

# Human Resource Practices in Indian Construction Industries: Organized and Unorganized Movement

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## Introduction:

The construction industry is mostly dominated by the players from unorganized sector. In India from time immemorial there has been very little attempt to give it an unorganized shape. From labour supply to entrepreneurial development industry thrives on unorganized and unskilled personnel who have no formal training in the field. But this is very labour intensive industries attracting each year a large number of people both as a labour and entrepreneur.

## H.R. Practices in Construction Industries:

The Indian construction industries has witnessed rapid growth over the last few years and has strongly added to the overall growth and development of Indian Economy ("CRISIL" 2010) but, no doubt H.R. plays a vital role in labour recruitment and retention of workers. According to the data of NCEUS 2006 only 6% of the unorganized workers are covered by social security measures.

A crucial policy issue, therefore is ensuring welfare of unorganized workers by:

- (a) Securing lives and livelihoods against adversity and deprivation
- (b) Improving living conditions through social means such as direct state intervention alterations in market functioning and redistribution of benefits of development in favor of the poor workers.

Welfare of unorganized workers regardless of their economic contribution employment type or employment history should be constructed as social assistance against all work related uncertainties and risks, economic social deprivation (Sakaran 2000). A major initiative of the central Govt. regulating the condition of work and provision of a measure of social security relating to construction workers who form one of the largest segment of workers in the unorganized sector. Two umbrella legislations have been passed by the parliament in this regard. On the basis of which the States are expected to enact State Level Legislations. These two Central Acts are :

- (a) The building and other construction workers ( regulation of employment and conditions of service act 1996.
- (b) The building and other construction workers Cess Act. 1996.

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Following these acts the building and other construction workers ( ECS ) Central Rules 1998 were notified on November 1998. This acts are applicable to every establishment that employs 10 or more workers in any building or construction work where in the project is worth more than Rs 10 Lacs. The welfare funds proposed in the act are to be financed by the contributions from beneficiaries. Levy on a Cess on construction works a rate ranging between 1 and 2 % of the construction cost incurred by an employer and non-mandatory grants by the state or central Govt. It may be cited that the welfare funds setup by the Central Govt. has been changed in the latest act concerning building and construction workers which provide for the following benefits.

- Immediate financial assistance in case of accident
- Payment of pension
- Payment of premium for Group Insurance Schemes
- Payment of maternity benefits

Taking into hindrance the HR practices in construction industries is divided into two parts:

- (1) Standard Practices
- (2) Non standard practices

#### **A. Standard Practices:**

The Standard practices refer to the organized sector, where large scale entrepreneurs like AMBUJA, GODREJ, PEERLESS and various other big realtors came ahead following the construction boom in the Indian Economy.

**Labor Practices in standard and organized sector. The Standard Practices is subdivided under the following heads.**

- (a) On sight practices
- (b) Safety and security practices
- (c) Financial practices
- (d) Social security practices
- (e) Medical practices
- (f) Technology practice

#### **Statutory Practices:**

Under Statutory practices provident fund is compulsory contributory fund for the future of the employee after his retirement or for his dependents in case of his early death. Any organizations employing 20 or more persons have to give P.F. to the employees.

Even contract labour is also included but casual labour is excluded from this act of P.F 1952.

**E.S.I Act 1948:**

This also ensures one of the statutory benefits. The main objective of E.S.I is to provide to the worker medical relief, sickness cash benefits, maternity to the women worker, pension to the dependents of the deceased workers and compensation for fatal and other employment injuries including occupational diseases. Any organization employing 10 or more persons are covered under this act. Every employee including casual temporary employees whether employed directly or through a contractor who is in receipt of wages up to Rs 10000/- per month is entitled to be insured under the ESI act.

**Gratuity Act. 1972:**

This is also under the statutory benefits. The gratuity act 1972 envisages to provide a retirement benefit to the workmen who have rendered long and unblemished service to the employer. Gratuity is offered to an employee who has worked for 5 years continuously in an organization.

**Bonus Act 1965:**

This is also a statutory benefit which aims at providing for the payment of bonus linked with profits or productivity to the employees. Every employee receiving salary or wages up to Rs 10000/- per month and engaged in any kind of work whether skilled, unskilled managerial, supervisory etc. is entitled to bonus for every accounting year if he has worked for at-least 30 working days in that year. The minimum bonus which an employer is required to pay even he suffers losses during the accounting year at the rate of 8.33% of the salary or wages during the accounting year.

**On sight practices:**

This comprises of human architecture which includes motivation, counseling, induction and orientation.

**Safety and Security Practices:**

Safety refers to the absence of accident and a trouble free work environment. The construction industries also follow safety policies for the worker who are working on the sites like wearing helmets, goggles, laying of nets while working also wearing the safety devices like safety belts etc. Proper measures of fire are also followed in these industries like keeping adequate water supply facilities, keeping fire fighting equipments like hydrants or sprinklers.

**Financial Practices:**

This is also one of the standard HR practices which is followed in this industries it comprise of proper adequate wages to the employees like fare wage and minimum wage which is followed here. It also comprise of different types of incentives or extra payments beside salary long term and short term incentive

**Social Securities:**

The Social Security is also a standard HR practices which is followed in the construction industries. According to ILO social security is designed to prevent and cure disease, to support when people are unable to earn and restore to gainful employment. Different holidays are given to the employees under this head. Health protection include accident insurance, Life insurance medical care, sickness benefits, sick leave are given.

Incase of old age retirement deferred income plans, pension gratuity, P.F., old age assistance, old age counseling, medical benefits for retire employee, travelling concessions to retire employees, jobs to sons/ daughter of the deceased employee are provided. Education to the children of the employees and different entertainments are also provided under this scheme.

**Medical Practices:**

Under this scheme the insured employee of the construction industry is provided the following benefits like

- a) Outpatient treatment or attendance in a hospital, dispensary, clinic or other institutions.
- b) By visit to the home of the insured person.
- c) Treatment as in patient in a hospital or other institution.

An insure person shall be entitled to medical benefits during any week for which contribution are payable or in which he or she is eligible to claim sickness or maternity benefits or eligible for disablement benefit. Different accidental benefits are also covered under the scheme.

**Technology Practices:**

It is one of the important standard HR practices. Technology brought to the people through economic institutions. Therefore, technological changes should be incompatibility with the objectives of the economic institutions. Technological should result in human welfare. Technological changes with a human face means that technology should change along with the needs, preferences and wellbeing of the human beings. Technological changes should contribute to the enhancement of economic, social and psychological needs of the people. Therefore, latest technology

along with application is implemented as one of the important HR practices in construction industries for its growth and developments.

### **Non Standard Practices:**

Non Standard Practices have been prevalent in the unorganized sector where mostly unskilled labour forced from Agricultural Sector is working. The entrepreneurs are also not much skilled in the unorganized sector where labour welfare has no prominent shape. Here there is no job security and regularity of employment is hardly there. The legal and institutional arrangement of labour welfare is hardly there in the unorganized sector.

### **The nonstandard HR practices are subdivided among the following heads:**

- (a) Political practices
- (b) Power practices
- (c) Non scrupulous financial practices
- (d) Forced punishment practices

### **Political Practices:**

Political Practices comprise of the political environment which consist of institutions like legislature, executive, and judiciary. The legislative institutions at Central and State levels enact various laws including labour laws. The Govt. agencies and machineries implement various laws including labour laws. The judiciary ensures that the legislature and executive work with the constitutions including the human resource management areas in various organizations. Thus political environment has direct bearing on HRM in the areas of enacting, implementing and ensuring the process of implementations of labour laws. The political parties their ideologies and political gimmicks, formation of new parties, political stability, split in and amalgamation of existing parties has to be dealt by the HR in construction industries.

### **Power Practices:**

Under this head the HR in the construction industries has also to deal with the local rowdies or hooligans who become one of the major obstructions in development of construction industries.

### **Non scrupulous financial practices:**

Under this head the HR has to play a crucial role by giving bribes or under table money to different Govt. agencies and different political parties which is a very old mal practice in the construction industries.

**Forced punishment practices:**

Here the HR plays a pivotal role in monitoring the Employees and shaping them who have joined on the request of political parties as employees of the organization and does not work hampering the operation process of the construction industries by creating a situations in which the miscreants employees has no other option but to leave the organization which is very much prevalent in construction industries as forced punishment.

**Unique Characteristics of Construction Industry:**

In other industry there is unique production cycle but construction industry has not such cycle. Thus various types of production functions in practices at various stages of job implementation. Previously there was not much skilled labour force but now a days more skillful tech savvy people are coming who are demanding higher wages. Quality of execution of work has highly improved in recent times. While there is large scale urbanization with the growth of the economy the construction industry is waiting a big leap in the near future. The growth rate may be 8 – 10 % per annum.

**Growth Potential and future trend:**

The growth potential and future trend of the construction industry is expected to be 8-10% per annum according to CRISIL report 2010

**Conclusion:**

It is undeniable that H.R. Practices play a pivotal role in shaping the construction industry for its rapid growth and development. There is not very much allegation against the organized group violating the standard labour practices norms in the country but the unorganized sector has serious allegation of violating the labour welfare rules. There are anomalies in the pay structure duration of employment in the labour practices of the unorganized sector. Unorganized sector comprises of more than 60% of the construction work in the country. So there is great need on the part of the Govt. to monitor the happenings of labour practices in the construction industry. Then the industry will be able to enjoy the boom as an unmixed blessing.

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