

**Social Security and Labour Welfare  
with Special Reference to  
Construction Workers in Kerala**

**C. P. John**

**Discussion Paper No. 65**

**Kerala Research Programme on Local Level Development  
Centre for Development Studies  
Thiruvananthapuram**

**Social Security and Labour Welfare with Special  
Reference to Construction Workers in Kerala**

C.P.John

English  
Discussion Paper

Rights reserved

First published 2004

Editorial Board: Prof. S. Neelakantan, Prof. P. R. Gopinathan Nair, H. Shaji

Printed at:

Kerala Research Programme on Local Level Development

Published by:

Dr K. N. Nair, Programme Co-ordinator,

Kerala Research Programme on Local Level Development,

Centre for Development Studies,

Prasanth Nagar, Ulloor,

Thiruvananthapuram

Cover Design: Defacto Creations

**ISBN No: ISBN No. 81-87621-68-0**

**Price:                      Rs 40**  
**US\$ 5**

## Contents

1.	Introduciton	5
2.	Social security and labour welfare in the unorganised sector	9
3.	Welfare fund model of social security measures	22
4.	Social security schemes and labour welfare funds of Kerala	28
5.	Kerala building and other construction workers welfare fund: Scope, function, and performance	33
6.	Kerala building and other construction workers welfare fund: A brief review of its finances	44
7.	Construction workers in Mazhuvannur <i>Panchayat</i>	54
8.	Summary and conclusion	76
9.	Appendix	79
10.	References	93



# Social Security and Labour Welfare with Special Reference to Construction Workers in Kerala

C. P. John

## 1. Introduction

The large gaps existing between the rich and the poor and the unorganised workers and the organised workers have led in several countries to attempts at providing social and economic security to the poor and to the unorganised sectors. In Kerala, the introduction of modern techniques of production and the growth of capitalist production relations had important implications for the traditional crafts as well as craftsman in Kerala. One of its implications has been the breakdown of the conventional social security set-up. Craftsmen in Kerala belonged to a specific caste group, namely, Kammala or Viswakarma. The social security system among craftsmen was embedded in the craft and caste traditions and practices. The customs and practices of the craft as well as of caste groups were eroded in the processes of change that transformed caste-based occupational traditions and the social structure itself.

The search for alternative institutions to fill the gap caused by social transformation was a long-drawn out process. The establishment of Welfare Fund Boards has been a major landmark in this pursuit. Labour welfare legislations, and the institutions constituted under them seem to have had a major impact on the informal labour markets of the State. They are also supposed to have added a new dimension to the social security system of Kerala. Yet, several issues involved in providing social security to workers in informal labour markets appear to have not received the attention they deserve. The present study on construction workers is an attempt to analyse the problems revolving around the Welfare Fund created for them, its impact on the lives of construction workers, and the financial solvency of the Fund in the long run.

The Kerala Building and other Construction Workers Welfare Scheme was introduced in 1989, and has been in operation since 1990. According to the latest information available

---

*ACKNOWLEDGEMENTS: I wish to express my deep sense of gratitude and indebtedness to Dr K.N. Nair, Programme Co-ordinator, KRPLLD, for his guidance, expert advice, and unfailing interest at all stages of my work. The number of researchers, friends, and family members from whom I have received constant encouragement and guidance is so large that I cannot even hope to mention them all. A few of them, however, stand out in my mind, without whose active involvement, this work would not have been in the shape in which it is now. First, I must acknowledge my gratefulness to Mr K.V. Surendra Nath, Ex.MP, and the Secretary of the Achutha Menon Centre and Library, Thiruvananthapuram, and Dr K.N. Harilal, CDS for encouraging me to do this work. I would be failing in my duty if I did not thank the staff of the Centre. I also grateful to Mr Chidamparam, practising Actuarial expert, for the benefit of personal discussions that enabled me to sharpen some of the arguments presented here. My sincere thanks are due to Mr Anil Kumar P for the constant assistance at all stages of my work including primary data collection and computer work. I owe a deep sense of gratitude towards Dr Balachandran and Dr Reji D Nair for their assistance.*

C. P. John is Member, State Planning Board, Thiruvananthapuram.

there are about 15 lakh construction workers in the State. Up to March 2000 the Welfare Board could enrol more than 8 lakh workers, who belong to both the traditional and the non-traditional sectors. For getting enrolled in these schemes, the workers should have completed the age of 18 years and should be below 60 years. In this scheme 26 types of workers are eligible to be enrolled, which include Brick workers, Masons, Carpenters, Blacksmiths, Plumbers, Fitters, Helpers, Electricians, Road workers, Welders, Seawall workers, and so on.

The Kerala Building and Other Construction Workers Welfare Fund (KBCWWF) has already mobilised around Rs 88 cr from workers and builders, and from the State Government. The main source of income of the Fund is the interest income accruing from its deposits in banks. The Fund has formulated several benefit schemes such as pensions, death benefit, accident/disease benefit, health and maternity benefit, housing assistance, family pensions, and grant for marriage of children. The number of workers receiving the benefits and the amounts involved has been increasing steadily.

### **Scope of the study**

The sustainability of the Welfare Fund is crucially dependent on the state of its receipts and disbursements. Evidence suggests that the Construction Workers Welfare Fund is unlikely to encounter any major financial crisis in the near future. The Fund managers can take pride in the huge amount of deposits they have accumulated over the years. But a close look at the data on disbursements, especially their trends, would reveal certain disturbing tendencies. Apparently disbursements are growing at a pace more rapid than that of receipts.

These trends call for a detailed examination of the source of income as well as items of expenditure. It would be interesting to make projections of the incomings as well as outgoings of the Fund to examine how and if they would balance over the long run. Incidentally, there seems to be scope for improving the proceeds from some of the sources including contributions from contractors. The scope for regulating the outflow of disbursements as well as of administrative expenditures also appears to be not too insignificant. The study would also make an attempt to analyse the activities of the Fund from the point of view of the workers. A comparison of the living conditions of members of the KBCWWF with those of non-members would help us understand the attainments of the Fund as well as its shortcomings.

### **Objectives**

The major objectives of the study are the following:

1. To account for the emergence of the Welfare Fund model of social security in Kerala with emphasis on the construction workers welfare fund, its organisational structure, and mode of functioning;
2. To analyse the sources of funds and payment commitments of the welfare fund;
3. To study the impact of the welfare funds on the social security environment of construction workers;
4. To study the socio-economic background of the construction workers with emphasis on

socio-psychological characteristics of the elderly among them; and  
5. To suggest policy measures to improve the functioning of the Welfare Fund.

## **Methodology**

The evaluation on the functioning of the KBCWWF is made on the basis of information collected from secondary sources such as the annual reports of the Welfare Fund. In order to analyse the solvency of the Fund over the long run, the actuarial method is employed. For this purpose 30,000 entries relating to pensioners in six selected districts of the State were collected.

To study the impact of the welfare schemes on the construction workers and their families, a primary survey was conducted using semi-structured pre-tested and interview administered questionnaires. The survey was supplemented by detailed key-informant interviews and focus-group discussions among workers. It was not possible to attempt a census survey of all the members of the KBCWWF given the limitations of time and resources available for the study. Therefore, an area-specific study based on Mazhuvannur *Panchayat* of Kunnathunadu *taluk* in Ernakulam district was attempted. The operations of the Welfare Fund activities were found to be widespread. Samples of workers were drawn from both urban and rural areas.

The sample workers were divided into three groups: (1) Members of the KBCWWF, (2) Non-members, and (3) Elderly workers who are pensioners. From the census data of the *taluk*, construction workers were identified with the help of knowledgeable persons in the locality and people's representatives. Fifty households from each of the three categories were selected at random.

Studies of the working and living conditions of workers in the informal sector in India are few. Based on a sample survey in Delhi, Johri, CK and SM Pandey (1972) found that extension of social security to the unorganised sector was not merely a matter of extension of existing organised sector schemes to new groups but it involved development of a different and more diversified set of schemes. Subrahmanya (1994) defined the concept of social security in its broadest sense, as support provided by the society to the individual to enable him to attain a reasonable standard of living and to protect the standard from falling due to any contingency.

Jayadevadas (1980), based on his study of coir workers, suggested that the model before the trade unions in Kerala was that of modern industrial employment characterised by high wage rates, stable employment, fair working conditions, non-wage benefits, and long-term economic security. According to Harilal (1986) construction workers are overwhelmingly rural landless migrants compelled to seek employment in the construction sector due to indebtedness, inadequate employment and insufficient income.

Based on their study on building industry in Pune, Rao and Deo observed that self-help organisations constitute the sole agencies, which guarantee the minimum standards of social and economic security to workers in non-traditional and informal sectors of the society.

K. P. Kannan (2002) stated that the ever-increasing demand for Welfare Funds for each and every sub-sector of the informal sector may be viewed as a desperate reaction of the workers for a measure of social security in an unprotected labour market.

Guha has argued that given the multiplicity of sectors, and employment and socio-economic patterns in each State, as well as of grassroots organisations and NGOs, it is undesirable to impose uniform patterns on social security systems (Thakurtha Guha, 1980).

Though these studies provide valuable insights into the informal labour markets, none of them has undertaken analysis of real situations and socio-economic realities of construction workers and activities of Welfare Boards, at micro levels. The present work is an attempt in this direction.

### **Scheme of the study**

The study has two major dimensions. The first pertains to the Welfare Fund: its functioning; sources of receipts; disbursements; commitments; future prospects. The second dimension is related to the impact of the Welfare Fund, especially on the welfare of the workers and the social implication of the welfare fund model of social security.

The study is divided into eight sections. A discussion of development strategies and existing status of labour welfare schemes in operation in the unorganised sector is made in the second section. In the third section, the Welfare Fund model of social security arrangements is briefly examined. An evaluation of the functioning of Labour Welfare Funds in Kerala is undertaken in the fourth section. The analysis of the Kerala Building and Construction Workers Welfare Fund and its operation and financial security is undertaken in the fifth section. In the sixth section the solvency and existence of the KBCWWF is examined by using the actuarial method. The seventh section contains a discussion of the socio-economic status of construction workers. The final section summarises the findings of the study and makes a few recommendations.



## **2. Social Security and Labour Welfare in India: A review**

Social security is one of the pillars on which the structure of a welfare state rests, and it constitutes the hard core of social policy in most countries. It is through social security measures that the state attempts to maintain every citizen at a certain prescribed level below which no one is allowed to fall. It is the security that society furnishes through appropriate organisation, against certain risks to which its members are exposed (ILO, 1942). Social security system comprises health and unemployment insurance, family allowances, provident funds, pensions and gratuity schemes, and widows' and survivors' allowances. The essential characteristics of social insurance schemes include their compulsory and contributory nature; the members must first subscribe to a fund from which benefits could be drawn later. On the other hand, social assistance is a method according to which benefits are given to the needy persons, fulfilling the prescribed conditions, by the government out of its own resources. The present section reviews labour welfare activities in India with particular emphasis on the unorganised sector.

Although provisions for workmen's compensation in case of industrial accidents and maternity benefits for women workforce had existed for long, a major breakthrough in the field of social security came only after independence. The Constitution of India (Article 41) laid down that the State shall make effective provision for securing the right to public assistance in case of unemployment, old age, sickness and disablement and in other cases of undeserved want. The Government took several steps in compliance of the constitutional requirements. The Workmen's Compensation Act (1926) was suitably revised and social insurance programmes were developed for industrial workers. Provident funds and gratuity schemes were introduced in most industries, and maternity legislation was overhauled. Subsequently, State governments instituted their own social assistance programmes.

The provisions for old age comprise pension, provident fund, and gratuity schemes. All the three provisions are different forms of retirement benefits. Gratuity is a lumpsum payment made to a worker or to his/her heirs by the company on termination of his/her service due to retirement, invalidity, retrenchment or death (Bajpayee and Shanker, 1950).

### **Concept of labour welfare**

In its broad connotation, the term welfare refers to a state of living of an individual or a group in a desirable relationship with total environment – ecological, economic, and social. Conceptually as well as operationally, labour welfare is a part of social welfare which, in turn, is closely linked to the concept and the role of the State.

The concept of social welfare, in its narrow contours, has been equated with economic welfare. Pigou defined it as "that part of general welfare which can be brought directly or indirectly into relations with the measuring rod of money" (Pigou, 1962). According to Willensky and Labeaux, social welfare alludes to "those formally organised and socially sponsored institutions, agencies and programmes which function to maintain or improve the economic conditions, health or interpersonal competence of some parts or all of a popula-

tion” (Willensky and Labeaux, 1918). As these goals may not always be realised by individuals through their efforts alone, the government came into the picture and gradually began to take over the responsibility for the free and full development of human personality of its population.

Labour welfare is an extension of the term Welfare and its application to labour. During the industrialisation process, the stress on labour productivity increased; and brought about changes in the thinking on labour welfare. An early study under the UN observed as follows “in our opinion most underdeveloped countries are in the situation that investment in people is likely to prove as productive, in the purely material sense, as any investment in material resources and in many cases, investment in people would lead to a greater increase of the flow of goods and services than would follow upon any comparable investment in material capital” (UN, 1951). The theory that welfare expenditure, especially expenditure on health and education, is productive investment has led to the view that workers could work more productively if they were given a fair deal both at the work place and in the community.

The concept of labour welfare has received inspiration from the concepts of democracy and welfare state. Democracy does not simply denote a form of government; it is rather a way of life based on certain values such as equal rights and privileges for all. The operation of welfare services, in actual practice, brings to bear on it different reflections representing the broad cultural and social conditions. In short, labour welfare is the voluntary efforts of the employers to establish, within the existing industrial system, working and sometimes living and cultural conditions of the employees beyond what is required by law, the custom of the industry and the conditions of the market (A. J. Todd, 1933).

The constituents of labour welfare included working hours, working conditions, safety, industrial health insurance, workmen’s compensation, provident funds, gratuity, pensions, protection against indebtedness, industrial housing, rest rooms, canteens, crèches, wash places, toilet facilities, lunches, cinemas, theatres, music, reading rooms, holiday rooms, workers’ education, co-operative stores, excursions, playgrounds, and scholarships and other help for education of employees’ children. All labour welfare measures have the following objectives:

1. Enabling workers to live richer and more satisfactory lives;
2. Contributing to the productivity of labour and efficiency of the enterprise;
3. Enhancing the standard of living of workers by indirectly reducing the burden on their purse;
4. Enabling workers to live in tune and harmony with services for workers obtaining in the neighbourhood community where similar enterprises are situated;
5. Based on an intelligent predictions of the future needs of the industrial workers, designing policies to cushion off and absorb the shocks of industrialisation and urbanisation to workers;
6. Fostering administratively viable and essentially developmental outlook among the workforce; and
7. Discharging social responsibilities.

## **Principles of labour welfare**

Certain fundamental considerations are involved in the concept of labour welfare. The following are the more important among them.

### ***Social responsibility of industry***

This principle is based on the social conception of industry and its role in the society that is, the understanding that social responsibility of the state is manifested through industry. It is assumed that labour welfare is an expression of industry's duty towards its employees. Social responsibility means that the obligation of the industry to pursue those policies, to take such decisions, and to follow those lines of action which are desirable in terms of the objectives and values currently obtaining in the society. The values of the Indian community are enshrined in the constitution of the country.

Labour welfare is not embroidery on capitalism nor the external dressing of an exploitative management; rather, it is an expression of the assumption by industry of its responsibility for its employees (Maurioce Bruce, 1961). Industry is expected to win the co-operation of the workers, provide them security of employment, fair wage, and equal opportunity for personal growth and advancement, and make welfare facilities available to them.

### ***Democratic values***

The principle of democratic values of labour welfare concedes that workers may have certain unmet needs for no fault of their own, that industry has an obligation to render them help in gratifying those needs, and that workers have a right of determining the manner in which these needs can be met and of participating in the administration of the mechanism of need gratification. The underlying assumption to this approach is that the worker is a mature and rational individual who is capable of taking decisions for himself/herself.

### ***Adequacy of wages***

The third principle of labour welfare is adequacy of wages; it implies that labour welfare measures are not a substitute for wages. It will be wrong to argue that since workers are given a variety of labour welfare services, they need be paid only low wages. Right to adequate wage is beyond dispute.

### ***Efficiency***

The fourth principle of labour welfare lays stress on the dictum that to cultivate welfare is to cultivate efficiency. Even those who deny any social responsibility for industry do accept that an enterprise must introduce all such labour welfare measures which promote efficiency (Marshall, 1950). It has been often mentioned that workers' education and training, housing, and diet are the three most important aspects of labour welfare, which always accentuate labour efficiency.

## ***Re-personalisation***

Since industrial organisation is rigid and impersonal, the goal of welfare in industry is the enrichment and growth of human personality. The labour welfare movement seeks to bring cheer, comfort, and warmth in the human relationship by treating man as an individual, with quiet distinct needs and aspirations. Social and cultural programmes, recreation and other measures designed after taking into consideration the workers' interests go a long way in counteracting the effects of monotony, boredom, and cheerlessness.

## ***Co-responsibility***

The sixth principle of labour welfare recognises that the responsibility for labour welfare lies on both employers and workers and not on employers alone (Moorthy, 1958). Labour welfare measures are likely to be of little success unless mutuality of interest and responsibilities are accepted and understood by both the parties, in particular the quality of responsibility at the attitudinal and organisational level.

## ***Totality of welfare***

The final principle of labour welfare is that the concept of labour welfare must permeate throughout the hierarchy of an organisation, and accepted by all levels of functionaries in the enterprise.

## **Social security and unorganised labour**

Social security is the protection which society provides for its members, through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction in earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death; provision of medical care, and the provision of subsidies for families with children (ILO, 1989). The system of social security was started with the organised sector. However, owing to pressures brought on the state and the society by the growing awareness within the unorganised sector, concern is increasingly being expressed and attention given to expanding legislative and social security protection to the unorganised sector.

Social security schemes should be linked to economic security, including employment, income, and assets. There should be a convergence of the ways of reaching sustainability and of attaining expanded coverage. The growing demands of the unorganised labour force and their attempts to organise themselves can be met by a decentralised participatory social security system. It will lead to a release of the people's creative energies and a rapid growth of social security for the organised sector. Extending social security to the unorganised sector is not merely a matter of extending existing organised sector schemes to new groups for the following reasons (Getupig, et al, 1992).

1. Unorganised sector is not a homogenous category;
2. Identifying the employer in this sector is difficult;
3. Unlike the organised sector, where steady and regular employment is a given fact, un-

ganised sector workers need employment security, income security, and social security simultaneously; and

4. Needs of the unorganised sector workers vary from those of the organised sector.

Welfare amenities stipulated in the Factories Act, Mines Act, Plantations Labour Act, etc., are employment-based, in the sense that such Acts are applicable to undertakings employing the minimum prescribed number of workers. Outside the realm of these Acts, there are a large number of small-scale establishments, which have no obligation, statutory or otherwise, to provide welfare amenities to their workers. These establishments are located in both urban and rural areas, and are engaged mostly in processing primary products or in supplementing the existing large-scale industries in transportation, construction, and retail trade. (Ghosh Subratesh, 1996). The precise estimate of their employment strength and their wage, welfare and working conditions are not known.

The very nature of industry, the frequent collusion between the employer and his workmen and place of work often being in the backyard of the employers' dwelling are some of the social problems which stand in the way of bringing the real picture of labour conditions to light. In the absence of any reliable data necessary for policy recommendations, one could take stock of the situation only in terms of opinions expressed by knowledgeable sources.

### **Social security measures in unorganised sector in India**

Social security comprises two types of measures, promotional and protective. Promotional measures consist mainly of employment, training, and nutrition schemes, by which persons are enabled to work and earn a livelihood. On the other hand, protective measures consist of schemes by which the State provides the means of livelihood when a person is not able to work (Sankaran, T.S, 1993). ILO standards relating to social security are mainly protective and have been designed primarily for workers in the organised sector. Both promotional and protective measures are necessary to provide adequate social security facilities.

#### ***Medical care***

According to ILO recommendation No.69, medical care should be provided either through a social service medical care service, with supplementary provisions by way of social assistance, to meet the requirements of people in need who are not covered by social insurance, or through a public medical service (ILO, 1984). It requires that complete preventive and curative care be available, care which is rationally organised and co-ordinated with general health services. In India, medical care is provided largely by the public medical service, by private doctors and hospitals, and to a limited extent by social insurance schemes, welfare funds, and voluntary health associations. Some of the Welfare Funds in Kerala have adopted the reimbursement of the cost of medical care at standard rates or actuals, whereas the Employees State Insurance Scheme is based on providing the service directly under an integrated arrangement in which the financing and the medical services vest with the same organisation. On the other hand, some of the public sector establishments provide service indirectly by entering into contract with doctors, diagnostic centres, and hospitals.

### ***Sickness benefit***

Sickness benefit is payable when an insured person has to stop work due to his poor health conditions, and such a stop in work usually entails reduction or stoppage of earnings. Cash benefit is designed to replace in whole, or in part, the lost earnings. In India, there is provision for payment of sickness benefit under the Employees State Insurance Scheme (Government of India, 1996). Employees of Central and State governments and some public and private sector establishments are entitled to medical leave on half-pay.

### ***Maternity benefit***

One of the earliest conventions adopted by ILO was the Maternity Protection Convention in 1919. The purpose of this Convention was to ensure that a woman worker would be able to sustain herself and her baby during the period immediately before and after her confinement. Maternity benefit is usually provided under a social insurance scheme along with medical care and sickness benefit. In India maternity benefit is provided under the Maternity Benefit Act (as an employers' liability) the Employees State Insurance Act (as a part of the health insurance scheme), the *Beedi* and Cigar (Conditions of Employment) Act, *Beedi* and Cigar Labour Welfare Fund Act, and the various State government schemes for social assistance. The National Social Assistance Programme also provides for payment of maternity benefits in lump sum.

### ***Employment injury benefit***

Employment Injury Benefit is the most widely adopted branch of social security, and is also known as workmen's compensation. According to ILO Recommendation No.67 concerning income security, the contingency for which compensation for employment injury should be paid, is traumatic injury, or disease in the course of employment, and not injury brought about deliberately, or by serious and wilful misconduct of the victim, which results in temporary or permanent disability or death (ILO, 1984). This is a cash benefit but is often associated with medical care. In India, employment injury benefit is provided under the Workmen's Compensation Act and the Employees State Insurance Act. While the former Act is applicable to some employment in the unorganised sector, such as the construction industry, the latter Act is applicable mainly to workers in the organised sector.

### ***Old-age benefit***

Old age, invalidity, and survivors' benefits are the main long-term social security benefits, which are of great importance in any social security scheme. ILO conventions stipulate that the pensionable age should not be more than 65 years, unless required by demographic, economic, and social criteria, and that there should be a lower age for persons engaged in arduous occupations. Old age pension may be at a flat rate, or be related to one's past earnings. The current trend appears to be toward building a multi-tiered system consisting of a basic minimum pension and one or more earnings-related pensions. In India old-age benefit is provided as follows (Ministry of Labour, 1996).

(a) Government employees:

Paid by respective governments on the basis of employers' liability.

(b) Employees' pension scheme:

Workers covered under the Employees Provident and Miscellaneous Provisions Act.

(c) Destitutes and persons below the poverty line:

Paid under national old age pension scheme and old age pension schemes of State governments.

There exist no pension schemes for the self-employed, or for workers employed on a casual, temporary or intermittent basis who are not destitute, and who are not covered by the Employees Provident Fund and Miscellaneous Provisions Act.

### ***Invalidity benefit***

Invalidity benefit is meant for people who have permanently lost their capacity to earn to the extent prescribed. According to ILO Recommendation No.67 concerning income security, the contingency in which invalidity benefit is payable is the inability to engage in any substantially gainful activity, because of a chronic condition due to disease or injury, or because of the loss of a member or its proper functioning. The relevant ILO convention specifies 15 years of contribution or employment or 10 years of insurance. But usually one requires only a few years' insurance, say five years, a part of which needs to be immediately preceding the invalidity. In India, the Employees Pension Scheme introduced in 1995 provides for invalidity benefits.

### ***Survivors' benefit***

This benefit is meant primarily for widows and children of persons covered by Social Security Schemes who cease to have any financial support on the death of their breadwinner. However, national legislation often recognises claims of other dependents provided there are no primary beneficiaries. A widespread practice is to base the survivors' pension on the rate of the old age pension the deceased was receiving or would have received (Sankaran, T.S, 1993). In India, survivors' benefit is provided under the Employees State Insurance Act and Workman's Compensation Act in case of death of a person engaged in any employment covered under these Acts. This benefit is provided under the Employees Provident Fund and Miscellaneous Provisions Act in case of the death of a member of the scheme for any reason. Insurance schemes of the Life Insurance Corporation and General Insurance Corporation also provide this benefit. The National Family Benefit Scheme extends this benefit in case of the death of the breadwinner of a family which lies below the poverty line.

### ***Unemployment benefit***

The underlying principle of unemployment benefit is that if a person, through no fault of his, is deprived of his income, he has a right to expect income support, at least for the necessities of life while he remains available for work. According to ILO recommendations No.67, the contingency in which unemployment benefit should be paid is loss of earnings due to a state of unemployment of an insured person who is ordinarily employed, a person who is capable of regular employment in some occupation and is searching for suitable employment or due to

part time unemployment (Government of India, 1995-'96). Its main purpose is to deal with temporary unemployment of employed persons and not the extensive and prolonged unemployment and under-employment found in many developing countries. The payment of the benefits depends on satisfying the qualifying clause of covered employment, and a waiting period may also be applied.

### ***Family benefit***

ILO Recommendation No.67 says that society should co-operate with parents, and give general assistance designed to secure the wellbeing of children. This benefit is intended to assist families in raising their children. Although there are no family benefit schemes in India, which provide for the payment of cash allowances to families for the maintenance of children, there exist many schemes which help families of Scheduled Castes/Tribes, minorities and other weaker sections of society, in the discharge of their responsibilities for education of their children, marriage of their daughters, construction of houses, and meeting funeral expenses.

### **Strategies for social security in unorganised sector**

The majority of the Social security schemes implemented in the country were in the organised sector, keeping large numbers outside the realm of the Social security net (Berman, 1995). A beginning has been made lately to provide social insurance for workers in the unorganised sector, with the help of the Central and the State governments. These schemes are administered by government agencies, co-operatives or NGOs, and are a combination of social assistance and social insurance.

### ***Insurance schemes***

The Life Insurance Corporation of India has developed group insurance, which is akin to social insurance based on large numbers, and has the potential to provide social security to persons in the unorganised industrial and agricultural sectors. There exist now several other group insurance schemes for the unorganised sector workers such as milk producers, handloom weavers, rickshaw pullers, shop assistants, *beedi* workers, and fish farmers. The schemes of the LIC provide mainly survivor benefits; however, some also provide old-age pensions. The General Insurance Corporation (GIC) of India also administers a few social security schemes for poor families, a Hut Insurance Scheme, and a Solatium Fund. In addition, GIC has introduced a Health Insurance Scheme, and has been administering the comprehensive Group Insurance Scheme for the Central Government. The schemes of the General Insurance Corporation provide invalidity benefits, or health insurance, or protection against loss of property.

### ***National Social Assistance Programme***

Of the various protective schemes in existence for workers in the unorganised sector, the most important is the National Social Assistance Programme introduced in 1955 (Wadhawan, 1989). It provides social assistance to poor households in the case of old age, death of the



breadwinner, and maternity through the National Old Age Pension Scheme, National Family Benefit Scheme, and the National Maternity Benefit Scheme respectively. Under the National Old Age Pension Scheme, Central assistance is provided to States for payment of old age pension to persons who are of the age of 65 years or more. In addition to the National Old Age Pension Scheme, all State governments and Union territories have their own old-age pension schemes.

### ***Other pension schemes***

Apart from the old-age pension schemes already referred to, the States Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra, and Gujarat have pension schemes for agricultural workers. Many states have extended the old-age pension scheme benefits to destitute widows, physically and mentally retarded persons, freedom fighters and indigent artists; and some have also set up homes for destitute widows and deserted /divorced women. Under the Family Benefit scheme assistance is given to families below the poverty line on the death of their breadwinner; under the National Maternity Benefit scheme assistance is given to pregnant women for the first two childbirths.

### ***Welfare Funds***

Welfare funds represent one of the models tried in India for providing social security protection to workers in the unorganised sector. There exist broadly two types of welfare funds – contributory and tax-based. The Government of India has set up tax-based welfare funds for mine workers, beedi rollers, cine workers, and workers in the building industry; these funds are financed by cess levied on the production or export of specified goods. They provide mainly medical care, assistance for the education of children, housing and water supply, and recreational facilities. There are nearly 20 Welfare Funds constituted by Government of Kerala for the benefit of different target groups such as agricultural workers, head-load workers, construction workers, coir workers, cashew workers, motor transport workers, autorickshaw workers, toddy workers, and artisans the majority of which are contributory.

### **Existing models of social security and labour welfare**

Since India has committed to the welfare of the marginalised sections of the society the government has taken upon itself the delivery of all types of social services and social security. This pattern is reflected in existing models of social security delivery as may be seen from Table 2.1. There are mainly three types of social security models: employers' liability, social insurance, and social assistance. The last category includes welfare funds of Central government, welfare funds of State government, subsidised insurance schemes, and other forms of social assistance. The beneficiaries of the first (employers' liability) are mainly workers in the organised sector, whereas under social assistance the beneficiaries are both workers in the organised sector and workers in the informal sector. The latter belong in generally to the marginalised sectors. In the context of growing privatisation of services on the one hand and the growing awareness and organisation of the oppressed sections of workers on the other, it is necessary to search for models of effective social security provision to all the unorganised sector workers.

**Table 2.1 Existing Models of Social Security**

<b>Model</b>	<b>Nature of Benefit</b>	<b>Beneficiaries Arrangement</b>	<b>Administrative/ Financial</b>
1.Employers' Liability 3.Gratuity	1.Workermen's comp. 2.Maternity Benefit Organised Sector 4.Retrenchment comp.	Workers in the and pay exclusively	Employers manage .
2.Social Insurance	(A) 1.Medical Care 2.Sickness 3.Maternity 4.Occupational Injury	Workers in the Organised sector	Administered by Employees' State Insurance Corporation financed out of contributions from employers, employees and State Governments
	(B)1.Old-age benefit 2.Invalidity benefit 3.Survivors' benefit 4.Provident Fund	Workers in the organised sector and some sections of workers in the unorganised sector	Administered by central Board of Trustees, financed by contributions from employers, employees and central government.
3.Social Assistance (a)Welfare Funds of Central Government	(A) 1.Medical care 2.Education 3.Housing 4. Water Supply	1. Mine workers 2. Beedi workers 3. Cine workers 4. Building works	Administered Departmentally financed by special levies in the form of cesses.
	(B) 1.Education 2.Old-age Benefit 3.Survivors' Benefit		
(b) Welfare Funds of Kerala Government	1.Old-age Benefit 2.Meical Care 3.Education 4.Assistance for marriage, housing etc.	Workers in the unorganised sector, such as handloom workers, Coir Workers and Cashew Workers.	Administered by autonomous boards financed by contributors from employers, workers and others.

(c) Subsidised Insurance	1.Survivors' benefit 2. Invalidity benefit	Vulnerable groups of workers such as agricultural workers and handloom workers.	Administered by LIC and GIC, financed by contributions from central and state Governments
(d) Other Forms of Social Assistance	1.Old-age benefit 2.Maternity benefit 3.Survivors' benefit 4. Assistance for: employment training education etc.	Persons outside the job market and below the poverty line, destitutes, orphans, deserted, and divorced women, widows, disabled persons, SCs., STs., OBCs, etc.	Administered Departmentally financial from general revenues

Source: Government of India, Annual Report, 1995-'96.

Social security for the unorganised workers cannot be reached by centralising and standardising schemes; they can be reached by 'letting a hundred flowers bloom' and encouraging workers themselves to take initiative (Subramanya, 1994). People remain weak and vulnerable partly because they are unorganised and hence isolated and powerless. The provision social security can itself be a means that would lead the unorganised sector workers to organise and become empowered. Security of needs like food, health care, housing and child care, is empowering for vulnerable unorganised sector workers and helps them to alter their bargaining positions in the market (Sen and Dreze, 1990). Centralised non-participatory systems tend to be dis-empowering, while participatory and beneficiary-run systems lead the workers to organise themselves.

### **Labour welfare in the construction industry**

The construction industry has several features that distinguish it from most other industries so far as the welfare of workers is concerned. The majority of construction sites are of a temporary nature, since most structures require little attention of construction workers once construction is completed. This factor, making for mobility of labour in the construction industry, raises special problems on sites, where temporary arrangements must suffice for the provision of welfare amenities. The desirable and practicable amenities would be different according to the duration of the individual work sites, which may widely vary from one another. Some works may be completed in a matter of days, some may last for weeks or months and a few large sites may last for several years.

Mobility of certain construction work-places may also affect the provision of welfare facility. Some work-places such as house construction sites are stationary, while others such as those for the laying of pipelines, and construction of road ways, canals, railways, and water mains, move as the work progresses, so that the site conditions are even more temporary (Anand, 1986). It is clear, particularly in cases in which the distance travelled on any one

job may be appreciable, that any structures associated with the provision of welfare facilities would have themselves to be mobile so as not to become too far removed from the work place.

Sometimes the nature of construction industry results in many sites being not only far away from workers' homes, but also from the normal social and health amenities associated with community line (Subrahmania, et al, 1982). In such cases, in addition to temporary housing, a whole range of social amenities are to be arranged, which might require careful planning and expenditure. It means that the presence or absence of social amenities in the immediate neighbourhood would have considerable bearing on welfare requirements at the site itself.

The welfare facilities provided on construction sites would in many cases depend on the number of workers engaged. In many countries the rules themselves specify the requirement of certain standard welfare amenities at the construction site. When a number of different firms employ labour to carry out works on the same site, it may be possible to pool resources in the provision of welfare amenities (Rao and K.P.Deo, 1979). Under joint management, collaboration among contractors may greatly facilitate provision of adequate welfare amenities.

When workers do not normally live in the neighbourhood of the works it may be necessary to provide for a whole series of welfare facilities, such as transport, periodic home leave, canteens and social amenities depending on the distance of the homes of the workers from the work place. On sites of long duration it may be desirable and practicable to provide housing and other amenities for the workers' families.

Work in cement production plants and plants associated with manufacture of building materials differs from construction work proper, due to exposure of workers to dust and other pollutants, a menace which calls for special welfare amenities (Thakurtha, 1980). Adequate installations, such as 'Cyclones' or other devices should be provided in order the exhaust dust. Protective clothing, in particular coats and gloves, should also be supplied to them in order to prevent spoliation of their apparel with cement dust, which might 'cake' should the clothing become moist, as during a shower, and also to protect their skin from allergic reactions.

The need for provision of most welfare facilities arises primarily from considerations of safety and hygiene. Thus the provision of protective clothing and facilities for drying cloth may be called for by the particular conditions of the work and the exposure to which workers are subjected. The arrangements for disinfection, first aid and sanitary, dietary and sleeping facilities in hostels for workers must satisfy the hygienic and safety requirements of the situation.

The International Labour Organisation (1950) has put forward important guidelines for labour welfare facilities in construction industry (Table 2.2). The facilities include shelter, meals, protective clothing, accommodation, sanitary facilities, recreation, transportation, and leave.

**Table 2.2 Labour Welfare Facilities in the Construction Industry**

<b>Sl.No.</b>	<b>Area of Facility</b>	<b>Amenities Required</b>
1	Shelter	(i) Type of structure required under different conditions (ii) Supervision and maintenance
2.	Meals and Canteens	(i) Cooking facilities for workers for preparation of meals. (ii) Dining facilities (iii) Kitchen arrangements (iv) Mobile canteens (v) Catering control (vi) Sharing of catering costs by employers and workers
3.	Clothing	(i) Accommodation for drying and storage (ii) Heating arrangements (iii) Provision for protective clothing (iv) Renewal (vi) Laundry arrangements
4.	Accommodation	(i) Type of structure required for sleeping (ii) Heating, lighting and ventilation arrangements (iii) Provision of beds and bedding
5.	Washing and sanitary facilities	(i) Sources, purification and distribution of water supply (ii) Water-heating arrangements (iii) Structural requirements (iv) Shower baths (v) Latrines and water closets (vi) Sewage disposal (vii) Disinfection arrangements
6.	Recreation and Cultural Activities	(i) Organisation of games, lectures, cinema shows competitions etc. (ii) Organisation of camp libraries
7.	General Environment of site camps	(i) Layout, appearance and maintenance of camp (ii) Pathways, fencing, grass plots etc
8.	Transportation facilities	(i) Standard of transportation (ii) Payment to workers in respect of travelling time
9.	Indemnities and home leave for workers on distant sites	(i) Purpose and amount of indemnity (ii) Frequency (iii) Payment for travelling time (iv) Provision for visits by families
10.	Organisation and control	At all levels

### 3. Welfare Fund Model of Social Security Measures

Welfare Funds represent one of the models developed in India for providing social security protection to workers in the unorganised sector. Funds are raised by levying a cess on the production, sale or export of specified goods, or through contributions from various sources including employers, employees, as well as the government; the funds are used for meeting expenditure for the welfare of workers.

The present section reviews the growth and functioning of Welfare Funds in the country. The major limitations of the Welfare Fund model of social security are reviewed. The need for unification of the different Welfare Funds for the purpose of transparency and adaptation on practical grounds is also discussed.

#### Historical growth

The need for organised welfare activities for industrial labour was forcefully brought out by the Textile Labour Enquiry Committee, in its report to the Government of Bombay in 1937 (TLIC, 1938). As a result, a number of labour welfare activities came to be established particularly during the Second World War period. In 1944, the Government of India promulgated through an ordinance the Coal Mines Labour Welfare Fund. A Scheme to set up Labour Welfare Trust Funds formulated by the government was discussed at the eighth meeting of the Standing Labour Committee (SLC) held in March 1946. The Scheme was also considered at the seventh and the ninth sessions of the Labour Ministers' Conference, and again at the twelfth session of SLC. A draft bill was prepared in the light of these discussions and submitted to the Indian Labour Conference (ILC) for consideration at its eleventh session. In 1954, the Government of India wrote directly to several employers' and workers' organisations impressing upon them the need to institute Welfare Funds. Meanwhile, the States also instituted Funds for industrial welfare.

Labour Welfare Funds may be categorised into industry-wise funds, State-level funds, and enterprise-level funds (Giri V.V, 1962). Industry-wise funds exist in coal, mica, iron ore, gold-mining, and sugar industries, plantations, and toddy tapping. State-level funds are framed under the jurisdiction of State-level boundaries. Enterprise-level funds exist in most undertakings of the Central Government, such as Post and Telegraphs, Ordnance Factories, and Railways.

Kerala has set up more than 20 Welfare Funds for the benefit of workers. They include funds for abkari workers, agricultural workers, autorikshaw workers, cashew workers, coir workers, construction workers, and transport workers. A statutory fund was created for financing welfare measures for plantation workers in Assam. Similar funds have been set up also in Gujarat, Maharashtra, Karnataka, and Punjab.

The Welfare Funds have been set up by special Acts of Parliament. For example, *Beedi* workers are covered by the *Beedi Workers Welfare Fund Act* of 1976, Mine workers by the *Iron Ore, Manganese Ore And Chrome Mines Labour Welfare Fund Act, 1976*; and building

workers by the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act of 1996. In addition, separate laws have been enacted for collecting cess. The Welfare funds set up by the Central Government are financed by levying a cess on specified goods (Table 3.1). Wide variations are seen in the rate structure of the cess. The duty on mica is on an *ad valorem* basis, whereas the duties on other commodities are at specific rates, ranging from Rs 0.50 to Rs 4 per metric tonne.

**Table 3.1 Financing of the Central Welfare Funds**

Sl.No.	Name of the Act	Cess Levied on	Amount of cess
1.	Mica mines Labour Welfare Fund Act, 1946	Value of exports of mica	4.5 percent
2.	Lime Stone and Dolomite mines Labour Welfare Fund Act, 1973	Production of limestone, dolomite	50 paise/ metric tonne
3.	Iron ore, Manganese ore and Chrome ore mines labour Welfare Cess Act, 1976	Production of Iron ore Manganese ore Chrome ore	Rs. 1/MT Rs. 2/ MT Rs. 4/MT
4.	Beedi Workers Welfare cess Act, 1976	Manufacture of Beedis	50 paise/ 1000 <i>Beedis</i>
5.	The Cine Workers Welfare Cess Act, 1981	Production of feature films	a.Hindi films Rs.10,000/Film b.South Indian Rs 5000/ Film c.Marathi& Bangali Rs 3000/ Film d.Other Films Rs2000/ Film
6.	The Building and other Construction Workers Welfare Cess Act	Cost of Construction	2 Percent

Source: Ministry of Labour, Annual Report, 1995-'96

### Benefits provided by Welfare Funds

As mentioned earlier, Welfare Funds are broadly grouped into tax-based and contributory. The funds set up by the Central government are tax-based, while those set up by the Government of Kerala are mostly contributory. A contributory scheme is akin to social insurance. In India, there is only one social insurance scheme, namely the Employees Social Insurance Scheme, the experience of which has not been encouraging. Nor has been the experience of Kerala with contributory schemes with limited coverage, satisfactory. Increasing difficulty is experienced in collecting contributions. In Indian conditions, from the practical point of view, tax-based schemes would appear to work better.

The end-use of the Welfare Funds is prescribed in the laws or schemes concerned. The majority of Welfare Funds are used, *inter alia*, for improvement of public health and sanitation; prevention of disease; and provision and improvement of medical care, water supplies

and washing, and educational facilities; improvement of standards of living, including housing and nutrition; amelioration of social conditions; provision of recreational facilities; and family welfare including family planning, and other services (Ministry of Agriculture and Co-operation, 1995-'96). In actual practice, most of the expenditure from the Welfare Funds has been on health, education, and housing.

The Central Welfare Funds have adopted the integrated model of health care and undertaken to provide medical services directly. The assistance and facilities provided for medical care include purchase of spectacles for persons with ophthalmic problems, reimbursement of actual expenditure for heart disorders, kidney transplants and cancer, reservation of beds in hospitals that treat tuberculosis and for domiciliary treatment for those with tuberculosis, grant for treatment, diet, and transportation charges, subsistence allowance for those with mental disorders or leprosy, and the supply of artificial limbs for orthopaedic problems (Ministry of Rural Areas and Employment, 1996). Table 3.2 shows the number of workers covered under the welfare funds and the expenditure incurred on their health during the year, 1993-'94.

**Table 3.2 Expenditure of Central Welfare Funds on Health, 1993-'94**

Sl. No.	Welfare Funds	No. of Workers Benefited (Rs In Lakhs)	Expenditure on Health (Rs. In Lakhs)	Per capita (Rs. In Lakhs)
1.	Iron ore, etc	0.78	62.92	79.65
2.	Lime stone	0.54	51.49	96.15
3.	Beedi	27.34	681.54	24.92

Source: Ministry for Welfare, Annual Report, 1995-'96

Owing to increasing specialisation of health care and rapid spread of private and public hospitals, the model of actual service provision has proved to be neither popular nor viable in the case of welfare funds (Desai, 1988). Welfare funds are adopting the model of reimbursing expenditure, or providing the services indirectly, by entering into agreement with the providers of the service, confining their own function to the financing of the services.

Shelter is one of the basic needs of the people. Mineworkers and *Beedi* workers' schemes include housing. But considering the present costs of construction it is doubtful if the scale of assistance provided is adequate. Another thrust area has been the education of the workers children as it was felt that this would bring a qualitative improvement in their lives on a lasting basis. Among other things, scholarships, school uniforms, textbooks, and stationary have been provided.

The benefits offered to members of Welfare funds have been extended by entering into Group Insurance Schemes, the funds themselves paying the premium for their members. Over one million *beedi* workers are covered by the LIC's Group Insurance Scheme. Fifty percent of the premium is paid by the Welfare Fund, the balance being subsidised by the LIC. The Building and Other Construction Workers Act also envisages protection of workers under Group Insurance Schemes and paying the premium from the welfare funds. If



similar arrangements are made for other groups as well, the cost of providing survivor benefit may work out to be less than self insurance (Krishnan T.N, 1995). Welfare funds of Kerala have already entered into agreement with the Life Insurance Corporation under relevant group insurance schemes for which they function as nodal agencies, collecting and paying the premium on behalf of their members and helping in the settlement of claims.

Regarding old age pension, which welfare funds need to include in the benefits they provide, an important issue is whether only a basic minimum pension should be given leaving it to the individuals to make their own arrangement for supplementing it, as under the Kerala schemes, or they should provide income-related pensions as under the Employees Pension Scheme.

### **Limitations of Welfare Funds**

Other than medical care, the Welfare Funds set up by the Central government have no provisions for meeting the expenditure on any of the well-recognised branches of social security such as sickness benefit, occupational injury benefit, maternity benefit, invalidity benefit, old age benefit, survivor benefit or unemployment benefit. In other words, these Welfare Funds cannot be considered to be providing social security, but they have the scope and the potential to become instruments of social security if suitable amendments are made to the laws (Subrahmanya, RKA, 1995). Such amendments were made to the Building and Construction Workers Welfare Fund, which provides the benefits of immediate assistance in case of accident, payment of pension, loans and advances for construction of houses, payment of premiums for group insurance schemes, financial assistance for the education of children, payment of medical expenses for the treatment of major ailments, payment of maternity benefit, and provision and improvement of other welfare measures and facilities.

The Kerala Welfare Fund Schemes provide a wide range of benefits, including many security benefits included in the ILO convention concerning minimum standards of social security. The Kerala Fishermen Welfare Fund Act provides the benefits of distress relief in the event of destruction of huts due to natural calamities, payment for injury in any accident sustained while fishing, a lumpsum assistance to dependants in the event of death, old-age pension, assistance for funeral expenses, interest-free loans for the marriage of daughters, educational assistance, and medical facilities. However, in actual practice the Welfare Funds in Kerala are not able to provide all the benefits because of resource constraints, and it has been reported in the case of Fisherman Welfare Fund that 'there are twelve schemes but only pension is being met by the government' (State Planning Board, 1996). That is, the Central and the Kerala models represent two extremes, one the minimalist approach, the other of the maximalist approach. Neither can be considered ideal for the future development of Welfare Funds in India as far as benefits are concerned. What actually needed is to prepare a standardised list of benefits which may be provided from the Welfare Funds and to prioritise them, such as invalidity, health care, old age and survivor benefits, maternity and child care, housing, and educational assistance.

The Central Welfare Funds are administered by the Ministry of Labour through Welfare Commissioners appointed by the Government, with the help of advisory committees, which have no financial or administrative powers. They tend to be bureaucratic and lacking in

initiative. Moreover, an unnecessary multiplicity of funds has led to administrative problems and proved uneconomical. There is no doubt that if the Welfare Funds can be integrated there would be a great saving on overheads.

The problem of multiplicity is also seen in the working of the Welfare Funds constituted by the Government of Kerala, which are administered by autonomous boards. There are as many Boards as there are funds. Multiplicity of Boards has resulted in heavy overhead expenditure reducing the amount available for benefit expenditure.

Another major problem of central Welfare funds is the identification of beneficiaries. These welfare funds do not have a system of registration; instead they have introduced the system of identity cards. The identity cards are required to be issued by the employers, who have not been responsive to the needs of workers. On the other hand, in Kerala the system of registration exists but the schemes being optional the number of workers who have registered varies according to the scheme, in some case the coverage being very low.

One of the major problems of welfare funds is that they cover only selected categories of workers and ignore many of the needy categories such as agricultural labour, forest workers, and home-based workers (Getubig I P, et.al, 1992). Even within the mining sector there are many groups such as stone, salt, etc, which have been left out. Though the Acts under which the central Welfare Funds have been set up do not prescribe any ceiling, in practice there exists a ceiling in the application of the benefits of the Welfare Funds.

In spite of the various problems associated with the Welfare Funds and their implementation, they provide one of the most important ways of reaching workers in the unorganised sector. By establishing Boards for the industry as a whole and using the mechanism of cess collection on the products of industry, they overcome the problem of identifying individual employers, which often constitutes a major obstacle in the unorganised sector.

### **Unification of Labour Welfare Funds**

The Government, employers, and trade unions generally agree that the Labour Welfare Funds have gone a long way in ameliorating the conditions of labour outside their work premises and have brought a measure of cheer in workers' lives. At the same time, it has been increasingly felt that various funds need to co-ordinate their activities more than what has been done (Lokanthan, 1929). Better still, they could be amalgamated into a common administrative set-up for economy and efficiency of operations.

The existing pattern of operations of funds tends to create significant differentials in workers' social conditions. In mining, those employed in coal mines enjoy better civic conditions and more social services than their counterparts working in mines not covered by any welfare fund. Similarly, workers employed in different industries within the same State may enjoy unequal benefits from labour welfare funds. Despite genuine effort to co-ordinate activities, duplication has been found unavoidable. Too much of bureaucracy is expensive and reduces the quantum of money available for developing welfare services for labour (Singh, 1963). The Committee on Labour Welfare (1969) suggested the following func-

tions of the Labour Welfare Boards for the unification.

1. Community and social education centres including reading rooms and libraries;
2. Community necessities;
3. Games, sports, and other programs of physical fitness;
4. Excursions, tours, and holiday homes;
5. Entertainment and other forms of recreations;
6. Home industries and subsidiary occupations for women and unemployed workers;
7. Corporate activities of social nature;
8. Such other activities as would, in the opinion of the State Government, improve the standards of living and promote health, family planning, and social conditions of labour.

The primary purpose of the labour welfare funds is the socio-economic upliftment of workers, to secure for them better civic and social services and to bring a measure of cheer in their lives. A unified system of administering and financing extra-mural labour welfare schemes will also benefit workers employed in unorganised industrial sector or in such industries remain uncovered for obvious reasons, and thus suffer more (Saxena, 1963). Funds are a way out to extend welfare measures to a large number of workers.

## **4. Social Security Schemes and Labour Welfare Funds of Kerala**

Labour in the informal or unorganised sector contributes 85 percent of the working population in Kerala (State Planning Board, 1996). Nearly three-fourths of them are wage workers and the remaining comprises small cultivators, small-scale industrialists, contractors, shopkeepers, etc. Cultivators, small-scale producers, and ancillary and dependent establishments of the organised sector, as well as other sections of the working population including the employees and workers of the organised sector, employ wage-workers of the unorganised sector who, in effect, constitute a reserve army of under-employed and unemployed proletariat at the beck and call of an oppressive and exploitative socio-economic order (Charyulu, 1975). The majority of them are settled in rural areas.

Labour relations in the unorganised sector are chaotic. For the vast majority of the workers, formal employee-employer relationship does not exist; even in cases in which it exists, it is of a casual nature. Infighting among workers for job opportunities is common. Anarchical tendencies worsen relations between workers and small-time employers. Institutions to give training and specialisation in different trades and vocations have not come into existence. Skilled jobs in many sectors continue to be a male prerogative; unskilled and semi-skilled jobs involving hard physical labour and environmental hazards often get reserved for women workers.

The existing labour relations in the unorganised sector are hardly conducive to specialisation and skill development, an essential prerequisite for productivity and technology improvement (Jose, 1984). The numerous legislations for regulating labour relations in the sector so far attempted are rendered infructuous because they all rely on the highly centralised bureaucracy for implementation. The fact that the state's unorganised sector will continue to play a vital role in social production for a long time to come, underscores the need for immediate reforms in the sector.

### **Social security in the unorganised sector**

Social security measures such as old-age pension, gratuity, provident fund, ESI, and other insurance schemes are non-accessible to workers of the informal sector. Consequently employment in the unorganised sector is looked down upon by the society. Most workers in this sector themselves perceive it only as a transitory phase. This kind of situations prevails throughout the country but it is quite conspicuous in Kerala because of the comparatively high incidence of casual wage labour and the high degree of labour mobility in the State's economy.

Working class movements in the unorganised sector have been demanding not only minimum wages but also benefits such as old age pension, gratuity, provident fund, and health and other insurance cover which are normally available only in the organised sector. Legal measures for ensuring permanent employee-employer relationship and setting up of formal training institutions replacing the hereditary and caste-based institutions for vocational training are also some of the demands raised by workers' movements (Muraleedharan, 1996).

Toddy Tappers Welfare Fund, Provident Fund, and Old-Age Pension Schemes for Agricultural Workers, Motor Workers Welfare Fund, and Head Load Workers Welfare Fund are some of the schemes initiated or implemented for meeting the demands of the working class movement (Duvvury and Sabu, 1997). Of all these legislations, the Head Load Workers Act was unique. It has accepted the need for rationalising the employee-employer relationship with the help of a statutory Labour Board and Tripartite Committees. But this statute was addressed to a specific category of workers and was to be administered mainly by the bureaucracy with only very nominal role for grassroots-level organisations and participation by the workers themselves.

Administering efficiently a large number of schemes and statutes addressed to different categories of workers is found neither feasible nor practical because of the huge bureaucratic machinery needed for the purpose. It would have been desirable if the requirements of different categories of workers for social security and of the terms of their employment were met by a single scheme or statute which covers all sections of workers and all aspects of labour relations in the unorganised sector.

### **Labour Welfare Funds of Kerala**

The welfare fund model of social security for the unorganised sector workers in vogue in Kerala is now more than three decades old. The pioneer in this field is the Toddy Tappers Welfare Fund, which was constituted in 1969. Proper functioning of the welfare funds requires active participation of both workers and the government (Lindel, 1996). In Kerala, the State played and continues to play a leading role in the initiation and management of Welfare Funds. Participation of the employers is found, to a great extent of, a pragmatic proposition within the framework of their economic rationality for accumulation.

The establishment of Welfare Funds for the collective care arrangements was neither in the agenda of the workers' unions, nor of the political parties to which they are affiliated. Labour relations in the State are characterised by stratification and segmentation embedded in the traditional order. In a situation of high unemployment, the strategies followed by labour unions in Kerala strengthened the segmentation characteristics by falling back on caste and gender considerations (Kannan, K.P, 2001). These strategies were related to their goal of maximising earnings of the 'insiders' by controlling entry into the labour market. However, trade unions found it difficult to approximate to such a situation in the unorganised sector.

One of the major objectives of trade union activities in the State was to improve the conditions of work, earnings, and the economic security of workers through improving labour status and income. It means that the trade unions are intended to bring about a movement away from vulnerability towards stability in employment and income of workers. In this line the unions have succeeded to a remarkable extent in breaking down the conventional differences between the organised and the unorganised (or formal and informal) sectors, and establishing in their place another labour market phenomenon of insiders versus outsiders (Kannan, K.P, 2001). The insiders comprised workers with primary union membership with or without stable employment. In this process a number of labour institutions includ-

ing Minimum Wage Committees and Industrial Relations Committees were transplanted into the realm of informal sector workers. It was the failure of the labour co-operatives in terms of economic viability to take care of employment and social security requirements of their workers that gave rise to the setting up of Welfare Funds in the state.

Trade unions faced difficult situations with regard to employment security of workers in coir-weaving, cashew processing, and other traditional industries. They were forced therefore, to resort either the setting up of labour co-operatives or adoption of a closed-shop strategy with regard to labour market entry. The major labour co-operatives constituted in the state included those of toddy tappers, *beedi* workers, handloom weavers, and a few groups of casual labourers in loading and unloading work. Unfortunately these co-operatives did not have the managerial and even the organisational capabilities to sustain within the prevailing competitive market framework (John Kurien, et al, 2001). The closed-shop strategy lead to the exclusion of workers who were unable to get into the unions and thus to the labour market. Thus, union membership has become the primary criterion for occupational identity for purposes of eligibility in social security arrangements such as receiving state pension and membership in welfare funds.

The establishment of Welfare Funds in Kerala was a consequence of the limitations of the wage bargaining processes at the end of which the employers chose to abandon business; it was in this background that the Toddy Tappers Welfare Fund was set up in 1969 with the active participation of government. For over a decade, the question of extension of collective care to other sections of workers in the unorganised sector remained neglected. However, in 1977 the Kerala Labour Welfare Fund was setup for workers in small-scale factories, plantations, shops, and co-operative institutions. The eighties witnessed the formation of nine Welfare Funds covering workers in such diverse occupations as loading and unloading, motor transport, advocates' clerks, artisans, fish workers, and handloom workers (Nata Duvvury, et al, 1997). To this list should also be added workers in women-dominated activities such as cashew and coir-processing. The broad political acceptance of this form of collective care arrangements under the supervision of the government in the State, led to the setting up of seven more welfare funds in the nineties (Appendix Table 1).

The philosophy of this kind of collective care was the result of a spirit of mutualism which took care of individual risks though collective contributions and provided some sort of security at the end of a person's working life (State Planning Board, 1997). Given the political nature of workers' mobilisation and the existence of a democratic State, the establishment of Welfare Funds was an institutional innovation which ensured participation of as well as contribution by employers, and organisational support of the government. Social insurance in the event of sickness, accidents and death, assistance for housing, education of children and marriage of daughters, etc., are all part of the social assistance provided to workers though the Funds.

### **Functioning of Welfare Funds**

The administration of Welfare Funds is vested with the Government, and the Funds function like other government departments. The Government nominates members to the Boards of

Directors and more or less equal representation is given to workers' unions, and Government. Although the Boards of Directors are the ultimate body for deciding the policies and functioning of the Funds, the concerned government department wields considerable powers. The establishment expenses are borne out of the receipts of the respective Funds; the expenses include fees and allowances to Board members, salaries and other benefits to administrative staff, other routine administrative expenses, and contribution to provident funds of the staff. The majority of Welfare Funds in the State expend a large chunk of their income for establishment charges (Kannan, KP, 2002). It means that the savings of the informal sector workers are used to finance the employment of government service personnel.

The government contribution and the contributions of workers to the Welfare Funds are seldom fixed on the basis of well-stated principles; out of the 19 Welfare Funds formed in the State only 15 get government contribution. Employers' contributions were also received only irregularly. The coverage ratio of Welfare Funds in Kerala is also dismal due to poor attractiveness of expected benefits.

The basic objective of all Welfare Funds is to provide a measure of social security and insurance for workers who are vulnerable to risks and uncertainties and do not have any other institutional protection arising from their employment status (Vijaya Sankar, P.S, 1986). The major social security benefits are provident funds given to workers on superannuation, monthly pension, and gratuity. Social insurance is in the form of an *ex gratia* payment in the event of disability or death and a modest payment in the event of treatment for ill-health (Appendix Table2). Welfare assistance consists of financial assistance for housing, education of children, and marriage of daughters.

The Welfare Fund model of social security is complementary to the basic social security provided by the state. The Welfare Funds which now cover workers in the informal sector, both in agricultural and non-agricultural occupations, have sought to address the concerns of social security, insurance, and welfare albeit only in the minimalist sense. Together with the general and basic social security programmes such as food security, access to school education, and primary health care, the State-assisted social security programmes in Kerala have imparted a sense of dignity and self-esteem to the workers in the informal sector (Harilal K. N, 1986). The evolution of such a broad-based social security arrangement in the State has been the result of labour movements and the pro-poor state policies.

Certain fundamental weaknesses have been observed which act as hurdles to the smooth functioning of the Welfare Funds in the State. Structural characteristics of the State economy – a low-income agrarian sector, low per capita income, and low industrial productivity persisting in the State act as constraints to the enhancement of the scope of social security arrangements in general and Welfare Funds, in particular. These constraints can be tackled only through a higher rate of investment and structural transformation of the economy. However, these weaknesses cannot be held as an excuse for all the laxity in the functioning of the Welfare Funds.

The prescribed criteria for contributions and benefits show wide variations among different

Funds; there is need for uniformity. It has been suggested that the State should contribute large amounts only to those Funds in which the total contribution from the employers and the workers is found insufficient to meet the stipulated benefits (Johri C.K and S.M Pandey, 1972). The majority of the workers in the informal sector remain outside the coverage of Welfare Funds. As per the 1991 Census, Kerala's work participation rate was 38 percent which implied a workforce of about 120 lakh workers. Around 12 lakh were in the organised sector and the remaining 108 lakh in the informal sector. Leaving out farmers, the workers in the informal sector came to 90 lakh, of which 26 lakh (29 percent) were covered under the Welfare Funds, leaving out the rest (71 percent) without any social security protection (Kannan.K.P, 2002). The voluntary nature of membership and the non-attractive nature of benefits are attributed to the low coverage.

Funds mobilised by the majority of the Welfare Funds are found insufficient to meet their expenditure incurred on evaluating investments and making collections from and disbursements to members. High costs of administration of the majority of the Welfare Boards raise basic questions on the rationale behind running of these Funds. In reality there takes place very little by way of welfare payments despite collection of contributions from the stakeholders. A solution suggested to this problem is the setting up of a unified and common administrative body to cater to all the Welfare Funds (Vijaya Sankar, 1986). It seems therefore essential to think in terms of administrative arrangements which would ensure participation of workers and employers and would be responsive to their specific needs and problems.



## **5. Kerala Building and Other Construction Workers Welfare Fund: Scope, functions, and performance**

The Kerala Building and other Construction Workers Welfare Fund (1990) was constituted as per the Kerala Construction Workers Welfare Fund Act of 1989. The preamble to the Act elucidates its objective thus “To provide for the constitution of a Fund to grant relief, to promote the welfare of, and to pay pension to, the construction workers in the state.” The Act also defines the construction worker as, “any person who is employed for wages to do any work in connection with a construction work, and who gets his wages directly or indirectly from an employer or from a contractor including supply of materials for construction works.” The majority of workers in this group are masons, carpenters, painters, concrete workers, road workers, and earth workers. Schedule-I of the KBCWWF Act (1989) contains 26 categories of construction works (Table 5.1).

The Board consists of 15 directors, five each from the workers, employers, and the Government. The Government appoints one of the Directors of the Board as the Chairman. The Government also appoints a Chief Executive Officer and other officers to assist the Board in the discharge of its functions and duties

The major characteristics of the KBCWWF are:

1. Provision of a measure of social security and welfare assistance to workers.
2. Creation of a tripartite body consisting of the representatives of the workers, employers, and the government with veto powers for the government on policy issues.
3. A bureaucratic organisational mode with Chief Executive appointed by the government departments
4. Mandatory financial contribution from the workers and employers with the exception of a few ‘voluntary’ funds.
5. Minimal financial contribution by the government except in cases in which the workers are directly under the government activities (i.e., Government as employer) or the paying capacity of the workers is deemed very low (Kannan. K. P, 2002).

Table 5.1 lists the categories of workers who are eligible to receive KBCWWF benefits.

The major welfare schemes taken up by the KBCWWF include pensions, death benefits, accident benefits, cash awards and scholarships to members’ children, medical expenses, assistance for marriage and maternity benefit, and invalid pension. Members completing 60 years of age are eligible to pensions in the range of Rs 200-Rs 400, depending upon their period of membership and contributions. Invalid pension at the rate of Rs 75 per month is available to permanent disability due to diseases and accidents. Accident benefit with a maximum of Rs 50,000 is given for disability and injuries. Workers and children of members are eligible to get marriage assistance at Rs 2000 to 3000. Maternity benefit is limited to two child births (Table 5.2).

**Table 5.1 Construction Workers who are entitled to get the KBCWWF Benefits**

<b>Sl. No.</b>	<b>Construction Workers</b>
1.	Brick masons
2.	Rubble masons
3.	Laterite masons
4.	Laterite cutters
5.	Brick moulders
6.	Carpenters
7.	Blacksmiths
8.	Fitters
9.	Plumbers
10.	Painters
11.	Sawyers other than sawmill workers
12.	Workers engaged in laying iron rods for concreting
13.	Casual (Maikadu)workers connected with construction works
14.	Workers engaged in collecting sand and gravel
15.	Mosaic workers
16.	Tunnel workers
17.	Rock breakers and quarry workers
18.	Electricians
19.	Concrete workers
20.	Workers engaged in thatching and spreading tiles
21.	Marble/Kadappa stone workers
22.	Road workers
23.	Earth workers connected with construction work
24.	Workers engaged in processing lime
25.	Welders engaged in construction work
26.	Workers engaged in anti-sea erosion works.

Source: KBCWWF Act, 1989

The style of functioning of the KBCWWF is just like that of a government department, since the administration of the Fund vests with the government. The considerable innovative skills evident in the designing and coverage of the Fund are not deployed in the administrative set-up (Kannan K. P, 2002). Even though the Boards of Directors are the ultimate body for deciding the policies and functioning of the Fund, the government departments wield considerable control.

### **Membership**

Every construction worker in the age group 18-60 years who is not a member of any other Welfare Fund and has been engaged in construction work for not less than 90 days during the year preceding the date of registration is eligible to become member (Government of Kerala, 1989).

**Table 5.2 Welfare Schemes of KBCWWF**

<b>Type of Benefit</b>	<b>Beneficiary</b>	<b>Eligibility</b>	<b>Benefit Amount (Rs)</b>
Pension	Member	Completion of 60 years	75-300
Death Benefit	Dependent	Death before 60 years	100,000
Maternity Benefit	Woman Worker	Limited to two deliveries	500
Accident Benefit	Member	Injury/ Disability	Up to a maximum of 50,000
Cash Award	Children of Members	Marks in SSLC Exam	1000 750 500
Merit Scholarship	Children of Members	Student Merit	300-1500
Other Credits	Members/ Dependent	Treatment/ Education/ Marriage	Interest free loans
Medical Expenses	Members	Fatal Diseases	1000
Immediate Assistance for Funeral Expenses	Dependent	Death of a Member	1000
Assistance for Marriage	Children of Members/ Members	Marriage	2000-3000
Invalid Pension	Member	Permanent disability due to diseases / accidents	75/ Month
Refund of Contribution	Member/ Dependent	Attainment of 60 Years / Retirement/ Death	Amount of Subscription with Interest.

Source: KBSWWF

By the mid-1990s there were five lakh construction workers in the State (Department of Economics and Statistics, 2001). Of this, only 3.5 lakh workers were registered under the KBCWWF with a coverage ratio of two-thirds; the coverage went up by 131 percent in 1999-2000. The total number of workers registered as of March 2000 was 8.12 lakh (Tables 5.3). The annual growth rate of members was high in 1997-'98 (30.55 percent) over 1996-'97 with the addition of 1.32 lakh new members (Table 5.4). An important yardstick of the effectiveness of the Welfare Funds would be their coverage; in this respect KBCWWF has achieved tremendous progress. The average coverage ratio of all Welfare Funds in the State was under 50 percent. It needs to be pointed out that the enrolment of workers in a Welfare Fund is a positive function of the attractiveness of the expected benefits (Ahmad

Ehtisham, 1991). Given the nature of employment in the unorganised sector and its geographical spread, the coverage of workers under KBCWWF should be reckoned as impressive.

### Resources mobilisation

The major sources of funds for the KBCWWF consisted of contributions from members, employers, and the Government, as well as the license fees levied from contractors. An important aspect of the fund collection is the fixing of the contributions of the workers, employers, and the Government. The KBCWWF Act (1989) fixed slabs of Rs 10, Rs 15, and Rs 25 for the monthly contribution of members, one percent of construction cost for employers (annual contribution made by the contractors came to Rs 100 to Rs 1000); and 10 percent of initial members' contribution per annum for the Government.

Fund collection in 1996-'97 was Rs 1463.27 lakh; the corresponding figure was Rs 2331.92 lakh in 1999-2000 (Table 5.5). Employers contributed 57 percent in 1996-'97, but only 52 percent in 1999-2000; consequently, workers' contribution went up from 42 to 48 percent, over the corresponding period. There are different opinions among policy makers regarding collections from the different types of contributors (Sinha, PK, 1980). Wherever the product market allows the employer to shift the burden to the consumer, there has been less resistance in paying contributions; but when the employers are the price takers, their unwillingness becomes quite open.

**Table 5.3 District-wise Distribution of Members Registered under KBCWWF, 2000**

District	Number of Members						
	1990-96	1996-97	1997-98	1998-99	1999-00	Total	Percent
Thiruvananthapuram	53,562	6,769	23,445	6,592	30,722	1,21,090	14.9
Kollam	14,690	8,959	10,737	5,478	8,356	48,220	5.9
Alappuzha	23,3315	4,145	4,650	3,212	4,928	40,250	5.0
Pathanamthitta	8,401	5,930	7,993	3,528	11,548	37,400	4.6
Kottayam	17,651	2,676	4,088	4,244	8,445	37,104	4.6
Idukki	6,979	2,037	3,467	2,846	9,244	24,573	3.0
Ernakulam	41,377	6,498	10,467	3,011	7,214	68,567	8.4
Thrissur	30,647	4,629	12,180	7,798	21,863	77,117	9.5
Palakkad	22,962	10,552	17,429	11,489	24,654	87,086	10.7
Malappuram	30,475	6,387	9,463	5,737	15,242	67,304	8.3
Kozhikode	35,270	6,821	11,773	5,852	15,894	75,610	9.3
Wayanad	5,786	1,010	986	1,078	1,783	10,643	1.3
Kannur	46,472	11,793	12,394	4,569	16,707	91,935	11.3
Kasargod	14,038	2,499	3,192	2,040	3,623	25,392	3.2
State	3,51,625	80,705	1,32,264	67,474	1,80,223	8,12,291	100

Source: Administrative Report of KBCWWF, Various Years

## Benefit to the workers

1. Pension to a member who is unable to work due to permanent disablement or who has completed the age of 60 years.
2. Gratuity to the members of the Fund.
3. Immediate assistance to members of the Fund, in case of accidents.
4. Financial assistance for the funeral expenses of the members and members of their families.
5. Loans and advances to members for construction of houses for their residence on such terms and conditions as may be fixed by the Board.
6. Expenses incurred in connection with premia for group insurance of the members as the Board may deem fit.
7. Financial assistance for the education of children of the members as may be decided by the Board.
8. Medical expenses of the members or their dependents as may be decided by the Board.
9. Family pension.
10. Maternity benefits.
11. Financial assistance to members to meet expenses of the marriage of their children.
12. Any other purpose specified in the scheme.

**Table 5.4 Members and Beneficiaries of KBCWWF, 1996-'97 to 1999-2000**

Details	Year			
	1996-97	1997-98	1998-99	1999-2000
Total Members (In lakh)	4.32	5.65	6.32	8.12
New Members Registered (In lakh)	0.81	1.32	0.67	1.80
Annual Growth rate of membership (%)	22.95	30.55	11.86	28.48
Beneficiaries (In Lakh)	0.20	0.18	0.31	0.32
Beneficiaries as percentage of Members				
Benefits Provided (Rs in Lakh)	309.7	478.1	665.7	1049.6
Average per capita benefit received (Rs)	1548.5	2656.1	2147.4	3280.0

Source: KBCWWF

In 1996-'97, 0.2 lakh workers were given benefits, which went up to 0.32 lakh in 1999-2000 (Table 5.4). The proportion of beneficiaries was in the range of 3.9 to 4.9 percent during 1996-'97 to 1999-2000. The amount of benefits increased from Rs 309.7 lakh in 1996-'97 to Rs 1049.6 lakh in 1999-2000 by 239 percent. The average per capita benefits increase was by 112 percent (from Rs 1548.5 to Rs 3280). The various benefits provided by the KBCWWF are given in Table 5.6. The corresponding amounts are shown in Table 5.7.

### *Pension*

Monthly pension, at the rate of Rs 200 to 400, constitutes the most important benefit, which

attracts the construction workers to join the Fund, as a measure of security during old age. In 1996-'97, 8457 members enjoyed the pension benefit; the number increased by 83 per cent to 15,484 in 1998-'99. KBCWWF disbursed Rs 145.4 lakh on this count in 1996-'97, the amount went by 93 percent to Rs 280 lakh in 1998-'99.

### *Ex-gratia payments*

In 1996-'97, 1557 members benefited from *ex gratia* payments; the number rose to 3458 in 1999-2000. But, *ex gratia* payments increased only marginally during the period from Rs 10 lakh to Rs 10.6 lakh.

### *Health cover*

No formal insurance cover is provided to the workers; however, they are given financial assistance in the event of accidents or fatal diseases. For example, in 1996-'97, 361 workers were given Rs 2 lakh as payment for fatal diseases; the corresponding figures were 563 and Rs 2.4 lakh respectively in 1998-'99. But, per capita payment decreased from Rs 554 in 1996-'97 to Rs 426 in 1998-'99.

**Table 5.5 Fund Collection of KBCWWF: 1996-'97 to 1999-2000**

Source	Fund Collection (Rs. Lakh)			
	1996-97	1997-98	1998-99	1999-2000
Members Contribution	620.55	1221.61	943.07	1124.64
Contribution of Employers	841.16	879.04	871.67	1207.28
License Fee from the Contractors	0.56	7.97	6.38	-
Contribution of Government	1.00	1.00	1.00	-
Total	1463.27	2109.62	1822.12	2331.92

Source: Administrative Report of KBCWWF, Various Years

### *Educational assistance*

Given the importance of education in Kerala and the premium attached to it even by poor households, it should not come as a surprise that educational assistance figures high among the welfare benefits of KBCWWF. In 1996-'97, the Fund assisted 933 students with an average of Rs 214 each as scholarships and cash awards; the corresponding figures were 1826 students and Rs 690 in 1999-2000.

### *Housing assistance*

There are several housing schemes for the poor in Kerala; this aspect of social security has been quite seriously addressed as part of the State Government's poverty alleviation programmes (Mahendra Dev, 2001). The KBCWWF provides house-building loans; in 1999-2000, 452 members were given loan at a cost of Rs 166.1 lakh, which was 225 percent higher than in the previous year.

**Table 5.6 Beneficiaries of KBCWWF: 1996-'97 to 1999-2000**

Benefits	No. of Beneficiaries			
	1996-97	1997-98	1998-99	1999-00
Pensions 8457	3073	15484	6103*	
Death Benefits to Nominees	523	691	1031	-
Ex-gratia Payments	1557	987	2054	3458
Maternity Allowance	609	1196	976	1486
Funeral Assistance	466	647	1452	1162
Scholarship & Cash Awards	933	956	1492	1826
Marriage Assistance	2639	4463	4914	8249
Payment for Fatal Disease	361	245	563	770
Refund of contribution to Members	4377	5121	1279	-
Interest on Workers Contribution	NA	691	1279	-
House Building Loans	-	-	204	452
Implement Loans	-	-	24	127
Others	-	-	22	8483
<b>Total</b>	<b>19922</b>	<b>18070</b>	<b>30774</b>	<b>32116</b>

Source: Administrative Report of KBCWWF, Various Years

Note: Others Include Money order Bank charges, Benefit Distributed by District Executive Officers, Free Medical Treatment etc.; \* includes items 1, 2, 9, and 10.

**Table 5.7 Benefits Provided by KBCWWF: 1996-'97 to 1999-2000**

Benefits	Amount (Rs in Lakh)			
	1996-97	1997-98	1998-99	1999-2000
Pensions	145.4	191.3	280.0	615.8*
Death Benefits to Nominees	61.9	69.5	106.9	-
Ex-gratia Payments	10.0	10.4	14.0	10.6
Maternity Allowance	5.5	9.3	9.8	14.8
Funeral Assistance	4.9	6.5	10.1	11.6
Scholarship & Cash Awards	2.0	9.7	11.6	12.6
Marriage Assistance	42.4	89.3	98.3	165.0
Payment for Fatal Disease	2.0	2.0	2.4	1.3
Refund of contribution to Members	32.7	30.5	55.7	-
Interest on Workers Contribution	2.9	4.1	15.7	-
House Building Loans	-	28.8	51.1	166.1
Implement Loans	-	2.7	1.2	6.4
Others	-	23.0	8.9	45.4
<b>Total</b>	<b>309.7</b>	<b>478.1</b>	<b>665.7</b>	<b>1049.6</b>

Source: Administrative Report of KBCWWF, Various Years

Note: Others Include Money order charges, Benefit Distributed by District Executive Officers, Free Medical Treatment etc.; \* Include items 1 and some segment of 2, 9, and 10.

### ***Marriage assistance***

Being an important event in a person's life, lavish spending for wedding has become an essential responsibility of households, the discharge of which involves huge expenditures. In 1996-'97, 2639 beneficiaries were given marriage assistance to the tune of Rs 42.4 lakh; the amount of assistance went up by nearly four times to Rs 165 lakh in 1999-2000.

### ***Maternity allowance***

Maternity allowance at the rate of Rs 500 is given to a person for two deliveries. In 1996-'97 the KBCWWF disbursed a sum of Rs 5.5 lakh as maternity allowance for 609 women members; the arrangement rose to Rs 14.8 lakh in 1999-2000, the number of members benefited being 1486.

### ***Death benefits***

In 1996-'97, 523 nominees of deceased members were given death benefit at a cost of Rs 61.9 lakh; the corresponding figure were 1031 nominees and Rs 106.9 lakh in 1999-2000.

### ***Funeral assistance***

A notable provisioning by the KBCWWF, which is neither insurance nor welfare, is the financial assistance for meeting the funeral expenses of the worker. Although the worker often worked without dignity, the need for conducting his funeral in dignity was underlined by this form of assistance (Marcel Van der Linden, 1996). In 1996-'97, Rs 4.9 lakh was expended as funeral assistance; the amount increased by 137 percent in 1999-2000 (Rs 11.6 lakh).

### ***Implement loans***

The KBCWWF assists its members also with loans for purchase of implements. In 1999-2000, 127 members were given implement loans worth of Rs 6.4lakh.

It is seen that pensioners accounted for 42 percent of the beneficiaries in 1996-'97. Marriage assistance rose from 13 to 26 percent during 1996-'97 to 1999-2000. The corresponding increases were from 8 to 11 percent in the case of *ex gratia* payments and from 5 to 6 percent for scholarships and cash awards to children. The annual growth rate of all benefits taken together was 58 percent during 1997-'98 to 1999-2000.

### **Critical assessment**

The coverage of workers in the construction sector has been quite impressive in comparison with that in other Welfare Funds; still much more improvement is required, in particular, in backward districts.

Several studies have proved that around 70 percent of the Welfare Funds in Kerala mobilise



resources that exceed their total expenditures (Government of Kerala, 1989). The income of KBCWWF increased from Rs 6575.8 lakh in 1997-'98 to Rs 10,156.2 lakh in 1999-2000 (Table 5.8). Contributions, which accounted for 22 percent of total receipts in 1996-'97, fell to 12 percent in 1998-'99, with consequent rise in the proportion of deposits, both savings and fixed. Details regarding fixed deposits of KBCWWF are given in the Table 5.10.

Total expenditure of the KBCWWF went up from Rs 409.5 lakh in 1996-'97 (excluded fixed and savings deposits) to Rs 1244.6 lakh in 1999-2000, with an annual average growth rate of 48 percent (Table 5.9). Welfare payments in 1996-'97 occupied 76 percent of total expenditure (excluding deposits); the proportion marginally declined to 70 percent in 1997-'98, but rose to 79 percent in 1998-'99 (Table 5.11). Beneficiary payment as percentage of contribution increased from 21.4 percent in 1996-'97 to 35.3 percent in 1988-'99 but decreased to 12.5 percent in 1999-2000.

The low proportion of disbursements is a matter of concern, since it implies that hardly any meaningful social security is provided to the members. The fact that the disbursements do not reflect either the contributions or the accumulated funds could give rise to problems of credibility in the long run (Kannan K.P, 2002). It also implies that the present generation of workers may be benefiting at the cost of past generations. These tendencies are not desirable, since the proclaimed aim of the Fund is to cater to the welfare of the construction workers. It may also lead to the credibility of the KBCCW falling in jeopardy as the members might accuse that the resources are not being used for the welfare of the workers.

**Table 5.8 Income Statement of KBCWWF, 1996-'97 to 1999-2000**

Source of Income	Income (Rs in Lakh)			
	1996-97	1997-98	1998-99	1999-2000
Credit balance	0.09	0.07	0.15	0.06
DD in Transit	0.1	62.1	38.1	0.03
Savings & Fixed Deposits (Including Banks, Treasury, Post office, UTI, Kisan vikas patra and Interest)	5089.7	6966.2	12248.9	2331.9
Contributions	1462.3	2109.6	1685.1	7759.9
Government Grant	1.0	1.0	-	-
Benefit undelivered	19.9	0.5	22.1*	-
Loans Returned	-	-	2.40	7.04
Miscellaneous	2.6	8.9	19.22	57.2
Total	6575.8	9148.4	14015.9	10156.2

Source: Administrative Report of KBCWWF, Various Years

\* With the KBCWWF

**Table 5.9 Details of Fixed Deposits of KBCWWF as on 31 March 2000**

<b>Bank</b>	<b>Amount (Rs. In Lakh)</b>
Indian Bank	649.2
Canara Bank	334.8
Federal Bank	211.8
South Indian Bank	279.8
Union Bank of India	829.1
Nedungadi Bank	617.4
Syndicate Bank	65.3
Indian Overseas Bank	18.1
United Bank of India	1.6
Lord Krishna Bank Ltd	715.8
Dhanalekshmi Bank Ltd.	468.4
Tamil Nadu Marcantaile Bank Ltd	493.5
Catholic Syrian Bank Ltd.	1000.0
Corporation Bank	300.0
Bank of Maharashtra	650.0
State Bank of Hyderabad	169.9
Dena Bank	192.7
Oriental Bank of Commerce	305.5
Thiruvananthapuram Dist. Co-Op Bank	170.0
Kollam Dist. Co-Op Bank	37.3
Kottayam Dist. Co-Op Bank	34.8
Idukki Dist. Co-Op Bank	20.1
Ernakulam Dist. Co-Op Bank	32.0
Palakkad Dist. Co-Op Bank	45.0
Malappuram Dist. Co-Op Bank	57.3
Kozhikode Dist. Co-Op Bank	59.0
Wayanad Dist. Co-Op Bank	7.0
Kannur Dist. Co-Op Bank	98.0
Kasargod Dist. Co-Op Bank	20.1
Indira Vikas Patra	100.0
Kissan Vikas Patra	702.0
Post Office Time Deposit	712.0
Treasury Savings Bank	10.5
<b>Total</b>	<b>9408.0</b>

Source: Administrative Report of KBCWWF, Various Years.

**Table 5.10 Expenditure Statements of KBCWW: 1996-'97 to 1999-2000**

Item	Expenditure (Rs in Lakh)			
	1996-97	1997-98	1998-99	1999-2000
Administration Expenditure	63.6	110.2	118.8	193.67
Capital Expenditure	6.0	6.3	17.3	4.3
Deposits (Telephone, Rent etc)	0.4	-	-	-
Payment of Welfare Benefits	312.3	478.2	542.3	874.9
Loans Granted	-	-	52.23	95.3
Miscellaneous (Bank charges, MO Charges etc)	4.9	0.07	5.5	0.13
Suspense Accounts (Cash & Stamp)	-	-	0.2	0.13
In transit (Mail transfer / DD/ Telephonic/Cheque Transfer	2.4	62.1	6.7	76.2
Benefit Undistributed	19.9	23.2	22.1	-
Total	409.5	680.0	765.1	1244.6

Source: Administrative Report of KBCWWF, Various Years

Note: Savings and fixed deposits in 1996-'97 was Rs 4807.3 lakh, in 1997-'98 Rs 6353.9 lakh, in 1998-'99 Rs 13250.8 lakh, and in 1999-2000 Rs 8911.6 lakh, which are included in the expenditure part.

Though it has been accepted in general that the administrative cost of the Welfare Funds should not exceed 10 percent of the total income, the majority of the Funds are operating above the stipulated limit (Government of Kerala, 1989). The administrative expenditure of the KBCWWF increased by 304 percent from Rs 63.6 lakh in 1996-'97 to Rs 193.67 lakh in 1999-2000. But remained at about 16 percent of the total expenditure (excluding deposits) in all these years (Table 5.11).

Instead of expressing administrative cost as a percentage of total income, it is more mean-

**Table 5.11 Relationship between Welfare Payment & Expenditure of KBCWWF: 1996-'97 to 1999-2000**

Particulars	Year			
	1996-97	1997-98	1998-99	1999-2000
Administrative expenditure as a percentage of total expenditure	15.5	16.2	15.5	15.6
Beneficiary payments as percentage total Expenditure	76	70	78	78
Administrative Expenditure as a Percentage of Welfare payments	20.37	23.04	21.91	22.14
Savings & Fixed Deposits as a percentage Total Expenditure	92.15	90.33	94.54	87.75
Beneficiary payment as a percentage to contribution	21.36	22.67	35.28	12.50

Source: KBCWWF; Note: Total Expenditure excludes fixed and savings deposits other than in item number - 4.

ingful to express it as a percentage of the total welfare payments – a kind of transaction cost of welfare distribution. If this cost exceeds the benefit transferred, it has undesirable implications (Kannan KP, 2002). But, administrative expenditure as a proportion of welfare payments of the KBCWWF has always remained lower than one-fourth. It went up from 20.4 percent in 1996-97 to 23 percent in 1997-98, and remained at 22.1 percent in 1999-2000. Expenditure on the account ‘in transit,’ including mail transfer, DD, Telephones, and Cheque transfer, increased from one percent of total expenditure in 1996-‘97 to six percent in 1999-2000; this item needs to be contained for the sustainability of the Fund in the long run.

In brief, it may be stated that the major objective of welfare benefit namely of helping the needy - is not yet achieved, even after significant gains in several other areas (Table 5.12). Diversification of welfare schemes to cater to the need of the construction industry, is essential. At the same time, the situation of benefits remaining undistributed, which came to six percent of total benefits in 1996-‘97 also needs correction as justification to the welfare motto of the Fund.

**Table 5.12 Growth Indices Relating to KBCWWF (Base 1996-‘97)**

Particulars	Growth Indices (1996-‘97 = 100)		
	1997-98	1998-99	1999-2000
Members	131	146	188
Beneficiaries	90	155	160
Benefits	154	215	339
Expenditure	135	269	195
Administrative Expenditure	173	187	305
Savings & Fixed Deposits	132	276	185

Source: KBCWWF

## **6. Kerala Building and Other Construction Workers Welfare Board – A brief review of its finances**

In this section a brief survey of the financial condition of the Board is attempted. As stated earlier, the Board's primary objectives are to provide a measure of social security and protection for construction and allied workers, by mobilising finance for the purpose from workers and employers. For the construction workers the Board offers the following social security benefits.

1. A monthly pension on attaining superannuation. (completion of 60 years of age);
2. Pension for the family (at reduced rate) on the death of the pensioner;
3. Lump sum death benefit for the family in the event of the worker meeting with an accident or dying during working period;
4. Disability pension to the worker in case of his/her total disablement during the period of service; and
5. Medical care and other benefits.

The main sources of finance are mandatory contributions from employers as well as contribution from employees. There is also a provision for government grants to support the scheme. The Fund services benefits using these sources as well as the earnings from assets created by the Fund.

### **Methods of estimating the solvency of the fund**

The solvency of the Fund is defined as the ability to meet all the benefit commitments promised under the scheme as and when they fall due for payments without any default at all times in the future. According to this definition, it is not enough if for a particular year the accounts show a credit balance for the Fund because what will happen in the future is not clear from such annual statements of accounts. This is very important because of the long-term nature of the liability contracted by the Fund.

Take for instance a pensioner who has just retired. The committed monthly pension for a retired worker at the time of our data collection ranged from Rs 200 to Rs 300. If we take the lower side, that is Rs 200, the annual pension commitment comes to Rs 2400. The Board has to pay Rs 2400 per year so long as the pensioner is alive. When the pensioner dies the pension reverts to his/her spouse at a reduced rate and will continue so long as the spouse is alive.

If we assume that the pensioner would live for a period of 20 years from the date of retirement, and that upon his/her death the spouse would survive for another five years, the committed pension benefit reaches out into the future for at least 25 years. The enormity of the pension commitments becomes clear; it comes to around Rs 50, 000 per person!

Therefore, to determine the solvency, the financial implication of this long-term benefit outgo would have to be reckoned. Similarly on the contribution side, an estimation of the

likely contribution receivable by the Fund in the future is also required. If we assume that a person becomes a construction or allied worker at the age of 30, on the average and that he/she may be expected to continue in the trade till superannuation, the annual contribution representing this worker would continue for as long as 30 years.

For handling financial arrangements of such long-term nature both on the contribution side and on the benefit side, specialised, actuarial techniques are required.

### **The method**

The benefits promised by the Fund fall into four major categories: payable on accidental death while continuing as worker, payable following disability to continue work, payable on survival after superannuation and miscellaneous lump-sum payments to take care of illness and other contingencies. Any valuation process to determine the solvency would have, therefore, to be based on a Mortality model, a Disability model, a Survival model, and a Sickness model.

A mortality model is required to estimate the probability of death due to accident. Using this model, as on the date of valuation, it is possible to estimate the number of workers on the rolls who are likely to die annually due to accidents in the future. This estimate gives an idea of the probable annual outgo in the shape of accident benefits in the future.

Some of the workers on the rolls would become disabled annually in the future and become unable to carry on work. From statistics, the annual outgo of disability benefits in the future could be calculated.

A survival model is required to estimate the annual outgo of pension payments in the future. The model provides an index of the probability of survival of pensioners each year in the future. It also helps determine the probability of death of a pensioner and therefore determine the pensionary outgo for his/her spouse.

From a sickness table, it should be possible to estimate the number of workers likely to fall sick and the length of the average sickness episode each year in the future. The outgo as sickness benefits for the workers during each year in the future may be calculated from this table.

Similarly the contribution, which would flow into the Fund from the work force on the rolls, during each year in the future has also to be estimated using a survival model for the workers. Clearly, contributions would come only if a worker remains on the rolls and works. If he/her dies or leaves the trade, his/her contributions would cease. Therefore the estimation of contribution in the future depends on the survival as workers of the existing work force. This number may be estimated appropriately employing a suitable survival model for workers.

### **Decision criterion for solvency**

The decision criterion for solvency is based on traditional actuarial practice. A traditional

actuary determines the question of solvency by comparing the monetary value of the stream of benefits flowing out of the Fund with the value of the stream of contribution flowing into the Fund, in respect of the workforce as on the date of valuation. If the value of the benefits exceeds the value of the contributions including receipts from available assets, the Fund is not in a position to meet the committed liability, has therefore to be regarded as not solvent. On the contrary, if the value of the contribution exceeds the value of the benefits, the Fund is in a position to meet the committed liabilities as and when they unwind in the future. Thus the shortfall of the value of the contribution over the value of the benefits – Valuation Deficit – indicates a measure of the lack of financial strength of the Fund. Similarly, the excess of the value of the contribution over the value of the benefits – Valuation Surplus – is a measure of the financial strength of the Fund to meet the committed liabilities.

In this study we employ an abridged version of this traditional actuarial technique to determine the solvency or otherwise of the KBCWWF.

### **Data base for valuation**

Data with regard to contribution flow were available at the headquarters from the statements of accounts and reports published by the Fund annually. Information on administrative expenses for the Fund as a whole was also available on a yearly basis. Though information on benefits other than pensions paid to members and on the beneficiaries was not available, data on the aggregate pay-outs on these benefits could be gathered from the annual statements of accounts.

A cursory examination of the costs of the various benefits promised by the Fund was made in consultation with a professional actuary. The actuary found, after going through the statements of accounts and available other information, that the major item of cost for the Fund was its commitment of monthly pension to the members and pension to families following the death of members. It was therefore decided to estimate the aggregate cost of the pension benefit as on 31-3-2002. For this purpose details on pensioners existing as on 31-3-2002 were collected. Since the pension payments are sanctioned and regulated by the headquarters of the Fund, registers were available district-wise information on the existing pensioners such as name, date of birth, date of enrolment, date of retirement, date of commencement of pension, and monthly pension sanctioned.

It was not possible to collect information on pensioners for all the 14 districts because of time and resource constraints. Our personnel had to work without obstructing the routine work in the offices. Therefore it was decided to settle for a sample of six districts selected at random. The districts selected were Kollam, Idukki, Kozhikode, Wayanad, Kannur, and Kasargod.

The age-wise distribution of pensioners in the selected districts as on 1 April 2000 is shown in Table 6.1.

**Table 6.1 Age-Specific Distribution of Pensioners as on 1-4-2002 in Selected Six Districts**

Age	Kannur	Wayanad	Kasargod	Idukki	Kozhikode	Kollam	Total
58	0	0	0	0	0	0	0
59	0	0	0	0	0	0	0
60	3	18	0	0	0	6	27
61	0	1	0	6	0	477	484
62	0	40	88	165	9	556	858
63	0	31	189	174	89	242	725
64	98	33	109	102	228	121	691
65	420	21	93	51	186	171	942
66	698	43	144	49	259	122	1315
67	594	30	82	27	299	76	1108
68	429	4	64	16	193	33	739
69	152	1	20	2	75	4	254
70	43	1	2	3	6	2	57
71	0	0	1	0	1	0	2
72	0	0	0	1	0	0	1
73	0	0	0	0	0	0	0
Total	2437	223	792	596	1345	1810	7203

Source: Pensioners Register Maintained at KBCWWF

### **Calculation of value of pension benefits as on 01-04-2002**

It is seen that there were 7203 pensioners in the age group of 60 to 72, in these districts. In Table 6.2 the value of pension commitment as on 1 April 2002 in respect of these 7203 pensioners is shown. The method of calculation of the pension value is as follows. Using the LIC 1996-'98 mortality table, the probability of survival of a pensioner is estimated. Thus the amount of pension payable in every future year since 1 April 2002 is calculated and the probability of making that payment is estimated. For instance, probability of a pensioner aged 60 as on 1 April 2002 to survive and receive pension payment during 2002-'03 is 98.91 percent. The total pension payment at the rate of Rs 200 per month per annum is Rs 2400.

The present value of this Rs 2400 payable in one-year is worked out by discounting it by applying the rate of interest of 8 percent. The value of Rs 2400 payable in one-year is hence equal to Rs 2400 (1.08). This present value is multiplied by the probability factor because the payment will be made only if the pensioner survives. Therefore the survival adjusted present value of the pension payment of Rs 2400 per annum is equal to  $2400/1.08 \times .9891 = 2198$ . In this way the present value of all possible future payments is calculated and added up to determine the value of the pension commitment for a person aged 60 on 1 April 2002. If there are 2000 pensioners aged 60 then the total value will be 2000 times the value for a single pensioner.



**Table 6.2 Age-specific distribution of pensioners in the Scheme as on 1-4-2002**

Age	Number of pensioners	Annuity Factor	Present value of Member pension	Present value of Family pension	Total value of pension commitment
50	0	11.45211	0	0	0
51	0	11.33638	0	0	0
52	0	11.21622	0	0	0
53	0	11.09326	0	0	0
54	0	10.96716	0	0	0
55	0	10.83747	0	0	0
56	0	10.70369	0	0	0
57	0	10.56523	0	0	0
58	0	10.42122	0	0	0
59	0	10.27144	0	0	0
60	27	10.11562	655479	65547.9	721027
61	484	9.953435	11561792	1156179.2	12717971
62	858	9.784392	20148414	2014841.4	22163255
63	725	9.599943	16704000	1670400	18374400
64	691	9.401889	15592415	1559241.5	17151657
65	942	9.192001	20781462	2078146.2	22859608
66	1315	8.971973	28315895	2831589.5	31147485
67	1108	8.743382	23250272	2325027.2	25575299
68	739	8.507705	15088902	1508890.2	16597792
69	254	8.266282	5039106	503910.6	5543017
70	57	8.020294	1097193	109719.3	1206912
71	2	7.770754	37300	3730	41030
72	1	7.518496	18044	1804.4	19848
73	0	7.264163	0	0	0
Total	7203		158290274	15829027	174119301

Note: Monthly pension = Rs200, Discount Rate = 0. 08,

Sources: Reports of KBCWWF, Annual Account of KBCWWF, Pensioners Register Maintained at KBCWW, LIC 96-98 Mortality Table (**Appendix II**)

In Table 6.2, under column 3, the value of pension payment of Re 1 per annum is shown for each age. Under column 4 the product of 2400 and column 2 and column 3 for each age is recorded. This gives the value of the pension commitment for each age. Under column 5, 10 percent of column 4 is taken, as roughly the value required for servicing the family pensions on the death of the pensioner. This is not at all an over estimate. In Column 6 the aggregate value of the pension commitment (column 4 + column 5) is shown. Thus from Table 6.2 we get the estimated value of the pension commitment in respect of 7203 pensioners in the six selected districts.

The estimate of the number of pensioners that may exist in the remaining eight districts and the value of the pension commitment for them are given in Table 6.3.

**Table 6.3 Statistics showing Registered members in the Welfare Scheme (continuing as workers)**

Name of District	As on 31-3-99	As on 31-3-2000	Pensioners as on 1-4-2002	Rema
Trivandrum	90368	121090	3156	Estim
Kollam **	39864	48220	1810	actua
Pathanamthitta	25852	37400	975	Estim
Alappuzha	35322	40250	1049	Estim
Kottayam	28659	37104	967	Estim
Idukki **	15329	24573	596	actua
Ernakulam	61353	68567	1787	Estim
Thrissur	55254	77117	2010	Estim
Palakkad	62432	87086	2270	Estim
Malappuram	52062	67304	1754	Estim
Kozhikode **	59716	75610	1345	actua
Wayanad **	8860	10643	223	actua
Kannur **	75228	91935	2437	actua
Kasargod **	21769	25392	792	actua
Total for selected 6 districts		276373	7203	
Total Estimated Registered in 14 Districts		812291		

Annuity factor for age 60 $a_{60} =$
Discounting Factor = $V^{15} = 1/(1+.08)^{15} =$
Present value of monthly pension of Rs200 payable at age 60 for a person aged 45 as on 1-4-2002 = $200 \times ( {}_{15}P_{45}) \times a_{60} \times v^{15} =$
Value of Pension commitment in respect of members in active work as on 2002= $812291 \times 6939.504099 =$
Value of Pension commitment in respect of existing pensioners (6 districts)
Value of Pension commitment in respect of remaining 8 districts
Total required Fund
Total Fund available as on 31-03-2000
Estimated Fund Size as on 31-3-2002  (It is assumed that Rs 25 Cr will be collected every year in respect of the ex members for the next 15 years)
The present Value of these 15 annual contributions @ 25 Cr per annum =
Total Value of the assets as on 1-4-2002
Less Administrative Expenses @Rs3.5 Cr per annum
Value of Fund available as on 1-04-2002

Note: \*\* indicates selected districts for the study

Sources: Reports of KBCWWF, Annual Account of KBCWWF, Pensioners Register Maintained at KBCWWF, LIC 96-98 Mortality Table (See Appendix- II)

The method of estimation is as follows. Details of registered construction workers existing as on 31-3-1999 and 31-3-2000 were collected from the headquarters of the Board. District-wise particulars for all the 14 districts are available and these have been recorded in Table 6.3. Under column 4 of Table 6.3, the number of pensioners as on 1-4-2002 in respect of the six districts for which data were collected has been recorded. In respect of other

districts for which pensioner data could not be collected, estimates were made using the registered work force as on 31-3-1999 and 31-3-2000 as bases for projection. Roughly the number of pensioners is about 26 percent of the work force.

The total estimated pensioners in the State as on 1-4-2002, including the 7203 enumerated from the six districts earlier mentioned, come to 21,171. Information on the age distribution of the 7203 pensioners is available, but we have no information on the age distribution of the 13,968 pensioners in the remaining eight districts ( $21,171 - 7203 = 13,968$ ). Assuming that their average age is 62, using the LIC mortality table and a rate of interest of 8 percent per annum for discounting; the liability value in respect of these estimated 13,968 pensioners was determined and recorded in Table 6.3. Thus the total value of the pension commitment in respect of all surviving pensioners was determined to be Rs 51,17,70,057.

We had a workforce of 2,76,373 as on 31-3-2000. These persons constitute a potential pension liability for the Fund. Hence we have to determine the value of pension commitment for these 2,76,373 persons who will eventually retire; they would draw pension for themselves as long as they live and after their death their families would draw pension. In Table 6.3 we have estimated the amount involved for paying pension by taking the average age of the work force as 45, using the LIC mortality table and calculating the amount at 8 percent rate interest for discounting. The cost of pension liabilities in respect of the existing work force amounts to Rs 563,68,96,724. This amount must be added to the liability value in respect of existing pensioners. The aggregate pension value for pensioners and existing work force together comes to Rs 614, 86,66,781.

There is need to find methods to meet the escalating cost. One source is the available assets of the Board as on 1-4-2002. From the accounts of the Fund the value of the available assets, as on 1-4-2002 was estimated at Rs 154,90,89,596. There is another source namely the annual contribution by employers made as long as the workforce remained in employment. It is difficult to gather exact information about this source. But, by considering the statements of accounts during the past 5 to 6 years, it was estimated that not more than Rs 25 cr per annum in respect of the existing work force will flow into the Fund during the next 15 years. The present value of Rs 25 cr per annum during the next 15 years was determined by discounting them at a rate of interest of 8 percent per annum. This amounts to Rs 213,98,69,672. In this way the total value of the assets already available and also those in the making during the next 15 years amounts to Rs 368,89,59,268 ( $\text{Rs } 154,90,89,596 + \text{Rs } 213,98,69,672$ ).

After studying the accounts of the Fund for the past five years, it was estimated that for servicing the benefit and for administering the Fund about Rs 3.5 cr per annum will be required for the next 15 years. The present value of the administrative expenses was similarly determined using 8 percent per annum interest for discounting; it came to Rs 29,95,81,754.

The true available financial source will thus be Rs 338,93,77,514 ( $\text{Rs } 368,89,59,268 - \text{Rs } 29,95,81,754$ ) against the value of pension liability of Rs 614,86,66,781. This means that there exists an estimated deficit as on 1-4-2002 amounting to Rs 275,92,89,267 ( $614,86,66,781$

– 338,93,77,514 = 275,92,89,267). If we spread this deficit for the next 15 years the annual deficit would work out to Rs 32, 23,66,509.

Thus, a crying need is found to exist for reformulating the benefit package and also the contribution factors so as to make the Fund totally self-financing. Unless corrective measures are taken the Fund will have to face serious financial consequences in the coming years. Even with Rs 200 as monthly pension, we have found that the Fund would move to a position of not being solvent in the not-too-distant future. The doubling of the benefit without finding matching resources to finance additional commitments would only accelerate financial strains and the process towards insolvency.

## 7. Construction Workers in Mazhuvannur *Panchayat*

Being in the unorganised sector, the socio-economic background of construction workers, in particular of the elderly among them, is not at all better than that of the other vulnerable groups. The discussion in this section is based on a survey of the socio-economic characteristics of the construction workers of Mazhuvannur *Panchayat* in the Kunnathunadu *taluk* of Ernakulam district.

Mazhuvannur *panchayat* was inhabited from very early periods by construction workers, since this area has rich laterite stone mines. Historians have traced the origin of the name of the *panchayat* *Mazhu-vannur* (*Mazhu* being the implement used for cutting stone), to 'the stone cutting workers who dominated the village' (V.K.Valathu).

### Location

Mazhuvannur *panchayat* is located in the Mazhuvannur and Airapuram villages of Vadavukodu Block *panchayat*. Kunnathunadu is the Assembly constituency and Muvattupuzha the Parliament constituency. Vengola and Rayamangalam villages fall on the North of Mazhuvannur, and Aykkaranadu *panchayat* on the South. Payipra and Kunnathunadu *panchayats* are located in the East and the West of the Mazhuvannur, respectively. The total area of the *panchayat* is 4911 sq. km.

### Physiography

The diversified physiography of the *panchayat* characterises a typical Kerala midland region. The undulating topography alternating with hills, valleys, and forests shows the richness of natural resources in the *panchayat*. Like the diversity and richness of land resources, Mazhuvannur is also well-endowed with water resources in the form of ponds, streams, and canals. The annual rainfall is 330cm. Nevertheless, during the summer months water shortage is a common phenomenon. The water scarcity is accentuated by the construction of the Periyar Valley Canal, which has led to the disappearance of a number of ponds.

### Agriculture

The topographic diversity of the area has attracted a variety of farm activities in the *panchayat*. The major crops cultivated include rice, coconut, rubber, and pineapple (Table 7.1). Agricultural labourers dominate the working population in the *panchayat*.

### Demographic features

According to the 1991 Census, the total population of the *panchayat* was 29,508 persons; 14,866 males and 14,642 females. The density of population in the *panchayat* (601 persons per sq km) is lower than the State average (819 persons per sq.km). Of the 6062 households in the *panchayat* nearly 48 percent are under abject poverty. Among the 2901 families

**Table 7.1 Area under Important Crops**

Crops	Area (Ha)
Rice	1140
Coconut	940
Rubber	1100
Pineapple	240
Banana & other Plantains	97
Horticulture	60
Tapioca	47
Pepper	40
Others	141

Source: Panchayat Development Report, 1996 of Mazhuvannur panchayat

below the poverty line (BPL), 201 belong to SC/ST (Development Report, 1996). Ward-wise distribution of families below the poverty line is given in Table 7.2. Poverty-ridden families are found in larger numbers in ward numbers five, six, eight, and eleven than in the other wards. These four wards together account for more than 50 percent of the BPL families in the *panchayat*.

**Table 7.2 Ward-wise Distribution of Families below Poverty Line**

Ward No.	Families below Poverty Line	SC / ST-BPL Families
1	198	13
2	259	12
3	227	1
4	194	32
5	314	26
6	429	30
7	71	10
8	321	-
9	279	24
10	208	53
11	401	-
Total	2901	201

Source: Panchayat Development Report, 1996 of Mazhuvannur panchayat

Of the total number of 8729 buildings in the *panchayat*, 69 percent are houses. Concrete buildings accounted for 27 percent and other *Pucca* buildings for 66 percent of the total number of buildings in the *panchayat* (Table 7.3).

### **Construction workers – Primary survey**

The present study of construction workers in the Mazhuvannur *panchayat* is based on the

**Table 7.3 Details of Building in the Panchayat**

Type	No.	Percent
Total buildings	8729	100.0
House buildings	6062	69.4
Concrete	2359	27.0
<i>Pucca</i>	5800	66.4
<i>Kutchra</i>	520	6.0
Multi-storeyed	50	0.6

Source: Mazhuvannur Panchayat Development Report, 1996

primary survey conducted in two wards of the *Panchayat* (Ward Nos. 6 and 7). The period of survey was February 2002 to June 2002.

Construction workers were divided into three groups: members of the KBCWWF, non-members, and pensioners. From each group 50 samples were selected. Quantitative and qualitative methods were used for collecting data. Semi-structured pre-tested and interview-administered questionnaire was the main tool used. Besides, focus group discussions (FCD) and key informant interviews were carried out at the ward level to supplement the information collected through the survey. Trained investigators collected the data through house-to-house visits. The timings of data collection were varied to suit the respondents. Data collection, focus group discussions, and open-ended interviews were conducted simultaneously.

### Sample selection

By adopting the stratified sampling method, 150 samples were selected from the three groups. The selection was completed in two steps. Initially details of workers were collected from the voters' list with the help of the *panchayat* members and people's representatives. On preliminary observation it was found that the majority of the working population in the ward Nos. 6 and 7 were engaged in the construction sector. And, again as we have seen in Table 7.2, these two wards stood at the two extremes with regard to poverty. Poverty-ridden families were the maximum in Ward 6 (429) and the minimum in Ward 7 (71). Therefore, samples were selected from these two wards.

Identified samples were streamlined through focus group discussions and key informant interviews. The criteria adopted for a construction worker to be included in the sample selection were the following: he/she should be a person who is employed for wages doing any work in connection with building construction including any work relating to supply of building materials who gets his/her wages directly, or indirectly from an employer or from a contractor, and who is specified as worker in any of the categories in Schedule-I of the Construction Workers Welfare Fund Act. An opinion survey was also conducted to analyse the workers' perceptions of the Welfare Board. Opinions of non-members were also recorded.



## Socio-economic profile of construction workers

### Occupation

The majority of the employed construction workers belonged to the agricultural sector. The construction sector engage 14 types of workers including brick workers, masons, carpenters, black smiths, plumbers, and painters. Out of the 100 samples selected, including both members and non-members of the KBCWWF, 39 percent are helpers in the construction sector followed by masons and rock workers (13 percent each). In the structural classification of construction workers much variation could not be seen between members and non-members. Helpers constituted more than one-third of the construction workers. Among the regular workers, masons and rock-mine workers were numerically the highest accounting for 13 percent each.

**Table 7.4 Classification of Construction Workers by Occupation**

Type of Work	Members		Non-Members		Total	
	No.	%	No.	%	No.	%
Brick Worker	3	6	2	4	5	5
Mason	8	16	5	10	13	13
Carpenter	5	10	2	4	7	7
Black Smith	2	4	4	8	6	6
Plumber	2	4	2	4	4	4
Painter	3	6	2	4	5	5
Helper in Construction Site	15	30	19	38	34	34
Fitter	-	-	-	-	-	-
Electrician	3	6	4	8	7	7
Road Worker	-	-	-	-	-	-
Welder	-	-	-	-	-	-
Seawall Worker	-	-	-	-	-	-
Rock Mine Worker	6	12	7	14	13	13
Marble Worker	3	6	3	6	6	6
Others	-	-	-	-	-	-
Total	50	100	50	100	100	100

Source: Field survey

### Sex ratio

As we have seen earlier, the sex ratio in the *panchayat* was 985 females per thousand males as against 1058 females per thousand males for the State as a whole (Table 7.5). In the sample households 73 percent of construction workers are males. The work participation rate among females is extremely low (15.4). Only 27 percent of the construction workers are found to be females. Among the women workers 59 percent have taken membership in the KBCWWF, which shows that women workers are highly conscious of their security.

**Table 7.5 Classification of Construction Workers by Sex**

Sex	Members		Non-Members	
	No.	%	No.	%
Male	34	68	39	78
Female	16	32	11	22
Total	50	100	50	100

Source: Filed survey

### Age composition

Forty-one percent of the workers in the age group of 18-60 years belong to the age group of 35-45 years, and persons above 55 years constituted only seven percent of the total work force (Fig. 7.1 and Table 7.6). The older workers always bother about their social security; 54 percent of workers above 45 years of age have taken membership in the KBCWWF, whereas the corresponding figure was only 45 percent for workers below 35 years of age.

**Table 7.6 Age Composition of Construction Workers**

Age Group	Member		Non-Member	
	No.	%	No.	%
18 – 35	10	20	12	24
35 – 45	20	40	21	42
45 – 55	17	34	13	26
> 55	03	06	04	08
Total	50	100	50	100

Source: Filed survey

### Marital, community, and educational status

Among the 100 sample workers 83 percent are married; widowed, divorced, and separated constituted only four percent (Table 7.7). Scheduled Castes constituted 26 percent of which 54 percent are outside the social security umbrella of the KBCWWF (Table 7.8). Workers belonging to other backward communities accounted for 50 percent of the construction sector in the area and 54 percent of them are members of the KBCWWF. Membership rate among forward community workers was only 46 percent.

**Table 7.7 Martial Status of Construction Workers**

Type	Members		Non-Members	
	No.	%	No.	%
Married	41	82	42	84
Unmarried	7	14	6	12
Widowed	1	2	0	0
Divorced / Separated	1	2	2	4
Total	50	100	50	100

Source: Field survey

**Table 7.8 Construction Workers by Community**

Social Group	Members		Non-Members	
	No.	%	No.	%
Scheduled Caste	12	24	14	28
Scheduled Tribe	0	0	0	0
Forward Community	11	22	13	26
Other Backward Community	27	54	23	46
Total	50	100	50	100

Source: Field survey

Even though the State claims to have achieved hundred percent literacy, in the study area 30 percent of the construction workers are found illiterate (Table 7.9). The average rural literacy rate in the *taluk* is 82 percent (Government of Kerala, 2001). But, educational status does not seem to have made any significant influence on the workers' awareness of their social security needs and membership rates. For instance, out of 15 illiterate construction workers, 7 (47 percent) are members and 8 (53 percent) are non-members. Among workers with primary level education, 30 out of 55 (55 percent) are members. In the higher categories of the educated with secondary and higher secondary levels of education or professional education the proportion of members is lower than of non-members.

**Table 7.9 Educational Status of Construction Workers**

Educational Status	Member		Non-Members	
	No.	%	No.	%
Illiterate	7	14	8	16
Lower Primary Education	14	28	11	22
Upper Primary Education	16	32	14	28
Secondary	5	10	6	12
Higher Secondary	4	8	6	12
Graduate/Postgraduate	0	0	0	0
Professional	4	8	5	10
Total	50	100	50	100

Source: Field survey

### Health status

Owing to several physical strains the chances of injury during certain types of construction work are common, necessitating temporary stay off from work. In the study area 36 percent of workers reported some sort of injury, disease, or weakness which hampers their usual work. Male workers (38 percent) reported more cases of ill health than their female counterparts (30 percent). Among the unhealthy workers 46 percent of males and 63 percent of females are members of the Welfare Fund (Fig. 7.2 and Table 7.10). Thus, the

benefit coverage of unhealthy construction workers under the Welfare Benefit Scheme of the KBCWWF among the sample households is only 55 percent. Injury led to permanent disability to two percent of the workers, and partial disability to another five percent.

**Table 7.10 Health Status of Construction Workers**

Health Status	Members				Non-Members				Total			
	Male		Female		Male		Female		Male		Female	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Healthy	21	42	11	22	24	48	8	16	45	70.3	19	29.7
Weak & Frail	8	16	3	6	10	20	2	4	18	78.3	5	21.7
Anaemic	0	0	1	2	1	2	0	0	1	50	1	50.0
Physical Disability	0	0	0	0	1	2	0	0	1	100	-	-
Chronic Diseases	2	4	1	2	0	0	1	2	2	50	2	50.0
Disability due to Accident during the work	1	2	0	0	0	0	0	0	1	100	-	-
i) Leading to permanent Disability												
ii) Stay of for a short period	2	4	0		3	6	0	0	5	100	-	-
Total No. of Workers	34	68	16	32	39	78	11	22	73	73	27	27.0

Source: Field survey

### Political background

Workers in Kerala are in general politically active and most of them are either members of trade unions or active members of political parties. Trade unions emerged as a powerful labour institution in the Mazhuvannur *panchayat* a long time ago and historical factors played an important role in this development. But, such factors could not make any impact on the construction workers. Among the sample construction workers 65 percent are sleeping members of political parties; among them only 40 percent are members of the KBCWWF (Table 7.11). On the other hand, active members of political parties and trade unions constituted only 10 percent, and of which 60 percent were members of the Welfare Fund. Thus, it could be seen that there is a positive correlation between active participation of workers in trade union and political activities and membership in the Welfare Fund.

### Factors affecting work

Being in the unorganised sector, construction work is determined to a great extent by a number of factors including availability of raw materials and implements, weather, and health status of workers. Among the samples selected 48 percent of the workers got only 15 or less number of days work per month (Table 7. 12). Availability of work is reflected in the work participation rates, 51.5 for males and 15.38 for females in the district.

Health factors, household responsibilities and alternative employment opportunities some-

times keep workers out of the construction work for short periods. In our analysis 59 percent of the construction workers lost their work temporarily due to health reasons and household responsibilities (Table 7.13). The corresponding proportion for women workers alone was 67 percent. Construction workers are found to be engaged in other agricultural and non-agricultural activities on holidays and free days without affecting their construction work, due to fairly high wage rates prevailing in this sector.

**Table 7.11 Political Background of Construction Workers**

Background	Members		Non-Members	
	No.	%	No.	%
Members of Trade Union	8	16	2	4
Active Members of political parties	6	12	4	8
Moderate Members of political parties	10	20	5	10
Sleeping members of political parties	26	52	39	78
Total	50	100	50	100

**Table 7.12 Work Availability for Members and Non-Members**

Average Number of days per month	Members		Non-Members	
	No. of days	%	No. of days	%
0 to10	3	6	5	10
10 to 15	22	44	18	36
15 to 20	14	28	15	30
20 to 25	11	22	12	24
> 25	0	0	0	0
Total	50	100	50	100

Source: Field survey

**Table 7.13 Reasons for Absence from Work**

Reasons	Members				Non-members			
	Male		Female		Male		Female	
	No.	%	No.	%	No.	%	No.	%
Health	16	32	8	16	10	20	4	8
Household Responsibilities	9	18	3	6	6	12	3	6
Other employment	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0
Total	25	50	11	22	16	32	7	14

Source: Field survey

Daily wage rates of construction workers in Kerala are given in Table 7.14. The wage rates existing in the construction sector are one of highest in the unorganised sector.

**Table 7.14 Daily wage Rates of Construction Workers**

Construction Worker	Daily Wages (Rs.)	
	Rural	Urban
Carpenter First class	172.52	172.84
Carpenter Second class	152.78	152.88
Mason First class	170.20	171.73
Mason second class	153.41	152.11
Unskilled male Labour	123.43	124.30
Unskilled female Labour	102.76	103.98

Source: Census of India – 2001, Provisional Figures

Reaching the work sites and meeting consumption requirements during work involve expenditure. On an average the daily personal expenditure a construction worker incurred for performing his work and reaching the work site stood at Rs 40, of which 55 percent constituted expenditure on food (Table 7.15). Travel expenditure constituted another 22 percent. Cigarettes and *beedi* smoking and pan consumption are quite common among the construction workers. Consumption of liquor is also widespread among them (Table 7.16). Around 70 percent of construction workers consume liquor and toddy, 33 percent being regular consumers. The average monthly consumption expenditure for liquor and toddy among the construction workers stood at Rs 840.50, which constituted 21 percent of the monthly personal income of the male workers. Consumption expenditure for intoxicants among non-members of the Welfare Fund was found 10 percent higher than that of members, a fact which highlights the higher security awareness of members than of non-members.

**Table 7.15 Average Daily Expenses on Working Days**

Background	Average Daily Expenditure (Rs.)	
	Members	Non-members
Travel	8.5	9.0
Food	21.6	22.7
Cigarettes, Beedi, Pan	9.0	8.9
Other	0	0
Total	39.1	40.6

Source: Field survey

The major source of income of the workers is wages. The average monthly personal income of the construction workers in the study area was Rs 3352, an amount hardly sufficient to ward off poverty from their families. Gender-wise disparity could be seen in the personal income distribution of the construction workers, as the female workers' earnings was 42 percent lower than that of their male counterparts (Table 7.17). Earnings from

activities other than construction work constituted 16 to 17 percent of the monthly income of the workers. It is also seen that income of the non-members is nine percent higher than that of the members.

**Table 7.16 Workers' Consumption of Intoxicants**

Item	No. of workers who consumes						Avg. Monthly Consumption	
	Daily		Occasionally		Once in While		Expenditure (Rs.)	
	Mem.	NM	Mem.	NM	Mem.	NM	Mem	NM
Liquor	7	10	14	13	-	7	521	580
Toddy	2	4	5	2	1	0	280	300
Ganja / Charas	-	-	-	-	-	-	-	-
Drugs	-	-	-	-	-	-	-	-
Other Intoxicants	-	-	-	-	-	-	-	-

Source: Field Survey

**Table 7.17 Average Monthly Wage Income of Workers**

Work	Average Monthly Personal Income (Rs.)			
	Members		Non-Members	
	Male	Female	Male	Female
Construction Work	3352	2293	3465	2409
Other Work	483	300	607	500
Total	3835	2593	4072	2909

Source: Field survey

Construction workers usually stick to their profession, even though construction activity forms part of the unorganised sector. Among the sample workers 85 percent have experience of more than 10 years, and seven percent, of more than 40 years in the construction sector (Fig. 7.3 and Table 7.18). This finding implies that the new generation seldom enters this field. For example, only five percent of workers have service of less than five years and none in this group were women.

**Table 7.18 Experience in Construction Work by Year-groups**

Years of Experience	No. of Workers					
	Members			Non-Members		
	Male	Female	%	Male	Female	%
0-5	3	0	6	2	0	4
5-10	4	2	12	4	0	8
10-20	6	3	18	10	4	28
20-30	9	5	28	13	4	34
30-40	10	4	28	8	2	20
> 40	2	2	8	2	1	6

Source: Field survey

## Household details of the construction workers

Even though the sex ratio in the *panchayat* area is biased against women, it was not so among the sample households, the ratio was found to be 1207 females per 1000 males. Non-working members (aged below 15 years and above 55 years) comprised 16 percent of the population (Table 7.19).

**Table 7.19 Household Details of Construction Workers according to Members and Non-Workers**

Item	Member		Non-Member	
	No.s	%	No.s	%
Total Population	201	-	225	-
Avg. Strength of the Family	4.2	-	4.5	-
Male Population	90	45	103	48
Female Population	111	55	122	52
Total	201	100	225	100
<b>Age Composition of Workers</b>				
Children	33	16	43	19
< 18	8	4	11	5
18 - 55	132	66	135	60
> 55	28	14	36	16
Total	201	100	225	100
<b>Marital status (&gt;18)</b>				
Married	105	52	123	54
Unmarried	46	23	46	20
Total	151	75	169	76
<b>Educational Status</b>				
Illiterate	60	36	59	33
Primary School	33	20	40	21
Secondary School	47	28	50	28
Graduate and above	8	5	6	3
Professional	3	1	4	2
Skilled Members	18	10	23	13
Total	169	100	182	100
<b>Employment Status of the Population (18-55)</b>				
Agriculture	20	13	4	2
Non Agriculture	83	52	95	56
Govt. Jobs	6	4	5	3
Unemployed	23	14	19	11
Not in the Labour Force	28	17	48	28
Total	160	100	171	100

Source: Field survey



Around 69 percent of the adult household members are married, and illiterates constituted 36 percent of total household adult population. Unemployment rate is 19 percent, 78 percent of working population being employed in the non-agriculture sector.

### Benefits received from KBCWWF

The major benefits received from the Welfare Fund include marriage assistance, funeral assistance, and scholarship for children of the members. Among the 50 sample members of KBCWWF only 28 percent received any benefits. House building assistance in three slabs at the rate of Rs 5000, Rs 10,000, and Rs 20,000 was received by five members. The different types of benefits received and the number of beneficiaries are shown in Table 7.20.

**Table 7.20 Benefits Received from the Welfare Board**

Item	No. of Persons	Amount Per person (Rs.)
Marriage	5	2000
House Building	2	5000
	1	10,000
	2	20,000
Medical	2	Spectacles
Funeral	1	2000
Education	1	2000

Source: Field survey

### Family income

As discussed earlier, the wage income of the construction workers is hardly sufficient to sustain a decent life for a family of 4-5 members. The family income of one-fifth of the workers was lower than Rs 3000 per month (Table 7.21). Only 15 percent had incomes higher than Rs 6000. The average monthly family income of the members of the Welfare Fund was found lower than that of the non-members; it must be the low income that forced them to join the Welfare Fund for social security.

**Table 7.21 Monthly Family Income of Sample Households**

Income Group	Members		Non-Members	
	No. of Families	%	No. of Families	%
<1000	0	-	0	-
1000-2000	7	14	5	10
2000-3000	6	12	4	8
3000-4000	10	20	7	14
4000-5000	10	20	13	26
5000-6000	11	22	12	24
6000-7000	4	8	5	10
< 7000	2	4	4	8

Source: Field survey

## **Housing conditions**

Housing includes not only the physical structure providing shelter but also the immediate surroundings and the availability of related community services and facilities. The Environmental Hygiene Committee (1949) of India had recommended the following standards for rural housing (Government of India, 1949).

1. There should be at least two living rooms.
2. Ample veranda space may be provided.
3. The built up area should not exceed one-third of the total area.
4. There should be a separate kitchen with a paved sink or platform for washing utensils.
5. The house should be provided with a sanitary latrine,
6. The window area should be at least 10 percent of the floor area,
7. There should be a sanitary well or a tube well within a quarter of a mile from the house.
8. It is unsanitary to keep cattle and livestock in dwelling houses. Cattle sheds should be at least 25 feet away from dwelling houses. A cattle shed should be open on all sides; and 8ft x 4ft area is sufficient for each head of cattle.
9. There should be adequate arrangement for the disposal of wastewater, refuse, and garbage.

Among the sample households these norms are not seen to be maintained. Being poor they could not maintain high housing standards. Thirty-two percent of the houses of the sample households are of the *Kutcha* type. Sanitary latrine facilities, as had been insisted by the Environmental Hygiene Committee were not available in 23 percent of the houses; however, three-fourths of the houses were electrified and had drinking water facilities including own dug wells or community well and taps (Table 7.22). Firewood, kerosene, and LPG were the fuels used for cooking purposes in these households.

## **Land area owned and agriculture practices**

The size of the land holdings owned by workers is comparatively low and 17 percent had less than 10 cents of land (Table 7.23). However, more than one-fourth of them owned more than 50 cents.

By way of homestead farming, 42 percent of workers among the sample households cultivated coconut, tapioca, rubber, etc. Nearly 40 percent of the workers cultivated paddy. Around 70 percent of the construction workers in the study area owned livestock assets including cattle and poultry (Table 7.24). One could not find any difference between members and non-members in this regard.

## **Ownership of household durables**

Being a consumer society, undergoing strong demonstration effect, huge investments are found to have been made in consumer durables. Not much difference is observed in this respect among various income groups. Among the sample households, 51 percent of workers owned TV sets, 16 percent phones, and 11 percent owned motor vehicles (Table 7.25). Radio, mixer, and bicycles are also quite common.

**Table 7.22 Housing Conditions of Workers**

Condition	Member		Non-Member	
	No.	%	No.	%
<b>House Type</b>				
Kutcha	14	28	18	36
Old & Dilapidated	11	22	8	16
Semi-Pucca	19	38	16	62
Pucca	6	12	8	16
<b>Residential Status</b>				
Owned	50	100	50	100
Rented	0	-	0	-
Rent Free	0	-	0	-
<b>Electrified Houses</b>	39	78	42	84
<b>Latrine Facility</b>				
Water Sealed	36	72	40	80
Open Pit	1	2	0	-
No Latrine	13	26	10	20
<b>Drinking Water</b>				
Owned Well	26	52	18	36
Community Well	5	10	6	12
Owned tap	2	4	4	8
Public tap	2	4	4	8
Other	15	30	18	36
<b>Cooking Fuel</b>				
Fire wood	50	100	50	100
Charcoal	0	-	0	-
Kerosene	12	24	16	32
LPG	8	16	4	8
Others	0	-	0	-

Source: Field survey

**Table 7.23 Land Area Owned by Workers**

Land Size	No. of People	
	Members	Non-Members
< 5 Cents	2	0
5 – 10 Cents	9	6
10 – 50 Cents	23	33
50 –100 Cents	15	11
> 100 Cents	1	0

Source: Field survey

**Table 7.24 Livestock Owned by Workers**

Live Stock	Members		Non-Members	
	No.	%	No.	%
Cattle	7	14	6	12
Goats	8	16	12	24
Buffalo	0	-	1	2
Pigs	0	-	0	-
Poultry	16	32	13	26
Duck	2	4	0	-
Others	2	4	3	6

Source: Field survey

### Liabilities

Conspicuous consumption with low levels of income creates problems for these households. Medical treatment, marriage ceremonies, housing loans, and education loans are their major liabilities. Among the sample households 133 cases of liabilities were reported of which 16 percent were of liabilities of more than Rs 20,000 each (Table 7.26). Marriage expenditure created liability in 42 families, of which 8 families had an average liability of more than Rs 50,000. In fact it was this item which constituted 80 percent of the reported liabilities of the construction workers.

**Table 7.25 Details of Household Durables Owned by Workers**

Item	Members		Non-Members	
	No.	%	No.	%
Television	28	56	23	46
VCR / VCP	2	4	2	4
Refrigerator	0	-	0	-
Radio	20	40	26	52
Phone	7	14	9	18
Sofa Set	4	8	7	14
Other Furniture	3	6	2	4
Mixer	11	22	13	26
Grinder	1	2	0	-
Cycle	19	38	22	44
Scooter / Bike	4	8	6	12
Other Motor Vehicle	1	2	0	-

Source: Field survey

Source-wise liability distribution of construction workers, as given in Table 7.27 shows that friends and relatives, moneylenders, co-operative societies and banks are their major sources of funds. Friends and relatives and co-operative societies dominated this sector in 66 percent of cases.

**Table 7.26 Liabilities of Workers**

Amount (Rs.)	House loan		Treatment		Education		Marriage	
	Mem	N.M	Mem	N.M	Mem.	N.M	Mem.	N.M
< 1000	0	0	0	0	0	0	0	0
1000 – 5000	7	3	9	8	3	2	5	6
5000 – 10,000	5	6	6	8	1	1	6	6
10,000 –20,000	3	5	6	5	2	1	4	4
20,000 –50,000	2	1	2	3	0	0	2	1
> 50,000	2	0	0	0	0	0	3	5
Total	19	15	23	24	6	4	20	22

Source: Field survey

**Savings**

Savings in Post office, Chit funds /Kury and Jewellery constituted the major forms of savings (Table 7.28). Investment in Jewellery and savings in Post office constituted 76 percent of total savings. But insurance coverage was found only in eight percent of cases.

**Table 7.27 Source-wise Liabilities of Workers**

Source	Members		Non-Members	
	No.	%	No.	%
Friends & Relatives	11	22	12	24
Money Lenders	4	8	8	16
Co-op Societies	13	26	10	20
Banks	3	6	4	8
Others	4	8	1	2

Source: Field survey

**Table 7.28 Structure of Savings of Workers**

Institutions	Members		Non-Members	
	No.	%	No.	%
Provident Fund	0	-	0	-
Insurance	4	8	6	12
Banks	0	-	3	6
Post Office	24	48	21	42
Chit funds / Kury	16	32	19	38
Others (Jewellery)	26	52	32	64

Source: Field survey

**Household expenditure**

Consumption expenditure is divided broadly into food and non-food expenditures. Non-

food items comprise electricity, drinking water, fuel, newspapers, treatment of diseases, transport, and house maintenance. The average monthly expenditure for food constituted Rs 1365, and for non-food Rs 780 (Table 7.29). Around ten percent of workers expended more than Rs 2000 per month for food items.

**Table 7.29 Monthly Consumption Expenditure**

Group (Rs.)	Members		Non-Members	
	Food	Non-Food	Food	Non-Food
< 500	0	10	0	13
500 – 1000	7	26	8	26
1000 – 1500	30	11	26	10
1500 – 2000	8	3	12	1
> 2000	5	0	4	0

Source: Field survey

Lump sum expenditures for medical treatment, acquisition of consumer durables, and investment in land were quite high among the construction workers. During the past three years around one-half the sample workers invested in land, buildings, vehicles, and in construction and renovation of buildings (Table 7.30).

**Table 7.30 Percentage Distribution of Average Lump-sum Expenditure of the Past 3 Years**

Purpose	Members		Non-Members	
	No.	%	No.	%
Purchase of Land / Building	4	8	6	12
Construction / Renovation of building	17	34	15	30
Purchase of Vehicle	3	6	6	12
Purchase of Other Durable Goods	4	8	2	4
Marriage / Ceremonies	9	18	12	24
Medical Treatment	28	56	23	46
Redemption of Loan	0	-	0	-
Other	0	-	0	-

Source: Field survey

The average amount expended for the purchase of land and buildings was Rs 77,917 per transaction, and the expenditure of members of Welfare Fund under this item was 37 percent higher than that of non-members (Table 7.31). In the construction of buildings and purchase of vehicles also the expenditure of members was higher than that of non-members. On the other hand, non-members' expenditures on marriage ceremonies, medical treatment, and purchase of durable goods exceeded by 25 percent of those of the members.

**Table 7.31 Average Amount Expended for Major Purposes**

Source	Average Amount (Rs.)	
	Members	Non-Members
Purchase of Land /Building	90,000	65,833
Construction / Renovation of Building	17,529	15,633
Purchase of Vehicles	13,000	9,833
Purchase of other durable goods	4165	7,500
Marriage / Ceremonies	68,333	83,833
Medical Treatment	9,500	11,233
Redemption of Loan	0	0
Others	0	0

Source: Field survey

### **Opinion of the workers about KBCWWF members**

#### *Members*

As part of the field survey an opinion poll on the Welfare Board was also conducted among members as well as non-members. Opinions regarding the present functioning of the Welfare Board, benefits and social security coverage, and need for new benefit schemes were collected from the members; and the perceptions of the non-members about the Welfare Fund were recorded. Regarding the present functioning of the Welfare Board, 54 percent of members were satisfied; whereas 36 percent were unsatisfied. But, 84 percent of the members were of the opinion that existing benefits are inadequate and 78 percent emphasised the need for improvement in social security assistance.

The majority of the members of KBCWWF expressed the view that improvement in welfare benefits should be linked to hike in monthly contributions. While extending the welfare schemes first preference should be given to maintenance of houses and then to medical allowances. Enrolment of new members was the only possible way for enhancing welfare benefits. Even though the Welfare Fund model of social security system was constituted for the welfare of workers in the unorganised sector, it could not reach each and every worker due to the voluntary nature of membership. Usually workers are attracted to join the Welfare Funds with expectations of benefits.

#### *Non-members*

One-half the construction workers still remain outside the security network of the KBCWWF. Unawareness of the functioning of Welfare Fund was not the reason reported for keeping away from the Fund; the reluctance is due to their position of social security already achieved. Among the non-members 58 percent of workers opined that they are not bothered about the Welfare Fund model of social security. However, financial stringency prevented 26 percent from joining the Fund.

The Construction Workers Welfare Fund was constituted in 1990, but the benefits perco-

lated to the grassroots level and reached the rural areas only a couple of years ago. As a result, a good number of old construction workers remain outside the security network of KBCWWF; in the study area eight percent of the non-members belong to this latter group. Regarding the question on the information about members who have benefited from the Welfare Board, non-members opined that 92 percent of their brethren who are members were not getting any benefit at all. Thus, it could be seen that unawareness and illiteracy are not the factors, which prevented the workers from joining the Welfare Board; the determinant factor is the attractiveness of benefits expected.

### **Socio-psychological analysis of pensioners**

The National policy on older persons views life cycle as a continuum, of which the post-60 phase of life is an integrated part. It does not view the age of 60 years as the cut-off point for beginning a life of dependency. It considers 60 plus as a phase when the individual should have choices and opportunities to lead an active, creative, productive, and satisfying life.

As part of the socio-economic analysis of the construction workers, a separate study on the socio-psychological behaviour of the pensioners from among the retired construction workers was conducted. Fifty pensioners from the Mazhuvannur *panchayat* were selected through random sampling. This analysis not only depicts the social and psychological aspects of the elderly construction workers; it also gives a general idea of the problems faced by the elderly population in the State as a whole. During a period of rapid socio-cultural transition and emerging generation gaps the psychological problems faced by the elderly are complex. The breakdown of the joint family system and the emergence of the nuclear family system have created tensions in the normal lifestyle of the elderly population.

Social security, financial security, and psychological security are the three pillars on which the foundation of the human social life persists. Social security is a product of cultural transitions and socio-political balance emerging in the society and the resultant family network. A great anxiety of old age relates to financial security. It is attached to the potential income-generation capacity of the elderly through employment, assets or whatever the medium which is socially accepted as adequate and necessary. Potential future income stream is connected with the past ownership of assets and employment. Being in the unorganised sector potential income-generation capacity at the old age is an unimaginable task and it is in such situations, the role of pensions becomes important. Even though the amount of pension given by the Welfare Board is small, that itself creates potential income generation capacity based on which the psychological security increases. Healthy relationships existing among members of the family, respect and care given to the elderly including the care given to meeting their basic needs and medical attention are all supportive of psychological security.

The main thrust of the welfare benefit scheme will have to be to identify the more vulnerable among the old persons such as the poor, the disabled, the infirm, the chronically sick and the destitute, and to provide welfare services to them on a priority basis.

Since the KBCWWF was constituted only about a decade ago the majority of the present



pensioners are not too old; very old construction workers remaining mostly outside the social security fabric of the Welfare Board. In our analysis only six percent of the elderly construction workers were getting pension for more than four years, and 80 percent were getting the same for less than two years.

Pension from KBCWW, as we discussed earlier, is a product of the workers' contribution and the period of payment. It ranged from a minimum of Rs 200 per month to a maximum of Rs 400. In Mazhuvannur *panchayat* 66 percent of pensioners were getting the minimum pension.

Even though the working capability diminishes with old age, human desires and family needs go on increasing and at least the partial fulfilment of which (other than the personal basic needs) is essential for psychological satisfaction. In our sample, 94 percent of the pensioners complained that their pensions are inadequate. Unless other sources of income were found, attaining even the basic needs through pension alone is difficult. Among the sample pensioners only 34 percent had some livelihood options other than income from their children.

**Table 7.32 Pensioners' Perceptions on Pension**

Period	No. of Pensioners	%
Adequate for needs	0	0
Inadequate	47	94
Barely Adequate	3	6

Source: Field survey

### **Status in the family**

Family is the most cherished social institution and the most vital non-formal social security for the elderly. Elderly persons stay with one or more of their children, particularly when independent living is no longer feasible. It is this arrangement that is found to be the most preferred and also the most satisfying to the elderly. It is important that this traditional support system continues to be functional and the ability of the family to discharge its caring responsibilities is strengthened through other support services. Family activities constitute the major engagement of the elderly. Under the nuclear family system, the elderly look after their children and grandchildren, in return for the care they take for the elderly. Among the sample households the family size of the pensioners was found to be around seven persons, four in the same household and three (grand children) of neighbouring households in which their children live.

Even though the pensioner happens to be, in almost all cases, the senior-most citizen of a household, he may not be the head of household in most cases. Income generation capacity, activity status and capacity to handle family and social issues, determine the status of a member in the family. Pensioners headed 50 percent of the surveyed households in the sample households in Mazhuvannur *panchayat*. Sons of pensioners were the heads in 28 percent of the cases. In 18 percent of the cases, it was women members who headed the households.

Old persons have become soft targets for criminals. In some cases, they also become victims of neglect and physical and emotional abuse within the household. The members of their own families may force them to part with their ownership rights. Rights of inheritance, occupancy and disposal of widows are at times violated by own children and relatives. Being the senior-most and the most experienced person in the family, important family decisions are either taken directly by the elderly or taken under their advice and approval. In 92 percent of cases their advice was sought; but only in 60 percent it was regularly sought. Thus, it is found that irrespective of whether the pensioner is heading the house or not, important family decisions tend to be taken after consultation with him/her.

### Activity status

Elderly construction workers should not be treated merely as consumers of goods and service; they are good resource persons too. They render useful services in the family and outside. Opportunities and facilities need to be provided to them so that they could continue to contribute effectively to the family, the community, and the society. Elderly construction workers usually enjoy their retirement life with their children and grandchildren. But personal and family liabilities compel some of them to engage in certain kinds of work and earn a living. In Mazhuvannur *panchayat*, 44 percent of pensioners are still working, and of them 14 percent worked regularly.

With the gradual break-up of the joint family system and the decreasing financial and other support from children, the economic status of the elderly construction workers is become increasingly critical. Financial dependency makes the problems of the elderly difficult of solution. It was poverty or unemployment of the other members of the family which often compelled the pensioners to engage in work (Table 7.33).

**Table 7.33 Reason for Pensioners for Engaging in Work**

Reason	No. of Workers	%
Poverty	8	33
Unemployment of Members of the Family	6	25
Personal Expenses	3	13
Insufficient Family Income	7	29

Source: Field survey

### Generation gap

The National Policy on the Elderly envisages an age-integrated society by strengthening integration between generations, facilitating two-way flows and interactions, and strengthening bonds between the young and the old (CSO, 2000). Owing to various factors like nuclear family structure, employment of men and women and integration of youth with other places to which they move in search of employment, it is becoming more and more difficult to extend due care and attention to the elderly, forcing them to live lonely lives during old age. Fulfilment of the psychological needs of the elderly is inevitably associated with their relationships with the members of the family and in particular with their grandchild-

dren. Among the pensioners, nearly 90 percent have grandchildren with all of whom they maintained fond and constructive relationship.

Most often the relationship between the elderly and their grandchildren is strengthened through solving problems related with academic and financial matters, sports and games, religious and cultural observances, and food and clothing practices. Around 50 percent of the pensioners in the study area regularly supported their grandchildren in these matters.

Interestingly, every four out of five pensioners reported that their close contacts with their grandchildren have given them a new meaning in life. Generation gaps that usually emerge and manifest in cultural and socio-economic approaches were not, according to them, unbridgeable gaps. It is the strength of the bonds of affection maintained within families that keeps generation-gaps at bay.

### **Attitude towards life**

A characteristic feature of the health status of the elderly is that the majority of them suffer from more than one disease making medical treatment inevitable difficult and prolonged. Prevalence of various types of physical disabilities was found to be widely prevalent among the elderly construction workers. During old age the majority of people try to prepare a balance sheet of their own in their mind based on material achievements on the one side and psychological satisfaction on the other. Whatever may be their past experiences, they derive pleasure from the company of children and grand children with whom they live, provided the relations are cordial. The pensioners in our sample belonged to the following groups.

1. Around two-thirds felt disappointed due to failure in achieving goals;
2. Financial difficulties regularly affected 56 percent;
3. Health problems haunted 84 percent;
4. Ill treatment from members of the family, rendered 56 percent of them fell despondent and helpless.
5. One- half of the pensioners felt life in isolation and neglect.

Programmes will have to be developed to promote family values, sensitise the young on the necessity and desirability of inter-generational bonding and continuity and of meeting filial obligations. Values of caring and sharing need to be reinforced. Society needs to be sensitised to accept the role of married daughters of sharing the responsibilities of supporting parents in the present day changing social context in which parents have only one child or two, in some situations only a daughter. This would require some adjustments and changes in the perceptions of in-laws in regard to sharing of the caring responsibilities by sons and daughters especially in the light of the equal rights of inheritance to all children irrespective of sex granted by courts of law and the greater emotional attachment that daughters have with their parents.

## 8. Conclusion

The structure of a welfare state rests on its social security fabric. Labour welfare is welfare accorded to labour. Welfare Funds are raised by levying cess on production, sale or export of specified goods, or by collecting contributions from various sources including employers and employees, as well as the Government, and are used for meeting expenditures on the welfare of workers.

The Government, employers, and trade unions in Kerala generally agree that Labour Welfare Funds have gone a long way in ameliorating the conditions of life of labour outside their work premises and in the society at large. But the multiplicity of Boards has resulted in heavy expenditure or overheads, thus draining the amounts available for benefit spending. Further, each Board covers only specific groups of workers, neglecting many of the needy. It is therefore essential to co-ordinate the activities of the various Welfare Boards, or to amalgamate them into a common administrative set-up for the sake of economy and efficiency of welfare activities. In spite of several limitations, Welfare Boards, as they function today, provide one of the most important ways of reaching workers in the unorganised sector.

Labour in the unorganised/informal sector accounts for about 85 percent of the working population in Kerala. Welfare Funds of social security for workers in the unorganised sector have a history of more than three decades in Kerala. Social security benefits are given mainly in the form of provident funds, paid to workers on superannuation, monthly pensions, and gratuity. Social insurance is given in the form of *ex gratia* payment in the event of disability or death; a modest payment is made in the event of treatment for ill-health. Welfare assistance consists of financial assistance for housing, education of children, and marriage of daughters.

The majority of Welfare Funds in the State expend a large chunk of their incomes as establishment charges. It means that a sizeable proportion of the savings of the informal sector workers is used to finance the salaries and perquisites of formal sector workers in government service. Higher costs of administration raise basic questions about the basic purpose of running Welfare Funds. A solution to this problem rests as indicated earlier on establishment of a unified and common administrative body to manage all the Welfare Funds; the danger imminent in such a solution has in the development of a monolithic bureaucratic structure. With regard to Government contributions and workers' contributions to the Welfare Funds, there exist no well-stated principles; therefore, out of the 19 Welfare Funds formed in the State only 15 get Government contribution. Employers' contributions are also irregular. The coverage ratio of Welfare Funds in Kerala is quite dismal too due to the poor attractiveness of expected benefits. Further, funds mobilised by the majority of Welfare Funds are insufficient to meet their disbursements.

According to the 1991 census, Kerala's work participation rate was 38 percent and the total number of workers was 120 lakh. Around 12 lakh workers were in the organised sector, and the remaining 108 lakhs, in the informal sector. Leaving out farmers, workers in the

informal sector came to 90 lakh, of which 26 lakh (29 percent) are covered under Welfare Funds, leaving the rest uncovered by social security measures. The voluntary nature of membership and the unattractiveness of benefits also are attributed to the low coverage.

In Kerala, Building and Construction Workers Welfare Fund (1990) was constituted as per the Kerala Construction Workers Welfare Fund Act of 1989. Major welfare schemes taken up by the Fund include pensions, death benefits, accident benefits, cash awards and scholarships to members' children, medical expenses, marriage and maternity benefits, and invalid pensions. By the middle of the 1990s there were five lakh construction workers in the State; of this only 3.5 lakh (70 per cent) became members of the Fund. The total number of members was 8.12 lakh in March 2000. Given the nature of employment in the unorganised sector and its geographical spread, the coverage of workers should be reckoned as impressive.

Resource mobilisation for reimbursement of welfare expenditure workers occupies an important stage in the functioning of a Welfare Fund. The KBCWWF Act (1989) fixed slabs of Rs 10, Rs 15, and Rs 25 as the monthly contribution of members. Contribution of the employer is one percent of the construction cost (annual contribution made by the contractors was in the range of Rs 100 to Rs 1000); and 10 percent of initial members' contribution per annum was the contribution of the Government. Fund collection in 1999-2000 was Rs 2331.92 lakh.

The basic objective of the KBCWWF is to provide a measure of social security and insurance cover for construction workers who are vulnerable to risks and uncertainties and do not have any other institutional protection arising from their employment status. In 1999-2000, 0.30 lakh workers benefited from the Welfare Fund, with a total amount of Rs 1049.6 lakh. The coverage of workers in the construction sector has been quite impressive when compared to that in other Welfare Funds; yet, substantial improvement, in particular in backward districts, is quite urgent. In other words, the major objective of giving welfare benefits to all those who are in need, still remains an unachieved target.

As on 1.4.2002 there is an estimated number of 21,171 pensioners and 2,76,373 workers registered with KBCWWF. The present value of the pension commitment as on 1.4.2002 in respect of the pensioners and work force calculated using actuarial methods amounts to Rs 615 cr. The value of assets available to the Fund as on 1.4.2002 (less future administration costs) comes to Rs 339 cr. But, it is found that the Fund is moving rapidly towards a position of insolvency, due to the increasing disbursements of benefits, in particular, of pensions. The deficit works out to Rs 276 cr. The annual additional funding needed to fill the deficit of Rs 276 cr is Rs 32 cr per annum for the next 15 years. The doubling of the benefits without finding matching resources to finance additional commitments would only accelerate the process of serious financial strains and lead the Fund to insolvency.

The household survey of construction workers conducted in the Mazhuvannur *Panchayat* revealed that the social status of construction workers was not higher than that of the other poverty-ridden groups. Literacy levels, health status, and housing conditions of construction workers are below the State average. Among the construction workers, a positive

correlation was found between active participation of workers in trade union activity and membership in Welfare Fund. Construction workers engaged themselves during their free time in agricultural and other non-agricultural activities. Wage rates existing in the construction sector are one of the highest in the unorganised sector in the State.

Income from construction work is hardly sufficient to meet basic family requirements. Even though new generation seldom enters this field, the unemployment rate among the families of construction workers is quite low (19 percent). The average monthly family income of the members of the Welfare Fund was found to be lower than that of the non-members; it must have been the low incomes that forced them to join Welfare Fund as a means of social security.

Even though the majority (54 percent) of the construction workers is satisfied with the present functioning of the KBCWWF, 84 percent opined that existing benefits are inadequate to meet their needs. Despite the fact that KBCWWF was constituted for the welfare of construction workers in the unorganised sector, it could not reach every worker due to the voluntary nature of membership and poor attractiveness of the provisions of the Fund. Lack of awareness and illiteracy was not found to be the major factor which prevented the construction workers from joining the Welfare Fund; the determinant factor was undoubtedly inadequacy of the anticipated benefits.

Socio-psychological analysis of the pensioners showed that the breakdown of the joint family system and the emergence of the nuclear family system create socio-psychological tensions in the lives of the elderly population. Personal and family liabilities compel a good proposition of the elderly construction workers to engage in some kind of economic activities. Programmes will have to be developed to promote family values and sensitise the young generation on the necessity and desirability of inter-generational bonding and continuity.

We offer the following comments and suggestions to improve the welfare of the construction workers and the activities of KBCWWF.

1. The more vulnerable among the construction workers (such as the poor, the disabled, the infirm, the chronically sick and those without family support) may be identified and special welfare schemes may be instituted for them on a priority basis;
2. With regard to the security of the elderly, the ability of the family to discharge its caring responsibilities must be strengthened through support services;
3. KBCWWF operates without substantial improvement in its revenue collection, it is likely to become insolvent after six to seven years.
4. New members will have to be enrolled in large numbers during the next 15 years since much larger amounts by way of contributions are necessary for the Board for meeting its commitments; such contribution should not be used to fill the deficit of the Fund.
5. There is crying need for reformulating the benefit package and strengthening its sources of contribution in order to make the Fund totally self-financing. Unless corrective measures are taken, KBCWWF would face serious financial consequences in the very near future.
6. All construction workers should be made members of the KBCWWF; and banks and other financial institutions should be involved the collection of contributions.
7. The contribution of employers / contractors should be substantially enhanced from their existing levels.

**Appendix Table 1**  
**Welfare Funds in Kerala and their Major Functions**

Sl.No.	Name of the Fund & year of Starting	Beneficiary Group	Funding
1	2	3	4
1.	Kerala Toddy Workers Welfare Fund, (1969) (KTWWF)	Persons directly or indirectly engaged in tapping and collection and distribution of toddy for their livelihood. All toddy shops/premises are covered under the Fund	a. Government : Nil b. Employer : 13% of workers' wage c. Employee: 8% of workers' wage
2.	Kerala Labour Welfare Fund, 1977 (KLWF)	Workers in Factories and Plantations employing 10 workers or more, shops and commercial establishments employing two workers or more, and co-operative institutions employing 20 workers or more.	a. Government: Varies from year to year. So far 40 lakhs have been allotted b. Employer : Rs.8 per half year per worker c. Employee : Rs.4 per half year per worker
3.	Kerala Head Load Workers Welfare Fund, 1983 (KHEDLWWF)	'Head Load Workers'- (Individuals who work for an establishment either directly or through a contractor for wages, in loading, unloading, and carrying on head or in a trolley, any article from any place).	a. Government: Nil b. Employer: 25 % of the Workers' wage (including Gratuity 5%) c. Employee: 10 % of wage for general fund
4.	Kerala Motor Transport Workers Welfare Fund, 1985 (KMOTWWF).	Persons with at least three months of service in a motor transport undertaking directly or through an agency, working in a professional capacity in a transport vehicle as driver, conductor, cleaner, or as station staff, checking staff, cash clerk, time keeper, watchman or attender.	a. Government: Nil b. Employer: 13% of workers' wage c. Employee: 8% of workers' wage.

5	Kerala Advocates' Clerks Welfare Fund, 1985 (KADCLWF)	Persons, who function as Advocates' clerks, registered under the Kerala Advocates' Clerks Welfare Act, and who are within the age group of 20 years to 70	a. Government: Rs 90/ year/member b. Employer: Nil c. Employee: Rs.60/ Annum/ Member
6.	Kerala Artisans and Skilled Workers Welfare Fund, 1986 (KARSWWF)	Workers from the Informal Sector such as Tree Climbers, Gold Smiths, Carpenters, Shoe-Makers, Beedi-Makers, Potters, Chakku Oil Extractors, Cycle Rickshaw Workers, Gunny bag collectors, Cycle Repairers, Watch Repairers, Milk and News Paper Distributors, Ice- Makers, Milk Extractors, Photographers, Tailors, Barbers, Dhobies, and also all other workers who are not covered by any of the welfare schemes (Between 20 years and 58 years of age)	a. Government: Rs2/Every Rs10 contributed by the workers b. Employer: Nil c. Employee: Rs 10/ month/worker
7.	Kerala Cashew Workers Relief & Welfare Fund, 1988 (KCSHWWF)	Cashew Workers and their dependants with a minimum service of five years in the industry and annual income not exceeding Rs.3600 (Not covered by ESI/maternity benefit scheme)	a.Government: Twice the amount contributed by employee b. Employer: Rs.1/day / worker c. Employee: Rs.0.50/day/ Worker
8.	Kerala Khadi Workers Welfare Fund, 1989 (KKHWWF)	Workers who work for wages under employers, contractors, co- operative societies or who are self-employed under Khadi industries.	a.Government: 10 % of the workers' wage b. Employer: 10 % of the workers' wage c. Employee: 10 % of wage



9.	Kerala Coir Workers Welfare Fund, 1989(KCORWWF)	Workers, Agents or Contractors and persons who depend mainly on the coir industry for livelihood, and persons self-employed in the coir industry. The scheme also covers dependants of workers.	<ul style="list-style-type: none"> <li>a. Government: Grant which is twice the amount contributed by workers</li> <li>b. Employer: <ul style="list-style-type: none"> <li>i. 1% of turnover</li> <li>ii. Co-op Society: Rs.1/ month/worker</li> </ul> </li> <li>c. Employee: Rs.1/ month/ worker</li> </ul>
10.	Kerala Fishermen Welfare Fund, 1989 (KFMWF)	All Fishermen who are employed for wages in fishing vessels or are self-employed fishermen who are registered as members of Fishermen's Welfare Society.	<ul style="list-style-type: none"> <li>a. Government:Contribution for pension and group insurance premium</li> <li>b. Employer: <ul style="list-style-type: none"> <li>i. Dealer- 1% of turnover</li> <li>ii. Vessel owner- Rs.1/ month</li> <li>iii. Net owner- Rs.1/month</li> <li>iv. Farm owners- 2% of value of fish caught</li> </ul> </li> <li>c. Employee: <ul style="list-style-type: none"> <li>i. 3 % of value of fish or wage</li> <li>ii. Rs.30/year/ worker</li> </ul> </li> </ul>
11.	Kerala Handloom Workers Welfare Fund, 1989 (KHNDLWWF)	Persons directly or indirectly employed in the Handloom sector. This scheme also covers dependents of workers.	<ul style="list-style-type: none"> <li>a. Government: Twice the workers' contribution</li> <li>b. Employer: 1% of the turnover and an amount equal to workers contribution</li> <li>c. Employee <ul style="list-style-type: none"> <li>i. Rs.1/month</li> <li>ii. Rs.2/month/ selfemployer</li> </ul> </li> </ul>

12.	Kerala Abkari Workers Welfare Fund, 1990 (KABWWF)	Arrack and Foreign Liquor Workers who are not covered by the Toddy Workers Welfare Fund	<p>a. Government: Rs.1Lakh for pension purpose</p> <p>b. Employer: 15% of wage including 5% gratuity</p> <p>c. Employee: 10% of wage</p>
13.	Kerala Construction Workers Welfare Fund, 1990 (KCONWWF)	Workers employed in any construction such as Masons, Carpenters, Brick Workers, Workers engaged in quarrying including stone crushing, but excluding supervising functionaries like engineers	<p>a. Government: 10% of initial member contribution per year</p> <p>b. Employer:</p> <p>i. 1% of construction cost</p> <p>ii. Annual contribution by Contractors (Rs 100-1000)</p> <p>c. Employee: Monthly contribution per member on slab basis</p>
14	Kerala Agricultural Workers Welfare Fund, 1990 (KAGWWF)	Agricultural Workers in the age group of 18-60	<p>a. Government: Nil</p> <p>b. Employer:</p> <p>i . Rs.0.5-Rs.1/hectare</p> <p>ii. &gt;1Hecter – Rs.15/year</p> <p>c. Employee: Rs.2/ Month/Hectare</p>
15.	Kerala State Lottery Agents Welfare Fund, 1991 (KLOTAWF)	Regular agents holding valid identity folders as mentioned in the Kerala State Lottery Rules, 1977	<p>a. Government: 20% of members' contribution</p> <p>b. Employer: Nil</p> <p>c. Employee: Category A/B: Rs.15/Rs.10 per month</p>

16	Kerala Document Writers, Scribes and stamp Vendors welfare Fund, 1991 (KDSVWF)	Person holding valid license under the Kerala Document Writers (License Rule) Or the Kerala Manufacture and Sale Stamp Rule, 1960 and aged below 60 year	<p>a. Government: 10% of workers' contribution</p> <p>b. Employer: Nil</p> <p>c. Employee: Category A/ B: Rs.15/Rs.10 per month</p>
17	Kerala Auto Rickshaw Workers' Welfare Fund 1991 (KAURWWF)	Persons directly or indirectly engaged in the profession within the age group of 28 to 58 and the scheme is voluntary.	<p>a. Government: 10% of workers' contribution</p> <p>b. Employer: Rs.10/month/worker</p> <p>c. Employee: Rs.20/month/worker</p>
18.	Kerala Anganwadi Workers & Helpers Welfare Fund, 1991 (KAHWF)	Health Workers, Teachers and Helpers working in Anganwadis.	<p>a. Government &amp; Employer: 10% of workers' contribution</p> <p>b. Employee:</p> <p>i. Worker - Rs.20/month</p> <p>ii. Helper- Rs.10/month</p>
19.	Kerala Tailors' Welfare Fund, 1994 (KTAWWF)	Tailors directly or indirectly employed by employers, contractors, and agents or by themselves through ownership of tailoring shops.	<p>a. Government: 10% of workers' contribution</p> <p>b. Employer: Rs.5/month/worker</p> <p>c. Employee:</p> <p>i. Rs.10/worker /month</p> <p>ii. Rs.15/self employer/ month</p>

**Table 4.2 Details of Welfare Fund Benefits**

**(Note this table also)**

Name of the Fund	Pension	PF, Gratuity etc	Disability, Death	Children's Education	Med
KTWWF	A pension scheme has recently been evolved and it offers Rs.100 per month to retirees who has up to 10 years membership and also offers an additional amount of Rs.10 per month of every year that comes after 10 <sup>th</sup> year at the Fund	Net credit to the account of the worker (provident fund a/c) and gratuity paid with interest (currently 11%) on superannuation, retirement or on his death. Gratuity is 50% of the monthly average of wages for each completed year of service subject to maximum of 20 month's wages.	Disability allowance Rs.125 per month. Funeral expense Rs.2000	Non refundable (deductible) from his contribution Rs.1200 or 50% of his contribution, whichever is lower.	Non refu adv his mon or 5 his con whi is lo For trea will Rs.3 gran ded
KLWF	No provision	Since the Fund is in Insurance Fund, there is no retirement benefit.	Ex-gratia Rs.1000, permanent disabled Rs.2500, Funeral Expense Rs.200.	Scholarship on the basis of merit. It varies from Rs.50 to Rs.1000 per year (primary to professional).	Med gran ded Rs.1 (ma amo

KHEDL WWF	Pension scheme not yet evolved	Every member will be paid an amount at the rate of 10 percent of total wages earned during the entire period of service. This is their lump- sum retirement benefit or gratuity. If there is no much amount Rs.10000 as special superannu- ation assistance is disbursed, provided he should have 100 days of work in each year.	Ex-gratia benefit Rs.2000. Rs.100 per month to perma-nently disabled members till his death or lump sum amount of Rs.10000. Under group insurance scheme Rs.20000, if accident death occurs. And funeral expenses of Rs.500.	Education grant Rs.100 per year per child and scholarship varies from Rs.100 to Rs. 2000.
--------------	--------------------------------------	--	--	---

KADCL WF	No provision	At the time of retirement, he will be paid according to his service. If he completed 30 years, he will be paid Rs.10000	Since there is special provision for an advance clerk who is aged between 35 and 70 years, exgratia varies from Rs.1000 (up to 60 years) to Rs.2500 (for 71-75 years) Funeral assistance is Rs.500.	No provision	No
KARSW WF	No provision	Since there is no provision of P.F& gratuity, the net amount at the Fund (only membership contribution) with interest is given back at the time of retirement or death. This amount varies from Rs.600 to Rs.50000 depending on service.	Ex-gratia Rs10,000, Disability allowance Rs.100 per month, Funeral expenses Rs.500	Scholarship ranges from Rs.300 to Rs.1500	Med up t (inj cou wor

KCSH WRWF	Minimum two year membership, 60 years, Rs.100 per month for ordinary worker and Rs.200 per month under staff category. Family pension in the event of death of the pensioner.	Since the Fund is an Insurance Fund, No provision for P.F, gratuity and other lump-sum retirement benefit	Ex-gratia Rs.2500 under special consideration like death, illness or permanent disablement. Funeral expense of Rs.500 for a member and Rs.250 for pensioner but it is deductible from his contribution.	Scholarship Rs.500 to Rs.2000 per annum. Cash award of Rs. 1000 per student (only for SSLC and Pre-degree students)
KKHW WF	Minimum 10 years as a member, 60 years, Rs.60 to Rs.180 per month depending on service. If his service is less than 10 years, he is eligible to get only his contribution. Family pension in the event of death of the pensioner at the same rate.	Since the funds is an insurance Fund, No provision for P.F, gratuity and other lump-sum retirement benefit.	Rs.5000, if permanent disability occurs. Funeral assistance Rs.350.	Non-refundable advance of Rs.1500 or 25% of contribution can be withdrawn for higher education. Education grant (non-deductible) Rs.250.

KFMW WF	Rs.100 pr month	Since the fund is an insurance fund, No provision for PF, Gratuity and other lump-sum retirement benefit	District wise cash award for SSLC students which ranges from Rs.300 to Rs.1000	District wise cash award for SSLC students which ranges from Rs.3000 to Rs.1000.
KHNDL WWF	Rs.100 per month	Since the fund is an Insurance Fund, No provision for P.F gratuity and other lump-sum retirement benefit	Ex-gratia Rs.5000	Non- refundable advance for workers childrens education (maximum advance Rs.1000).



KABW WF	Minimum three years, 60 years, Rs.200 to Rs.300 (maximum) per month.	At the time of retirement a member is entitled to obtain only gratuity as the retirement benefit and the net credit (balance) in the provident Fund account is kept for financing their pension scheme.	Ex-gratia Rs. 5000, Funeral expense Rs.500.	Scholarship for higher education (Pre-degree to professional course).
KCON WWF	Minimum one year membership,60 years, Rs.75 per month to Rs.300 (maximum) per month (depending on service)	Since the Fund is an Insurance Fund, No provision for P.F, gratuity and other lump-sum retirement benefit	Ex-gratia Rs.5000, Funeral expense Rs.500.	Non-refundable advance of Rs.1000 per education purpose. Scholarship Rs.300 to Rs.1200 on the basis of merit.

KAGW WF	No provision	Only lump-sum retirement benefit. If a member covers 40 years, he is entitled to Rs.25000. If it is three years (minimum), he will be paid Rs.5000	Ex-gratia benefit Rs.1000	Scholarship ranging from Rs.500 to Rs.1500
KLOT WF	No provision	Retirement age 60 years and above. Lum-sum retirement benefit depending on his service. If he completed 40 years, he will be paid Rs.62,700.	Ex-gratia benefit for A-class members Rs. 10000 and B-class members Rs.7000.	No provision

KDSV WF	No provision	Retirement age 60 years and above, lump-sum retirement benefit depending on services. If he completed 35 years, he will be paid Rs.37,749.	Ex-gratia benefit for A class members Rs.10000 and B-class members Rs.7,000.	No provision
KAUR WWF	No provision	Retirement benefit depending on completed years of service. Retirement age 58. If he completed 40 years, he will be paid Rs.125000	Ex-gratia Rs.10000.	Not yet disbursed.
KCOR WWF	Minimum two year membership, 60 years, Rs.75 per month and family pension in the event of death of the pensioner.	Since the Fund is an Insurance Fund, No provision for P.F, gratuity and other lump-sum retirement benefit	Ex-gratia benefits Rs.5000, if disability occurs. Rs.100 per month till retirement age (60 years) and funeral expense of Rs.200	Scholarship for higher education – Rs500 to Rs.1500 per year on the basis of merit

KMOT WWF	No provision	Net amount in the PF account and gratuity paid with interest (currently 9%) at the time of superannuation or on his death	Ex-gratia benefit Rs.5000 and Funeral assistance Rs.1000	Non-refundable advance for education which should not exceed Rs.1200. Provision for Scholarship
-------------	--------------	---	--	---

Source: Government of Kerala, (1996) Social Security initiatives in Kerala, State Planning Board, Thiruvananthapuram

## References

- Anand S. *Migrant Construction Workers: A Case Study of Tamil Nadu Workers in Kerala*, MPhil Thesis, Thiruvananthapuram: CDS. (Mimeo). 1986.
- Bajpai and Daya Shankar. *Our Labour Problems: A Study*, Lucknow: Upper India Publishing House. 1950.
- Berman, Peter. *Financing of Rural Health Care in India*, Paper presented at the International Workshop on Health Insurance in India, IIM, Bangalore. 1995.
- Bruce, Maurice. *Coming of the Welfare State*, London: Batsford. 1961.
- Census of India, 2001*, Series-33, Preliminary Population Totals.
- Charlyulu, U. V. N. *Social Security Initiatives in Kerala*, Thiruvananthapuram: Government of Kerala. 1996.
- Datar.B. N. *Labour Economics*, Allied Publishers. 1968.
- Desai, Lata. "Harmony at Village Levels", *World Health*, April, 1988.
- Dev, Mahendra, et al. *Social and Economic Security in India*, New Delhi: Institute for Human Development. 2001.
- Duvvury, Nata and Sabu M. George. *Social Security in the Informal Sector – A Study of Labour Welfare Funds in Kerala*, Trivandrum: Centre for Development of Imaging Technology. 1997.
- Ehtisham, Ahmad. *Social Security and the poor – Choices for Developing Countries*, World Bank Research Observer, Vol. 16. 1991.
- Getubig.I.P and Sonke Schmidt. *Rethinking Social Security - Reaching out to the Poor*, Asian and Pacific Development Centre. 1992.
- Ghosh, Subrathesh. *Indian Labour in the Phase of Industrialisation*, Calcutta: New Age Publishers. 1996.
- Giri V.V. *Labour Problems in Indian Industry*, Bombay: Asia Publishing House. 1962,
- Government of India. *Annual Report 1995-'96*, Ministry of Agriculture and Co-Operation. 1995-'96.
- Government of India. *Annual Report 1995-'96*, Ministry of Rural Areas and Employment. 1996.
- Government of India. *Annual Report, 1995-'96*, Department of Women and Child Development, Ministry of Human Resource Development. 1995-'96.
- Government of India. *Annual Report, 1995-'96*, Ministry of Labour. 1996.
- Government of India. *Annual Report, 1995-96*, Ministry for Welfare. 1996.
- Government of India. *Elderly in India - Profile and Programmes-2000*, Central Statistical Organisation, New Delhi. 2000.
- Government of India. *Report of the Environmental Hygiene Committee*, Ministry of Health. 1949.
- Government of Kerala. *Kerala Construction Workers Welfare Fund Act, 1989*.
- Government of Kerala. *Kerala Construction Workers Welfare Fund Schemes*, Labour Department. 1989.

- Government of Kerala. *Statistics for Planning 2001*, Department of Economics and Statistics. 2001.
- Govt. of Kerala. *Women in Kerala in 2001*, Thiruvananthapuram: Department of Economics and Statistics. 2001.
- Harilal. K.N. *Kerala Building Industry in Transition*, Mphil Thesis, Thiruvananthapuram: Centre for Development Studies. 1986.
- International Labour Organisation. *Approach to Social Security: An International Survey*, Geneva. 1942.
- International Labour Organisation. *Into the Twenty First Century - The Development of Social Security*, Geneva: ILO. 1984.
- International Labour Organisation. *Introduction to Social Security*, Geneva. 1989.
- Ippolito, Richard. *Pension Plan Choice*, Washington: Pension Benefit Guarantee Corporation. 1990.
- Jayadevadas N. *Working class politics in Kerala: A study of Coir Workers*, Thiruvananthapuram. 1980.
- Johri C.K and S.M. Pandey. *Employment Relationship in the Building Industry: A study in Delhi*, New Delhi: Shri Ram Centre for Industrial Relations and Human Resources. 1972.
- Jose, George. "Politicisation of Agricultural Workers in Kerala- A Critical Appraisal," *Indian Journal of Labour*. 1984.
- Kannan K. P. "The Welfare Fund model of Social Security for Informal Sector Workers," *The Indian Journal of Labour Economics*, 45 (2). 2002.
- Kannan, K. P. 2001. "State Assisted Social Security For Poverty Alleviation And Human Development: Kerala's Record and Its Lessons", In Mahendra Dev, et al, *Social and Economic Security in India*, New Delhi: Institute for Human Development. 2001.
- Krishnan. T. N. *Access to Health and Burden of Treatment in India*, Paper presented at International Workshop on Health Insurance in India, IIM, Bangalore. 1995.
- Kurien, John and Paul Antonyto. *Social Security Nets for Marine Fisheries*, Working Paper No. 31, Thiruvananthapuram: Centre For Development Studies. 2001.
- Linden, Marcel Vander. *Social Security Mutualism: The Comparative History of Mutual Benefit Societies*, Peter Lang, Berue. 1996.
- Lokanathan P.S. *Industrial Welfare in India*, Madras: University of Madras. 1929
- Marshal, T. H. *Citizenship and Social class and other Essays*, Cambridge University Press. 1950.
- Moorthy M.V. *Principles of Labour Welfare*, Gupta Brothers. 1958.
- Muraleedharan, V. *Dynamics of Agrarian Struggle*, New Delhi: Anmol Publications Pvt. Ltd. 1996.
- Panchayat Development Report*, Mazhuvannur. 1986.
- Pigou, A.C. *Economics of Welfare*, London. 1962.
- Rao G. N. and K. P. Deo. *Labour Conditions and Industrial Relations in the Building Industry – A study in Pune*, Mimeo, Pune: Gokhale Institute of Politics and Economics. 1979.
- Sankaran T. S., R. K. A. Subrahmanya, and S. K. Wadhawan. 1994. *Development of Social*

- Security Programmes in Developing Countries*, New Delhi: Har Anand Publications. 1994.
- Sankaran.T. S. *Social Security in the Unorganised Sector in India*, Project on Strategies and Financing for Human Development, Thiruvananthapuram: Centre for Development Studies. 1993.
- Saxena, R.C. *Labour Problems and Social Welfare*, Meerut: Jai Prakash Nath. 1963.
- Sen, Amartya and Jean Dreze. "Social Security in Developing Countries", in Ahman E, et al., *Social Security in Developing Countries*, Oxford: Clarendon Press. 1990.
- Singh. V. B. *Industrial Labour in India*, Bombay: Asia Publishing House. 1963.
- Sinha P. K. *Social Security Measures in India*, New Delhi: Classical Publication. 1980.
- State Planning Board. *Report of the Task Force on Social Security and Welfare*, Trivandrum: Government of Kerala. 1997.
- State Planning Board. *Social Security Initiatives in Kerala*, Thiruvananthapuram: Government of Kerala. 1996.
- Subrahmanian, K. K, D. R.Veena and Bhanumathi K. Parikh. *Construction Labour Market - A Study in Ahamedabad*, New Delhi: Concept Publishing Company. 1982.
- Subrahmanya, R. K. A. 1995 *Evolution and State of Social Security Systems in India*, New Delhi: Social Security Association of India and Friedrich Ebert Stiftung. 1995.
- Subramania, R. K. A. *Social Security in Developing Countries*, New Delhi: Har Anand Publications. 1994
- Textile Labour Inquiry Committee Report (1937-'38)*, Government Central Press, Bombay: Bombay Press.
- Thakurtha, Guha. S. N. 1980. *Contract Labour in Construction Industries – An Empirical study with Reference to Tripura*, Culcutta: Firma KLM Pvt. Ltd.
- Todd, Arthur James. *Industry and Society - A Sociological Appraisal of Modern Industrialisation*, New York: H. Holt & Company. 1933.
- United Nations. *Measures for the Economic Development for Underdeveloped Countries*, New York. 1951.
- Valathu, V. V. K. Cited in the in the *Development Report of the Mazhuvannur Panchayat, 1986. 1987.*
- Vijaya Sankar, P. S. *The Urban Casual Labour Market in Kerala – A Study of the Head-Load Workers of Trichur*, Mphil Thesis, Trivandrum: Centre for Development Studies. 1986.
- Wadhavan, S. K. *Social Security for Workers in Informal Sector in India*, Geneva: ILO. 1989.
- Willenskey, H and C. Labeaux. *Industrial Society and Social Welfare*, New York: Russel Sage Foundation. 1918.

