

# Social Security Measures for Workers of Unorganised Sector in Kerala

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*Kerala has a commendable history in its approach to reaching out to the vulnerable sections using a number of innovative social security measures. One of these is the Welfare Funds Model for informal sector workers. This paper evaluates the present scenario of this Welfare Fund Model in Kerala and its various implications. It also highlights the fact that even though this approach is palpable and can be visualised as an institutional innovation, it has many limitations which need to be solved.*

Keywords: social protection, welfare funds, informal sector, Kerala

## I

### Introduction

A thoughtful insight into the concept of social security reveals that this expression is identical to others like social assistance, safety nets, social protection and social funds. These are recognized and implemented in both developed and developing countries. According to the International Labour Organization,

A large majority (about 80 per cent) of the global population live in conditions of social insecurity, i.e., they have no access to formal social security beyond the limited possibilities of relying on families, kinship groups or communities to secure their standard of living. Among these 80 per cent, 20 per cent live in abject poverty—the cruelest form of insecurity. (ILO, 2006).

This underlines the significance of the concept of social security (Kannan and Pillai, 2007).

In 1952, ILO elaborated the concept of social security. The description projected nine central contingencies that cause stoppage or considerable diminution of income where social security is to be applied. However, this idea was formulated keeping in mind a developed economy where wage earning workers had full employment with a high degree of industrialization. But in developing countries the official labour market is small.

In the context of developing countries (Dreze and Sen, 1989) gave a broad definition of social security by unfolding two diverse aspects protection and promotion. Protection refers to the “task of preventing a decline in living, standards” while promotion is “the enhancement of general living standards and to the expansion of basic capabilities of the population” (Dreze and Sen, 1989). But in this definition also there might be overlapping regions as protection can have a significant externality effect of promotion. For example immunization is both protective (protecting

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against the spread of diseases) as well as promotional (promoting good health by keeping away certain diseases).

It is obvious that the wants of the people in industrialised countries are entirely dissimilar to those of the necessities of citizens in developing countries. This can be further understood by observing that an employed person is worried about the protection of his income against decline, while an unemployed individual is anxious about securing work and earning some livelihood. Thus given the vastness of the informal sector with enormous and continual poverty in the less developed countries, the perception of social security should encompass the actual condition and should be linked with the proposal of poor quality cutback as a necessary condition for development.

Therefore social security has to be examined from the perspective of development and poverty reduction. As mentioned above the developing countries require a mechanism for income maintenance as well as support in the situation of persistent deprivation. Thus social security may be described as Basic Social Security (BSS) and Contingent Social Security (CSS) (Kannan 2004).

BSS captures the dimension of deficiency in the sense that it aims at those who are not able to have access to the minimum resources for a dignified life in a society. BSS manages human deprivation and vulnerability. BSS directly addresses absolute poverty where poverty can be explained as a failure of entitlements as proposed by (Dreze and Sen (1985)). The basic securities are food, housing, health and education. This BSS is fundamental as CSS will not make sense in its absence.

CSS focuses on the dimension of adversities that are major contingencies. Some examples are the hazardous situation arising out of life and work like ill health, injuries, accidents, unemployment, maternity, old age, death of the earning member, and so on. In developing countries there is an urgent need to extend both the BSS and CSS. Extension of CSS is a major challenge in the developing countries as CSS is confined only to the formal labour market. Hence a huge volume of the population in the informal sector faces the problem of meeting the contingencies due to the lack of social security. In a sample survey in Delhi, Johri and Pandey (1972) recognized that the expansion of social protection to this section is not just an extension of the current formal sector schemes to fresh clusters but is connected with the expansion of a diverse set of schemes. This is because the unorganized sector is not uniform and also because of the difficulty in recognizing employers.

This essay will reveal how the provision of CSS is fulfilled in Kerala that empowered and helped the unorganized workers to organize themselves. It tries to provide a portrait of the social protection in the unorganised sector by providing a basic framework for social security in the unorganised sector in Kerala. It provides a picture of the Welfare Fund Model in Kerala and its implications.

Kerala, even with these basic problems, has managed to provide some social security in the unorganized sector as mutualism among the laborers was a predominating characteristic. Mutual assistance was extended in times of need. Such an attitude led to the development and articulation of the institutional forms of collective safety measures for the employees in the informal sector.

## II

### **The Kerala Approach: The Welfare Fund (WF) Model**

With regards to Kerala, the fundamental developmental concern was that the fruits of social

development failed to reach the unorganized segment. The real benefits of government expenditure on health and education were bypassing the very poor. In spite of the economically weak condition of the workers, they were politically active and were aware of their rights. This transformed to social tensions through articulation of their demands. Thus the protection of these weaker sections became a political compulsion in the presence of high incidence of casual wage labour with high mobility. Some of the demands raised by the workers were the guarantee of the permanent employer-employee relation, setting of formal training institutions thereby replacing the caste based institution for vocational training.

The concept of WF originated with the creation of a WF for the toddy tappers in 1969. Active participation from both the government and the workers played a major role in the initiation and management of the WFs. The inclusion of employers was a practical proposal in the formation.

The formation of the WFs was a long the the outlines of the workers union nor of the political parties. Stratification and segmentation were the characteristics of the labour relations where in the condition of high unemployment, labour unions pursued the policy of strengthening the segmentation by pulling back on gender and caste reflections. These were mainly done in order to maximize the earnings of the 'insiders' by restricting entry into the labour market. However, trade unions found it difficult to follow such a policy for the unorganised sector.

A fundamental intention of the trade unions was the improvement of the workers in terms of working conditions, earnings and security. Thus they were aiming to transform the vulnerable section to stability in terms of income and employment. From this angle, the trade unions succeeded remarkably in reducing the gap between organised and unorganised sections. However another insider and outsider labour market phenomenon was established in its place where insiders are workers with union membership irrespective of the stability of employment. Subsequently, labour institutions like the Minimum Wage Committees and the Industrial Relations Committees were introduced in the territory of informal sector workers. Nevertheless in terms of the economic viability of addressing the issues of employment and social security, the labour co-operatives failed thus giving rise to the development of WFs.

Labour unions faced difficulties with regard to employment security of workers in coir weaving, cashew processing and various other traditional industries. This led to the formation labour co-operatives or adoption of closed-shop strategies in respect of labour market entry. Some of the successful labour co-operatives were of toddy tappers, bidi workers, handloom weavers and a section of headload workers. Unfortunately, these co-operatives lacked the managerial and organisational capabilities for sustaining in the competitive market. The closed-shop policy caused workers to leave because they were unable to have a union membership and subsequently entry to the labour market. Thus membership in a union became the principle eligibility criterion for social security arrangements like getting pension or being a member in WFs.

The constraint on the wage bargaining process caused the origin of the WFs where at the point when the employers decided to abandon business; the Toddy Tappers WF was established in 1969 with vigorous participation from the government. For the next decade, expansion of the collective care to other section of workers was not emphasised. In 1977 the Kerala Labour WF was formed for workers in small-scale factories, plantations, shops and other co-operative institutions. The 1980s and 1990s witnessed the formation of WFs encompassing a wide range of occupations like the

artisans, clerks, advocates and so on along with the political acceptance (Table 1). This was the result of the spirit of mutualism where individual risks were taken care of by collective contributions (State Planning Board, 1997). Given the political character of workers' mobilization along with the existence of a democratic state, the WF was an institutional innovation.

**Table 1: Name of the Welfare Funds(WFs) and year of establishment**

<b>Name of the Boards</b>	<b>Abbreviation</b>	<b>Establishment Year</b>
<b>Kerala Diary Farmers WFB</b>	<b>KDFWFB</b>	<b>2005</b>
<b>Kerala Ration Dealers WTB</b>	<b>KRDWFB</b>	<b>2000</b>
<b>Kerala Bamboo,Kattuvalli and Pandanus leaf WWFB</b>	<b>KBKPWWFB</b>	<b>2000</b>
Kerala Beedi and Cigar WWFB	KBCWWFB	1997
Kerala Tailoring WWFB	KTAWWFB	1994
Kerala Traders WWFB	KTWWFB	1992
Kerala State Lottery WWFB	KSLWWFB	1991
Kerala State Anganwadi WWFB	KSAWWFB	1991
Kerala Autorickshaw WWFB	KASKWWFB	1991
Kerala Abkari WWFB	KAWWFB	1990
Kerala Agricultural WWFB	KAGWWFB	1990
Kerala Khadi WWFB	KKWWFB	1990
Kerala Building and other construction WWFB	KBOWWFB	1990
Kerala Cashew WWFB	KCWWFB	1989
Kerala Handloom WWFB	KHWWFB	1989
Kerala Coir WWFB	KCOWWFB	1989
Kerala Automobile Workshop WWFB Scheme	KAUWWF	1986
Kerala Artisans and Skilled WWFB	KASWWFB	1986
Kerala Fishermen's WWFB	KFWWFB	1986
Kerala Motor Transport WWFB	KMTWWFB	1985
Kerala Advocates Clerks WF Committee	KACWFC	1985
Kerala Headload WFB	KHLWFB	1983
Kerala Labour WFB	KLWFB	1977
Kerala WWFBT Toddy	KWWFBT	1969

*Source:* Kerala Economic Review

### **Understanding the Welfare Fund Model**

The Welfare Fund mechanism is framed following the social protection and insurance provisions made accessible to the employees in the formal sector. Given the inadequate economic and fiscal strength, these Funds envisaged of providing some welfare measures. The features of this WF model are: (Kannan, 2002)

- (i) Making sure that the unorganized workers are endowed with some form of social protection which might take the form of social security or insurance or welfare assistance
- (ii) A statutory tripartite body is created mostly with equal representation of the workers, employers and the government where the veto powers rests with the government
- (iii) The institution is mainly bureaucratic as the chief executive is allotted by the government and the staffs are from the government departments.
- (iv) Most of the funds have compulsory involvement and contribution from the employers and workers.
- (v) Efforts to maintain bare minimum financial payment by the government.

As labour associations have become important in politics and accordingly to public policy, political agreement in setting up these collective care arrangements are common. Thus emerges the phenomenon of party affiliated trade unions. Legislation on the creation of particular WFs was painless given the political support. Thus legislation of various welfare funds was introduced and the planning mainly consisted in specification of the particulars of the constitution, the characterization of workers, financial involvement by workers, employers and the government, benefits to be given. After the successful legislation regarding a particular WF, a tripartite body consisting of representatives of employers, employees and government is constituted by the executive division of the government.

Representation on behalf of the government is carried out by bureaucratic nominations where the nominees' awareness and proficiency is overlooked. Officials from the Labour and Finance Departments are nominees. The Chief Executive officer is generally a senior government servant on deputation from their respective departments.

The most disputed facet of the WFs during legislation is the characterization or clarity of 'worker', to be considered under the particular WF since often workers simultaneously carry out work several jobs and the overlapping character of various welfare funds is the cause of this type of clarity. This can be illustrated in the case of masons or carpenters where they are eligible to join both under the KBOWWFB and the KASWWFB. In this respect great effort is put by the unions to resolve such anomalies. The unions have come out with efficient solutions and through regular involvement; multiplicity of jobs has been checked. Also in this way a closed shop strategy is implemented so as to bring out the monopsonist nature in the labour supply.

According to 2015 data there are about 33 WFs for providing social security assistance to the informal sector. Of these, 16 are under the direct operation of the Labour Department. Around 55.41 lakh members are enrolled in these Welfare Fund Boards of which 24.17 lakh are female. Nearly 56 per cent of the members represent the agricultural and allied activities sector while the rest are engaged in non-agricultural activities.

There is no unique principle relating to financial contributions. A significant portion of resources comes from the interest income which is deposited mainly in the nationalised banks. In the case where the Government is the employer like anganwadi, only the government and the employees contribute. The employer's contribution takes the form of a flat amount or cess charges or a specified percentage of the worker's salary. In the case where direct permanent relationship between the

employee and the employer is not present as in the case of lottery agents, artisans, advocates, the government contributes substantially. In the other case where scarcity of resources is not an issue as in the case of toddy, head load and motor transport workers, the government's contribution is zero. Some of the government's contributions are conditional on the member's contribution like the case of artisans where the government contributes Rs 2 for every Rs 10 contributed by the worker. In the case of lottery workers also 20 percent of the member's contribution is paid by the government.

The basic reasons for the WFs to be formed are for providing support to the unorganized sections in the form of:

- Social security benefits like provident funds, payment on superannuation, pensions and gratuity.
- Social insurance like ex gratia payment in the case of disability or demise, disbursement for treatment.
- Welfare support comprising of pecuniary backing for the purpose of accommodation, edification of kids, and wedding of daughters.

Besides all these an additional help is provided for meeting the funeral costs of the worker. This is mainly done to enhance the dignity of the worker. Given the emphasis on education in Kerala, educational allowances constitute a considerable part.

### **Coverage Rate of WFs**

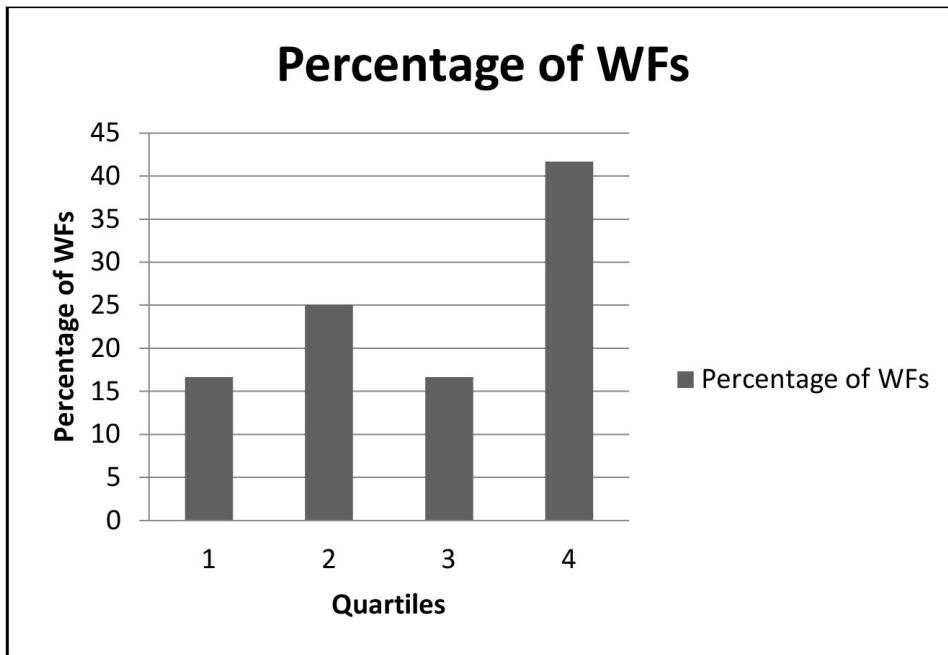
The efficiency of the WFs can be evaluated in terms of its coverage. It is noteworthy to highlight that the assessment of coverage rate inherit some significant procedural troubles as accurate approximation of the amount of workforce in each professional cluster is not present. However the various WFs have provided certain estimates of the total workers in each occupation. This information is helpful in calculating the coverage ratio. Coverage ratio can be calculated as the ratio of the members enrolled in a particular WF to the estimated total number of workers in that particular occupation. The Figure 1 depicts the average coverage rate of the WFs from 2002 to 2015. Coverage rates are classified into quartiles. High coverage can be defined as those WFs having coverage ratio of more than 75 per cent on an average over time. In the case of medium, the coverage ratio can be defined between 25 to 75 per cent and below 25 per cent can be termed as low coverage ratio.

It must be stated that maximum share goes to high coverage ratio which is very impressive. Some of the WFs where coverage is very poor and fails to show satisfactory results are in the sectors like khadi, autorikshaw. This is mainly because of the lack of resources which make the WFs less attractive.

Elevated estimates of the total number of workers in particular occupations can cause the coverage ratio to be small. The Kerala Labour WF is in a sense of residual where the workers who do not fall under any types of WFs are entitled to this. For headload workers, the WF is covered only in the urban areas whereas the estimates of the total workers are for the state as a whole.

Another debatable issue in the case of WFs is the huge amount of the administrative cost or the establishment cost that calls for some detailed analysis. "Administration is carried out by the government and here the innovative proficiency that was envisaged in the design of these funds is not seen in the administrative sphere" (Kannan, 2002).

**Figure 1: Classification of the WFs in terms of coverage**



Source- Calculations done by the author from various Welfare Funds

The earnings of the funds are used for administration or establishment purposes. The various types of pecuniary and non-pecuniary benefits of the administrative staffs are paid out of the income of these Funds. The Board of Directors does not have any effectual command over this expenditure. The rule is that the limit on the administration expense should not be more than ten percent of the overall income of the Fund. But hardly any of the WFs adhere to this rule. According to K P Kannan, “Instead of calculating the administrative cost as a percentage of total income, a far more relevant ratio is to express it as a percentage of the total welfare payments – a sort of transaction cost of welfare distribution”. In this paper this type of calculation is carried out where the implicit meaning is that, if the administrative costs exceed the welfare distributed then that particular WF can be called as unviable or inefficient. Table 2 shows the transaction costs of welfare distribution during the years 2003-2010. It is evident that administrative costs with respect to welfare benefits given are high on an average in the case of KMWWFB, KKWWFB, KAWWFB, KASWWFB, KSLWFB, KAUWWFB. In the case of Lottery Welfare Boards for all the years administrative costs exceeds welfare distributed (or the percentage in the table exceeds 100). In the case of Kerala Motor Transport WWFB the numbers are ridiculous and it clearly shows how inefficient it can be. Another striking trend is that the administrative costs are more during the starting years and hence the value is high but over the years the cost goes on decreasing. This might be due to the fixed cost that is used in the setting up of establishments during the beginning of the execution process.

**Table 2: Name of the Welfare Funds(WFs) and year of establishment**

Name of the Board	2010	2009	2008	2007	2006	2005	2004	2003
KWWFBT	10.12	11.77	26.29	8.10	9.14	7.51	6.70	16.90
KMTWWFB	9881	3091.15			4439.12	105.67	129.28	4500.00
KKWWFB	38.86	52.73	92.63	83.53	96.65	117.41	74.07	110.76
KFWWFB	15.02	33.76	11.35	27.76	15.24	21.65	21.76	22.90
KSAWWFB	5.90	11.57	234.19	274.01	265.03	292.77	338.94	468.26
KAWWFB	28.03	22.87	39.81	64.05		37.98	56.76	28.73
KCWWFB	93.50	8.44	10.35	8.26		11.47	11.50	20.18
KAGWWFB	4.14	16.36	15.22	17.51	15.91	28.45	27.33	20.23
KASWWFB	95.62	47.68	47.08	63.47	42.08	50.36	70.28	77.89
KHWWFB	12.21	15.94	16.27	23.39	49.91	11.22	79.47	50.23
KBOWWFB		52.73	9.18	7.58		7.57	10.59	21.88
KCOWWFB	8.26	8.91	8.83	7.71	5.53	12.22	10.54	15.31
KSLWWFB					676.92	895.28	873.24	764.56
KTWWFB	7.26	14.13	6.76	24.54	37.78	70.55	19.03	1128.21
KTAWWFB	36.59	38.96	28.89	35.96	36.57	41.25	40.64	29.37
KBCWWFB	16.00	19.76	39.60	46.46	61.48	146.19	274.12	388.24
KBKPWWFB	5.39	14.72	13.75	78.63	70.82	74.53		
KHLWFB	34.19	29.55	23.85	30.56	22.78	21.91	25.09	24.74
KLWFB	142.20	107.38	130.08	103.78	93.25	92.67	73.13	
KASWWFB	3.24	2.45	5.10	5.71	0.74	3.37	0.52	4.15
KRDWFB	41.25	27.68	13.57	18.88	14.70	23.26	42.54	70.67
KCEPB							4.11	
KACWFC		22.21	18.31	20.71				
KDFWFB	2.49	2.44	2.14	155.48				
KAUWWF	229.17	337.50						

Source: Various Welfare Funds

Thus from this it is evident that these Funds mostly satisfy the interests of the bureaucrats. Ironically, it can be said that a portion of income of the vulnerable informal workers is spend in sustaining the protected governmental workers. In other way it can be understood that the hard earned mandatory savings of the informal sector workers is exhausted in maintaining the earnings of the formal sector government workers. This calls for a serious scrutiny.

### Member Worker's Sex Ratio

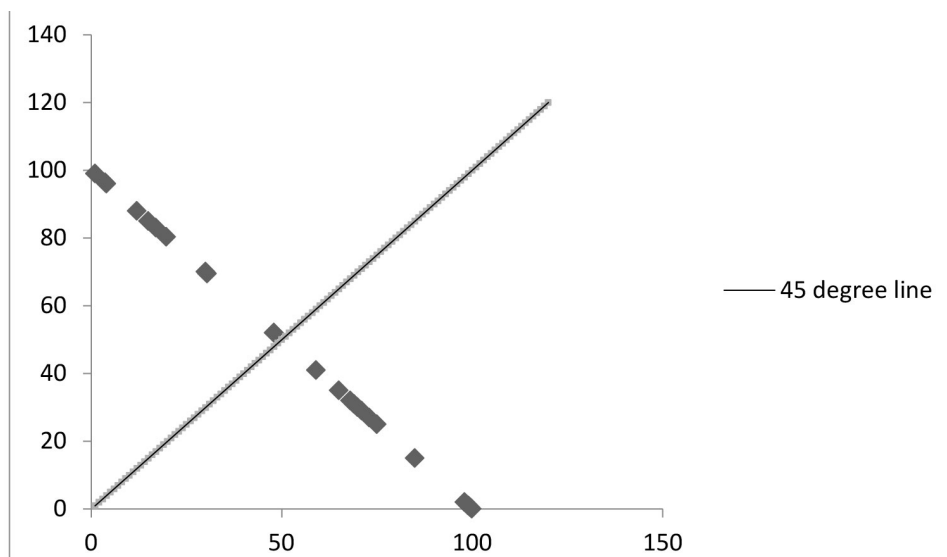
This particular measure has very important implications in the basic functioning of the WF. It is seen that the Funds where women dominate are those where financial viability is still a persistent issue. On the other hand, the male dominated Funds are successful in capturing most of the welfare benefits. This is because of the lack of importance given in the society to the women issues.

Here sex ratio is defined as the ratio of females by males. If this ratio is greater than one it means that



females are greater than males in that particular WF. . During the the years 2015 to 2002, 60.8 per cent of the WFs were male dominated whereas 39.1 per cent of WFs are female dominated. Provided the impressive sex ratio in Kerala, these numbers are notable. In Figure 2 the points above the 45 degree line shows the WFs that are female dominated and those below the 45 degree line represent male dominated WFs for the year 2015. It is seen that the sectors like tailoring, coir, cashew, khadi, beedi and cigar are mostly female dominated in respect to the number of workers. Sectors such as toddy, headload, motor transport, fishermen, abkari, ration dealers, motor transport are male dominated. This measurement is important in improving the provision of benefits as the female dominated sections should be provided with crèches to look after their children.

**Figure 2: Female to male percentages in WFs for 2015**



Source- Kerala Economic Review 2016(Volume 1)

Figure 3 and Figure 4 look at the trend of the sex ratio over 14 years (2002-2015) for both the male and the female dominated WFs. The proportion of female in the male dominated WFs are increasing in the recent years. This is noteworthy in terms of gender equality. For most of the WFs, the sex ratio increases from 2007 and has an increasing trend in recent years.

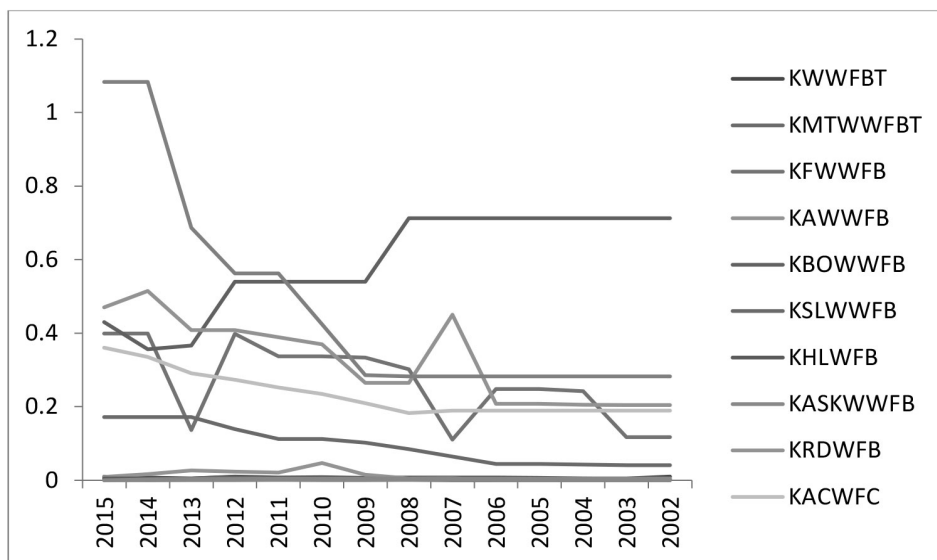
In the case of female dominated WFs, the sex ratios are more or less stable over the years. This is also impressive that signify that in the case of new workers in the Funds, the entrants are mostly female.

### Growth of the WFs

In this section the average annual growth rate of the total workers, the total members enrolled, the enrolled male workers, the enrolled female workers, the administrative expenses, the expenses incurred for providing welfare benefits and the total expenditure with respect to time has been calculated for all the WFs. In table 3 Here the log of the dependent variable is regressed over time to get the annual average exponential growth rate. It is seen that roughly a large per cent of the workers are entering the occupation of being a lottery agent, traders, head load, dairy farming,

and autorikshaw. This might be due to the expectation of heavy returns from these activities. On the other hand there is occurring a marginal outflow of workers from the jobs like beedi and cigar making, handloom work, coir producing, khadi. Simultaneously, the enrolled members are also declining in the case of khadi, building and construction, cashew plantation. The decline in the enrolled membership in the case of KLWFB is due to the establishments of different other WFs. This growth of enrolled members will have different implications on the growth rate of enrolled males and females depending upon the type of job. In terms of establishment costs, KMTWWFB, KSAWWFB, KCOWWFB, KASWWFB, KRDEFB have high growth rates. It should be remembered that from here information about the scale is not considered. The high administrative cost is again a worrying issue. There are other funds where it is impressive to see that this expenditure is decreasing over the years like KBOWWFB and KBCWWFB. Increase in the welfare expense is a good signal of allotment of resources to the needy but also calls for the larger issue of financial crisis. Negative growth rate in welfare expenditure is not desirable. The growth rates of total expenditure of all the WFs over the years are positive. Adequate measures should be taken for very high growth rates of total expenditure like in the case of KSAWWFB, KAGWWFB, KBKPWWFB and KSLWWFB.

**Figure 3: Sex ratio of male dominated WFs over years (2002-2015)**



Source: Various Welfare Funds

**Table 3: The growth rates (in percentage)**

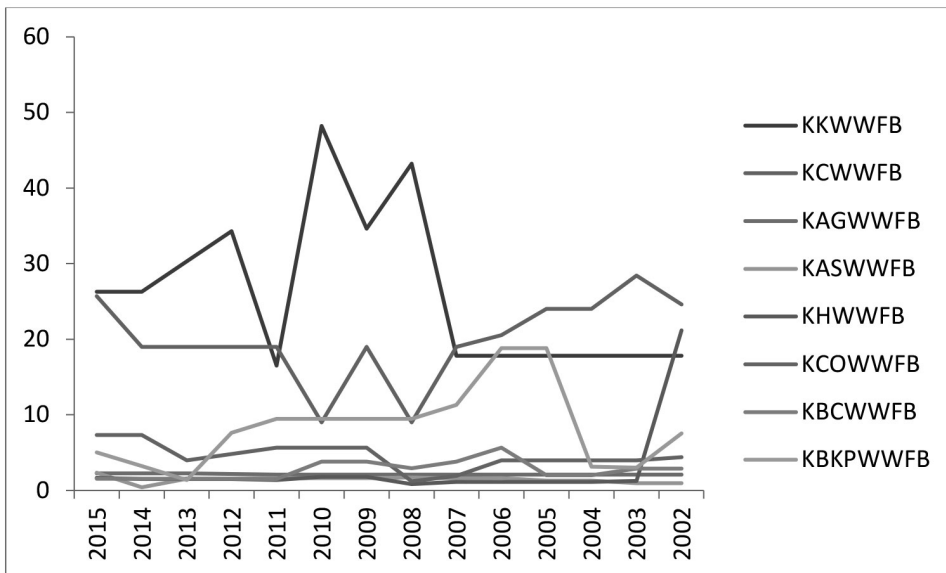
Name of the Board	Growth rate of total workers	Growth rate of members enrolled	Growth rate of enrolled males	Growth rate of enrolled females	Growth rate of administrative expenses	Growth rate of welfare expenses	Growth rate of total expenditure
KWWFBT	-0.82	1.94	1.97	3.52	9.21	5.80	14.34
KMTWWFB	-0.20	18.74	18.73	57.24	20.82	-28.29	22.12
KKWWFB	-0.20	-33.30	-19.14	-28.82	0.76	12.75	7.92
KFWWFB	-0.70	1.56	0.38	6.18	9.62	12.12	15.24
KSAWWFB	3.45	3.98			34.48	91.79	69.09
KAWWFB	5.43	-3.14	3.69	33.98	13.88	18.72	25.93
KCWWFB	0.63	-3.20	1.79	-3.50	10.38	0.46	12.84
KAGWWFB	3.56	2.52		2.46	9.55	27.93	34.46
KASWWFB	6.27	5.60	3.35	-6.4	10.46	10.82	8.53
KHWWFB	-1.90	-0.42	-2.30	-14.7	3.29	24.21	8.36
KBOWWFB	0.51	-23.27			-8.60	-17.10	26.05
KCOWWFB	-2.10	1.17	-1.80	1.73	14.39	21.30	28.82
KSLWWFB	11.75	21.34	20.24	34.25	8.37	5.59	86.11
KTWWFB	12.20	11.56			4.26	56.97	34.61
KTAWWFB	7.10	9.30	-1.5	12.72	10.28	9.99	27.83
KBCWWFB	-3.70	0.85	2.77	-0.2	-12.70	34.49	13.59
KBKPWWFB	1.83	12.99	4.15	18.16	10.44	71.79	51.71
KHLWFB	7.58	1.17	1.15	6.52	11.97	7.65	8.55
KLWFB	-3.60	-5.10			6.56	-3.02	1.58
KASWWFB	0.62	0.90	0.89	0.00	15.12	4.00	20.23
KRDWFB	0.32	0.02	-1.90	6.35	15.75	24.42	11.45
KCEPB	10.43	10.48					
KACWFC	-2.20	-0.40	-2.10	5.40			
KDFWFB	11.20	11.26	5.40	2.90			

Source: Various Welfare Funds

### Critical Analysis of WFs

Over the last two decades, the high growth of India's GDP has not been accompanied by expanding social security for the masses. Till now, India does not guarantee a national minimum social security. Only recently in the Right to Food case, the government decided to provide nutrition and employment support through a legal guarantee of MGNREGA. In 2004, the UPA government appointed the National Commission for Enterprises in the Unorganised Sector (NCEUS) to enquire into the conditions of the unorganised workers. It discovered that only 8 percent of India's workforce enjoys social security. The growth of the formal sector employment is dismal. The Commission also found that 79 per cent of the unorganised workers survived on an income less than Rs 20 a day which made it evident that the fruits of the growth are bypassing the huge proportion of working population.

**Figure 4 Sex ratio of female dominated WFs over years (2002-2015)**



Source: Various Welfare Funds

Given such a background, the functioning of the WFs in ameliorating the hardships of the informal workers is outstanding in one of the states in India.

Kerala should take great pride in being the pioneer in India in initiating social security for the poor and the unorganized.. In terms of the coverage, its performance is quite impressive as it encompasses not only a huge range of population but also serves a good platter of occupations. Kannan (2002) has rightly stated that the ever-increasing demand for WFs for 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.

This WF model of social security can be viewed as complementary to the basic social security or BSS as mentioned in the first section of the essay. Even though in the minimalist sense these WFs were successful in addressing the problem of insecurity and vulnerability of the unorganized workers. 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, 1986).. The outcome of all these is that the informal sector workers are much better in the present scenario than they were some years back. Along with this the abysmal poverty that is visualized in other parts of India is a rare phenomenon in the state of Kerala.

Moreover, in most of the funds the benefits are paid through the banks which has resulted in the workers developing a banking habit. This is very impressive given the fact that the members are mainly casual labourers with little or no education. Also most of these WFs are self-generating in terms of resources and do not put pressure on the government budget. With the formation of the WFs the workers become more organized and also reduce the clashes between the worker and the employer at the workplace. Realising the strength of this model, it can be replicated in other states also.

Though the WF is a remarkable achievement for the vulnerable sections of the society, there are various limitations. The structural distinctiveness of Kerala such as the meagre income of the agricultural sector and their low productivity, the inadequate per capita income, the non-satisfactory performance of the industry hinder the development and the capacity of social security provision and of the WFs in specific.

The degree of difference in the benefits received and the amount of contribution is one of the major shortcomings. There are no well confirmed principles regarding payment and the benefits received. The variations occur within a group as well as between groups. Variations between the groups may be due to the discrepancy in the ability to pay across occupations. The government's assistance and that of the employers vary significantly. There is no government's assistance for some of the WFs like motor transport WF, toddy workers WF, Kerala headload workers WF while funds like fishermen's WF, the coir WF and the handloom WF receive a lot of government assistance. However this form of discrimination needs to be explored further and some uniformity is required. Within the WFs also some of the non-wage benefits depend on the number of days of employments and the wages and this leads to inequitable assistance (Pillai, 1996). Thus here the purpose of the WF is negated as the more vulnerable group with less of income is given less support. This happens mostly in the case of headload workers. Most of the benefits are scale neutral. Moreover this difference in payments and benefits calls for an assessment in terms of efficiency criterion (whether there is any need of the government to contribute in respect of the actual collection of contributions) against the equity criterion (difference in the ability to pay).

Serious impediments are faced while collecting assistance from the employers. This has been noticed in the case of headload workers where diffusion of employment has taken place due to the emergence of headload workers WF. Moreover the markets where the employer finds it possible to shift the burden to the customers do not cause any objections. But in the markets where the employer is a price taker or the price elasticity of the demand for the good is very high, serious difficulties is faced in collecting resources from the employers. This point is validated by the example of the agricultural segment where the legislation of the WF is put up at several stages in courts from 1974 onwards. The export sector of fishes also resorted to strike against the levy of 1 per cent of the turnover.

Coverage of workers is another problem. Though the participation in some of the WFs is quiet impressive but still a bulk of workers in the unorganised sector is left out of the welfare boards mainly in the rural areas. This poorer coverage ratio might be the cause of non-statutory status where membership is not compulsory. The non-attractiveness of some of the WFs might be due to the very modest amount of benefits that are provided.

Mobilization of resources and its proper management is also tricky. What concerns most is the inadequate proportion of disbursements. This might also lead the present generations gaining at the expense of the past generations. This might lead the credibility of the WFs to put to question. Wide disparities in the allocation of benefits are present among the Boards. Some of the WFs are successful in accumulating large amount of investments like the Kerala Toddy tappers WF, Kerala Headload WF. Thus a serious scrutiny is required for estimating the investment, the collection and the disbursements in each fund.

The criterion for some of the WFs in respect to the government's contribution and the employer's contribution is tied and conditional to that of the employee's share. This is seen in the case of handloom, advocates, artisans and skilled workers. As the contribution of the employees

are very minimal, the payment done by the employers and the government are also very less which gives rise to the question of solvency. One of the examples in the recent days is the crisis in the Malayalam film industry which was affecting the welfare schemes as the collection of cess has been bunged.

According to a study by National Sample Survey for 2007-08, the inflow of migrants from other states to Kerala is about one million which is more than the outflow to other parts of the country (0.97 million). During the 1980s and the 1990s, migration was limited to the neighbouring states of Tamil Nadu and Karnataka whereas recent trend includes migrants from West Bengal, Orissa, Assam, Uttar Pradesh and Uttarakhand. They are engaged in various jobs like construction, agriculture, domestic work, electrical work and so on. The menial and hazardous jobs are mostly allocated to this type of workers along with the difference in wages between the migrant labour and a local labour. However, the functioning of WF in this area is very limited. The exclusion of the migrant workers from the WFs is a major constraint. Recently on the May Day of 2010, a welfare scheme for the migrant workers were initiated by the Kerala Government named 'Inter State Migrant Workers Welfare Scheme'. The implementation of the scheme is through the Kerala Construction Workers WF which already runs the welfare scheme for construction workers. Several weaknesses are present in the scheme including the low enrolment ratio, problem arising from the certification of the employment by the employers along with the exclusion of the casual migrant workers. There is limited support from the trade unions and the political parties.

The cost of administration is enormous. This may be because each and every fund has its own autonomous administrative wing as a result of which there occurs a multiplicity of the total overhead costs. This poses a very basic question as to the need for the functioning of these collective care arrangements. Administration under a single roof (Sankar, 1986) calls for serious scrutiny due to the deviation in interests between the workers and the employers under different WFs. This might also lead the bureaucrats becoming less sensitive to the necessities of the workers. Thus serious assessment about the arrangements in administration is required for proper functioning. Regular checks and performance scrutinizing might be a possible solution. A major hitch is inherited in the system where all the employees performing the administrative works are government employees on deputation. This is the major reason that causes inefficiency in functioning due to lack of permanence and the additional deputation allowances that needs to be given. Another striking feature while going through the study of the WFs is differences in gender and the consequent economic viability of the funds as explained above.

A very crucial issue that needs proper rethinking is the rise of the political patronage. This might result in the collapse of the system and also of the welfare state. As the basis of these WFs is purely occupational, the movement in the labour market is mainly regulated by the unions as membership is crucial for the benefits to avail. As a new entrant can be seen in terms of additional burden, the employers join hands with the existing employees to resist this. This resulted in some of the WFs to possess a section of workers who are 'unregistered' and hence fails to avail the benefits. This is the 'insider-outsider' problem as suggested by K P Kannan.

In spite of the drawbacks, these WFs have provided relief to the vulnerable workers. A study by (Pillai, 1996) of the headload workers WF discovered that the negative effects of employment due to 'adjustment costs' and the consequent shift to the capital intensive technique (Fallon and Lucas 1991) with the expansion of the working hours is absent in the case of headload workers WFs .

These funds also improved the workers livelihood by providing stability and regularity in income along with the habit of savings.

The ever increasing cost of social security and its negative impact on the budgetary position caused the policy makers of mostly the western advanced countries to rethink the need for structural reorientation where the social security consumes a significant proportion of the national income. In the case of developing countries and specifically of India, universalisation of social security to encompass the entire unorganised sector is not a feasible proposition due to resource constraint along with several other problems associated with the unorganised nature. In this regard, the experience of Kerala is worth mentioning.

### III

#### Conclusion

An examination of the current functioning of the welfare boards regarding the assistance and social security reveals that the fund is functioning satisfactorily but requirement of new form of benefits is still needed. It might be the case that the workers themselves might be willing to increase the amount of contribution so that they get little more benefits. Welfare schemes such as allowances for the maintenance of houses should be implemented. Efforts should be made to increase new membership. Because of the voluntary nature each and every worker is not reached. This might be because of the lack of awareness or the unwillingness or financial rigidity. But one point that should be appreciated about most of these welfare boards is that they have been functioning well and have been able to reach the rural workers. Moreover, with the transactions taking place in banks, the lower strata of the society has also been able to develop banking habits which is incredible. The general picture of the Welfare Fund Model in Kerala reflects the accomplishment of workers in a developing country. Though it has various limitations it still provides a path to assuaging the economic and social uncertainty among the workers in the informal sector and can be a guiding star to other developing countries.

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## Appendix

**Table 1A: Coverage rate of WFs (in percentage)**

Name of the Board	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Average
KWWFBT	93.5	93.5	100	100	74	100	100	100	89.6	91.1	100	100	100	36.5	91.3
KMTWWFB	19.4	99.9	53.3	53.3	47.9	44.4	38.8	23.1	100	5.4	21.4	5.2	19.8		41
KKWWFB	100	100	100	5.8	5.7	6.9	5.2	5.1	3.8	100	100	73.4			50.4
KFWWFB	100	100	100							100	100	61.4	100		94.4
KSAWWFB	93.3	93.3			81.2	81.2	81.2	81.3	81.2	82.8	82.9	83.6	83.6		84.1
KAWWFB	9.8	11.1	66.2	67.5	87.9	84.8		100	100	100	100	100	100	71.3	76.8
KCWWFB	100				97.1	77.4	82.8	77.4	76.8	78.2	88.6	88.6	96.8		86.37
KAGWWFB						96.5	96.5	94.9	92.9	90.4	98.4	100	100		96.2
KASWWFB			100	100	79.7	100	100		100	100	100	100	100	100	98.1
KHWWFB									50.6	50.4	49.6	48.9	22.6		44.4
KBOWWFB								94.2	98.2	77.2	77.2	77.2	71.4	4.2	71.3
KCOWWFB	100		64.3		55.9	55.9	100	84	50.5	51.4	51.9	50.9		39.2	64
KSLWWFB					24.3	24.3	15.9	6.1		12.4	12.4	12.4	12.2	10.6	14.5
KTWWFB	10.1				58.7	9.6				32.8	37.6	38.8	100		46.2
KTAWWFB	70.4	69.9	72.3	69.9	82.6	58.7	55.4	100	100	100	69.9	55.2	59.9	56.5	72.9
KBCWWFB				46.2	45.4	34.8	34.6	28.2	34.4	37.4	26.1	25.9	22.9	22	32.5
KBKPWWFB		32.5	25	26.5	22.7	22.7	15	13.9	9.6			6.6	4.5	3.6	16.6
KHLWFB	24.1	25.2	25.7	13.3	30.2	26.4	26.8	31.1	28	31.3	28.3	27.9	26.9		26.5
KLWFB					100					96.3	96.3	96.3	100		97.7
KAWWFB								6.6	6.3	6.3	6.3	6.4	6.3		6.3
KRDWFB	87.5	87.9	100	84.9	98.1	96.4	90.7	90.7	92	95.1	95.1	94.7	94.8		92.9
KCEPB			100							100	100	100	100		100
KACWFC	43.7	44.7	37.5	34.1	31.1	30.4	32.6	38.6	36.1						36.5
KAUWWF			8.8	8.8	8.6	8.5	8.4	8.4							8.5

Source: Various Welfare Funds



**Table 2A: The member worker's sex ratio**

Name of the Baord	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Male/ Female Domi- nated
KWWFBT	.0073	0.0075	0.0048	0.0097	0.0076	0.0084	0.0069	0.0077			0.0065	0.0047	0.0046	0.01	M
KMTWWFBT	0.01	0.0009	0.0006	0.0006	0.0014	0.0012	0.001	0.0015	0.0003						M
KKWWFB	26.3	26.3		34.3	16.5	48.2	34.6	43.214	17.826						F
KFWWFB	0.3990	0.399	0.1367	0.3981	0.3373	0.3373	0.3336	0.3021	0.1105	0.2482	0.2482	0.2421	0.1176		M
KAWWFB	0.0088	0.0171	0.0271	0.0233	0.0206	0.0468	0.0153	0.0053	0.006						M
KCWWFB	25.6849	19.001			18.999	9.0001	18.999	9.0001	19.001	20.526	24	24	28.4034	24.59	F
KAGWWFB	2.2807	2.2807	2.2807		2.0727										F
KASWWFB	2.3332	0.4286	1.5641	1.5641	1.6316	1.6316	1.6316	1.7027	1.6008	1.613			0.9708	0.961	F
KHWWFB	1.6614				1.3699	1.8181	1.8181	0.8249	1.1118	1.1499	1.1192	1.1088	1.2591	21.16	F
KBOWWFB	0.4304	0.3564	0.3666					0.7127							M
KCOWWFB	7.3331	7.3332	4		5.6667	5.6667	5.6664	1.1995	1.9208	4	3.9761	4	4	4.405	F
KSLWWFB	0.1719	0.172	0.172	0.139	0.1124	0.1124	0.1025	0.0849		0.0444	0.0444	0.0427	0.0411	0.041	M
KTWWFB													0.0012	0.001	M
KTAWWFB						9.4376	4.8463	5.6324	11.664	24.661	2.4669	2.0109	3.2217	3.224	F
KBCWWFB				1.5323	1.5	3.8318	3.8269	2.9314	3.8023	5.6686	2.0302	2.0303	2.8878	2.888	F
KBKPWWFB	5.0262		1.3842	7.6122					11.309	18.823	18.823	3.1459	3.0041	7.558	F
KHLWFB	0.0050	0.0048	0.0046	0.0094	0.0042	0.0052	0.0049	0.0042	0.0046	0.0042	0.0046	0.0047	0.0042	0.002	M
KASKWWFB	0		0.0006	0.0006	0.0006	0.0006	0.0006	0.0006							M
KRDWFB	0.4706	0.5151	0.4084	0.4085	0.389	0.3699	0.2648	0.2648	0.4501	0.2076	0.2076	0.2051	0.2049		M
KCEPB		0.6926	0.6875												M
KACWFC	0.3603	0.3357	0.2909	0.2736	0.2526	0.235	0.2098	0.1825	0.1895						M
KDFWFB	1.0833	1.0833	0.6866	0.5625	0.5625		0.2856	0.2821							M
KAUWWF	0		0.0045	0.0045	0.0046	0.0046									M
KAUWWF			8.8	8.8	8.6	8.5	8.4	8.4							8.5

Source: Different Welfare Funds