

**SECTORAL ACTIVITIES PROGRAMME**

**IN COOPERATION WITH THE EMPLOYMENT-INTENSIVE INVESTMENT PROGRAMME**

**Working Paper**

**THE KERALA CONSTRUCTION LABOUR WELFARE FUND**

**by R.P. Nair**

Working papers are preliminary documents circulated  
to stimulate discussion and obtain comments

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## PREFACE

The majority of construction workers in developing countries are employed informally. They have no written contract, no benefits other than wages and are excluded from social security schemes.

In the two southern states of India (Kerala and Tamil Nadu) Welfare Funds have been established for various occupational groupings including construction workers. These funds play an important role in providing protection for workers in the unorganized sector. They also present a potential model for other states and other nations to follow. In fact, legislation passed by the Federal Government in 1996 provides for the establishment of Construction Labour Welfare Boards in all the other states. In this context, understanding how the Construction Labour Welfare Funds operate in Tamil Nadu and Kerala assumes particular importance.

A study of the Welfare Fund for Construction Workers in Tamil Nadu was commissioned by the Social Security Policy and Development Branch of the ILO in 2002, as a part of the strategy to extend social security to unprotected people.<sup>1</sup> One of the authors of the Tamil Nadu study was subsequently asked to undertake a similar study of the functioning of the Construction Labour Welfare Board in Kerala. The results are reported in this paper.

The study was undertaken at the initiative of the Employment Intensive Investment Programme (EIIP) of the ILO, Geneva, as a part of the project *Employment and Labour Practices in Construction*. The principal researcher and author of the report is Dr. R.P. Nair, Research Fellow, Kerala Statistical Institute, Trivandrum. Ms Jill Wells, Construction Specialist in the Sectoral Activities Department, ILO, Geneva, provided guidance for the research and edited the report.

<sup>1</sup> Krishnamurthy, V. and R.P. Nair, *The Welfare Fund for Construction Workers in Tamil Nadu*, ESS Paper No. 18, ILO, Geneva, 2003.

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## **ACKNOWLEDGEMENT**

I am deeply indebted to Ms. Jill Wells, former Construction Specialist in the Sectoral Activities Department, ILO, for valuable guidance and encouragement in the preparation of this study. I also acknowledge with gratitude the technical help received from Dr. P.P. Pillai, former Head of the Department of Economics, Dr. John Mathai Centre, University of Calicut (Kerala) and from Mr. N.G.K. Nair, former Executive Director of the Kerala Statistical Institute, Trivandrum. Special mention may also be made of the valuable services rendered by Mr. S. Muraleedharan Nair, former Secretary and Chief Executive of the Kerala Construction Labour Welfare Board, in the collection of data and other materials for this study and also for discussions with concerned officials and trade union leaders. The field staff at Trivandrum and Trichur centres deserve special appreciation for the successful completion of the field work for this study within the time limit. I am also grateful to Miss N. Sheeja, programmer, for her painstaking service in the processing of data and computation of required tables and to Mr. T. Mohan Kumar for wordprocessing of this report.

R.P. Nair

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## EXECUTIVE SUMMARY

The welfare fund model developed in Kerala plays an important role in providing protection for workers in the unorganized sector, including construction workers. Legislation passed by the Federal Government in 1996 provides for the establishment of welfare funds for construction workers in all other states. It is therefore an appropriate moment to undertake a study of the operation of the Construction Workers Welfare Fund in Kerala.

The aim of the study is to provide an independent analysis of the way in which the Fund is functioning and the extent to which it is benefiting casual workers in the construction industry. The conclusions and recommendations are summarized below.

1. Kerala is probably the only state in India to have social security schemes for almost all workers in the unorganized sector. However, to assess the effectiveness of the functioning of the welfare funds, the important criterion to examine is the actual coverage in terms of membership. Though the coverage ratio of the construction labour welfare fund is fairly reasonable the percentage of workers registered in certain districts, especially Idikki, Pathanamthitta, Kottayam, Wayanad and Ksargod, is low.

*The Board should strengthen its extension activity in these districts to improve the percentage of registered workers.*

2. The very low percentage of registered workers who receive benefits in any year (currently 6%) is another area of concern. Among the types of benefits now offered by the construction labour welfare fund, retirement benefits constitute slightly more than 50%. The real social security benefits excluding pension is only a meagre sum thinly distributed among members.

*As a future policy measure, the members of the Board should initiate action to enhancing the quantum of benefits now given.*

3. At present the major sources of revenue of the Kerala construction labour welfare fund are (i) contribution from registered workers, (ii) contribution/cess collected from employers of construction works, (iii) licence fees levied on the contractors, and (iv) other sources like interest from fixed deposits, etc. Of this, the workers' contribution is returned to them at the time of their retirement along with interest and a contribution from the fund and hence this is found to be a net liability.

*To overcome this problem and to improve the finances of the Board the following suggestions/recommendations are made:*

- (i) The employee's contribution should be transferred to a separate reserve fund and if necessary the rate of contribution may be enhanced to meet the pension payments to workers.*
- (ii) The present practice of refunding the worker's contribution along with interest and other benefits should cease and if necessary the rules amended in*

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*this regard. This will enable the welfare fund to enhance the quantum of other benefits other than pension now being offered to its members.*

4. Another problem relates to the employers' contribution, which is the main source of revenue. Although there has been an increase in this source of revenue over the years, considerable difficulty is being experienced in realising this amount. The main problem here is that at present the cess collection from employers is designated as a function of the labour department and the welfare fund has absolutely no control over this main activity.

*To overcome this difficulty it is recommended that the function relating to cess collection should be exercised by the welfare board and necessary changes in the Act and Rules be made to make it operational.*

5. The administrative expenditure of the welfare board had recorded an increase of more than 16 times from inception up to 2001-02. This formed 16% of the income (employer's contribution) and 11% of the benefits distributed. The most disturbing feature is that staff salary as percentage of total administrative expenditure has recorded alarming proportions, slightly more than 70%.

*It is suggested that measures should be taken to bring the staff salary component in total administrative expenditure down to 35% or 40%.*

6. The multiplicity of welfare boards catering to various types of employment brings out the necessity for integration of welfare funds.

*It is proposed that there should be a single welfare fund with different branches to handle various sectors of employees. This is bound to be more cost effective and efficient. It will also bring down the cost of administration.*

7. There is urgent need to strengthen the database of the welfare board since there is extreme paucity of information in depth on all aspects of the working of this organization.

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## INTRODUCTION

This paper reports the findings of a study of the Construction Labour Welfare Fund in the state of Kerala, India. The welfare fund model developed in Kerala plays an important role in providing protection for workers in the unorganized sector, including construction workers. Legislation passed by the Federal Government in 1996 provides for the establishment of welfare funds for construction workers in all other states. It is therefore an appropriate moment to undertake a study of the operation of the Construction Workers Welfare Fund in Kerala.

The aim of the study is to provide an independent analysis of the way in which the Fund is functioning and the extent to which it is benefiting casual workers in the construction industry. Specific objectives are as follows: <sup>2</sup>

1. To assess the effectiveness of the Construction Labour Welfare Fund in terms of the proportion of construction workers covered and the range and value of benefits disbursed (disaggregated by gender and social class)
2. To examine the composition and functioning of the Construction Labour Welfare Board and assess whether the Board functions in an effective, transparent and inclusive manner
3. To examine the sources of revenue and the financial viability of the Fund in the longer term
4. To highlight the main challenges faced by the scheme and propose alternative policy options to address the challenges

A variety of methods were used to achieve the objectives. First an extensive search was undertaken for secondary data. The first and foremost source is official statistics available at the welfare fund offices (both in headquarters and in the districts) and in the controlling offices like Labour Department and State Planning Board.

The main problem a researcher in this field faces is the extreme paucity of data on all aspects of the working of the construction labour welfare fund. For example, the data on registrations is not broken down by district, year or gender. The same is true for the data on beneficiaries and on the number and value of benefits sanctioned. Hence no meaningful evaluation of the working of the welfare fund could be undertaken on the basis of official data alone.

To overcome the problem of insufficient data, it was decided that primary data had to be collected through a sample survey among construction workers, both registered and unregistered. A field survey was also needed to obtain the workers' perspective on the scheme. The survey focused on the two districts, Trivandrum and Trichur, with the largest number of registered workers. The district officers of the welfare board provided data on registered construction workers. The registered workers were classified by trade and this classification was used to draw the sample.

<sup>2</sup> The terms of reference provided by the ILO are included in the Appendix.

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The sample of registered workers was limited to 300 due to constraints of cost and time. The proportion of male and female workers in the sample was kept at 3:2 with a view to getting sufficient representation of female workers in the sample. Thus 180 male workers and 120 female workers were randomly selected from the stratified population, the number of workers selected from each stratum being proportional to the total number of workers in them.

The same procedure could not be followed to draw a sample of unregistered workers as there was no list of such workers available anywhere. Instead, a few active construction sites were identified in the two districts and workers contacted on the sites. The workers were engaged in different types of construction work for private contractors. The sample of unregistered workers was limited to 110, again due to cost and time constraints. Thus altogether the study is based on data collected from a stratified random sample of 300 registered workers and a sample of 110 unregistered workers.

The report presents the findings of the research. Chapter 1 provides the background and context for the study. It briefly outlines the development of the labour welfare funds in Kerala and examines their coverage and range of benefits. Chapter 2 focuses in on the construction labour welfare fund and its board, explaining its organization, structure and functions. In Chapter 3 available data are presented to show the growth in membership and benefits sanctioned by the board in the 10 years since its inception. Chapter 4 reviews the finances of the fund and examines its viability in the longer term. Chapter 5 presents the findings of the field survey and assesses the performance of the fund on the basis of the data collected in the survey. Chapter 6 contains the conclusions and recommendations.

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## CHAPTER 1

### History and development of the labour welfare funds in Kerala

#### *Background*

The Kerala experiment demonstrates what the workers in the informal sector can achieve, given a democratic political framework and sustained collective action. Sustained pressure from the workers resulted in the constitution of welfare funds with the active participation of the state. In fact the state's role is dominant in the institution and management of the welfare funds. The employers, though by and large unwilling, have to co-operate because of the lack of alternative in the existing political context.

Trade unions emerged as a powerful labour institution in Kerala over a long period of time. Historical factors played an important role in this development. The social reform movements, proletarianization of a large segment of the traditional labour force and a radical political movement which incorporated all sections of the labour class and organized them into trade unions, influenced the evolution of labour markets as they exist in Kerala today. It led to break up of traditional 'patron-client' labour relationships and to the inter-linkage between land, labour and credit markets. Labour relations became increasingly formal and contractual.

An overwhelming number of workers in the informal or unorganized sector came to be organized into unions. The important objective of trade union functioning was to improve the conditions of work, income and economic security of the workers. In this process a number of labour institutions were started to cater to the needs of informal sector workers. Examples are minimum wage committees, industrial relations committees and also labour co-operatives. The major labour co-operatives in Kerala are those of toddy tappers (now defunct), beedi workers, handloom weavers, coir processing workers and cane and bamboo workers. These were set up in response to demands from the unions. But they did not have managerial or even organizational capabilities to run these institutions. This was the background in which welfare funds emerged as a specific institution for collective care arrangements of the workers in the informal sector.

With the attainment of independence by the country and the establishment of parliamentary democracy, the main objective was to protect and enhance workers' rights and their share of earnings. In Kerala, this stage was reached much earlier than in other states. Owing to the highly articulate nature of the workers, the political parties realized the need for some form of institutionalized welfare arrangements without which they were likely to lose the support of the poor labour class.

#### *Development of the welfare funds*

The welfare fund model of social security for informal sector workers in Kerala had its beginning in 1969 with the formation of a welfare fund for toddy tappers. The Toddy Tappers' Welfare Fund was established under special circumstances. The toddy tappers comprised early radicalized sections of the rural workers. The establishment of the welfare fund was a consequence of the limitations of wage bargaining, which resulted in the employers opting to

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leave the business. A takeover of the production and distribution of toddy by the workers' co-operative did not work well. It was in these circumstances that the Toddy Tappers' Welfare Fund was set up with the active intervention of government.

This collective care arrangement was not extended to other sections of workers in the informal sector for almost a decade. But in 1977 another welfare fund known as the Kerala Labour Welfare Fund was set up for workers in small-scale factories, plantations, shops and co-operative institutions. In the early 1980s, trade union pressure and pro-labour policies of the state government led to the establishment of a series of welfare fund schemes. The enactment of the Kerala Head Load Workers Act in 1983, followed by the Fishermen's Welfare Fund, gave new impetus to the concept of welfare funds. Thereafter the state government promoted the welfare fund concept widely to cover all the traditional industries such as cashew, coir, handloom and khadi. Throughout the 1980s different occupational groups began to press for welfare funds. By the end of the decade the welfare fund became the basic right of the workers and funds were established for most of the traditional occupations in the unorganized sector. Today Kerala is probably the only state in India to have a social security coverage of almost the entire unorganized sector.

### ***Coverage of the schemes***

To assess the effectiveness of this wide network of social security schemes, the first important criterion to examine is the coverage in terms of the number registered with the funds as a proportion of the total workforce that could be covered. It is significant to note that the existing welfare funds are targeted to cover the entire working population in the unorganized sector in the state. However, it is interesting to find that the proportion of registered members (all welfare funds combined) is not significantly high. Out of the total of 8 million targeted workers, the number of registered members across all the welfare funds is only around 3 million, about one-third of the workers targeted. Coverage in fact depends on the nature of the labour market, the interest of the trade unions in the functioning of the fund and the extent of effort made by the government to promote the fund. Ultimately it is the perception of the workers as to what extent the fund is truly beneficial or advantageous that influences the decision to take membership and the interest to sustain the membership.

### ***Contributions***

A salient feature of the welfare boards in Kerala is that they are patterned after the social insurance model, being contributory in nature. The nature of contribution from government, employers and workers varies from fund to fund. In some funds like the Toddy Tappers, Head Load Workers', Motor Transport, Khadi and Abkari Workers' Welfare Funds, employer and worker contributions are a certain percentage of the worker's wage. Workers on average have to pay 10 per cent of their daily wage to the fund as a monthly contribution. The employer's contribution is higher than the worker's in all the funds. Whenever both contributions are meagre, government makes up the shortfall. If the employer and worker resource base is very strong, government may refrain from contribution. For example in the case of Toddy, Head Load and Motor Workers' Welfare Funds, there is no contribution from the government.

In all the funds, the employer's contribution is significant and is on an average 10 to 25 per cent of the wage bill or 1 per cent of the turnover. The worker's contribution varies from fund to fund. If the worker belongs to very low-income stratum in the hierarchy of the

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unorganized sector s/he has to pay very a low membership fee. For example, cashew workers pay only 50 Ps. per worker per working day, coir workers and handloom workers contribute Rs. 1 per month per worker and agriculture workers Rs. 2 per month. Some other funds have various contribution slabs like Rs. 10, Rs. 15, Rs. 25 per month per worker. It is evident that the members' contribution in all the funds is calculated according to their ability to pay.

## **Benefits**

Benefits paid out by the funds also vary from scheme to scheme. The various categories of benefits under different welfare fund schemes in Kerala are summarized below.

### **1. Pension Scheme**

At present only eight funds out of 19 have pension schemes. The payment varies across funds from Rs. 75 to Rs. 300 per month depending on the worker's length of service. The length of service required to qualify for a pension also varies, but the eligibility starts as soon as the worker reaches 60.

### **2. Provident fund, retirement benefit and gratuity**

Only the Toddy Workers' and Motor Transport Workers' Funds have a provident fund scheme. This is a statutory arrangement in which both employer and employee contribute to build up the fund and the amount collected is returned to the worker when s/he retires reaches 60. This scheme can work only in sectors where there is a stable employer-employee relationship. In the case of construction labour there is no such relationship and hence it is difficult to implement or administer a provident fund scheme. In the Toddy Workers' or Motor Transport Workers' Welfare Fund where this scheme is operational there is a permanent employer-employee relationship.

Toddy, head load, motor and abkari workers obtain a gratuity from their fund at the time of retirement. All other funds give back the net amount in the account with interest to members at the time of retirement (age 60) or death. In the formal sector, the provision of a gratuity is in the form of a lump-sum payment calculated as a share of the earnings of the workers based on the number of years worked. This form of social security for old age has been incorporated in 8 out of 19 funds set up so far. It has not been implemented by the Construction Workers' Welfare Fund, although in effect the matching contribution (does not mean equal but implies a contribution by the Board) given by the Fund to the registered worker at the time of retirement (along with the worker's contribution and interest) can be taken as a gratuity in the real sense.

### **3. Ex-gratia payments, disability allowance and funeral expenses**

The welfare funds in Kerala have insurance schemes against the risk of death or disability of their members. All funds except the Toddy Workers' Welfare Fund have an ex-gratia scheme for the payment of a lump sum in the event of death or disability. The amount paid varies from Rs. 1,000 to Rs. 50,000 depending on the nature of injury or disability. Many funds also provide a monthly allowance to members who are disabled. It is reported that the Fishermen's Welfare Fund has a special group insurance scheme for its members which pays out Rs. 25,000 for death or Rs. 12,500 for partial disability if involved in an accident while engaged in fishing. In the Advocate Clerks' Welfare Fund, ex-gratia payment varies from Rs. 2,500 to Rs. 10,000. Similarly variations have been observed in the case of other

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government department funds. All funds also have a scheme for meeting unexpected expenses of members, such as funeral expenses. A grant of Rs. 250 to Rs. 500 is disbursed to the families at the time of the member's or pensioner's death.

#### 4. Education and medical care

All funds except government department funds have a scheme for members which provides some access to education and medical care. Most of these are in the form of scholarship or grant. However, some funds have provision to make a non-refundable advance to members from their account (up to 25 per cent of their contribution) for the education of their children or medical treatment for their family members. The Construction Workers' Welfare Fund gives grants (as opposed to a non-refundable advance) for education and health care for its members.

#### 5. Marriage and maternity benefit

Most funds make provision for the payment of marriage and maternity benefit. The exceptions are departmental funds, Abkari, Agriculture workers and Labour Welfare Funds covering workers in shops, plantations, factories and cooperatives. Maternity benefit is in the form of a grant and may be paid on only two occasions to women workers. Marriage assistance may be in the form of a grant, a non-refundable advance from a member's account or an interest-free loan. It can be paid for the marriage of a member or a member's son or daughter, but payment of this benefit is also limited to two occasions.

#### 6. Unemployment benefits

The majority of the funds have a provision for unemployment allowance in the form of a non-refundable advance from the member's account. The Construction Labour Welfare Fund is one of the exceptions. The Head Load, Motor and Handloom Workers' Welfare Funds have a special scheme of unemployment insurance.

#### 7. Housing loans

The workers in the unorganized sector have no means to obtain housing loans from the formal financial institutions. To compensate for this disadvantage, all welfare funds (including the Construction Labour Welfare Fund) provide housing loans to their members which are refundable over a specified period of time. For example, the Head Load Workers' Welfare Fund has a refundable loan facility of up to Rs. 40,000 for the construction of a new house and Rs. 10,000 to repair an existing house.

#### 8. Special schemes / benefits

Other benefits vary from fund to fund. Some allow members to withdraw money from their account to pay an insurance premium. The Fishermen's Welfare Fund offers a wide spectrum of insurance schemes with 50 per cent subsidy of insurance premium. The Artisans' Welfare Fund has a special loan facility to its members for purchasing tools subject to a maximum amount of Rs. 2,000 or 75 per cent of his contribution. A similar non-refundable loan is also available to auto-rickshaw workers.

The administrative structure of all the welfare funds functioning in Kerala is similar. The funds are autonomous bodies with representation of workers, employers and government. The employer/worker ratio is equal for all funds except the Khadi, Coir and Fishermen's Welfare Funds. The government representation in the administrative boards is either equal to or

greater than employers' or workers' representation except in the case of the Coir Workers' Welfare Fund. This signifies that government has a major role to play in the functioning of all welfare boards. This is also evident from the fact that the representatives of workers and employers are nominated by the government. Even the selection of the chairperson of the Board from among the Board members has to obtain government approval. The Chief Executive (Secretary) of the Board is always a government official, generally from the Labour Department. Also, the lower level officials including clerical staff are mostly government employees on deputation.

To conclude, the welfare funds in Kerala seem to have a fairly extensive coverage of the entire unorganized sector of the economy and providing a wide range of benefits. The different welfare funds for various categories of workers, functioning in Kerala are listed below.

### **Welfare funds in Kerala**

<b>Name of fund</b>	<b>Category of workers covered</b>
1. Kerala Toddy Workers' Welfare Fund (1969)	A toddy worker is defined as any person who is directly or indirectly in the production, collection and distribution of toddy for his livelihood
2. Kerala Labour Welfare Fund, 1977	Workers in factories as defined in the Factories Act, plantations employing 10 employees and above, shops and commercial establishments employing 2 and above, co-operative institutions employing 20 workers and above
3. Kerala Head Load Workers' Welfare Fund, 1983	A head load worker is defined as a person who is engaged directly or through a contractor for loading or unloading or carrying on head or in a trolley any article from any place. Persons engaged by individual for the same work are excluded
4. Kerala Motor Transport Workers' Welfare Fund, 1985	Any person who is employed for wages in a motor transport undertaking directly or through an agency to work in a professional capacity on a transport vehicle like driver, conductor, cleaner, station staff, checking staff, cash clerk, time keeper, watchman or attender
5. Kerala Advocate Clerk Welfare Fund, 1985	Advocate Clerks registered under the Kerala Advocate Clerks' Welfare Act
6. Kerala Artisans and Skilled Workers Welfare Fund, 1986	Workers in the unorganized sector such as goldsmiths, carpenters, shoe makers, beedi makers, potters, chakku oil extractors, cycle rickshaw workers, cycle repairers, watch repairers, milk and news paper distributors, photographers, barbers, dhobbis and also workers who are not covered in any of the welfare schemes
7. Kerala Cashew Workers Relief and Welfare Fund, 1988	Person engaged in any form of employment in the processing of cashew. The scheme applies to cashew workers and their dependants

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8. Kerala Khadi Workers Welfare Fund, 1989	Khadi workers
9. Kerala Coir Workers Welfare Fund, 1989	Person who is employed for wages to do any work in connection with various process in the coir industry and also any person employed in coir industry
10. Kerala Fishermen's Welfare Fund, 1989	Fishermen. Covers all fishermen employed for wages in a fishing vessel or self-employed fishermen who are registered as members of the Fishermen's Welfare Society
11. Kerala Handloom Workers Welfare Fund, 1989	Handloom workers and their dependants
12. Kerala Abkari Workers Welfare Fund, 1990	Abkari workers are arrack-foreign liquor workers who are not covered by the Toddy Workers' Welfare Fund
13. Kerala Construction Workers Welfare Fund, 1990	The scheme extends to two categories of workers viz. (a) construction workers such as mason, carpenter etc., excluding supervisors, and (b) quarry workers including workers in stone crushing
14. Kerala Agriculture Workers Welfare Fund, 1991	Workers engaged in agricultural operations
15. Kerala State Lottery Agents' Welfare Fund, 1991	Lottery agents holding a valid identity folder as mentioned in Kerala State Lottery Rules, 1977
16. Kerala Document Writers and Stamp Vendors Welfare Fund, 1991	Document writers and stamp vendors
17. Kerala Auto-rickshaw Workers' Welfare Fund, 1991	Auto-rickshaw workers
18. Kerala Angan-wadi Workers and Helpers Welfare Fund, 1991	Health workers, teachers and helpers working in Anganwadi
19. Kerala Tailors Welfare Fund, 1994	Tailors

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## CHAPTER 2

### **Kerala Construction Labour Welfare Board/Fund: Organization, structure and functions**

#### ***Organization***

The Kerala building and other construction workers' welfare fund was constituted in 1990 following the enactment of the Kerala Construction Workers' Welfare Fund Act of 1989. The preamble of the Act describes its objective as *"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 definition of the construction workers, as given in the Act, is *"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"*. Workers covered in this group are masons, carpenters, painters, concrete workers, road workers, earth workers etc. Schedule I of this Act contains 26 categories of construction workers as listed below:

<b>SI No.</b>	<b>Construction workers</b>
1	Brick masons
2	Rubble masons
3	Laterite masons
4	Laterite cutter
5	Brick moulders
6	Carpenters
7	Blacksmiths
8	Fitters
9	Plumbers
10	Painters
11	Sawyers (excluding saw mill workers)
12	Workers engaged in laying iron rods for concreting
13	Casual 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

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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

### ***Constitution of the Board***

Government, by notification in the gazette, was charged with constituting a Board called the “Kerala Construction Workers’ Welfare Fund Board” for the administration of the fund and to supervise the activities financed from the fund. The Board consists of 15 Directors nominated by the government as follows:

- a) five members representing the construction workers
- b) five members representing the contractors and other employers
- c) five members representing the government
- d) a member nominated by the Government of India

Of the five members representing government, one is the Chief Engineer (civil) of the State (the state level chief official having power of inspection of building and construction), one is a representative of the Finance Department, another is a representative of the Law Department and a fourth is the representative of the Labour Department in the Secretariat.

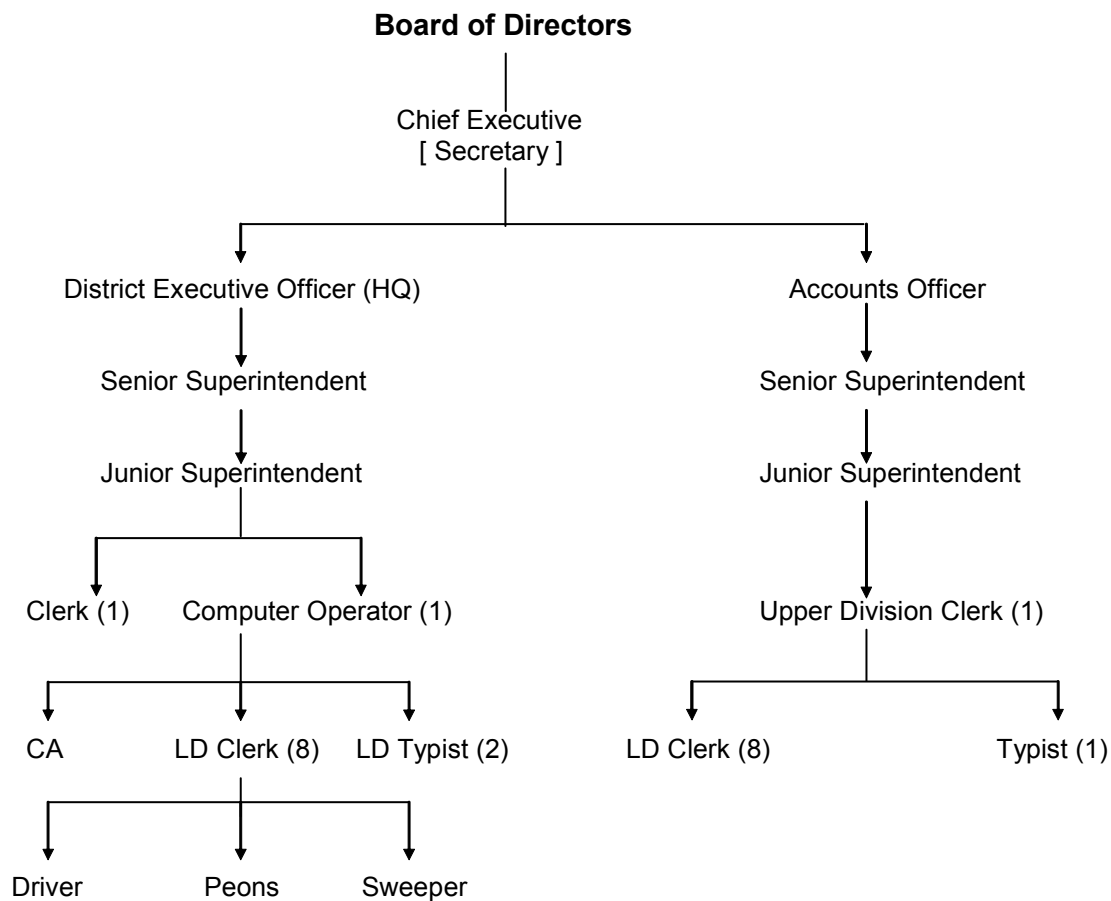
One of the Directors of the Board is appointed by the government to be its Chairperson. Government may also appoint a Chief Executive Officer and as many other officers and staff as may be considered necessary to assist the Board in the discharge of its functions. The term of office of the Chairperson and the members of the Board other than official members is three years from the date of their appointment.

The chart opposite illustrates the organizational set up of the Board (Head Office).

The Board ordinarily meets once in two months. It functions just as a typical government department, since the administration of the fund, in effect, is vested with the government. Though in principle the Board of Directors is the ultimate body for deciding the policies and functioning of the Board, in practice government departments (especially labour and finance) exercise considerable control.

The important features of the Kerala Construction Workers’ Welfare Board are the following :

1. It provides a measure of social security and welfare assistance to the workers.
2. It is a tripartite body with representatives of the workers, employers and government, with veto powers for the government on policy matters.
3. It has an office with a Chief Executive (Secretary) appointed from government departments.
4. There is a mandatory financial contribution from the workers and employers.
5. It enjoys minimal financial contribution from the government.



### ***Membership of the Welfare Fund***

Every construction worker in the age group 18 to 60 years who is not a member of any other welfare fund scheme and who has been engaged in construction work for not less than ninety days during the preceding year is eligible for registration as a member. An identity card is issued to every registered construction worker with his photograph and details of construction work.

Every building worker eligible to become a beneficiary of the Fund has to submit an application on Form XXVI to the secretary or to an officer authorized to act on his behalf. Every application must be accompanied by a certificate to prove age. This can be (i) school records, (ii) a certificate from the registrar of births and deaths, or (iii) in the absence of either of the above, a certificate from the medical officer in Government Service. A certificate from the employer or contractor to show that the applicant is a construction worker has also to be produced. Where a certificate is not available, a certificate issued by a registered construction workers' union or a certificate issued by Assistant Labour Officer of the concerned area is considered.

At the time of registration a fee of Rs. 25 must be paid. Every member has then to contribute Rs. 20 per month to the fund. The contribution should be remitted in advance once in three months in any of the banks specified by the Board in the district in which the member resides.

According to the official estimate of the Construction Workers' Welfare Board, there are 1.5 million workers engaged in construction activities in the state. This estimate is based on

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the findings of a committee appointed by the state government. Out of this slightly more than 1.02 million workers were registered under this Board, giving a coverage of 68 per cent as of 2002. The majority of the registered workers were from the district of Trivandrum (17 per cent), Trichur (10 per cent), Palghat (10 per cent) Kannur (11 per cent) and Kozhikode (9 per cent). One of the indicators of the effectiveness in working of this Board is its coverage of members and in this respect the progress achieved is impressive.

### **Benefits**

The basic objective of the Construction Workers Welfare Fund is to provide a measure of social security for its members who are vulnerable to risks and uncertainties and do not have any other institutional protection based on their employment status. The different major categories of benefits provided by the fund are as follows: pension; family pension; invalid pension, death benefit, funeral assistance, marriage assistance, maternity benefits, medical benefits, house building advance, cash award/scholarship, financial assistance for entrance coaching class, and tool advance.

The Construction Labour Welfare Board does not provide any unemployment relief. This is probably due to the number of job opportunities in this sector.

## CHAPTER 3

### Kerala Construction Labour Welfare Fund: Growth of membership and benefits

#### *Membership number and coverage*

According to the official estimate there are 1.5 million construction workers in the state. Out of this nearly 1.02 million workers were registered with the Board in March 2002, giving a coverage of 68 per cent. A breakdown of registered workers by district is given in table 3.1. It can be seen that Trivandrum has the highest proportion (84 per cent) of members and Idukki the lowest (48 per cent).

**Table 3.1. Number of registered construction workers by district, March 2002**

District	Total number of registered workers			Total construction workers in the district	Coverage ratio/ % of registered workers	
	Male	Female	Total			
1. Trivandrum	132 000	37 359	169 359	200 000	84	(22)
2. Quilon	51 332	16 210	67 542	97 330	69	(24)
3. Alleppey	34 976	22 504	57 480	80 000	71	(39)
4. Pathanamthitta	35 912	6 840	42 752	75 000	57	(16)
5. Kottayam	34 850	7 650	42 500	75 000	56	(18)
6. Idukki	26 271	6 567	32 838	68 970	48	(20)
7. Ernakulam	66 644	18 797	85 441	131 000	65	(22)
8. Trichur	63 678	24 763	88 441	134 000	66	(28)
9. Palghat	74 630	29 022	103 652	160 000	65	(28)
10. Malappuram	68 236	12 042	80 278	112 000	71	(15)
11. Kozhikode	72 990	18 248	91 238	140 000	65	(20)
12. Wayanad	12 953	2 285	15 238	25 000	60	(15)
13. Kannur	82 257	28 900	111 157	153 000	72	(26)
14. Kasaragod	26 142	5 738	31 880	49 000	65	(18)
<b>Total (state)</b>	<b>782 871</b>	<b>236 925</b>	<b>1 019 796</b>	<b>1 500 000</b>	<b>68</b>	<b>(23)</b>

Table 3.1 also shows the composition of the membership by gender, with the figures in brackets in the last column showing the percentage of members who are female. It can be seen that women make up 23 per cent of the total membership overall. But there are significant variations from one district to another. In Alleppey district 39 per cent of the members are female, while in two districts, Malappuram and Wayanad, the proportion of women is only 15 per cent. In the capital, Trivandrum, the figure is 22 per cent, in Trichur 2 per cent.

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## **Benefits paid to members by the Board**

There is no breakdown by district of the benefits paid to members, as sanction of benefits was a centralized function until recently. There is also no breakdown of benefits paid by gender, either at headquarters or in the district offices.

A summary of the available data on disbursement of benefits from the inception of the Board in 1991-92 until 2001-02 (the latest year for which data are available) is presented in table 3.2 (the full details are shown in the extended table 4.3 in Chapter 4). The table also shows the growth in the number of members and of members receiving benefits. It can be seen that there was a record increase in the number of beneficiaries from 1995-96 onwards. The value of benefits provided by the Welfare Board also exhibited a sudden jump from that year. The number of beneficiaries was only 118 during the initial year (1991-92) but rose to more than 55,871 in 2001-02, an increase of 475 times.

This increase in the number of beneficiaries in the 10 years of operation of the Board seems impressive. However, it should be of concern that the proportion of workers receiving benefit was still only 5.48 per cent in 2001-02. At the same time, one should not overlook the fact that between 1991-92 and 2001-02 the total number of instances of benefit disbursement is 254,584 which is about 25 per cent of the total number of workers in 2001-02. This means that at most (assuming each claimant received only one benefit) only a quarter of members have received any benefit over the past 10 years. The most important benefits provided by the Board are summarized below.

**Table 3.2. The number of members receiving benefits and the total value of benefits disbursed from 1991-92 to 2001-02**

<b>Year</b>	<b>No. of members registered</b>	<b>Cumulative no. of members registered</b>	<b>No. of beneficiaries</b>	<b>Beneficiaries as % of members</b>	<b>Total benefits disbursed (Rs.)</b>	<b>Average benefits/worker (Rs.)</b>
1990-91	89 939	89 939	Nil	Nil	Nil	Nil
1991-92	107 778	197 717	118	0.06	597 250	5 061
1992-93	46 678	244 395	1 146	0.05	4 350 275	3 796
1993-94	31 653	276 048	2 232	0.81	3 788 380	1 697
1994-95	31 741	307 789	4 027	1.31	4 903 227	1 217
1995-96	42 262	350 051	10 588	3.02	18 004 877	1 700
1996-97	80 711	430 762	19 922	4.62	30 968 542	1 554
1997-98	132 264	563 026	26 541	4.71	46 960 412	1 769
1998-99	66 779	629 805	30 241	4.80	65 720 965	2 173
1999-2000	179 223	809 028	46 332	5.73	102 918 954	2 221
2000-01	107 642	916 670	57 566	6.28	123 035 125	2 137
2001-02	103 126	1 019 796	55 871	5.48	148 463 761	2 657
<b>Total</b>	<b>1 019 796</b>		<b>254 584</b>	<b>24.96</b>	<b>549 711 768</b>	<b>2 274</b>

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## 1. Pension

This is the most important social security benefit provided by the welfare fund. On reaching the age of 60, a registered worker with just one year of service (live membership with the Board) is entitled to a pension of *Rs. 200 per month*, plus an additional Rs. 20 per year of service beyond 5 years. The maximum pension is Rs. 300 per month. The pension is disbursed to eligible workers directly by the district officers conducting sittings at the selected centres in every quarter or through money order from the head office, depending on the option chosen by the pensioners. There were 32,662 pensioners on 31 March 2002.

When a pensioner dies, the spouse is eligible for a family pension, amounting to half of the pension received by the pensioner or Rs. 100, whichever is higher. This is sent to the family pensioners by money order. The number of family pensioners on 31 March 2002 was 850.

Whenever a worker is unable to work due to disease or accident s/he is entitled to an invalidity pension based on the certificate from the Medical Board. Invalidity pension is fixed at the rate of Rs. 150 per month and is disbursed through a money order. Any member who has completed one year of service alone is eligible to get this pension. An ex-gratia payment of up to Rs. 10,000 is granted in addition, according to the degree of disability. The number of invalidity pensioners at the end of March 2002 was 450.

The growth of pension disbursement over the years is indicated in table 3.3. It can be seen that, as of March 2002, more than 36,000 registered workers were enjoying this benefit. In that year pensioners constituted almost 65 per cent of the total beneficiaries and payment of pensions amounted to 52 per cent of the total amount of benefits disbursed. Thus the Board is incurring a substantial expenditure towards pension payment and this is increasing rapidly.

**Table 3.3. Growth of pension beneficiaries and amount of pension disbursed**

Year	No. of pension beneficiaries	Amount of pension disbursed (Rs.)	Expenditure on pension as % of total welfare benefits
1991-92	1	150	0.02
1992-93	47	49 425	1.14
1993-94	241	216 975	5.70
1994-95	715	675 939	13.80
1995-96	4 047	4 473 880	24.85
1996-97	8 418	14 475 262	46.74
1997-98	11 491	19 134 220	40.75
1998-99	14 951	27 999 839	42.60
1999-2000	20 926	52 152 195	50.67
2000-01	27 892	55 393 111	45.02
2001-02	36 039	76 497 191	51.53

## 2. Refund of worker's contribution

The amount contributed by registered workers over the years (Rs. 20 per month) is returned at the time of retirement (age 60) together with interest and a contribution from the Board. Hence, in effect, the employee's contribution is a net liability to the Board and exerts an additional burden on the resources of the fund. For example, a worker with 10 years of service will have contributed only Rs. 2,400 at the date of retirement. But as a refund he receives a total amount of Rs. 4,230 from the Board. The amount payable to the worker on retirement for various years of service, as worked out by the Board, is shown below in table 3.4.

**Table 3.4. Amount to be paid to workers on retirement for different years of service**

Number of years served	Amount remitted by the worker (Rs.)	Amount returned including interest (Rs.)	Contribution from the Board (Rs.)	Total amount due (Rs.)
5	1 200	1 400	350	1 750
10	2 400	3 380	850	4 230
15	3 600	6 760	1 690	8 450
20	4 800	12 280	3 070	15 350
25	6 000	21 240	5 320	26 560
30	7 200	35 800	8 950	44 750
35	8 400	59 460	14 870	74 330
40	9 600	100 000	25 000	125 000

The amounts refunded by the Board in various years will depend on the number of workers reaching retirement age that year. Hence the expenditure incurred by the Board on this account, shown in table 3.5, fluctuates, but the trend is generally upward.

**Table 3.5. Refund of employee's contribution**

Year	No. of beneficiaries	Amount refunded (Rs.)	Expenditure on this item as % of total welfare benefits
1991-92	-	-	-
1992-93	-	-	-
1993-94	399	118 345	3.10
1994-95	528	260 259	5.31
1995-96	1 632	2 781 267	15.44
1996-97	4 377	3 273 112	10.57
1997-98	5 121	3 054 607	6.50
1998-99	1 279	5 570 561	8.48
1999-2000	6 103	1 476 779	1.43
2000-01	8 467	7 970 277	6.47
2001-02	1 374	6 286 549	4.23

## 3. Death benefit

If a registered member dies before reaching 60, an amount of Rs. 15,000 is paid to the nominees of the deceased worker. If the death results from an accident at work, his/her nominee is eligible for Rs. 100,000 as accidental death relief. A member who is permanently

disabled as a result of an accident at work is entitled to Rs. 50,000. If the member has not filed a proper nomination, family members are entitled to receive benefit, in the following order:

- |                             |                            |
|-----------------------------|----------------------------|
| a. Wife / husband           | d. Dependent parents       |
| b. Minor son / daughter     | e. Widowed daughter        |
| c. Unmarried son / daughter | f. Widowed daughter-in-law |

The amounts disbursed by the Board on this account for various years are shown in table 3.6.

**Table 3.6. Death benefit disbursed by the welfare board**

Year	No. of beneficiaries	Amount disbursed (Rs.)	Expenditure on this item as % of total welfare benefits
1991-92	56	560 000	93.8
1992-93	393	3 925 000	90.2
1993-94	295	2 950 000	77.4
1994-95	226	2 241 333	45.7
1995-96	898	8 145 522	45.2
1996-97	523	6 188 590	20.0
1997-98	1 678	7 995 020	17.0
1998-99	3 085	12 087 269	18.4
1999-2000	1 084	16 757 050	16.3
2000-01	1 371	18 713 375	15.2
2001-02	967	21 228 721	14.3

In the initial years of the functioning of the Board, death benefit was one of the major items for which relief was provided and hence expenditure on this item constituted a major part of the welfare benefit. But later on when other welfare measures such as marriage assistance, maternity benefit, scholarship/cash awards were started, the proportion of expenditure on this item fell to less than 15 per cent.

Death benefits indicated in table 3.6 include benefits paid for fatal accidents which happened while at work. Expenditure under this item is available for only the past few years, as shown in table 3.7.

**Table 3.7. Benefits provided for fatal accidents at work**

Year	Number of beneficiaries	Amount disbursed *
1999-2000	12	600 000
2000-01	18	900 000
2001-02	6	400 000

\* These sums are included in the amounts shown under death benefit in table 3.6.

#### 4. Marriage assistance

After three continuous years of live membership, a member is eligible for marriage benefit for him/herself and for his/her sons and daughters. Women workers and daughters of members receive Rs. 3,000, while male members and sons of members receive only Rs. 2,000 under this scheme. In both cases, these benefits are limited to the marriage of two children only.

**Table 3.8. Marriage assistance disbursed by the Board**

Year	No. of beneficiaries	Amount disbursed (Rs.)	Expenditure on this item as % of total welfare benefits
1991-92	-	-	-
1992-93	-	-	-
1993-94	5	25 000	0.65
1994-95	504	252 000	5.1
1995-96	1 021	548 500	3.0
1996-97	2 639	4 240 500	13.7
1997-98	4 463	8 925 500	19.0
1998-99	4 914	9 828 500	14.9
1999-2000	7 069	14 137 000	13.7
2000-01	7 043	16 622 000	13.5
2001-02	9 620	23 755 000	16.0

It is evident from the data in table 3.8 that during the initial years the amount disbursed under this benefit was small. But it gathered momentum from 1996-97 and by 2001-02 constituted 16 per cent of the total benefits disbursed.

#### 5. Treatment for accidents and fatal diseases

If a registered member is hospitalized because of an accident or terminal illness s/he receives medical benefit amounting to Rs. 300 for the first five days of hospitalization and Rs. 50 per day for each additional day, up to a maximum of Rs. 5,000. If the member becomes permanently disabled and is unable to carry out his/her normal work, s/he is eligible for financial assistance to a maximum of Rs.10,000 based on the percentage of disability certified by the Medical Board. The Board has recognized a number of government as well as private hospitals in every district as approved hospitals for members' use. The benefits in this regard disbursed by the Board for various years are presented in table 3.9.

**Table 3.9. Medical benefit disbursed by the Board**

Year	No. of beneficiaries	Amount sanctioned (Rs.)	Expenditure on this item as % of total welfare benefits
1991-92	-	-	-
1992-93	93	67 200	1.54
1993-94	342	248 260	6.51
1994-95	441	289 780	5.91
1995-96	1 314	747 430	4.14
1996-97	1 918	1 196 390	3.86
1997-98	245	1 749 944	3.72
1998-99	585	291 877	0.44
1999-2000	8 483	5 438 166	5.28
2000-01	6 237	3 142 850	2.55
2001-02	3 052	4 174 438	2.81

Although this is an important source of relief for the disabled/sick workers, the amount spent on this item constituted only a small proportion of the total welfare benefits sanctioned by the Board each year.

#### 6. Maternity benefit

This is an important social security benefit enjoyed by women workers who have completed one year of live membership in the Board. Financial assistance now payable is Rs. 2,000 and is limited to two deliveries. The amounts disbursed by the Board on this account are shown in table 3.10.

**Table 3.10. Maternity benefits disbursed by the Board**

Year	No. of beneficiaries	Amount sanctioned (Rs.)	Expenditure on this item as % of total welfare benefits
1991-92	3	900	0.20
1992-93	148	47 600	1.10
1993-94	244	115 200	3.02
1994-95	595	196 400	4.00
1995-96	447	189 200	1.05
1996-97	609	551 500	1.78
1997-98	1 196	931 500	1.98
1998-99	976	976 000	1.48
1999-2000	1 142	1 142 000	1.11
2000-01	1 546	1 703 000	1.38
2001-02	1 197	2 657 000	1.79

Women constitute on average 23 per cent of the registered workers in the state as a whole, yet the amount of maternity benefit disbursed by the Board forms is less than 2 per cent of the total welfare benefits disbursed each year. This could be because most of these women have passed the normal reproductive age group and have grown-up children, even of marriageable age. This is suggested by the much higher amount of marriage assistance (16 per cent of total benefits disbursed) received by the workers in 2001-02. (In this connection it should be noted that marriage assistance is given by the Board not only to registered workers but also to their children).

#### 7. Scholarship/cash award

Children of registered construction workers who have completed one year of live membership are eligible for a scholarship for various post-matric studies. A cash award is also granted to the children of members who secure the highest marks for SSLC Examination in the District. The amount sanctioned by the Board under this item for various years is shown in table 3.11.

**Table 3.11. Scholarships/cash awards sanctioned by the Board to children of registered workers**

Year	No. of beneficiaries	Amount disbursed (Rs.)	Expenditure on this item as % of total welfare benefits
1991-92	58	36 200	6.06
1992-93	465	261 050	6.00
1993-94	630	61 100	1.60
1994-95	654	617 900	12.58
1995-96	641	300 400	1.67
1996-97	933	201 400	0.65
1997-98	956	967 850	2.10
1998-99	1 492	1 155 890	1.76
1999-2000	1 052	1 089 950	1.06
2000-01	2 350	1 454 100	1.18
2001-02	2 198	1 644 200	1.11

Although this benefit sanctioned by the Board is an insignificant proportion of total disbursements, there was a steady increase both in the number of beneficiaries and the amount awarded, especially from 1997-98 onwards.

#### 8. Other benefits

In addition to the above-mentioned welfare benefits, the Board provides assistance to registered members to meet funeral expenses – nominees of a deceased member (with a valid membership) receive Rs.1,000. So far, nearly 8,000 have benefited. Moreover, after five years of service plus another 15 years for superannuation, a member is eligible for a house building advance of Rs. 50,000. It can be drawn in two instalments, and carries a nominal rate of interest. The Board also grants up to Rs. 5,000 to members' children to attend coaching classes intended for admission to professional courses.<sup>3</sup> Finally, if a worker has three years of live membership and has not reached age 55, s/he is eligible for tool advance of Rs. 10,000. The advance is granted in a lump sum with nominal interest and recovered in 60 instalments.

In absolute terms, these amounts are marginal and account for less than 5 per cent of the total welfare benefits sanctioned by the Board.

To sum up, the welfare fund model for providing social security for construction workers is an impressive achievement. The coverage of membership is quite high compared to other welfare funds in the unorganized sector of the state. But the percentage of members receiving benefits among registered workers is still very low at 5.8 per cent in 2001-02. Also, the Board's commitment to the payment of retirement benefits is increasing at a rapid rate over the years, rising from Rs.150 in 1991-92 to more than Rs.76 million in 2001-02. The disbursement on pensions was 51.53 per cent of the total sum disbursed in 2001-02. The ever-increasing burden of the Board in this respect should be a matter of concern to the Board authorities.

<sup>3</sup> Financial assistance for marriage, maternity, scholarships and coaching are all grants and not non-refundable advances.

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## CHAPTER 4

### **A review of finances of the Kerala Construction Labour Welfare Fund**

This chapter discusses the financial performance of the Construction Labour Welfare Fund since its inception. On the surface the fund may appear to be on a sound financial footing, having a substantial flow of annual income sufficient to meet all the expenditure, leaving even a margin of surplus. However, a close look at the finances of the fund provides a not so rosy picture, particularly from the long-term point of view. The financial position of the Welfare Fund is, in fact, getting weaker over the years and is likely to be under serious threat in the years to come. It would be advisable to foresee this threat and to take appropriate policy decisions in advance to ensure the long-run sustainability of the fund.

#### ***Revenue of the Welfare Fund***

The major sources of finance to the Kerala Construction Workers' Welfare Board are the following:

- (i) Contribution from construction workers registered with the Fund
- (ii) Contribution in the form of a cess collected from employers of construction workers such as contractors, builders and building owners
- (iii) Licence fees levied on the contractors
- (iv) Other sources of income like interest from fixed deposits, etc.

The income generated by the Welfare Board during 1990-91 to 2001-02 by source is shown in table 4.1. A brief review of the income from each source is presented below.

#### **Contribution from registered workers**

At present the workers' contribution to the fund is fixed as Rs. 20 per worker per month. The total contribution of workers amounted to Rs. 3.85 million in the starting year 1990-91, but rose to Rs. 122.2 million in 2001-02, an increase of nearly 30 times. Thus liability also increased many times during this period, from Rs. 0.12 million in 1993-94 to Rs. 6.29 million in 2001-02, an increase of about 53 times (see table 3.4). As per the decision taken by the Board of Directors of the Fund, all workers at the time of their retirement (age 60) will get back their contribution along with the interest and a contribution from the Board. This works out at nearly 80 per cent more than the actual amount contributed by the workers. Hence the worker's contribution in effect is a net liability to the Board.

**Table 4.1. Income accruing to the Welfare Board, by source**

Year	Workers' contributions	Employers' contributions	Other sources (licence fee, interest from fixed deposit etc)	Total
1990-91	3 856 888	325 155	1 082 056	5 264 099
1991-92	16 639 680	14 771 955	2 010 750	33 422 385
1992-93	24 172 675	22 460 045	2 410 585	49 043 305
1993-94	32 897 398	24 204 407	2 653 941	59 755 746
1994-95	34 055 957	46 900 349	22 159 188	103 115 490
1995-96	46 978 391	67 897 053	31 056 215	145 931 650
1996-97	62 055 450	84 116 404	28 879 277	175 051 130
1997-98	122 161 155	87 903 836	62 174 482	272 239 460
1998-99	94 307 695	87 166 629	40 361 625	221 835 940
1999-2000	112 463 680	120 728 029	63 328 379	296 520 080
2000-01	125 936 760	119 827 186	217 608 000	463 371 940
2001-02	122 164 607	99 497 045	185 343 000	407 004 640

#### Employers' contribution

The main source of income for the Construction Labour Welfare Fund is the contribution made by the employers. This is a levy at the rate of 1 per cent of the cost of construction work undertaken by them. The income from this source rose from Rs. 0.33 million in 1990-91 to Rs. 99.50 million in 2001-02, a more than three hundred times increase.

Although there is clear provision in the Central Act for the employers' contribution, considerable difficulty is experienced in realizing this amount, especially from construction undertaken by Central Government Departments like CPWD, Railways, Post and Telegraph, etc. The loss in revenue is quite substantial (estimated at approximately Rs. 500 million annually). The difficulty experienced by the Board in the collection of this levy from the contractors is mainly due to the fact that the collection is not done directly by the Welfare Board but is entrusted to the Labour Department of the state government. The Board is paying collection charges to the Labour Department for this work. A lot of lethargy and corruption prevents the effective exercise of this function by the Labour Department. The only way out is to collect this levy or contribution from the employers by the Welfare Board directly.

#### Licence fees from contractors

From the beginning of the enactment of the Construction Workers' Welfare Fund Act, there is a provision to levy fees from contractors, which may range from Rs. 100 to Rs. 1,000 per year depending on the grade of the contractors. This also is a potential source of revenue to the Board which is yet to be fully tapped.

#### Other sources of income

As of 2001-02, the Board had a deposit (reserve fund) of Rs. 1408.3 million. The surplus revenue of the welfare fund is invested, mostly in fixed deposits in nationalized banks and other government institutions, yielding a reasonable return which is added to the

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accumulated revenues of the fund. In the Indian situation, especially at the state level, there are very few investment options. Mutual funds and stocks, which are usual investment avenues in developed countries, are generally not considered safe or dependable in India, especially when the welfare fund handles contributions from poor workers.

### ***Administrative expenditure of the Kerala Construction Welfare Board***

Data on the administrative expenditure of the Board for various years are given in table 4.2. It can be seen that the administrative expenditure which stood at Rs. 1.1 million during 1990-91 (year of starting) rose steadily year on year to reach Rs. 19.37 million in 1999-2000, before falling slightly to Rs. 16.48 million during 2001-02.

As a general norm, it is accepted that the administrative cost of the Welfare Board should not exceed 10 per cent of the total income (employers' contribution). In the case of the Construction Labour Welfare Board the 10 per cent of income norm has clearly not been observed. The administrative expenditure was 16.6 per cent of the income (employers' contribution) during 2001-02. The administrative cost as a percentage of the benefits given to the workers (taken from table 3.2) also exceeded 10 per cent, at 11.1 per cent in 2001-02. Table 4.2 also reveals that staff salaries are the biggest item of expenditure, around 70 per cent in most of the years. This is too high by any standard.

### ***Financial viability of the Fund***

A comparison of the income and expenditure flows of the fund since its inception in 1990-91 raises some doubts about its long-run financial viability.

The three main sources of revenue for the fund, as indicated in table 4.1, are the contribution of the employers, the contribution from the workers and other sources comprising interest and licence fees. However, the contribution of the workers, although a part of the annual revenue of the fund, is repaid to the workers on their retirement with the interest accruing on it and a contribution from the fund. Thus, this source of revenue cannot be treated as income that could be used for incurring expenditure. Similarly the refund of workers' contributions need not be treated as expenditure. The financial viability of the fund needs to be examined, excluding the revenue and expenditure on this item. The remaining annual revenue of the fund (given in table 4.1) can then be compared with the annual expenditure consisting of the administrative cost (given in table 4.2) and disbursement of various benefits to the workers other than the refund of their contribution (which can be calculated from the data in table 4.3 – see pp. 28-29). The relevant data for this comparison is shown in table 4.4. This provides a clearer picture from which to assess the financial viability of the fund.

**Table 4.2. Administrative expenditure of the Construction Labour Welfare Board (Rs. '000)**

Year	Administrative expenditure	% increase in administrative expenditure	Salaries and allowances of staff	Salary expenditure as % of total administrative expenditure	Administrative expenditure as % of	
					employer's contribution	welfare benefits granted
1990-91	1 099.96	-	392.99	35.7	-	-
1991-92	1 926.70	75.2	1 461.77	75.8	13.0	-
1992-93	2 250.61	16.8	1 466.29	65.1	10.0	51.7
1993-94	2 712.18	20.5	1 827.49	67.4	11.2	71.5
1994-95	4 776.46	76.1	2 755.34	57.7	10.2	97.0
1995-96	6 080.82	27.3	4 004.62	65.8	8.9	33.8
1996-97	8 643.34	42.1	5 970.77	69.1	10.3	27.9
1997-98	11 020.71	27.5	7 592.93	68.8	12.5	23.0
1998-99	12 568.30	14.0	5 064.71	40.3	14.4	19.1
1999-2000	19 366.79	54.1	13 402.37	69.2	16.0	18.8
2000-01	18 862.39	(- 2.7)	13 218.26	70.1	15.7	15.3
2001-02	16 483.57	(- 12.7)	12 073.28	73.2	16.6	11.1

**Table 4.4. Income and expenditure of the Board,  
excluding workers' contributions and refunds**

Year	Income (less workers' contributions)	Disbursements (less refunds)	Administrative expenditure	Operating surplus for the year
1994-95	69 059 537	4 637 352	4 776 460	59 645 725
1995-96	98 953 268	14 973 932	6 080 820	77 898 516
1996-97	112 995 780	27 403 417	8 643 340	76 949 030
1997-98	150 078 320	43 494 809	11 020 710	95 562 810
1998-99	127 528 250	58 581 680	12 568 300	56 378 270
1999-2000	184 056 400	101 234 320	19 336 790	63 455 290
2000-01	337 435 200	112 237 440	18 862 390	206 335 370
2001-02	284 840 000	139 710 610	16 483 570	128 645 820

It can be seen from table 4.4. that income fluctuates from year to year but with a general upward trend. The trend in disbursements is also strongly upward. It can be calculated from the data in the table that between 1995-96 and 2001-02, income increased just 2.9 times while benefit disbursements increased 9.3 times. In the same six-year period, income grew at an average rate of only 19 per cent per annum, while benefit disbursements rose at an average rate of 47 per cent per annum. The faster rate of expenditure growth is a matter of serious concern.

The analysis in Chapter 3 revealed that the biggest component of benefits disbursement is that of pension to the workers on reaching age 60. This forms 52 per cent of the total disbursement (see table 3.3). This amount in any case will be increasing much faster in the years to come as the number of workers retiring every year in future will be on the increase. This commitment of giving a pension to the workers, in addition to the refund of their contribution with interest plus a contribution from the fund, is certain to put the Board in an unfavourable position in the future. It is advisable, therefore, to review the pension scheme of the workers in the light of this possible future financial instability of the fund.

In this context it is pertinent to review the pension rule that a worker who has a live membership for just one year any time before he attains the age of 60 is eligible for a pension at the age of 60 for the rest of his life. This means that the worker who remains in the fund as a member for one year by paying a membership fee of Rs. 20 per month (just Rs. 240 a year) is eligible for a pension of Rs. 200 per month for the rest of his life after age 60. Nowhere in the world, and in no service, does such an unreasonable pension rule seem to exist. It is all the more meaningless to find that this pension is accompanied by the refund of the workers' membership contribution of Rs. 20 per month along with interest and an additional contribution from the fund. The rationality of this pension scheme is questionable and deserves to be examined to ensure financial sustainability of the fund in the long run.

**Table 4.3. Benefits disbursed to construction workers (1991-92 to 2001-02)**

	Pension	Refund of contribution	Death benefit	Marriage assistance	Treatment (accidents & fatal diseases)	Maternity benefit
<b>1991-92</b>						
No. of beneficiaries	1		56			3
Amount	150		560 000			900
<b>1992-93</b>						
No. of beneficiaries	47		393		93	148
Amount	49 425		3 925 000		67 200	47 600
<b>1993-94</b>						
No. of beneficiaries	241	399	295	5	342	244
Amount	216 975	118 345	2 950 000	25 000	248 260	115 200
<b>1994-95</b>						
No. of beneficiaries	715	528	226	504	441	595
Amount	675 939	260 259	2 241 333	252 000	289 780	196 400
<b>1995-96</b>						
No. of beneficiaries	4 047	1 632	898	1 021	1 314	447
Amount	4 473 880	2 781 267	8 145 522	548 500	747 430	189 200
<b>1996-97</b>						
No. of beneficiaries	8 418	4 377	523	2 639	1 918	609
Amount	14 475 262	3 273 112	6 188 590	4 240 500	1 196 390	551 500
<b>1997-98</b>						
No. of beneficiaries	11 491	5 121	1 678	4 463	245	1 196
Amount	19 134 220	3 054 607	7 995 020	8 925 500	1 749 944	931 500
<b>1998-99</b>						
No. of beneficiaries	14 951	1 279	3 085	4 914	585	976
Amount	27 999 839	5 570 561	12 087 269	9 828 500	291 877	976 000
<b>1999-2000</b>						
No. of beneficiaries	20 926	6 103	1 084	7 069	8 483	1 142
Amount	52 152 195	1 476 779	16 757 050	14 137 000	5 438 166	1 142 000
<b>2000-01</b>						
No. of beneficiaries	27 892	8 467	1 371	7 043	6 237	1 546
Amount	55 393 111	7 970 277	18 713 375	16 622 000	3 142 850	1 703 000
<b>2001-02</b>						
No. of beneficiaries	36 039	1 374	967	9 620	3 052	1 197
Amount	76 497 191	6 286 549	21 228 721	23 755 000	4 174 438	2 657 000

Scholarship/ cash award	Funeral expenses	House building advance	Interest (for workers' contribution)	Invalid pension	Instrument/ tool loan	Total
58						118
36 200						597 250
465						1 146
261 050						4 350 275
630	76					2 232
61 100	76 000					3 810 880
654	864					4 527
617 900	364 000		5 616			4 903 227
641	588					10 588
300 400	569 000		249 678			18 004 877
933	466			39		19 922
201 400	485 750		292 013	64 025		30 968 542
956	647		691		53	26 541
967 850	647 000	2 878 775	410 996		265 000	46 960 412
1 492	1 452	204	1 279		24	30 241
1 155 890	1 014 500	5 107 810	1 568 719		120 000	65 720 965
	1 000	452			73	46 332
1 089 950	1 000 000	9 152 963	207 851		365 000	102 918 954
2 350	1 264	39	1 350		7	57 566
1 454 100	1 264 000	13 910 000	2 827 412		35 000	123 035 125
2 198	1 364	60				55 871
1 644 200	1 364 000	8 390 000	2 466 602			148 463 761

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## CHAPTER 5

### **Performance of Kerala Construction Labour Welfare Fund scheme – A field study**

A variety of welfare schemes are being implemented by the Construction Workers' Welfare Fund for the well-being of the workers, in addition to the pension scheme. The success or otherwise of these schemes needs to be assessed in a study of the Welfare Fund. It is particularly important to know how the workers benefit from the schemes and whether they are satisfied with them. Obtaining the perspective of the workers is essential before suggesting policy changes in the implementation of the schemes. A detailed field investigation was therefore conducted as part of the present study. The results are discussed in this chapter.

#### ***Study approach***

The welfare schemes for construction workers implemented by the Board were evaluated using data collected through a sample survey among construction workers. The survey was undertaken in the two districts with the largest number of registered workers, Trivandrum and Trichur. The sample included workers registered with the Board and others who were not registered. The sampling procedure adopted in the survey is explained below.

In order to draw a representative sample of registered workers, the starting point was the list of registered workers held with Board officials at district level. Unfortunately, several entries were incomplete or unclear, especially those relating to the type of work of the registrants (category of jobs engaged in by the workers such as mason, carpenter, electrician etc.). This posed a problem in stratifying the total number of workers according to the 'type of work'. However, using the available data from the records, it was possible to classify workers into nine categories of work and this classification was used to draw the sample.

The size of the sample of registered workers was limited to 300 due to constraints of cost and time. Also, the proportion of male and female workers in the sample was kept at 3:2 although it was actually about 3:1 in the total population of workers in the two districts selected for the survey. This was in order to ensure sufficient representation of female workers in the sample. A total of 180 male workers and 120 female workers were selected at random from the stratified population, the number of workers selected from each stratum being proportional to the total number of workers in that stratum. The distribution of the selected registered workers in the sample is given in table 5.1.

The above procedure could not be followed to draw a sample of unregistered workers as no list of such workers was available anywhere. The approach adopted was therefore to identify a few sites in the two selected districts where construction works were currently in progress and to contact workers on those sites and collect the data on the spot. These workers were engaged in different types of construction work under private contractors who did not want to reveal their identity. The contractors do not even keep a record of the workers under them to avoid any likely future claim for compensation by the workers. The sample size of this unregistered category of workers was limited to 110, again due to cost and time constraints.

**Table 5.1. Distribution of registered workers in the sample by type of work and sex**

Type of work	Number		
	Male	Female	Total
Mason	64	7	71
Carpenter	15	-	15
Plumber	2	-	2
Electrician	5	-	5
Painter	19	-	19
Brick making	5	5	10
Stone crushing	12	13	25
Helper	56	95	151
Concrete worker	2	-	2
Total	180	120	300

Of the 300 registered workers in the sample contacted during the survey, only 279 were willing to participate. Thus, the number of workers actually surveyed was 279 registered and 110 unregistered workers, giving a total of 389. After the data were collected the 279 registered workers were further classified into two groups, those who had received some benefit at one time or another and those who had not received any benefit to date. The composition of the sample by type of work and by sex for three categories of workers, (i) registered beneficiaries, (ii) registered non-beneficiaries, and (iii) unregistered workers, is given in table 5.2. The figures in brackets are percentages of male and female workers.

Before starting the main survey, the draft questionnaire was field tested in a few households in Trivandrum centre during the month of June 2003. From the experience gained through this preliminary investigation, the draft questionnaire was finalized after incorporating suitable modifications. The main survey was conducted during June to August 2003.

The sample survey of worker households was supplemented by an opinion survey regarding the working of the Construction Labour Welfare Board during the same period among a selected group of (i) trade union leaders, (ii) employers, and (iii) researchers, administrators and academicians working in this field.

This chapter focuses on the main findings of the sample survey and the opinion survey.

### ***Results of the survey***

For purposes of analysis, the 389 construction labourers/labour households surveyed are grouped into three main categories (i) households of registered workers who have received benefits from the Board, (ii) households of registered workers who have not received any benefits to date, and (iii) households of unregistered workers. The composition of the three main groups is shown in table 5.2.

**Table 5.2. Distribution of sampled construction workers by type of work and sex**

Category	Category of worker	Male	Female	Total	%
<b>I. Registered</b>					
i. Those receiving benefits	Mason	38	3	41	28.0
	Carpenter	8		8	5.5
	Plumber	2		2	1.3
	Electrician	2		2	1.3
	Painter	5		5	3.5
	Brick making	3	5	8	5.5
	Stone crushing	6	7	13	8.9
	Helper	25	41	66	45.3
	Concrete worker	1		1	0.7
	Total	(61.6)	90 (38.4)	56	146
ii. Those not receiving benefits	Mason	19	4	23	17.4
	Carpenter	6		6	4.5
	Plumber	1		1	0.8
	Electrician	3		3	2.2
	Painter	12		12	9.0
	Brick making	2		2	1.5
	Stone crushing	5	5	10	7.5
	Helper	27	48	75	56.4
	Concrete worker	1		1	0.7
	Total	(57.2)	76 (42.8)	57	133
<b>II. Unregistered</b>					
All	Mason	30		30	27.3
	Carpenter	19		19	17.3
	Plumber	3		3	2.7
	Electrician	7		7	6.4
	Painter	17		17	15.5
	Helper	15	17	32	29.0
	Concrete worker	2		2	1.8
	Total	(84.5)	93 (15.5)	17	110
All	Mason	89	7	96	24.7
	Carpenter	33		33	8.5
	Plumber	4		4	1.0
	Electrician	12		12	3.1
	Painter	34		34	8.7
	Brick making	5	5	10	2.6
	Stone crushing	11	12	23	5.9
	Helper	67	106	173	44.5
	Concrete worker	4		4	1.0
	Total	(66.5)	259 (33.5)	130	389

It is seen that 37.5 per cent of workers in the sample belonged to the category of registered workers who received some benefits from the Board while registered workers who had not received any benefits formed 34.2 per cent of the total sample. Unregistered workers

constituted 28.3 per cent of the sample. The male-female ratio of the workers in the total sample is about 2:1, whereas among the registered workers it is about 3:2.

The most striking feature that emerges from the above data is the high proportion of women workers surveyed (more than 80 per cent) who are engaged as ‘helpers’ and the small number (less than 20 per cent) in other categories of work. Women workers are also engaged in brick making and stone crushing. But there are very few women masons and no female carpenters, electricians, plumbers or painters. In the population as a whole (male and female) 44 per cent are helpers, nearly 30 per cent are masons and 14 per cent in other trades.

The major findings of the survey are presented below under a number of headings relating to the social and demographic characteristics of the workforce, the type of welfare benefits received, the value of benefits received and the degree of satisfaction obtained by the sampled workers from these benefits.

### Literacy

There is widely held belief that workers in the unorganized sector are educationally backward and this is a handicap for them to bargain for a better deal or acquire more skill to improve their income. The primary data on the educational background of workers obtained from the survey, as shown in table 5.3, do not confirm this hypothesis. Of the total sample of 389 workers, only 72 were found to be illiterate, giving a literacy rate of 82. However, this is of course below the general literacy rate in Kerala, which is 91 per cent.

**Table 5.3. Distribution of sampled construction workers by literacy and social status**

Category	Sex	Literate				Illiterate			
		SC	ST	Others	Total	SC	ST	Others	Total
I. Registered									
i. Those receiving benefits	Male	7		67	74	1		15	16
	Female	5	1	37	43	4		9	13
ii. Those not receiving benefits	Male	8		53	61	3		12	15
	Female	6		35	41	4	1	11	16
II. Unregistered									
	Male	14	3	67	84	4		5	9
	Female	2		12	14			3	3
All									
	Male	29	3	187	219	8		32	40
	Female	13	1	84	98	8	1	23	32
	Total	42	4	271	317	16	1	55	72

Note: SC = scheduled castes; ST = scheduled tribes.

The data in table 5.3 also indicate a lower literacy rate among women construction workers of Kerala. The average literacy rate for men is 85 per cent and for women 75 per cent. Variations in literacy rates are also visible among construction workers of different social groups. For all construction workers in the scheduled castes (SC) the recorded literacy rate is 72 per cent, but for women it is only 62 per cent. For the social group ‘others’ which includes Hindus, Christians and Muslims, the literacy rate recorded is almost the same as the general

literacy rate of construction workers. To conclude, it can be observed from the survey data that majority of the construction workers in Kerala (more than 80 per cent) are literate.

#### Monthly per capita expenditure

Table 5.4 provides data on the distribution of households of sampled construction workers by monthly expenditure.

**Table 5.4. Distribution of households of sampled workers by expenditure**

Category	Monthly expenditure class	Social group			
		SC	ST	Others	Total
<b>I. Registered</b>					
i. Those receiving benefits	500-750			1	1
	750-1 000			4	4
	1 000-1 250	5		13	18
	1 250-1 500	2			2
	1 500-2 000	6	1	58	65
	2 000-2 500	1		30	31
	2 500 +	3		22	25
	Total	17	1	128	146
ii. Those not receiving benefits	Below 500			2	2
	750-1 000	1		7	8
	1 000-1 250			14	14
	1 250-1 500	1			1
	1 500-2 000	16	1	46	63
	2 000-2 500	2		25	27
	2 500 +	1		17	18
	Total	21	1	111	133
<b>II. Unregistered</b>					
	750-1 000	2		8	10
	1 000-1 250	6	1	14	21
	1 250-1 500			6	6
	1 500-2 000	5		21	26
	2 000-2 500	5		14	19
	2 500 +	2	2	24	28
	Total	20	3	87	110
<b>All</b>					
	Below 500			2	2
	500-750			1	1
	750-1 000	3		19	22
	1 000-1 250	11	1	41	53
	1 250-1 500	3		6	9
	1 500-2 000	27	2	125	154
	2 000-2 500	8		69	77
	2 500 +	6	2	63	71
	Total	58	5	326	389

It can be seen from table 5.4 that out of 146 *registered beneficiary* households 25 have a monthly expenditure below Rs. 1,500 (Rs. 18,000 per annum). A further 65 come within the monthly expenditure class of Rs. 1,500-2,000, spending on average Rs. 1,750 per month or Rs. 21,000 per annum. This means that 90 families (62 per cent of the total) fall below the poverty line, which is fixed by the Government of India at Rs. 22,375 for families living in the urban areas. In the case of *registered non-beneficiaries*, 88 worker households out of 133 selected have an average monthly per capita expenditure of Rs. 1,725 (Rs. 21,000 per annum) and below (66 per cent). In the case of *unregistered workers* also, out of 110 selected for the survey, 63 households (57 per cent) of sampled construction workers have a monthly expenditure of Rs.1,500-2,000 or below. Overall, 62 per cent of the construction labour households are below the poverty line.

### Size of households

Household size is an important criterion for economic wellbeing. It can be seen from table 5.5 that most of the labour households (nearly 80 per cent) have 3 to 5 members. Less than 5 per cent of the households have fewer than 3 members. Households having large family size constitute 15 per cent. Household size exhibits almost the same pattern when they are classified according to social status, viz. SC, ST and Others.

**Table 5.5. Distribution of households of sampled workers by size and social status**

Category	Household size	SC	ST	Others	Total
<b>I. Registered</b>					
i. Those receiving benefits	Below 3			2	2
	3 to 5	14	1	111	126
	6 and above	3		15	18
	Total	17	1	128	146
ii. Those not receiving benefits	Below 3	4		8	12
	3 to 5	16	1	80	97
	6 and above	1		23	24
	Total	21	1	111	133
<b>II. Unregistered</b>					
	Below 3	1		3	4
	3 to 5	15	3	64	82
	6 and above	4		20	24
	Total	20	3	87	110
<b>All</b>					
	Below 3	5		13	18
	3 to 5	45	5	255	305
	6 and above	8		58	66
<b>Grand Total</b>		<b>58</b>	<b>5</b>	<b>326</b>	<b>389</b>

### Housing status

The housing conditions of the sampled worker-households are revealed from the data given in table 5.6. It is observed from the table that 10 to 12 per cent of the registered workers (both beneficiaries and non-beneficiaries) and 9 per cent of the unregistered workers live in kutcha houses (houses with mud walls, mud floor and thatched roof). More than 85 per cent of the workers live in either semi-pucca or pucca houses (houses made of bricks or stone and

roofed with iron sheets). This indicates that the majority of the construction workers live in reasonably good houses.

**Table 5.6. Distribution of sampled workers by social status and type of house**

Category	Social status	Type of house			Total
		Kutcha	Semi pucca	Pucca	
<b>I. Registered</b>					
i. Those receiving benefits	SC	4	13		17
	ST		1		1
	Others	14	89	25	128
	Total	18	103	25	146
ii. Those not receiving benefits	SC	3	16	2	21
	ST		1		1
	Others	15	77	19	111
	Total	18	94	21	133
<b>II. Unregistered</b>					
II. Unregistered	SC	3	15	2	20
	ST		3		3
	Others	7	67	13	87
	Total	10	85	15	110
<b>All</b>					
All	SC	10	44	4	58
	ST		5		5
	Others	36	233	57	326
<b>Grand Total</b>		<b>46</b>	<b>282</b>	<b>61</b>	<b>389</b>

This is also evident from more detailed data collected on the type of roof and floor area of the houses in which the workers were living. These additional data, collected during the survey, are shown in tables 5.7 and 5.8.

**Table 5.7. Distribution of sampled workers by social status and type of roof**

Category	Social status	Type of roof			Total
		Thatched	Tiled	Terraced	
<b>I. Registered</b>					
i. Those receiving benefits	SC	4	13		17
	ST		1		1
	Others	14	89	25	128
	Total	18	103	25	146
ii. Those not receiving benefits	SC	3	16	2	21
	ST		1		1
	Others	15	77	19	111
	Total	18	94	21	133
<b>II. Unregistered</b>					
II. Unregistered	SC	3	15	2	20
	ST		3		3
	Others	7	67	13	87
	Total	10	85	15	110
<b>All</b>					
All	SC	10	44	4	58
	ST		5		5
	Others	36	233	57	326
<b>Grand Total</b>		<b>46</b>	<b>282</b>	<b>61</b>	<b>389</b>

**Table 5.8. Distribution of sampled workers by social status and floor area**

Category	Social status	Floor area (sq. ft.)				Total
		< 100	100-300	300-500	> 500	
<b>I. Registered</b>						
i. Those receiving benefits	SC	3	7	6	1	17
	ST			1		1
	Others	3	68	43	14	128
	Total	6	75	50	15	146
ii. Those not receiving benefits	SC	3	12	5	1	21
	ST		1			1
	Others	17	36	36	22	111
	Total	20	49	41	23	133
<b>II. Unregistered</b>						
	SC	1	8	9	2	20
	ST			1	2	3
	Others	3	25	36	23	87
	Total	4	33	46	27	110
<b>All</b>						
	SC	7	27	20	4	58
	ST		1	2	2	5
	Others	23	129	115	59	326
<b>Grand Total</b>		<b>30</b>	<b>157</b>	<b>137</b>	<b>65</b>	<b>389</b>

Data provided in the above tables indicate reasonably good housing conditions for construction workers in Kerala. Nearly 80 per cent live in houses with a tiled or terraced roof with a living area of more than 100 to 500 square feet. Only 10 to 12 per cent of workers overall have poor housing conditions since they live in thatched houses having a floor area of less than 100 square feet. Workers belonging to the scheduled castes are disproportionately represented among the group with poor housing. Although only 15 per cent of workers overall are from the scheduled castes, they comprise 22 per cent of workers living in houses with thatched roofs and 23 per cent of those living in houses of less than 100 square feet.

Another indicator of the economic wellbeing of the construction workers is whether or not they own the house in which they live, as shown in table 5.9.

**Table 5.9. Distribution of sampled workers by type of house ownership**

Category	Social status	Type of ownership			Total
		Owned	Rented	Other	
I. Registered					
i. Those receiving benefits	SC	14	2	1	17
	ST	1			1
	Others	125	2	1	128
	Total	140	4	2	146
ii. Those not receiving benefits	SC	21			21
	ST	1			1
	Others	103	8		111
	Total	125	8		133
II. Unregistered					
All	SC	18	2		20
	ST	3			3
	Others	77	10		87
	Total	98	12		110
All	SC	53	4	1	58
	ST	5			5
	Others	305	20	1	326
Grand Total		363	24	2	389

Table 5.9 shows that 95 per cent of registered beneficiaries and non-beneficiaries own the house they live in, while nearly 90 per cent of unregistered workers own houses. There is no significant variation according to social status.

In the case of basic amenities like drinking water and sanitation, the construction workers of Kerala are better placed than their counterparts in the neighbouring states. The data collected during the survey on water and sanitation facilities are shown in tables 5.10 and 5.11.

A mere glance at table 5.10 reveals that the vast majority (over 90 per cent) of beneficiary and non-beneficiary households enjoy safe drinking water facilities. Safe sources include public water supply, open protected well and tube well. Workers without a protected water supply in the three categories of households constitute only a very small percentage (5 to 6 per cent).

**Table 5.10. Distribution of sampled workers by source of drinking water**

Category	Social status	Public water supply	Open well	Tube well	Tanks	Others	Total
I. Registered							
i. Those receiving benefits	SC	4	9	2		2	17
	ST			1			1
	Others	16	101	4	1	6	128
	Total	20	110	7	1	8	146
ii. Those not receiving benefits	SC	6	14	1			21
	ST		1				1
	Others	21	72	6	1	11	111
	Total	27	87	7	1	11	133
II. Unregistered							
	SC	8	12				20
	ST	1	2				3
	Others	13	71	1		2	87
	Total	22	85	1		2	110
All							
	SC	18	35	3		2	58
	ST	1	3	1			5
	Others	50	244	11	2	19	326
Grand Total		69	282	15	2	21	389

Table 5.11 shows that almost 99 per cent of the construction labour households surveyed also have access to reasonably good latrine facilities. Out of 146 *registered beneficiaries* surveyed only one household did not have an adequate facility. Among *registered non-beneficiaries* (133 households) surveyed, only 3 households reported non-availability of latrine facilities. Among 110 *unregistered* construction workers covered in the field enquiry, only one household lacked this facility. In all the categories combined, the construction labour households lacking a latrine facility came to barely 1 to 2 per cent.

**Table 5.11. Distribution of sampled construction workers by type of sanitary facility**

Category	Social status	No. of latrines	Bore hole	Septic tank	Drainage	Other types	Total	
I. Registered								
i. Those receiving benefits	SC		9	6		2	17	
	ST		1				1	
	Others	1	32	93		2	128	
	Total	1	42	99		4	146	
ii. Those not receiving benefits	SC	1	9	10		1	21	
	ST		1				1	
	Others	2	38	67		4	111	
	Total	3	48	77		5	133	
II. Unregistered								
	SC		9	8	2	1	20	
	ST	1		2			3	
	Others		15	70		2	87	
	Total	1	24	80	2	3	110	
All								
	SC	1	27	24	2	4	58	
	ST	1	2	2			5	
	Others	3	85	230		8	326	
Grand Total			5	114	256	2	12	389

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## Functioning of the Welfare Board

The Welfare Board is expected to encourage construction workers to register themselves as members. But in practice this promotional work is done by trade unions. They take the initiative to help the worker to register with the Board and they complete all formalities in connection with registration. Almost 100 per cent of the registered workers reported that they became members through the assistance of the trade unions. The role of the Construction Welfare Board is practically nil in this respect. The influence of the trade unions in the registration of workers is evident from the data in table 5.12.

**Table 5.12. Distribution of registered workers according to source of information**

Category	Source of information for registration	No. of persons reporting	
		Male	Female
i. Those receiving benefits	Trade union	90	56
	Others	0	0
ii. Those not receiving benefits	Trade union	76	56
	Others	0	1

It should be noted in this context that although the trade unions provide all necessary help to construction workers to become members of the Welfare Fund, all workers interviewed in this study emphasised that there was no element of compulsion from the trade unions to do so. So the workers interviewed reported that their decision was purely voluntary, as shown in table 5.13.

**Table 5.13. Distribution of registered workers by reason for registration**

Category	Reason	No. of persons reporting	
		Male	Female
i. Those receiving benefits	Compulsion	0	0
	Voluntarily	90	56
	Reason not reported	0	0
ii. Those not receiving benefits	Compulsion	0	0
	Voluntarily	76	57
	Reason not reported	0	0

It is evident from table 5.13 that all of the 146 registered beneficiaries (both males and females) and 133 registered non-beneficiaries (males and females) interviewed for the field survey reported that they had taken the membership voluntarily. This suggests a high degree of awareness among construction workers regarding the usefulness of the Welfare Fund and the benefits that membership entitles them to.

The survey results also revealed the cost incurred by construction workers towards registration fees collected by the trade unions. This data is shown in table 5.14.

**Table 5.14. Distribution of registered workers according to registration fee paid**

Fee paid	Those receiving benefits				Those not receiving benefits				Average sum paid per worker (Rs.)
	No.		Total (Rs.)		No.		Total (Rs.)		
	Male	Female	Male	Female	Male	Female	Male	Female	
Below Rs. 25	38	26	523	423	32	18	495	314	15.40
Rs. 25-Rs. 50	35	24	915	600	41	34	1045	860	25.50
Rs. 50-Rs. 100	16	6	880	335	3	4	185	200	55.20
Above Rs. 100	1	0	100	0	0	1	0	100	100.00

The officially fixed registration fee at the time of writing was Rs. 25. Prior to 1998, the fee was only Rs. 5. Since the trade unions incur some expenses for printing forms and arranging medical certificates for workers to prove their age, they charge a fee of up to Rs. 50 from each worker. It is evident from the above data that 90 per cent of the workers pay Rs. 50 or less to the trade unions for becoming members. It may be concluded that the trade unions do not seem to charge excessive rates from workers for registration of membership.

As per the official estimate of the Construction Labour Welfare Board, there are 1.5 million construction workers as of March 2002, out of which 1.02 million workers only (nearly 70 per cent) have registered with the Board. Though the Board started functioning from 1990, its promotional activity among the workforce is not impressive, as revealed from the data collected through the survey.

**Table 5.15. Distribution of unregistered workers by reason for not registering**

Category of workers	Lack of knowledge/ information		Difficulty in paying registration fee		Not satisfied with the welfare benefits sanctioned		Others (not interested)		All	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	Mason	20		5		1		4		30
Carpenter	16				2		1		19	
Plumber	3								3	
Electrician	7								7	
Painter	15						2		17	
Helper	10	17	2		1		2		15	17
Concrete worker	2								2	
Total	90		7		4		9		93	17

The data in table 5.15 show that 90 out of a total of 110 unregistered workers (82 per cent) did not register because of a lack of knowledge/information. This again demonstrates the need for the Welfare Fund to initiate an effective publicity campaign regarding its operation and also the benefits it provided by. A programme of extension service to cover the entire construction labour force should be formulated and implemented in a time-bound manner.

## Welfare benefits provided by the Board

Although the total number of workers registered with the Board as at March 2002 came to 1.02 million, the total number of payments made was only 0.25 million. This means that a maximum of 25 per cent of the workers registered by 2001-02 could have received benefits. The survey covered 389 construction workers of different categories, out of which 146 workers have received some benefits. The data on the benefit provided to registered workers as revealed from the survey is shown in table 5.16.

**Table 5.16 Distribution of sampled beneficiaries by type of benefit**

Nature of benefit	No. of recipients		Amount received			
	Male	Female	Male*		Female*	
Compensation for accidents	2	0	260	520		0
Pension	11	8	283	3120	262	2 100
Ex gratia (death benefit)	6	1	11 915	71 490	300	300
Maternity benefits	0	6	0		2 000	12 000
Cash awards/scholarships	101	34	651	65 800	614	20 900
Treatment for fatal diseases	2	1	350	700	2 000	2 000
Marriage assistance	18	20	2 294	41 300	2 500	50 000
Funeral expenses	5	1	1000	5 000	1 000	1 000
Treatment for accidents	7	2	1 315	9 210	1 750	3 500
Free medical aid/medical assistance	13	15	540	7 030	1 322	19 830
House construction advance	1	0	50 000	50 000		0
<b>Total</b>	<b>166</b>	<b>88</b>	<b>1 531</b>	<b>254 170</b>	<b>1 268</b>	<b>111 630</b>

\* Figures in italics represent the average sum received in this category.

The above table indicates that the sample construction workers (both male and female) covered in the survey received a variety of benefits ranging from pension, medical treatment, house construction advance to scholarship and cash award for their children. There was no great difference in the average value of payments to men and women. The average per capita benefit paid to male workers was Rs. 1,531 and that for female worker Rs. 1,268. However, the average payment to women workers was greater than that to men in the case of medical assistance and treatment for accidents. Women also benefit from maternity allowance, although there have been surprisingly few claims under this heading, as noted in Chapter 3.

A breakdown of beneficiaries by social status indicates that all the social classes were represented among the beneficiaries. However the proportion of registered workers receiving benefits was slightly lower amongst workers from the Scheduled Castes than amongst workers from other groups. This can be seen from the data in table 5.17.

**Table 5.17. Distribution of sampled beneficiaries by social status**

Social status	No. of registered workers		Workers receiving benefits		% of registered workers receiving benefits
	Male	Female	Male	Female	
SC	19	19	8	9	44.7
ST	0	2	0	1	50.0
Others	147	92	82	46	53.5
All	166	113	90	56	52.3

Nearly 90 per cent of both men and women workers interviewed expressed their satisfaction at the benefits they had received from the Welfare Board, as revealed in table 5.18. However, a minority of workers expressed dissatisfaction. The most common reason given for dissatisfaction was that the amount of benefit provided under some programmes is insufficient and needs to be enhanced. It was specifically suggested that the benefits provided for the treatment of fatal diseases like heart problems and cancer should be increased.

A small number of respondents also complained about delays in processing their claims.

**Table 5.18. Distribution of beneficiaries according to satisfaction with benefits**

Category of beneficiary workers	Satisfied		Not satisfied		All		Reason for dissatisfaction	
	Male	Female	Male	Female	Male	Female	Amount not sufficient	Delay in processing the claim
Mason	37	3	3		40	3	3	
Carpenter	7		1		8	0	1	
Electrician	2				2	0		
Painter	3		2		5	0	1	1
Brick making	3	5			3	5		
Stone crushing	6	6		1	6	7	1	
Helper	22	34	3	7	25	41	8	2
Concrete worker	1				1	0		
Total	81	48	9	8	90	56	14	3

#### Unregistered workers

The survey also covered a small sample of 110 unregistered workers. The data presented in tables 5.3 to 5.11 indicate that the unregistered workers are in no way less privileged than their registered counterparts in relation to literacy, family size, housing conditions and consumption expenditure. Data collected regarding their conditions of work and the benefits they have obtained from their employer are presented in table 5.19.

The majority of workers reported that conditions of work are satisfactory. Out of 110 unregistered workers contacted in the survey 95 per cent reported their conditions of work as satisfactory, although only very few (8 per cent) received some kind of welfare benefits.

**Table 5.19. Conditions of work and welfare benefits of unregistered workers**

Category of workers	Conditions of work				Welfare benefits received			
	Satisfactory		Not satisfactory		Yes		No	
	Male	Female	Male	Female	Male	Female	Male	Female
Mason	28		2		3		27	
Carpenter	19				2		17	
Plumber	3						3	
Electrician	6		1				7	
Painter	17				1		16	
Helper	13	17	2		2	1	13	16
Concrete worker	2						2	
Total	88	17	5	0	8	1	85	16

#### Accidents at work

The details collected from construction labour households also include information about any accidents that occurred while at work. No fatal accident was reported by any of the informants. Details of non-fatal accidents are shown in table 5.20.

**Table 5.20. Distribution of sampled workers who had had an accident at work**

Category	Not met with accidents		Met with accidents		Workers surveyed	
	Male	Female	Male	Female	Male	Female
I. Registered						
i. Those receiving benefits	81	51	9	5	90	56
ii. Those not receiving benefits	71	55	5	2	76	57
II. Unregistered	93	17			93	17
All	245	123	14	7	259	130

Details presented above revealed that 95 per cent of the workers (all categories combined) had not met with any accidents while working. The same ratio applies for males as for females.

#### ***Results of the opinion survey of trade union leaders, academicians, researchers and administrators***

Apart from the survey of construction labour households, an opinion survey of prominent Trade Union leaders, administrators dealing with labour problems, academicians and researchers was also conducted to ascertain their views on the following issues:

1. the functioning of the Construction Labour Welfare Board: are there any major problems confronting its smooth functioning?
2. the composition of the Board: is it truly representative?

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3. is any change required in employees' or employers' contributions?
  4. has the reserve fund available been invested properly to yield the maximum possible return?
  5. is the nature and value of welfare benefits now provided adequate or does it require enhancement?
  6. are the interests of women workers fully protected?
  7. are any safeguards provided to prevent fatal accidents at the work site and are they adequate?
  8. does the procedure for registration followed by the Board need any refinement, such as safe guards to prevent bogus membership
  9. sustainability of the welfare fund and chances of financial crisis in the long run.

The views expressed by a cross-section of these informants are summarized and presented in the following paragraphs.

#### Functioning of the Construction Labour Welfare Board

The majority of trade union leaders and administrators expressed the view that some improvement is needed. Trade union leaders complained that there is lack of facility for workers to remit their contributions. They have to come to the district headquarters on a working day to do so and this is a cause of inconvenience to them. They suggest that either more centres should be opened at convenient localities in the district or arrangements with local banks be made to receive contributions. Labour representatives also pointed out undue delay in sanctioning welfare benefits to workers in certain cases, which is a point also made by some of the workers interviewed.

#### Composition of the Board of Directors

The views expressed by the majority of the group of experts indicate that the present composition of the Board need not be altered since it is functioning smoothly and effectively. Some labour representatives suggested that their quota be increased, but they could not justify their demand. There is one woman on the Board representing workers.

#### Employees' and employers' contribution

There is a consensus among different groups of experts that no change is needed in the rates regarding the workers' and employers' contributions. But there is a confirmed view among all groups that the collection of the employer's contribution is not at all effective and that the potential in this regard is not fully tapped. Some even suggested amendment of the rules if necessary to give more powers to the Welfare Board to collect this important source of revenue.

#### Use of reserve fund

Though the majority view is that the reserve fund is invested scientifically to yield maximum returns, administrators and researchers in this field doubt the investment pattern of this reserve fund. They wanted the entire investment portfolio to be examined by a financial expert before arriving at a final decision in this matter.

#### Adequacy of the type and value of benefits

Diverse opinions were expressed on this issue. Academicians, researchers and administrators held the view that the present level of benefits does not require any change but

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the Board should aim to provide benefits to a larger number of registered workers. At present only 6 per cent of the registered workers receive any kind of welfare benefits each year. However, the labour representatives wanted an increase in the benefits given for marriage, maternity and funeral expenses.

#### Protection of the interest of women workers

Although maternity benefits are sanctioned for women construction workers, the amount (according to labour representatives) is insufficient for the purpose and hence needs revision. Similarly, crèches are not provided in any of the work sites in Kerala and women workers experience a lot of difficulties in providing care for their babies and small children when they go to work. Although this is not at present accepted as a function/responsibility of the Welfare Board, there is unanimous opinion among all groups that this basic facility should be provided by the Welfare Board.

#### Safeguards for preventing accidents

Providing safety requirements at work sites to prevent accidents is a statutory function of the Labour Department and falls outside the purview of the Welfare Fund at present. In effect the current arrangement is quite loose and ineffective, although the number of fatal accidents happening every year is quite small. The majority opinion is that the Welfare Board should undertake this function directly for the benefit of the construction workers.

#### Streamlining the procedure for registration of workers

There is a consensus among the various representative groups that the procedure followed now for registration of workers needs refinement. In the present system, there is absolutely no safeguard to prevent 'bogus membership'.

During the field survey conducted in Trivandrum and Trichur centres, concerns were raised as to whether all members of the fund were actually construction workers. It was reported that some trade unions enrol non-construction workers as members of the fund because of the opportunities for obtaining various benefits from the Board. Closer investigation revealed that these 'bogus members' may actually be agricultural labourers (the majority of them women) who work in construction on a seasonal basis. Since they are not involved in construction work throughout the year they are referred to as 'bogus workers'. However, the by-law of the welfare fund states that "*a person engaged in construction work for not less than 90 days in the preceding year shall be eligible for registration as a construction worker*". According to this definition, seasonal migrant workers from agriculture have every right to membership of the fund. But to avoid any doubts, experts suggested that there should be some system of verification of the applicant's activity at field level before sanctioning the registration.

#### Medical benefit

There is a demand from the labour representatives for enhancing medical benefits. The value of benefits for medical treatment sanctioned at present is quite small and major diseases like heart problems and cancer do not receive any special attention. A separate norm has to be fixed to give adequate benefits for these diseases.

Finally it may be pointed out that all the leaders and experts whom we contacted have appreciated the functioning of this Welfare Board and have great hopes about the future of the Board.

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## CHAPTER 6

### Conclusions and Recommendations

#### **Coverage**

Kerala is probably the only state in India to have social security schemes for almost the entire unorganized sector. To assess the effectiveness of the functioning of the welfare funds, one important criterion to examine is the actual coverage in terms of membership. The coverage is measured by the number of registered members as a proportion of the total potential membership. The coverage of the Construction Labour Welfare Fund is not low. The official estimate of the number of registered members as of March 2002 is 1.02 million which is 68 per cent of the estimated total number of construction workers in the state.

However, while the overall coverage of the Construction Labour Welfare Fund is reasonable the percentage of workers registered in certain districts is below 60 per cent (Idukki, Pathanamthitta, Kottayam). The extension activity of the Welfare Board in creating awareness among workers to register with the fund is practically nil. It is suggested that in the districts where the coverage is low, the Board should strengthen extension activity to induce the workers to become members.

#### **Benefits**

Another area where the Welfare Fund should concentrate is the low percentage of beneficiaries among registrants. Although the total number registered as of March 2002 was 1.02 million (68 per cent of the total number of workers) only 6 per cent of total registered workers received any benefit in that year, including pension. The low percentage of beneficiaries would seem to reflect badly on the Welfare Fund. This problem has to be studied in depth by the Board and remedial measures initiated urgently.

A review of the type of benefits now offered by the Construction Labour Welfare Fund shows that pensions constitute slightly more than 50 per cent of the total benefits provided in any year. Social security benefit other than pension is only a meagre sum thinly distributed among members. In the field survey conducted as part of the study registered beneficiaries requested an increase in the benefits now on offer, especially for maternity, educational assistance, marriage assistance and medical benefits. This is another issue that warrants the attention of the Board.

Among the welfare benefits now sanctioned, medical expenses, especially for the treatment of fatal diseases, occupy only a very small fraction of the total. A majority of the registered workers interviewed in the course of this study demanded that a separate allotment should be earmarked by the fund for the treatment of fatal diseases like heart disease and cancer. This demand is genuine and it is suggested that top priority may be given by the Welfare Fund to allot a maximum amount for this purpose.

In the course of the interview workers also raised the issue of long delay in sanctioning benefits to them. Every possible effort should be made to resolve this problem.

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## **Revenue**

At present the major sources of revenue of the Kerala Construction Workers' Welfare Fund are (i) a contribution from registered construction workers, (ii) a contribution/cess collected from employers such as contractors, builders, etc., (iii) licence fees levied on the contractors, and (iv) other sources such as interest from fixed deposits. Of these sources of income, the workers' contribution is returned to them at the time of retirement along with interest and a contribution from the fund. In addition to the return of his/her contribution with interest, every registered worker with one year of service is eligible for a minimum monthly pension of Rs. 200. In no other organization are workers entitled to this dual benefit (refund of contribution plus monthly pension).

To overcome this problem and to improve the finances of the Board, it is suggested that the old age pension, which is an essential social security benefit, should be continued. But the present practice of refunding the employee's contribution along with interest and other benefits should be stopped forthwith. The employee's contribution should be transferred to a separate reserve fund to meet the pension payments to workers. Appropriate amendments to the rules may be made in this regard. If necessary the amount of pension now being paid may be slightly increased so as to persuade the worker to accept this change. At present, out of the total social security benefits paid by the Board, nearly 60 per cent is for pensions. If this is met from a reserve fund contributed by employees, the Welfare Fund can easily enhance the quantum of other benefits now being offered to its members.

Another suggestion for enhancing the finances of the Welfare Fund relates to the employer's contribution, which is the main source of revenue now. Although this source of revenue has increased over time, considerable difficulty is being experienced in collecting employers' contributions especially from central government departments in the state such as the Central Public Works Department, Post and Telegraphs, Railways, etc. where the volume of construction undertaken is immense. The main problem here is that, according to the rules, cess collection from employers is designated as a function of the Labour Department and the Welfare Board has absolutely no control over this activity. During discussions with various expert groups, it was suggested that corruption and lethargy are the main obstacles to the effective exercise of this function. To overcome this difficulty, it is recommended that the function relating to cess collection should be exercised by the Welfare Board and necessary changes in the Act and Rules be made to make it operational. This would definitely enhance the quantum of resources available to the Fund for providing social security benefits to workers.

## **Administration**

Another area for reform in the administration of the Fund relates to the method of filling vacancies on the Board. At present, the majority of staff (including the Secretary) on the Welfare Board are seconded from various government departments, mostly from the Labour Department. Quite often vacancies are unfilled or kept in abeyance, which affects the smooth functioning of the office. It is recommended that the Welfare Fund should take immediate steps to appoint its own staff, which will be accountable and efficient.

Reform is also needed in the arrangements for remitting monthly contributions, as well as for receiving social security benefits sanctioned by the Board. At present, the registered workers have to visit the district offices of the Board. There is a double penalty involved as, in addition to paying travel costs, they have to forego a day's wages. This is a real difficulty for

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the construction workers which deserves the attention of the Board. It is recommended that Board should make arrangements with the local banks functioning in different parts of the district, especially co-operative banks, for receiving monthly contributions. Similarly, district officials of the Welfare Board could meet the workers either in the *panchayat* or block offices to disburse the welfare benefits.

The administrative expenditure of the Welfare Board is roughly 16 per cent of the income (employers' contribution) and 11 per cent of the benefits distributed to workers. This is slightly on the high side judging by the norm. But the most disturbing feature is that staff salaries make up a high proportion (just over 70 per cent) of administrative expenditure. Since such expenditure is incurred solely at the cost of members, there is need to keep it to the bare minimum. It is suggested that the staff salary component should be brought down to 35-40 per cent of the total.

The multiplicity of welfare boards catering to various types of employments suggests that much may be gained by the integration of welfare funds. A single welfare fund with different branches to handle various sectors of employees is bound to be more cost effective and efficient. A single compact board with representation from major sectors and a unified administrative set up at the district level would be able to ensure quicker delivery of benefits and services. The rates of contribution and levels of benefits also differ from scheme to scheme. These would have to be streamlined and brought under an integrated welfare scheme.

Complete coverage of workers in the unorganized sector by a statutory social security programme is a difficult task. A sensible way forward would be to organize area-based programmes at the district level or below, with the help of social partners including local government, so as to meet all the social protection needs of the population in that area. This suggestion is worth trying at least on an experimental basis in one or two areas. ILO<sup>4</sup> also favours setting up an area-based social protection scheme at the district level or below with the help of the social partners, local government and other local groups such as co-operatives. The experiment would aim at forming a social security partnership within the area and building a contributive structure so as to meet all the social protection needs of the entire population of the area. This has more relevance when the main objective is to achieve complete coverage of an unorganized labour force which is frequently shifting jobs.

A final suggestion is to strengthen the database of the Construction Labour Welfare Board. There is extreme paucity of information on all aspects of the working of this organization. To cite a few examples, no information is available at the district level on the number of registrations each year by gender. There are similar omissions in the data on the beneficiaries and the nature and value of benefits sanctioned. The Board should seek the assistance of a statistician or expert in database management for streamlining the whole information system in their office for efficient monitoring of their activities.

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<sup>4</sup> Wouter van Ginneken: *Social security for the unorganized sector*, paper presented at the workshop on social protection in the informal sector, New Delhi, April 2000.

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## APPENDIX

### Terms of Reference

The terms of reference of this study as provided by the ILO, Geneva, are as follows.

1. Provide background information in the history and development of the Labour Welfare Board / Funds in Kerala and in particular on the construction Labour Welfare Board.
2. Describe the administrative arrangements for registration with the Construction Labour Welfare Board, for the payment of fees etc. and for delivery of benefits to the workers. Highlight any deviation in practice from these arrangements.
3. Explain the composition and functioning of the Board, highlighting the way in which members are selected and the balance of responsibilities between government and the social partners (trade unions, NGOs etc.) on whether the Board functions in an effective, transparent and inclusive manner. What steps are taken to ensure that the Board functions effectively and in a transparent and inclusive manner.
4. Obtain and present data on the number of construction workers registered with the Board and the number that have received benefits by district and if possible by sex for each year since inception. These numbers should be compared with the total number of construction workers in the state (with males and females shown separately).
5. Obtain, analyse and present data on the range of social security benefits provided by the Construction Workers' Welfare Board, the amount disbursed under the various headings, the number of beneficiaries for each type of benefit and the amount of benefit received per head (average and range). If possible this data should be provided for each year since the commencement of the scheme and broken down by sex. Data on fatal and other accidents at work to be extracted.
6. Obtain and present data on the receipts of the Construction Workers' Welfare Board, by source, for each year since inception. Assess the effectiveness of the current methods of financing the scheme, and any difficulties encountered in collecting the employer's and employee's contribution.
7. Undertake a survey among a small sample of construction workers (beneficiaries of the scheme, non-beneficiaries and those who are not registered) to ascertain their level of satisfaction and suggestions for improvement. Ensure that there is an appropriate gender mix in each category of the sample.
8. Explain the responsibility (if any) of the Welfare Board in the implementation of other measures set out in the Building and Construction Workers' Kerala, Rules 1998. If the Board has no responsibility, what other organizations are involved in the regulation of employment and conditions of service for construction workers in the State of Kerala.

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9. Highlight the main challenges faced by the scheme and propose alternative policy options. Specific attention should be paid to the link between social insurance and the implementation of preventive measures for workers' safety, health and welfare.