

## Welfare Measures in Rourkela Steel Plant – A Case Study



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### ABSTRACT

The word 'welfare' is derived from a French word 'welfare' which means tofarewell.<sup>1</sup> Labour welfare is an extension of the term 'welfare' to a particular labour class. It implies that labour welfare originated from the origin of labour as a class which is distinct from other classes. It is also called "a part of social welfare that responds to human needs in a society".<sup>2</sup> However the evolution of the concept and philosophy of labour welfare has a to be viewed on its historical perspective and against the background of the successive stages of industrial revolution. Labour welfare programmes were evolved with the object of looking after the interests of the workers who had been overworked, just as the technicians look to the mechanical aspects, labour welfare concerns itself with the human factor in industry.

### INTRODUCTION

Modern welfare may be said to have been the outcome of the movement for better and more efficient management in industry from the human angle. The importance of welfare measures has been considered mainly due to three reasons : Firstly the need to provide approved a better life for the directors who are directed by the necessity to maintain the goodwill of the large recruited labour force and to gear them to increase the production. Secondly industrial expansion in developing countries of the world and the concomitant process of mass-production and mass selling lead to the rise of the working classes as a source of power. Steps to promote labour welfare are a direct recognition of the new situation. Thirdly, there is also the influence of researches into scientific management and industrial psychology, which has presented abundant evidence on the importance of the worker as a human-being and a total personality.

As per the statement of International labour Organisation the "worker welfare" includes "such services, facilities and amenities as adequate canteens, rest and recreation facilities, arrangements for travel to and from work, and for the accommodation of workers employed at a distance from their houses, and such other services, amenities and facilities as contribute to improve the conditions under which workers are employed"<sup>3</sup>.

In 1969 the committee on labour welfare reported that in its widest sense" labour welfare' includes all the welfare measures which affect the working and living conditions of workers and in this sense even social security measures, educational and cultural facilities, and industrial housing come within its scope.<sup>4</sup> The Encyclopaedia of Social Sciences defines welfare as 'voluntary efforts of an employer to establish, within the existing industrial system, working and sometimes living and cultural condition of his employees beyond what is required by law, the customs of industry and condition of the market.'<sup>5</sup> Dr. Panandihar defines it as" work

for improving the health, safety and general well-being and the industrial efficiency of the workers beyond the minimum standard laid down by labour legislation”<sup>6</sup> Prof. Richardson, on the other hand includes under it” any arrangement of working condition, organization of social and sports club, establishment of funds by a firm, which contributes to the workers’ health and safety, comfort, efficiency, economic security, education and recreation.”<sup>7</sup>

The growth of public sector undertakings has shown an encouraging trend in the field of labour welfare, In these undertakings, Government as a model employer, has taken every possible steps to implement statutory and non-statutory provisions of labour welfare. So far as labour welfare is concerned, the present state of affairs in public sector steel Industries, heralds a bright future which can be eagerly awaited.

In the Rourkela Steel Plant welfare work for industrial workers has now assumed special significance. The management with a view to improving the working conditions inside the plant and to add to the efficiency of the workmen, have provided certain welfare measures by studying certain forces which motivate the workers. The total welfare measures in the Rourkela Steel Plant are classified under three categories (1) Financial incentive force (2) Welfare amenities (3) Administrative incentive forces.

#### Financial Incentive Forces

Financial incentive payments stimulate the existing individual motivation into further activity. Here the incentive payments over the above and basic wage rate assume greater significance in a framework of planned economy. By these incentive force workers are encouraged to accept technological improvements resulting in increased production for the economy and better standard of living for them. Hence let us discuss some financial incentives in the Rourkela Steel Plant.

#### Annual Bonus

The payment of Bonus Act 1965, is applicable to all industries which employ 20 or more persons. As per the amended Act 1975 the employees of the public sector must receive a minimum bonus of 8.33%<sup>8</sup> and a maximum of 20% of their basic pay. Public sector and private sector undertaking also come under this purview. An amount of Rs. 26.58 lakhs was given by way of bonus in the Rourkela Steel Plant during 1966-67. This rose to Rs. 40.37 lakhs in 1970-71, Rs. 168.18 lakhs in 1990-91. Rs. 326.74 lacks in 1996-97 and Rs. 384.00 lacks in 1997-98. So there is an increasing trend in the annual bonus payment in the Rourkela Steel Plant which increases the money earnings of the workers.

#### Monthly Production Bonus

To provide incentive for greater volume of production in the plant, an incentive production bonus scheme was introduced in December 1961 for all regular employees in operation, maintenance, and general service departments of the plant. Previously the system of payment of bonus was on flat rate method. With the revision of the scheme in Dec. 1971, the bonus was linked with ‘Performance index.’<sup>9</sup> based on working cycle time. Performance index is calculated for both individual earnings as well as incentive groups. As per the rule no incentive bonus will accrue for performance index than forty.

By introducing this scheme, it was seen that production has improved, as the plant has got a record production of 10.41 lakh tones of higher quality ingots steel during the year 1975. This scheme also helped the reduction in absenteeism as the payment was based on attendance hours. The plant paid 60.78 lakhs in 1969-70 and 74.52 lakhs in 1991-92 on this account. The amount increased to 397 lakhs in 1995-96 and 395 lakhs in 1998-99.

### **Reward Scheme**

This reward scheme was introduced in the Rourkela Steel Plant on 1<sup>st</sup> July 1972 with an object stimulating work for higher production. This scheme covers the incentive group, workers in operation, maintenance and general services. The payment here is linked the percentage increase over the predetermined target for production. A sum of 17.42 lakhs was paid in 1971-72, whereas it rose to 37.17 lakhs in 1989-90 and to 40.65 lakhs in 1993-94 in this scheme.

### **Contributory Provident Fund**

A worker will be motivated for more work when he will know that, his employer will pay him also better his retirement. At the Rourkela Steel Plant various social security measures were introduced for its employees under the provident fund scheme, the employer's contribution is payable to the employee after completion of one year of service. The company is contributing an equal share 8.50% for each of the members under this scheme. The main idea behind this scheme is to stimulate savings for the old age or to provide family pension to the family members of a worker in case of his death. The total amount paid under this head was 102 lakhs in 1970-71, and 261.55 lakhs in 1993-94. The expenditure rose to 302.43 lakhs in 1995-96 and 424.44 lakhs in 1998-1999.

### **Gratuity**

Payment of gratuity is a monetary compensation made by an employer to an employee for his contribution to the employer's economic development, through his effort. It may be defined as a lump-sum payment by the employer to his worker on the termination of his service which may be due to retirement, invalidation, death or voluntary retirement after a specified year of service. The principal motive behind this scheme is to help the worker after his immediate retirement, to maintain his livelihood. In India Payment of Gratuity Act came into existence on the 16<sup>th</sup> September, 1972. However the Rourkela Steel Plant follows the Hindustan steel gratuity Rules 1966.10 The plant made a payment of 56.54 lakhs, 114.18 and 93.99 lakhs and 33.84 lakhs in 1970-71, 1990-91, 1995-96 and 1998-99 respectively.

### **Leave Travel Concession**

Leave travel concession is given to all regular employees and their families of the plant once in two years. With such facilities the employee visits different parts of the country. It helps to increase the outlook of the employees and provides a source of relaxation from usual work of the factory. The total expenditure under this head was 25.61 lakhs in 1972-73 which rose to 53.56 lakhs in 1995-96 and 259.15 lakhs in the year 1998-99.

## **Transport**

A fleet of 36 buses is in operation under the control of the Manager, Transport to cater for the needs of the employees of the Rourkela Steel Plant to and from the plant. A nominal bus fare of Rs. 6.00 only is charged per month from the non-executive personnel. The system of conveyance allowance at the rate of Rs. 20/- per month is also given to the employees not using company's transport. Transport facilities are also provided to school-going children of the employees. The expenditure on transport was 8085 lakhs in 1995-96 compared to 58.53 lakhs in 1972-73. The expenditure increased to 1110.35 lakhs in 1998-99.

## **Leave Benefits**

The employees of the Rourkela Steel Plant are entitled to the following types of leave benefits.

- (i) Earned leave
- (ii) Half – pay leave
- (iii) Commuted leave
- (iv) Extra-ordinary leave
- (v) Special Casual leave
- (vi) Maternity Leave
- (vii) Quarantine leave

Besides these fringe benefits, the Rourkela Steel Plant also spends a large amount on other fringe benefits like different insurance scheme, Nehru – Distinguished workers Award etc.

## **Welfare Amenities**

To boost the employee's morale, the management of the Rourkela Steel Plant is providing some welfare amenities. For improving the working condition of the plant, and the standard of living of the employees, various types of statutory and non-statutory amenities are provided in the Rourkela Steel Plant. The amenities provided to the employees of the plant can be broadly grouped under two heads viz. (i) Intramural (ii) Extramural.

### **(i) Intramural**

To make the workers efficient in their respective work, the management of the Rourkela steel Plant has provided intramural amenities inside the plant particularly on the work sites. These amenities include statutory<sup>10</sup> and non-statutory welfare measures. These can be enumerated in brief.

### **Drinking water**

For facilitating supply of cool drinking water to the workers engaged in work 117 water coolers and 296 water taps in running condition have been placed inside the plant.

### Washing Facilities

As per the standard laid down in the factories act, was basins with water taps 256 in number have provided in various shops of the plant.

### Spitton and Dustbins

Adequate number of spittoons has been provided in each shop with sufficient numbers of dustbins.

### Public Convenience

Public convenience buildings with scientific swage system and sanitary conditions have been provided in the plant.

### Fire – Brigade

The Fire – Brigade is equipped with modern fire fighting equipment having 27 vehicles and pumps. The fire service is also equipped with self contained breathing apparatus set to work in a highly contaminated atmosphere.

### First – aid

Besides the main first aid hospital where qualified Doctors and staff with medicines, equipment and a fleet of Ambulance to work round the clock for attending all cases of sickness arising in the plant, first aid posts in every shop of the plant with sufficient number of first aid boxes as required under the statue have been provided, A training programmed for employees in first Aid is also arranged every year and 95 employees were trained during the year under review.

### Canteens

There are 18 departmental canteens and a central kitchen functioning in the Rourkela Steel Plant, of which 6 are running in 3 shifts, 4 in 2 shifts and 8 in general shifts for augmenting cheap and whole some supply of meals, snacks, beverages etc. to the employees. Besides these meals etc. mobile coffee/tea trolley services etc. are in operation. These canteens with a total seating accommodation of 2160 workers are run on no-profit and are manned by 560 workers and 8 officers including the Manager, Canteen Administrator, as the Head of the Department. Apart from these 18 canteens, there are 4 canteens run by the private caterers and 7 on co-operative basis in Rourkela Steel plant. 6 Kiosks and 2 temporary catering shops are also set up which sell cold drinks and beverages. The total expenditure on canteen was 34.33 lakhs, 61.25 lakhs, 114.53 lakhs and 185 lakhs in 1972-73, 1992-93, 1995-96 and in 1998-99 respectively.

### Creche

In accordance with the law, a Baby crèche was established inside the plant to take care of the babies of the working mothers. The total average number of the babies admitted to the crèche was 6 per day during 1998-99. They are looked after by a trained Lady welfare Assistant assisted by 3 Maid and 3 Sweepers. Free meals, biscuits and milk etc. are provided to children. The annual expenditure of Rs. 55,000/- (approx) is borne by the management.

## ii. Extra-mural

Beyond the factory premises, workers are also provided with some extra-mural facilities to make them effective and efficient. The steel of Rourkela is a well laid out modern township, planned with multicoloured care, providing all amenities which the modern architecture would conceive. The following are some of the important extramural facilities provided by the management of the Rourkela steel Plant to its workers.

### Housing

Housing, has been divided into 21 sectors (out of which 17 have been developed leaving 4 for future expansion) the quarters constructed in the Rourkela Township are provided with modern amenities like electrocral and sanitary fitting and having scientific drainage system. Till 31 st December 1999 quarters allotted to the employees and outside parties are as follows :

Employees .....	20,045
Private Parties .....	215
State Government .....	293
Central Government Department.....	5889

In addition, nonstandard accommodation is provide to the employees in temporary labour colonies with electricity, water supply and paved drains facilities. The numbers of quarters in these colonies are 1372. The house rent form the employees is charged 5%, 7.50% and 10% for the basic wage of Rs. 270/- Rs. 271-570/- and Rs. 571/- and above, respectively. Electric charges are released at the rate of RS. 0.33 praise per unit consumed plus 15% Government duty. Employees not provided with accommodation are paid a house Rent Allowance of 10% at pre-revised basic rate but not exceeding Rs. 60.00 per month. The expenditure on housing inclusive of house rent was 802.34 lakhs in 1998-99 compared to 92.47 lakhs and 382.62 lakhs in 1992-73 and 1995-96 subsequently.

### Medical

Medical and Health services constitute the major activities undertaken by the management for the benefits of the employees and their families. The Ispat General Hospital is a 550 bedded modern hospital having latest specialties with the most modern equipment and a library. Besides this the plant is having one Fertiliser Hospital (14 beds), 7 health Centres and 4 dispensaries which cater to the needs of the patients. The net expenditure incurred by the management in different yers are as follows :-

Rs. 111.63 lakhs in 1972-73, Rs. 181.35 lakhs in 1991-92 Rs. 313.51 lakhs in 1995-96 and Rs. 419 lakhs in the year 1998-99.

### Recreation

There are 18 community recreation centers, located in different places of the steel and fertilizer township, providing facilities for reading rooms, conducting indoor games. An auditorium known as 'Civic centre' well equipped heaving sitting arrangement for 650 persons is located here. 16 mm feature films with documentaries of educative value are screened every day (except Sundays and holidays) at community centres and labour colonies by rotation. Nari-Kalyyan Kendra (women's welfare centre) training and employment in tailoring

workshop to the windows of the ex-employees of the plant. The sports among the employees, with one Ispat Stadium, and Recreation Ground etc. For recreation total expenditure incurred by the Rourkela Steel Plant was Rs. 2.48 lakhs in 1972-73 and Rs. 6.73 lakhs in 1991-92. This rose to Rs. 9.00 lakhs in 1995-96 and Rs. 33.00 lakhs in 1998-99.

### Education

Imparting education to the children of the employees occupies a most important place in the amenities provided by the management. The management has embarked on various schemes of imparting free education to the children of the employees upto metric standard. 29 schools (19 lower secondary 8 High Schools + 2 English, Oriya, Hindi and Bengali are functioning under the Management. The average students and teacher ratio is 36.1 besides this one Ispat College is also functioning at Rourkela. The Total expenditure increased from Rs. 139.46 lakhs in 1995-96 to 212-91 lakhs in 1998-99.

### REFERENCES

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5. Encyclopaedia of Social sciences, Vol. XV, P. 395
6. Panandhihar, S.C. Industrial Labour in India, Bombay : Progressive Corporation Pvt. Ltd. 1973 P. 243.
7. Richardson, J.H.; op.cit., P.172
8. By an amendment to the Act in 1976, the minimum bonus was reduced from 8.33% to 4% and again in 1977 the rate was raised to under the payment of Bonus (amendment) Act 1977
9. The Performance index is calculated as =  $\frac{\text{Total Allowed Hours}}{\text{Total Attendance House} \times 100}$   
Normal duty excluding idle time  
 $\text{Total Allowed Hours} = C_1 + C_2 + C_3$   
Where  $C_1$  = Allowed hours for planned job.  
 $C_2$  = Allowed hours (Provisional) for job coming directly to the shop.  
 $C_3$  = Allowed hours given for extra work requisition and agreed upon.
10. Sec. 11 to 50 of the Indian Factories Act 1948, Prescribe the statutory provisions relating to health, safety and welfare measures.