

## Chapter VI

### A STUDY OF THE FIVE YEAR PLAN VIS-À-VIS SOCIAL SECURITY OF LABOUR IN ORGANIZED SECTOR

#### 6.1 Introduction

In the Second World War almost all the countries of the world faced obliteration. They had to face the ravage of many new problems coming out of war. So, immediately when the war was over, the Government thought of post-war reconstruction in their respective countries. The British Government of India also had such plan for India. Moreover, India was an underdeveloped country. After Independence, the national Government of India wanted to uplift it through proper planning. So, the Government of India introduced five year plans. The Planning Commission was set up in March, 1950. The draft of the five year plan was published in July 1951 and it was approved in December 1951. The First Five Year Plan<sup>368</sup> focused on agriculture, power and transport. It recognized that the labour is productive source and contribute to national income thus their protection is important in order to boom in the industry. From 1947 to 2017, the Indian economy was premised on the concept of planning. This was carried through the Five- Year Plans, developed, executed and monitored by the Planning Commission (1951-2014) and the NITI Aayog<sup>369</sup> (2015-2017). Hence this chapter attempts to study the five Year Plan vis- a vis Social Security of Labour in Organized Sector till date.

Five-Year Plans in India is framed, executed and monitored by the Planning commission in India<sup>370</sup>. Joseph Stalin implemented the first Five Year Plan in the Soviet Union in the late 1920s.

The Planning Commission in India<sup>371</sup> was set up in March, 1950 with the following terms and object:

"The Constitution of India has guaranteed Fundamental Rights to the citizens of India and enunciated certain Directive Principles of State Policy. Keeping into

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<sup>368</sup> Government of India, *Recommendation of study Group on Social security*, 1957.

<sup>369</sup> The new Government led by Narendra Modi, elected in 2014, has announced the dissolution of the Planning Commission, and its replacement by a think tank called the NITI Aayog.

<sup>370</sup> Renamed as NITI Aayog (2015-2017)

<sup>371</sup> *Ibid*

consideration these rights conferred by the Constitution and the desired goals of the government to raise the quality of life of the people, the Planning Commission's objectives is effective utilization of the available resources and to increase the production by way of providing employment opportunities to all.

The plans with regard to social security in an organized sector from first plan till date in the Five Year Plan have been described and discussed in detailed below.

## **6.2 The First Five-Year Plan**

First Five Year Plan<sup>372</sup> was one of the most important plans adopted by the planning commission as it deals with the development after Independence. The plan strongly supported agriculture production and industrialization in the country

The very object of this plan is rehabilitation of refugees, food self sufficiency and control were more or less achieved.

The plan emphasized that workers active participation is required for the desired production and economic boost<sup>373</sup>. The plan also emphasized that the only demand of the workers is the healthy working environment.

Exploitation of the worker rights by the employees lead to the strike and lockout. Thus, right to strike and lockout was recognized by the planning commission under this plan. Through this plan, the Planning Commission gave utmost importance to Alternative Disputes Relation as mechanism to settle disputes between the employer and employee.

It was in the First Five Year plan that the planning commission recommended the effective implementation of the existing labour legislation for protection of right of the labour force<sup>374</sup>

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<sup>372</sup> In July, 1951 the Planning Commission presented a draft outline of a plan of development for the period of five years from April, 1951 to March, 1956

<sup>373</sup> The report said that, the working class performance functions vital to the maintenance of the community's economic life.

<sup>374</sup> Such as Factories Act, Mines Act, Plantation Act, Shops and Establishment Act etc

### 6.3 Second Five Year

**Second Five Year Plan**<sup>375</sup> was focused on rapid industrialization with much emphasis on employment. Chapter 5 of the Plan deals with employment. This chapter emphasizes that economic growth cannot be achieved without proper utilization of their resources and this can be achieved only through employment generation.<sup>376</sup>

In this Second five year plan, the policy with regard to labour was immensely influenced by the socialistic framework of society. The Plan recognized that the worker's rights need to be protected along with the growth as they are more vulnerable to exploitation. The plan also stressed that the relation between employee and employer will only develop through effective collective bargaining and negotiation between the trade union, employer and employee.

It was through this recommendation the Code of Discipline (1958) was accepted with certain terms and conditions thus leading to adoption of programmes for worker's education, establishment of wage boards (1969) and fixation of wages etc.<sup>377</sup> As this plan was focused on generating more employment therefore, more importance was given to village and small scale industries.<sup>378</sup>

### 6.4 Third Five Year Plan (1961-1966)

During this period it was felt that the Indian economy has entered a "take off-stage" thus with this endeavor the planning commission aimed to make India self-reliant and self-generated economy and adopted Third Five Year Plan (1961-1966). Based on the experience of the first two plans the planning Commission emphasized more on the agricultural sector<sup>379</sup>. It was through this plan that the responsibility was shouldered on the State to protect the interest of the workers through effective facilities and cooperation.<sup>380</sup> The Government made outstanding achievement during this plan through the enactment of several legislations in many states.

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<sup>375</sup> Second five Year plan was published in February 1956 and the final plan was approved by the Parliament in May, 1956. The object of the plan was rapid industrialization with particular emphasis on the heavy industries

<sup>376</sup> The task under this plan was to provide employment opportunities for urban and rural growth and those underemployed in agriculture and household activities to be provided with increased work opportunities.

<sup>377</sup> *Supra* n.2 at p.22

<sup>378</sup> *Ibid* at p. 50 also see <https://pingpdf.com/pdf-employee-and-employment-injury-under-the-employees-statei.html>

<sup>379</sup> During these plans a whole new agricultural strategy was implemented. It involving wide-spread distribution of high-yielding varieties of seeds, extensive uses of fertilizer, exploitation of irrigation potential and soil conservation.

<sup>380</sup> object is to secure higher levels of industrial efficiency and rising standard of life of working class along with peaceful relation between the employer and employee was visualized in this plan

First National Commission on Labour and National Safety Council set up during this plan. It was for the first time after Independence a comprehensive study on labour problems, finding solution to the problems were carried out by the Planning Commission in this Plan.

### **6.5 The Fourth Five Year Plan (1969-1974)**

The first two years of plan witness production and the last three year plan did not measure up due to poor monsoon. Family Planning Programmes were the main aim of the Fourth Five Year Plan (1969-1974). Economic development cannot be achieved through proper utilization of available resources and thus can be achieved only through proper employment generation which was solely adopted by the ILO Convention.<sup>381</sup> Accordingly this view was appreciated by this plan<sup>382</sup> hence; stress was given to rural, small scale industries development. This plan also supported the view of the fourth Year plan i.e employment generation programme and appreciated and carried forward the idea on this plan and in addition wage related problem was also highlight of this plan.

### **6.6 The Fifth Five Year Plan (1974-1978)**

The Fifth Five Year Plan India was sketched out for the period spanning 1974 to 1979 with the objectives of increasing the employment level, reducing poverty, and attaining self- reliance. The twin objectives of poverty eradication and attainment of self reliance were inculcated in the fifth plan. A national program for minimum needs including elementary education, safe drinking water, health care, shelter for the landless was included. Electricity Supply Act was enacted in 1975, which enabled the Central Government to enter into power generation and transmission. Meanwhile, India had seen substantial rise in the food grain production. To alleviate the problem of unequal spread of green revolution, government unsuccessfully tried to take over the wholesale trade in wheat.

However, in 1975, Indira Gandhi imposed emergency and planning became subject to much politicization. In 1977, the government changed and first non- Congress

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<sup>381</sup> In UNEP report, the ILO has forcefully agreed for the employment creation to economic development through the maximum utilization of available resources and to substitute labour for scarce capital where there is economically feasible.

<sup>382</sup> That includes development through comprehensive programs for rural development by fuller utilization of industrial capacity, promotion of labour intensive product in domestic and foreign markets, and utilizing intensive techniques in industrial production.

Government took over power with Morar Ji Desai at its helm. The new central government was a coalition called Janata Alliance. This government reconstituted the planning commission and announced a new strategy in the planning<sup>383</sup>. The new objective laid down was “Growth for Social Justice”. The new approach was “Rolling Plan”. It terminates the fifth year plan in 1977-78 and launched its own Sixth Five Year Plan for period of 1978-1983 and called it rolling plan.<sup>384</sup>

## **6.7 The Sixth Five Year Plan (1980-1985)**

During this plan it was felt that the comprehensive labour policy should be framed in order to cover the entire working class. Removal of Poverty and attainment of self reliance was the two main objective of the Sixth Five year Plan (1980- 1985). It was recommended that along with the development in the production the rights of the workers need to be protected.

Collective bargaining for harmonize relationship between the employer and employee were proposed by this plan.<sup>385</sup>. The payment of minimum wages, equal pays for equal work, bonus etc. were the major recommendation under this plan.

The planning commission under this plan discussed social security of workers through various welfare legislations<sup>386</sup> and proposed that this legislation is going to be applicable only to those establishments where more than ten workers are employed. It is not only applicable to those establishment that use power for the purpose of running their activity but this legislation also extends to those establishment such as shops, hotels, restaurants, cinemas, theatres, motor transport and news paper establishments where more than twenty workers are employed.

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<sup>383</sup> This new strategy involved a change in the objective and approach pattern.

<sup>384</sup> Indra Gandhi again became the Prime Minister and she immediately threw the Janta's rolling plan in dustbin and launched her own plan for year 1980-85. The year 1978-79n was restored back to fifth plan of 1974-79

<sup>385</sup> This plan says the right to workers is to be protected otherwise bilateral collective bargaining is deprived of its ultimate sanction from worker's point of view.at the same time means to avoid strike i.e., notice, consultation and arbitration were also given importance.

<sup>386</sup> Such as Employees State Insurance Act, 1948; Employees Provident Fund and Miscellaneous Provisions Act; Payment of Gratuity Act, 1947 and Family Pension Schemes. Also see Government of India Planning Commission, Fourth Five Year Plan (1978-1983), Chapter 2, p.172

Working women rights were protected under this plan. Equal pay for equal work<sup>387</sup> and stressed on the proper implementation of the provision that protected the interest of the working women as well as their children.<sup>388</sup>

The study on the child labour by the planning commission under this plan year came to the conclusion that it is due to the poverty and unemployment, the children is deprived from education and child labour exist in India. Therefore, it is only through employment generation child labour can be abolished.<sup>389</sup>

## **6.8 The Seventh Five Year Plan**

Food, work & productivity were the sole aim of the Seventh Five Year Plan. Chapter 5 of the plan dealt with this in detail. The plan recommended that productive employment generation can only be achieved by adopting effective measures for investment and production. The plan recommended for the strong policies in terms of education, training and reorientation of workers in order to achieve growth in production without any interference.<sup>390</sup> The seventh Five Year Plan lays emphasis on the improvement of production and resource utilization as the plan recognized that the labour enter into both the production process i.e both demand and supply side.<sup>391</sup>

Through this Plan year the planning commission intended to provide facilities related to health, recreational, education, and other welfare related matters to the worker and in addition focused to protect the interest of the working women. There are many provision dealing with the same also it is the duty of the Government to sensitized the unorganized workers about all the available facilities, schemes etc which is being endorsed by the Government for the benefit of the workers.

## **6.9 The Eighth & Ninth Five Year Plan**

Due to political uncertainty at the center The Eighth Five Year Plan (1992-1997) remained ineffective for two years. Unlike the other Plan, this plan also in order to

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<sup>387</sup> Accordingly equal remuneration Act was enacted

<sup>388</sup> Such as proper enforcement of the establishment of crèches for the children of the working women

<sup>389</sup> This Plan recommended for National Committee on child labour to examine the adequacy and implementation of present legislation relating to child and to suggest effect welfare measure for the development of child.

<sup>390</sup> Apart from sectoral investments, the oriented programmes like NREP, IRDP, RLEGP, and TRYSEM resulted in expansion of employment opportunities.

<sup>391</sup> Government of India, Seventh Five Year Plan, Chapter '*Employment-Power, Plans and Labour Policy*', 19. (Planning Commission.)

combat the economic situation aimed at welfare of the human being through employment generation. Also the planning commission through this plan remained more focused on the effective implementation of policy for the protection of the worker in an unorganized sector as they contribute more to the economic development.<sup>392</sup> In order to achieve the desired goal the planning commission suggested analysis of macro-economic, sectoral and labour policies on employment.

The notable suggestion made under this plan was the rigid provision of the existing labour legislation is a hindrance to employment in the large scale industries.<sup>393</sup>

Ninth Five Year plan witness the change in the labour policy and outcome on India was positive. The planning commission under this plan was more focused on “Growth with Social Justice & Equity. The planning commission aimed to encourage private sector.”<sup>394</sup>

#### **6.10 The Tenth Five Year Plan**

Planning commission through the Tenth Five Year plan aimed to create employment in unorganized sector that are not covered under the existing social security legislation. This plan aims to achieve economic and social justice, and accordingly a policy was framed. The Tenth Five Year Plan was approved by the National Development Council.<sup>395</sup> The study group of this working planning found that the most of the social security legislation is applicable to the public sector but still employment in this sector is decreasing. Therefore, the review of the pension system was suggested under this plan.

This plan recommended for the comprehensive social security policy to protect the interest of the entire working force. The planning commissions also recommended streamlining the delivery system and issue of National Security Number in the EPFO to the worker for the proper identification of the worker in the case of injury etc to make their dependant avail the social benefit provided by the Government.

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<sup>392</sup> Government of India, *Report of the working group of Eighth Five Year plan*, 117 (Planning commission).

<sup>393</sup> *Ibid at* Chapter 6, p.116.

<sup>394</sup> Government of India, Ninth five year Plan (1997-2002) Planning commission.

<sup>395</sup> Through thi plan the government target to provide employment to 10 million people over this Plan period.

## **6.11 Eleventh Five Year Plan**

The National Development Council approved the Eleventh Five Year Plan setting ‘a faster more broad based and inclusive’ growth at the average annual rate of 9 percent. The plan target to reduce poverty by 10 percentages by creating 7 crore new employment and also ensure electricity connection to all villages. With various monitor-able targets set for various priority programmes at the central and state level, the thrust of the Plan document is on social sectors, agriculture and rural development. The draft document proposed to increase by the priority sector allocation to 74,67 percent of the center’s Gross Budgetary Support from 55,20% in the Tenth Plan. The plan also proposes to raise investment on infrastructure sector including irrigation, drinking water and sewage from 5 percent of GDO in 2005-2206 to 9 % by 2011-2012.

The education sector is set to be a big beneficiary with the Plan document seeking to increase the allocation to 19.36 percent of the GSB from 7.68 percent in the Tenth Plan.

## **6.12 The Twelfth Five Year Plan**

This plan is expected to be different than all the earlier plans because of the differences in the economic environment in which the plan has to be operationalized. A number of new initiative have been proposed in this plan for retaining youth in Agriculture Sector and funding for research and innovations in the sector. The twin objectives of the plan are ensuring food security and improving the lot of framers through higher investments in agriculture and allied sectors. To address the challenges in live stock sector, National Livestock Mission<sup>396</sup> and National Programme for Bovine Breeding & dairying has also been proposed in the Plan. The plan also recommended the need to evolve a National Social Security for the unorganized sector and formulate a detailed action plan to cover almost all the segments of the unorganized workforce in social security with the ultimate goal of covering all unorganized workers in the long run. The plan furthermore emphasized on the enforcement of existing social security legislation namely EPF Act and ESIC that should be strengthened.

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<sup>396</sup> The main objective of this mission is to achieve sustainable development and growth of livestock sector by providing greater flexibility to the states.

The initiatives taken up by the EPFO during Tenth Plan to streamline the delivery system and issue of National Social Security Number to the workers should be continued in this plan as it would help in reducing harassment to the workers and reduce corruption in the organization. The plan also recommended that the proposed initiative of ESIC to extend ESI Scheme to educational and private medical institutions, enhancement in daily rate of rehabilitation allowance, implementation of scheme in new areas, enhancement in the wage ceiling for coverage from Rs. 7,500/- to Rs. 10,000/- reduction in threshold for coverage and setting up of Zonal Super- Specialty Hospital in all Zones should be completed.

The Plan envisaged that there were not very many additional benefits which could be added to the existing ones for the organized sector workers. It was felt that focus should be only on provisions of health care, accident benefits, sickness and maternity which are broadly covered by the ESI Act, EPF Act, Employees Compensation Act, and the Maternity Benefit Act. It was pointed out that none of these Acts cover Self-employed persons. The plan emphasized that the criteria for coverage of Various Acts such as threshold, the wage ceiling limits etc. should be homogeneous so that convergence of these schemes could be considered. The plan also emphasized that the separate schemes need to be framed for different section of workers having different risk perception as some of the employment are not accident prone or are not susceptible to occupational disease.

The plan also suggested that the Associations or trade Union representing different sections of employees could be utilized for providing benefit to that particular section e.g. ESIC has been able to cover Cine workers in Mumbai with the help of active cooperation of Cine Workers Trade Unions.

The plan also highlighted that there exist an overlapping provision of benefits for some contingencies by different schemes e.g both ESI and EPF provide disablement and dependants benefit which could be avoided if uniform coverage criteria is adopted. Convergence will also result in cost saving since different organizations are performing same functions and could lead to better utilization of available resources. This plan also emphasized on the comprehensive social security laws that cover the entire working class.

### 6.13 Conclusion

Social security arrangements have a comparatively long history in India. The concept of social security is not new concept in India. It was in existence from time immemorial in the form of joint family or religious institution. Due to industrialization, urbanization and privatization this system lost its importance. Thus the need for social security was felt. Before independence only certain categories of workers were covered by the social security law that was then enacted.

After Independence, India adopted the Constitution of India on which significant provision relating to social security of labour were embodied through fundamental Rights and Directive Principles of State policies. Social security is a relatively neglected area in terms of both research and policy in India. For two to three decades after Independence, there was hardly any discussion in this area in the India five Year plan documents, until the Ninth Plan. They were silent on social security planning and did not even take cognizance of the prevailing schemes.<sup>397</sup> Over the last few decades, India has witnessed a shift in the social security discourse. Despite the literally hundreds of programs for social protection of the underprivileged, however the social security programs have failed to reach its desired goal.<sup>398</sup>

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<sup>397</sup> Rolf Sulzer, Social Security in India- A System in the Making, 3 Partner Country Perspective, 211-229

<sup>398</sup> Ibid