

A Theoretical perspective to Welfare Policies at Tata Steel Jamshedpur.

V Murali Manohar

Research Scholar, Department of Economics, Vasant Rao Naik, Gov. Institute of Arts and Social Sciences, Nagpur
Rastrasant Tukadoji Maharaj Nagpur University, Nagpur

Abstract- India is the world's second-largest producer of crude steel after China, as of 2021, with an output of 118.2 million tonnes. (worldsteel.org, n.d.) The steel industry is emerging, and with the initiatives taken by Government, the steel industry's growth is very positive for the nation's economic development. The present paper deals with welfare aspects at Tata Steel which has pioneered many Firsts welfare Schemes much before the other industries could think.

Introduction: The dictionary meaning of welfare: The health, happiness and fortunes of a person or group. In simple terms, welfare means the *well-being* of people. Welfare is the type of government support intended to ensure that members of a society can meet basic human needs such as food and shelter. (Wikipedia, n.d.)

Tata Steel -Pioneers in Employee Welfare.

The user knowledge of organisational and behavioural sciences in preparing man is meant to compensate for ageing technology- this is Tata Steel's philosophy (Pandey, 1989) where "Values Stronger than Steel."

This corporate campaign (VSTS) aimed at reaching Indian citizens at large to showcase the organisation's commitment beyond steel making towards social & economic sustainability and community empowerment. (tatasteel.com, 2011)

Tata Steel was founded over 115 years ago as the corporate leader, with high production, productivity, harmonious industrial relations, and many "firsts" in employee welfare. Tata Steel is considered a model organisation for researchers in the field of social sciences. (Pandey, 1989)

Tata Steel, formerly known as Tata Iron and Steel Company Limited (TISCO), was established in India as Asia's first integrated private steel company in 1907, with an annual production of 20 million tonnes. (tatasteel.com, n.d.). Tata Steel is a part of the Tata Group, founded by Jamsetji Nusserwanji Tata in 1868. Tata Group is a global business conglomerate headquartered in India and operates in over 100 countries (tatasteel.com, n.d.).

Jamsetji Nusserwanji Tata, an Indian pioneer industrialist, founded Tata Steel which Sir Dorabji Tata established on August 26th, 1907. (wikipedia.org, n.d.)

Jamshed Ji Tata was a visionary, and he pioneered worker-welfare initiatives. At age thirty-five, he started a central India spinning, weaving, and manufacturing company named "Empress Mill" in Nagpur in 1874 (catalign.in, 2010). Empress Mill was named after Queen Victoria, who was proclaimed Empress of India on January 1st, 1877. (wikipedia.org, n.d.)

Many of the nation-building endeavours in the steel industry by Jamsetji Tata were facilitated by his success in the textile business. His mills set the benchmark in employee welfare. To make workers' life more manageable, initiatives were taken by Jamsetji and his team. The initiatives taken for the welfare of employees were: (catalign.in, 2010)

- Introduction of Provident Fund Scheme in 1886
- Pension Fund 1887.
- Accident Compensation Scheme 1895
- Annual -prize day for performance recognition
- Shorter- working hours
- Well-ventilated workplaces
- Creche for young mothers
- First humidifiers and fire sprinklers in India.

All these labour welfare policies were first in India, decades ahead of his time and miles ahead of his competitors. (tata.com, n.d.) The Empress Mill experiment showed that **people** mattered to him apart from profits.

"We do not claim to be more unselfish, generous, or philanthropic than others. But, we think, we started on sound and straightforward business principles, considering the interests of our shareholders our own, and the health and welfare of our employees the sure foundation of our prosperity" - Jamsetji, 1895

Be sure to lay wide streets planted with shady trees, every other of a quick-growing variety. Be sure there is plenty of space for lawns and gardens—Reserve large areas for football, hockey, and parks. Earmark areas for Hindu temples, Mohammedan mosques and Christian churches." —Tata wrote to his son Dorab about his vision for the township that would eventually become Jamshedpur. (wikipedia.com, n.d.). Jamsetji penned these words in 1902 when he was on a mission to create a steel plant in India, which eventually became Jamshedpur, the first planned modern city in India. (Lala, 2007)

Dorabji Tata fulfilled his father's ideas of the modern steel industry and is credited with establishing TISCO (now Tata Steel) in 1907 and Tata Power in 1911. (tata.com, n.d.)

The House of Tatas is well known in India for its *human attitude* to employees, and over the years, it has worked towards ensuring the best for its employees both at work and at play. (Pandey, 1989)

Tata Steel is an employee-friendly company that has created benchmarks, followed by the rest of the industrial community (tatasteel.com, 2004). Welfare is at its Heart. Some of the First's initiatives by Tata Steel are discussed:

Welfare Measure at Tata Steel		Adopted by ILO		Enforced by Indian Law	
Measure	Year	Year	Convention Name	Year	Legal Measures
Eight-hour working day	1912	1919	Hours of work (Industry)	1948	Factories Act
Free Medical Aid	1915	1927	Sickness Insurance (Industry)	1948	Employee State Insurance Act
Leave with Pay	1920	1936	Holidays with Pay	1948	Factories Act
Workers' Accident Compensation Scheme	1920	1925	Workers's Compensation (Accidents)	1923	Workers's Compensation Act
Maternity Benefits	1928	1919	Maternity Protection	1946	Maternity Benefit Act

In 1907, *Tata Main Hospital* was established at the Steelworks site to bring medical care to the village before the Plant's production. This shows that Tata cares for society.

In 1912, Tata Steel (then TISCO) introduced an *eight-hour* working day for workers and employees. Seven years later, ILO adopted this in the year 1919.

Free medical aid was introduced in 1915 and was adopted by ILO in 1927. This act was later implemented in Indian law as India's employee state Insurance Act in 1948.

Leave with pay measure was implemented by Tata Steel in 1920, which ILO adopted in 1936 in the name of "Holidays with pay" and enforced by Indian Law under the Factories Act 1948. (tatasteel.com, 2019)

Tata Steel introduced *the Workmen's Accident Compensation Scheme* in 1920, adopted by ILO. in the name of Workmen's Compensation (Accidents) and enforced by Indian law in 1923 as the Workmen's Compensation Act.

Tata Steel introduced the *Maternity Benefits Scheme* in 1928, adopted by ILO in 1919 as Maternity Protection and enforced by Indian Law after 18 years as the Maternity benefit Act in 1946. Women are given 15 days of special leave if the company hospital certifies their child is sick and requires supervision and care. (tatsteel.com, 2004).

Welfare Activities	By Tata Steel	By Law in India	
Establishment of a welfare department	1917	1948	Factories Act

School facilities for employees' children	1917		
Formation of a Works Committee for handling complaints, service conditions and grievances	1919	1947	Industrial Disputes Act
Worker's Provident fund scheme	1920	1952	Employees, Provident Fund
Technical Institute for the training of Apprentices, Craftsmen and Engineering graduates	1921	1961	Apprentices Act

In 1916, **Sidney Webb**, the famous labour leader, prepared a plan for the employees and the community on scientific lines. This committee, along with the help and advice of other veteran social workers, **Harold Mann**, and **Thakkar Bappa**, took a leading role in implementing several pioneering welfare measures, which were *firsts* in India. The setup of the welfare department in 1917 was followed by Indian law under the provision of the Indian factories Act of 1948.

In 1915, the first educational institution, Mrs KMPM interschool, was established. Mrs **Keoke Monroe Perin Memorial School**, popularly known as KMPM school, was formed on June 21st, 1915, and it was the first school founded in Jamshedpur. (dailypioneer.com, 2001)

This school is named after Mrs Keoke Monroe Perin, wife of Charles page Perrin who showed immense interest in children's primary education in Jamshedpur. Charles page Perrin was the famous American metallurgist and Geologist who helped Jamsetji fulfil his dreams of setting up a Steel plant in India (globalindian.com, n.d.).

Works Committee was set up in 1919, indicating the first step towards industrial harmony (Mahanty, 2004). Later, after 28 years, it was enforced by law in India under the industrial disputes act.

Tata Steel implemented the *Workers Provident fund* scheme in 1920, and after 24 years, it was enforced by law in India in 1952 as the Employees Provident fund.

Tata Steel developed *Technical Institute* for training Apprentices, artisans, and Engineering graduates. The company implemented it in 1921, and later, after 40 years, it was enforced by Law in India. SNTI (The Shavak Nanavati Technical Institute) was set up as the (Jamshedpur Technical Institute in 1921) with 23 students in its role with a vision to create an employable workforce. The Jamshedpur Technical Institute was renamed SNTI in honour of its first graduate trainee, Shavak Nanavati (Prasad).

SNTI was born with the idea of Tata Steel to develop the indigenous workforce of technical experts to cater for the manufacturing sectors. In 2021, this institute celebrated a century of skilling, industrious workforce with over 75,000 graduates aiming to strengthen India's core manufacturing sectors. (tatasteel.com, 2021)

SNTI also set up JN Tata Vocational Training Institute (JNTVTI) in 2015 to provide skill-based training in various sectors to increase employability for eligible and interested youths in and around the company. (jntvti.com, 2021)

Formation of Jamshedpur Labour association

On 5th March 1920, Jamshedpur Labour Association was formed, with Mr Surendra Nath Haldar elected as president. The employee welfare initiatives introduced in the 1920 agreement when the Jamshedpur labour association was formed were:

- 20 to 40% increase in minimum wages.
- Recognition of the Labour Association with some conditions.
- Implementation of the Provident funds and gratuity laws.
- Leave with pay.
- Implementation of service rules and other amenities.
- Workers' Accident Compensation Scheme.

Safety, training and Living conditions

Tata Steel, formerly known as TISCO, had set up a Labour Employment Bureau in 1921 to deal with skilled and semi-skilled workers. This was the first formal body for recruitment and to record information on labour rates and wages paid to workers and extract necessary information related to the worker's living conditions.

Welfare Activities	By Tata Steel	By Law in India	
Profit sharing bonus	1934	1965	Payment of Bonus Act
Retiring Gratuity	1937	1972	Payment of Gratuity Act
Study Leave	1945		
No retrenchment policy	1956		
Three- tier Joint consultative system	1956		
Life coverage scheme	1978		

Encashment of sick leave	1980		
Pension scheme	1989	1995	EPS
The incentive for Higher Technical Education (Diploma, Degree)	1990		
E.S.S (Early Separation Scheme)	1995		

Tata Steel introduced the *Profit-Sharing bonus* in 1934, and 31 years later, it was enforced by law in India in 1965 as the Payment of Bonus Act. In financial year 21-22 company announced a bumper bonus for Tata Steel employees with amounts varying from Rs. 41,448 as minimum and Rs. 4,58,411 as maximum. In addition, Tata Steel paid a goodwill amount of rupees 20,000 on request of the Union for the employees' outstanding performance during the COVID. (avenuemail.in, 2022)

Tata Steel introduced the *Retiring Gratuity Scheme* in 1937, and 35 years later, it was enforced by law in India by the name of the Payment of Gratuity Act. Gratuity shall be payable in case of superannuation/retirement/resignation only after the employee has served for not less than five years.

Personnel Department instituted in 1948

JRD Tata joined Tata Steel as an apprentice in 1925. From the time JRD Tata became chairman of Tata Steel, he made labour relations his particular concern. (The Social Audit Report , 1991)

The story goes, one day, when JRD was seriously ill in July 1943, he wrote from his sick bed a thoughtful 2,500-word note on human relations in Tata Steel, "If we have 50,000 machines, we would undoubtedly have a special staff or a department to look after them... but when employing 30,000 human beings, each with a mind of his own, we seem to have assumed that they would look after themselves and that there was no need for a separate organisation to deal with human problems involved." (entrepreneur.com, 2022)

In 1947 he established the Personnel Department, one of its kind in any corporate world. (twitter.com, 2020)

The personnel department, created in January 1947, was headed by Arthur Huges and appointed as the company's first personnel director. The personnel department serves the following functions:

1. Recruitment of all employees
2. Close collaboration with divisional and departmental heads in all matters relating to transfer, leave, promotion, discharge or dismissal or reemployment after discharge and release.
3. Setting up welfare activities like canteens, creches, sports recreations and community centres.
4. Supervision of compliance with provisions of the Factories Act and Mines Act
5. Public relations work, including radio relays, publication of house journals etc.
6. Courses on modern methods of scientific labour management and Labor Relations for the supervisory staff
7. Maintenance of contacts and relations with the Workers' Union
8. Maintenance of contacts and relations with the labour commissioner, the Chief Inspector of factories and other authorities dealing with labour matters
9. Collaboration with line executives related to the grievances, complaints and appeals received from employees or the union
10. Supervision of conditions of work and payment of wages of contractor's labour.
11. Interpretation of standing orders and other rules relating to service conditions
12. Study and examination of labour legislation.
13. Advice on changes in wages, rates, or bonus rates.
14. Dealing with all questions relating to the following subjects, some of which were formerly under the charge of other executives in respect of all employees.
 - Payment of retiring gratuity.
 - Payment of the company's contribution to the Provident fund.
 - Payment of settlement dues to the heirs of deceased employees.
 - Grants from the charity fund.
 - Payment of maternity benefits.
 - Award of Long Service Medals.

After the formation of the Personnel division, JRD Tata emphasised that the aim of the personnel and industrial relations program should be to find a solution to the problem of better relations between management and labour. (Pandey, 1989)

In 1945, Tata Steel initiated *Study leave policy*: According to this policy, permanent employees who have attained five years of service are generally eligible for a grant of study leave to pursue training or study, which, in the opinion of the Management, will be sufficiently valuable for the performance of their jobs. The requirement of five years' service can be waived in exceptional cases at the discretion of the Management, provided the employee has put in at least one year's service.

Tata Steel has a *no-retrenchment policy*: Tata Steel implemented a no-retrenchment policy in 1956. Along with the closure of the old facilities at Tata Steel, the company carried forward all employees despite their low education levels (tatasteel India., 2010).

Tata Steel set up *Three-Tier Joint Consultative Systems* in the year 1956. Introducing Joint Consultations in Tata Steel is one of India's most important landmarks in developing managed modern management philosophy. (Mahanty, 2004). The Joint Consultation System provides a platform for production, productivity, welfare, and safety issues. The three-tier system excludes collective bargaining problems & Individual Grievances. (tatasteel.com)

Tata Steel introduced a *life-coverage* scheme in the year 1978. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in profit and loss under employee benefits expense. A part of the Company's contribution is transferred to the Government administration pension fund.

Tata Steel introduced the *Encashment of Sick leave* in the year 1980. Employees covered under the Memorandum of Settlements can encash the sick leave due to them being over 60 days on half pay. The encashment is at the current rate of basic pay and dearness allowance as of the date of encashment. Superannuating employees will be allowed to encash sick leave due to them being over ten days on half pay at the time of superannuation, along with their settlement dues. Sick leave can also be encashed in the case of the death of an employee if the sick leave on half pay is more than ten days in their credit.

Tata Steel introduced *Pension Scheme* in 1989; six years later, it was enforced by law in India in 1995 as EPS.

Another pioneering scheme introduced by Tata Steel was an incentive for *higher technical education* (Diploma, Degree) in 1990. Employees acquiring a diploma or degree or post-graduate degree in the disciplines from a recognised University or Jamshedpur Technical Institute will be sanctioned benefit of an amount in existing basic salary as per rules in their grade, provided that the qualification so obtained will be helpful to the department where the employee is working.

Conclusion: Employees are the foundation for the corporate structure, and the companies can achieve their goals and objectives with them. Happy and well-contented employees will always contribute to the company's higher production and profitability. Tata Steel has successfully implemented better employee welfare facilities to enhance employees' living standards.

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