardous industries and sectors including those in the unorganized sector.
- (ix) The labour enforcement machinery is grossly inadequate to cope with the multitude of labour laws and the various establishments that require surveillance. The enforcement strategy will be to reduce the burden on the existing machinery and to encourage employers and other stakeholders to proactively participate in the implementation of this strategy on a voluntary compliance basis.

VI. PLANTATION SECTOR

Kerala accounts for 71% of production of plantation crops in the country. About 14.5 lakh families are dependent on plantation sector for livelihood. Excluding the marginal farmers the labour employed in the plantation sector comes to about 4 and a half lakhs, while the total number of factory workers in the industrial sector is 4.51 lakhs. This points to the importance of plantation sector. Problems faced by plantation sector are mainly due to unremunerative prices for products and lack of productivity. Estates remain closed and those functioning are not profitable. Increased productivity coupled with scientific management, technological innovations can only salvage the plantations from ruin. Government will encourage and promote Non Resident investment in this sector.

VII. DISPLACED WORKERS

Government will prepare special rehabilitation packages for workers who are displaced by the closure of industries and sick sectors. Government is particularly concerned about the conditions and prospects of workers in sectors that have been severely affected, including the plantation sector, the Beedi sector, the Cashew, Coir, Handloom and the Agricultural sector. This package will include retraining and resettlement schemes where required.

VIII. EMPLOYMENT REGISTRATION AND INDUSTRIAL TRAINING

- (i) The functioning of Employment Exchanges needs to be completely overhauled. These exchanges will be computerised over the next 5 years and the database updated. It is expected that private sector employers will also source their

requirements from the employment exchanges when this computerisation process is completed. The Government will also play a more proactive role in enabling access to employment opportunities overseas.

- (ii) The quality of industrial training provided through the network of Industrial Training Institutes / Industrial Training Centres is out of phase with current employer requirements, and needs to be revamped. The curriculum and the course content of these Industrial Training Institutes/ Industrial Training Centres will be completely restructured in line with prospective employer requirements.

IX. INSTITUTIONAL AND ADMINISTRATIVE ARRANGEMENTS

- (i) The Labour Department will be modernised using the tools of Information Technology to ensure meaningful labour law enforcement, efficient delivery of social security, and harmonious industrial relations. The functioning of the department will be made transparent. A joint cell of the Labour Department and Industries Department will be constituted to study what changes need to be made in laws, rules and regulations and in the administrative and institutional arrangements to achieve these objects.
- (ii) **Kerala Institute of Labour & Employment:** In the background of a fluid and uncertain scenario emerging in the industrial scene, labour has to be prepared to face the challenges ahead. The worker has to be educated. Awareness of the problems in general and problems of the particular industry is inevitable for effective and collective bargaining. The workers as well as the leaders of the trade unions has to cope with the changing demand. Only an enlightened labour force can increase productivity and speed up the industrialisation in the state. Workshops, seminars, orientation sessions will be conducted. KILE has a very pivotal role to play in this regard. The scope and functioning of this institute will be enhanced in tune with the National Institute of Labour.
- (iii) **Development Overseas and Employment Promotion Consultants Ltd.:** The prime asset of our state is undoubtedly the army of unemployed youth estimated to be around 60 lakhs. This human resource available with us has to be channeled to productive sector. Skilled labour is the prime need in the International labour market in view of the rapid technological advances. Our state is blessed with a vast army of skilled and qualified persons on the look out for suitable placements in India and abroad. Identifying and placing the candidates is a very challenging task.

Millions of job opportunities are available in different parts of the world. It is envisaged that ODEPC will act as the catalyst between the job and the job seekers.

- (iv) A policy progress monitoring team will be constituted with Secretary (Labour) as Convenor to review the implementation of the policy and consider necessary and appropriate interventions in accordance with the altering needs and demands of labour in view of the fast moving changes in the industrial scene. Review of progress of implementation of the policy will be prepared by the team for the consideration of the Minister (Labour and Rehabilitation) and the Council of Ministers.

VISION

This policy is the statement of the concerns of this government for the welfare and protection of labour and to endeavour to empower them and improve their quality of life. Increased production, productivity coupled with a harmonious and peaceful labour relations and a new work culture only will create a conducive climate for rapid industrial investment and growth. This will ensure the successful solutions to the twin problems of retrenchment of labour and creation of new jobs for the unemployed. Government is also committed to providing labour market security, income security and decent working conditions for the working population. This labour policy aims to carry forward these objectives. These aims can be attained only if there is tripartite and mutually beneficial partnership between employers, workers and the Government.

LABOUR POLICY HIGHLIGHTS

- ❖ Creative measures to attract public and private investment.
- ❖ 15 lakh new jobs in the coming five years.
- ❖ A unified and consolidated legislation for social security schemes.
- ❖ New Social security schemes for workers in the unorganised sector.
- ❖ Social security cards for workers.
- ❖ Unified and beneficial management of funds of Welfare Boards.
- ❖ Re-prioritisation of allocation of funds to benefit vulnerable workers.
- ❖ Model employee-employer relationships.
- ❖ Long term settlements based on productivity.
- ❖ Vital industries and establishments declared as `public utilities`.
- ❖ Special conciliation mechanism for projects with investments of Rs.150 crores or more.
- ❖ Industrial Relations committees in more sectors.
- ❖ Labour Law reforms in tune with the times. Empowered body of experts to suggest required changes.
- ❖ Referenda for recognition of trade unions.

- ❖ Statutory amendments for expediting and streamlining the mechanism of Labour Judiciary.
- ❖ Amendments to Industrial Disputes Act in tune with the times.
- ❖ Efficient functioning of Labour Department.
- ❖ More labour sectors under Minimum Wages Act.
- ❖ Child labour act to be aggressively enforced.
- ❖ Modern medical facilities for workers.
- ❖ Rehabilitation packages for displaced workers.
- ❖ Restructuring in functioning of employment exchanges. Computerization and updating of database.
- ❖ Revamping of curriculum and course content in industrial training.
- ❖ Joint cell of labour department and industries department to study changes in laws and rules.
- ❖ Kerala Institute of Labour & Employment to be upgraded.
- ❖ Policy progress monitoring team to review progress of implementation of policy.