CHAPTER V

WELFARE SCHEMES
AND INDUSTRIAL RELATIONS
"Work—safe, productive and environmentally sound—is the key to economic and social progress everywhere."\(^1\) The wages and employment conditions determined by labour market profoundly affect the quality of life of workers and their families. Nearly all Governments set workplace standards, such as minimum wages and special protections for working women and minorities. But needy workers are rarely covered by welfare measures. Health and safety standards can improve workers' welfare, but compliance increases when it is monitored by labour unions or other organisations.

5.1 Role of Welfare Schemes for Women Workers

In the case of women workers, welfare measures have a decisive role to play. Women workers contribute to the development of national economy. Women, apart from their work, usually spend more than 10-12 hours per day for childcare, household chores as well as collection of fuel, fodder, water etc. Women workers supplement the incomes of poor households. They have to face many problems due to family responsibilities, limited mobility and social restrictions.

"In almost every country women are responsible for a disproportionate share of work within the household. Some division of labour between men and

women flows from the dominant role of women in childbearing. But such a division becomes more and more inefficient as development and technological change result in longer working hours for women, fewer children, and a higher premium on skills.

Some degree of gender specific 'division of labour' exists in the society. The greater part of the domestic work is performed by women and girls compared to their male counterparts. Their workload becomes much heavier if they belong to the poorer strata and their contribution to directly productive activities is a necessity, "Time budgets collected in different Asian villages clearly indicate that women work longer hours per day than do their men." Thus, women play the double role of bearing the burden of the household work and job outside the family as a bread winner.

Therefore, the existence of supportive services and welfare measures is important in the case of women workers.

5.2 Welfare Measures in Plantations

Due to certain historical and geographical factors, the plantation industry was obliged in early times to provide accommodation to its employees. The plantations are not grown in the neighbourhood of an already populated area. Workforce was not available locally for opening out virgin lands for cultivation, except the aborigines as tribal settlements. Therefore, labour had to be imported from villages in plains. The labour recruited in this manner had to be housed by the planters.

2. Ibid., p. 112.
In the early days of plantation development, the only means of approach was on foot or horseback or with bullock carts. The planters had faced difficulty in moving up with the newly recruited workforce from the plains. They had to provide shelter for themselves and their workforce. Hence the provision of accommodation for imported workforce became a necessity at the inception of the plantation industry.

Facilities for protection of the health of workers, education of their children and supply of food and clothes to them were also required. Housing, medical aid, water supply and sanitation facilities were to be included for this.

### 5.3 Legislative Enactment on Labour Welfare in Plantations

Before independence, the only specific legislative enactment covering plantations was the Tea District Emigrant Labour Act, 1932. It was intended to regulate employment of labour in the tea gardens of Assam. Though Workman's Compensation Act, 1923, was applied to plantation workers, it did not confer any substantial benefit on them as accidents were recurrent in plantations. The Payment of Wages Act, 1936, though applied to plantations, was concerned with the mode of payment of wages only. The Labour Investigation Committee (Rege Committee) noted that the conditions of life and employment on plantations were different from those in other industries and recommended the creation of a Plantations Labour Code (PLC). The Plantations Labour Act (PLA) 1951, was enacted on the recommendations of the Committee.
5.4 The Plantations Labour Act, 1951

The conditions of plantation workers are statutorily governed by the Plantations Labour Act, 1951, as also a host of other labour enactments. This Act is a Central legislation administered by State Governments through rules framed by them. The Plantations Labour Act covers both conditions of work and living in plantations. Provisions in the Plantations Labour Act* are the following.

<table>
<thead>
<tr>
<th>Condition of work</th>
<th>Condition of Living</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration of work</td>
<td>Housing</td>
</tr>
<tr>
<td>Weekly rest days</td>
<td>Medical care</td>
</tr>
<tr>
<td>Employment of women and children</td>
<td>Creche</td>
</tr>
<tr>
<td>Annual and sickness leave</td>
<td>Canteen</td>
</tr>
<tr>
<td>Overtime</td>
<td>Education of children</td>
</tr>
</tbody>
</table>
<pre><code>                                | Protective clothing         |
                                | Conservancy                 |
                                | Drinking water              |
                                | Recreational facilities     |
</code></pre>

* To be provided free of cost.

Although the original Act applies only to tea, coffee, rubber and cinchona plantations, the State Government has extended it to cardamom, cocoa and oil palm.

The coverage pattern outlined in Table 5.1 reflects the size distribution of plantations in each crop.
Table 5.1

Area Covered Under the Plantations Labour Act in Kerala (1995-'96)

<table>
<thead>
<tr>
<th>Crop</th>
<th>Total area (Hectare)</th>
<th>Area covered under Act (Hectare)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tea</td>
<td>34,656</td>
<td>30,501</td>
<td>88</td>
</tr>
<tr>
<td>Coffee</td>
<td>82,348</td>
<td>8,070</td>
<td>9.8</td>
</tr>
<tr>
<td>Rubber</td>
<td>4,43,300</td>
<td>93,093</td>
<td>21</td>
</tr>
<tr>
<td>Cardamom</td>
<td>43,320</td>
<td>28,312</td>
<td>65</td>
</tr>
</tbody>
</table>

(b) State Planning Board, *op. cit.*

Since tea in Kerala is essentially an estate crop, 88 per cent of the total area under it is covered by the PL Act. This is followed by 65, 21 and 9.8 percentages in cardamom, rubber and coffee respectively.

5.5 Other Legislations

In addition to the Plantations Labour Act, 1951, conditions of work are covered by a number of other legislations. They can be divided into five categories.

1. Wage-related
   (b) The Payment of Wages Act, 1936.
   (c) The Equal Remuneration Act, 1976.
   (d) The Payment of Bonus Act, 1965.
2. Job security-related
   (a) The Industrial Disputes Act, 1967.
   (b) The Industrial Employment (Standing Orders) Act, 1946.

   (b) The Payment of Gratuity Act, 1972.

   (c) The Kerala Industrial Establishment (National and Festival Holidays) Act, 1958.
   (d) The Kerala Payment of Subsistence Allowance Act, 1972.

Thus, a host of statutory legislations besides the specific Plantations Labour Act, regulate conditions of work as well as life of plantation workers.

5.6 Other Statutory Benefits

Apart from the provisions of Plantations Labour Act, all labour enactments applicable to industrial workers are also applicable to plantation labour force.

5.6.1 Maternity Benefits

The Royal Commission on labour had recommended that maternity benefits should be provided to women workers in plantations by legislation.
A woman worker is entitled to maternity benefit for a total period of twelve weeks' wages—not exceeding six weeks' wages prior to delivery and the balance after delivery. To be eligible for this benefit, a woman has to put in a qualifying service of 80 days of work in the preceding 12 months from the date of her expected delivery.

5.6.2 Provident Fund

Both the employer and the worker have to contribute at the rate of 10 per cent of the wages. The accumulations to the credit of an employee can be withdrawn at the time of superannuation.

5.6.3 Gratuity

The employer has to pay 15 days' wages for every completed years of service at the rate of last drawn wages, subject to a monetary ceiling of Rs. 50,000/-.

5.6.4 Bonus

Payment of bonus is governed by the provision of Payment of Bonus Act, 1965. Under the Act, minimum of bonus is 5.33 per cent which is payable irrespective of whether or not the employer has any allocable surplus in the relevant year, and the maximum is 20 per cent. An employee is eligible for bonus, provided he has put in 30 days' attendance in the relevant accounting year and he is employed on a salary or wage not exceeding Rs. 2,500/- per month. However, for the purpose of calculation of bonus, the salary is deemed to be Rs. 1600/- per month on which only the percentage of bonus is payable.
5.7 Trade Unions

5.7.1 The Economic Impact of Trade Unions

"There are two different views about the economic impact of labour unions. Supporters see them as giving workers collective voice and enhancing productivity and equality. Opponents see them as monopolists, limiting employment in order to raise members' wages." \(^4\)

5.7.1.1 Positive effects

(a) Improved productivity

Improved productivity and higher efficiency are the two main positive effects of trade unions. Important services are provided to members by the unions. They provide workers with a collective voice. They limit employer's behaviour that is arbitrary, exploitative or retaliatory. Thus they balance the power relationship between managers and workers. They establish grievance and arbitration procedures and ensure stability in the workforce. All these conditions are conducive to smooth industrial relations and an enhancement of workers' productivity.

The unions involve workers in activities that improve efficiency. They inform workers about how to improve productivity. If the workers are confident of benefiting from resulting change in the organisations, they will be more willing to share this information and will be less suspicious of the management's interests. Unionism, thus, can be associated with a more productive organisation. Moreover, unions ensure job safety to workers even when workers change jobs to suit their preferences.

(b) Increased equality and reduced discrimination

There may be wage disparities between union and non-union workers. But usually, greater wage equality is ensured for members of the unions. Unions also fight against discrimination, when their members are women.

5.7.1.2 Negative effects

(a) Monopolistic behaviour

Usually, unions improve wages and working conditions of their members, neglecting the interests of the management, consumers and non-union labour. Thus they act as monopolists. When unions win higher wages for their members, they reduce the business profits and cause higher prices to the consumers. This forces unionised firm to hire fewer workers leading to depressing wages in the unorganised sector where the supply of labour is increased.

Unions can sometimes adversely affect the distribution of income, when their actions result in pushing up wages for the relatively few unionised workers in the formal sector. There exists the vast informal sector of rural working population also. In cases where the formal sector production also enjoys trade protection, unions make matters worse for the consumers and the masses of non-unionised sectors. In certain cases, non-unionised firms, under political pressure, may pay union-negotiated wages. They may even pay higher wages to head off unionisation of workers.
(b) **Opposition to reform**

Sometimes trade unions stand in the way of structural adjustments. They may criticise or oppose the restructuring measures and reform programmes of governments.

5.7.2 **Improving the Economic Impact of Unions**

Policy makers must create an environment which minimises the negative effects of trade unions and encourages their positive contributions to economic growth and equity. Workers' freedom of association and organisation must be protected; they have the freedom to join the union of their choice or not to join any union. At the same time, there must be an environment of competitive product markets and regulatory institutional framework.

(a) **Encouraging positive contributions of unions**

Unions' ability to obtain higher wages for their members is limited by competitive product markets. If the higher wages could not be justified by increased productivity, unionised establishments will be forced to be out of business if they raise wages. Moreover, unions may oppose trade liberalisation and privatisation for maintaining higher wages for unionised workers in the short run at the expense of non-union workers. This negative effect can be prevented by promoting domestic competition and openness to international markets.

(b) **Labour regulations and the system of industrial relations**

Union behaviour is determined by the structure of union organisation and the coverage of collective agreements.
As a basic human freedom, legislation ensures the right to join a union of one's own choice. This is the foundation for the emergence of free and independent unions. These unions act as genuine representatives of workers. Legislation also allows more than one union to be established and established unions are forced to maintain the quality of their services. But union fragmentation and inter-union rivalry are sometimes harmful and bargaining costs rise if workers are having many representatives. These problems are normally dealt with through co-operation of unions and employers. If there is the existence of a competitive non-union labour market, it can exert discipline on the monopolistic wage practices of labour unions and can operate as a constraint on unions' demands for wages.

(c) Collective bargaining at the private sector

Bargaining can be at the enterprise level or at the national level. If collective bargaining takes place at the enterprise level, competition on the firm from the product market, reduce the monopolistic nature of unions. National level bargaining is possible only if most of the workers are covered by union agreements. Otherwise, national agreements will benefit only the unionised sector at the cost of unorganised workers in the economy. Enterprise level bargaining is usually complemented by sectoral or national co-ordination.

5.7.2.1 Supportive legislation and role of employers

Strong guarantee of union rights is a pre-requisite of decentralised bargaining. Using their relative market power, employers may discourage unionisation of labour in their enterprises. This type of employer abuse will
result in deteriorating industrial relations and unrest harmful to investment and growth. A balanced labour legislation is hence required to protect the right of unions and to limit the monopoly power of employers.

5.8 Growth of Trade Unions in Plantations

Growth of trade unions has been very slow in plantations. The isolated nature of plantations has made it difficult to have contact with trade union leaders operating in urban areas. This has been an important reason for the slow growth of unions in this sector. The low levels of education and income are other reason. Employment of large number of women and young persons has also affected the growth of unions. Women and young workers are generally less informed and hesitant to join unions. Migrant nature of workers, seasonal employment and surplus labour available in the rural sector are the other reasons. The authoritarian nature of management is another factor for the slow growth of trade unionism.

There are certain factors which have favoured trade union movement in plantations. Plantations bring together large number of persons working side by side on similar conditions. They are often required to live together in colonies. Such circumstances foster comradeship and a consciousness of common problems which lead to collective action. The permanent and contractual nature of employment, cash wages and identical work are other factors which encouraged the development of unions. Organisation of work in plantations is similar to industrial work which involves a rationalised system of production with capitalisation and some mechanisation. This helped the growth of trade union in plantations.
For improving conditions of labour, the Government interferes in the policies of the management. Similarly, the passing of various legislative enactments conferring rights on workers has its impact on the development of trade unions. This has opened up a field for professional trade union organisers. The emergence of government as a direct employer has also influenced the growth. Unions can get more concessions from the government through political influence. Growth of unions in private plantations is facilitated by this.

5.9 Limitations in Implementing Labour Welfare Schemes

The Plantations Labour Act have laid down various provisions to increase the welfare of workers inside and outside their work place. But, certain factors act as obstacles in implementing these provisions. The absence of welfare schemes in the case of small growers who do not come under the purview of the PLA poses another problem.

Managements may provide some facilities to workers, as per the PLA, but they may not be satisfactory to them. The housing and medical facilities are not adequate to meet the requirements of workers. Because of the trade union organisation which is very strong in plantations, the management and government are forced to follow the instructions, statutory and non-statutory.

The workers, being residential are provided with housing facilities in the plantations. These houses are situated at distant places from the estates. Their houses may be tiled and electrified as per the PLA, but conveniences inside the houses are not sufficient. The management does not provide proper sanitary
and drinking water facilities. The workers have no option but to accept the existing inadequate facilities. Drinking water comes from open wells dug in the cramped yards of the quarters; dysentery is common. Drainage facilities are also not satisfactory.

There are also provisions for the various supportive services like fuel, fodder, day-care/creche etc. But the facilities provided are not satisfactory.

The main reason for the dissatisfactory implementations of the Plantations Labour Act is the financial responsibility caused thereby. The management when they are not guaranteed of a steady and profitable market for their output finds it difficult to find money to provide these facilities.

In the case of small grower section, the picture is unsatisfactory. There, the owners may not be financially sound to provide any of these facilities to their employees.

5.10 Evolution of Wage Structure

There was no uniformity in wage rates before the enactment of the Minimum Wages Act, 1948. Wages depended on the performance of the workers and it varied from estate to estate. The schedule to this enactment included employment in any plantation as one of the industries empowering the state to fix/renew minimum wages. On the basis of the recommendations of a Minimum Wages Committee constituted by the then State Government of Travancore-Cochin, minimum wages were fixed for the industry as a whole from 1st July, 1952. The wage rate notified for an adult male worker was Rs. 1.60 per day, consisting of a basic wage of Rs. 0.94 and dearness allowance
of Rs. 0.66, the dearness allowance was to vary with the variation of Cost of Living Index (1939 = 100) published for Ernakulam. But, no such variation took place. Minimum wages for plantation workers was notified in the then Madras State also. It accounted to Rs. 1.31. The Government of Madras, therefore referred a dispute relating to wages and other terms of workmen employed in 228 estates in the then Madras State for adjudication to a special Industrial Tribunal. 49 of these estates were in the then Malabar district which formed part of Kerala from 1-1-1956. The award of this tribunal was dated 15th September, 1956. But, it was challenged in an appeal filed in the Supreme Court. During the pending of the Appeal, a settlement was arrived at between the parties and the appeal was finally disposed of by the Supreme Court in terms of the settlement. The decision of the Supreme Court referred to the settlement as being fair.

The demand raised by the workmen employed in the plantations in Travancore/Cochin was pending consideration by a Tripartite committee under the chairmanship of Mr. Mammen Tharakan at this time. The committee's recommendations were reasonable to the workmen and their unions. In 1956, a tripartite committee was constituted by the Government of Kerala. It later became the Plantation Labour Committee (PLC). As a result of its deliberations, a conciliation settlement was entered into on 5-1-1958 which adopted the same wage rates as in the Madras State for the workmen employed in the Travancore/Cochin area. This settlement provided for a consolidated wage of Rs. 1.72 for adult male worker in large estates and the dearness allowance given under the Minimum Wages Notification of 1952 was abolished. The
piece rate system which was prevalent in Travancore/Cochin was also extended to the Malabar area of the state.

During this time, for the fixation of fair wages the Central Government appointed tripartite Central Wage Boards for the different plantation crops. Thus Coffee Wage Board's award fixed a consolidated daily wage of Rs. 1.80. It came into force from 1st July, 1964. Although the ending wage under the award was Rs. 2.20 valid until 30th June 1969, these rates were earlier revised by local level settlements in coffee-growing regions of Wayanad and Nelliampathies. The Rubber Wage Board's award recommended all inclusive wage rates of Rs. 2.10 and Rs. 2.20 from 1st May, 1964 and 1st April, 1965 and it was implemented. However, from 1st April, 1966, the Central Government modified the recommended wage of Rs. 2.25 to Rs. 2.50 corresponding it to 135 points of the Consumer Price Index (CPI) numbers for the Mundakayam Centre (1960 = 100) and from 1st April 1967, wages were to be revised by adding D.A. at the rate of 1.1 paise per point rise over 135 points. The Wage Board's award, which came into force on 1.1.1966, granted a basic wage of Rs. 2.25 for an adult male worker with a D.A. scheme for variation from 170 points of the All India CPI Numbers (1949 = 100) at 0.75 paise per day per point rise. The wage rates payable in cardamom plantations were as per the recommendations of the Joint Wage Board for cardamom plantations constituted for the State of Kerala and the then Mysore and with a starting wage of Rs. 2.45 from 1st July, 1967 and an ending wage of Rs. 2.80 from 1st April, 1972.
During this time, by threats and agitation, through a PLC settlement dated 10th May, 1969, wages in tea/rubber were revised from 1st January, 1969. Accordingly, tea wage was raised to Rs. 2.46 per day and that of rubber to Rs. 3.18 per day with the same D. A. formula as under the Wage Board awards.

During the pending of the Wage Board award, certain local settlements were entered into in the case of coffee. The wage rates under these settlements ranged from Rs. 2.50 to Rs. 3.60.

In the case of tea and rubber plantations, the D. A. formula followed was that recommended by the respective Wage Boards. There was a demand in 1971 from workers for the adoption of the CPI numbers under the State series in place of the Labour Bureau series. To satisfy them, the State Government appointed an Expert Committee to suggest a basis for the conversion of the D. A. from the all India Index to the State Index.

Subsequently, on 2nd February, 1972, the Government published draft proposals for revision of minimum wages. The basic wages under the 1969 settlement which was then in force were retained; the D. A. structure was proposed to be changed by de-linking from the all India Index and linking to the Ernakulam Centre under the State series (1939 = 100) and also revising the unit rates for adjustment of D.A.

The tea/rubber wages underwent a revision from 1st April, 1972. Then through the PLC settlement dated 12th July, 1972, the basic wages were raised to Rs. 2.61 in tea and Rs. 3.37 in rubber. The D A scheme, as contained in the
draft minimum wage notification was also incorporated in the settlement. Industry wide settlement for the first time was signed in the PLC covering coffee and cardamom plantations from 1st December, 1972 and 1st July, 1972 respectively, by which the base wage in coffee was fixed at Rs. 2.52 and in cardamom at Rs. 2.47 with the same D A rates as for tea. The tea/rubber wage settlement was to be in force until 31st December, 1974, the coffee wage settlement until 31st December, 1975, and the cardamom wage settlement until 31st March, 1975. But due to revision of minimum wages from 1st April, 1974, these settlements did not run their full course.

The State Government, during this period, published the draft minimum wage proposals, published in 1972. Three minimum wage notifications, all dated 20th March, 1974, covering the four crops were brought out. Thereby the minimum wages were revised from 1st April, 1974 over and above the freely negotiated fair wage settlements. The D.A. structure under the settlement was completely changed by enhancing the unit rate of D.A. to 1.9 p. for adults and 1.6 p. for adolescents/children in tea/cardamom. It was 2.6 p. for adults and 2.3 p. for adolescents/children in rubber and 2 p. for adults in coffee. Eighty per cent of the wages of male adults and 60 per cent of the wages of female adults was the wage rate for adolescents/children in coffee. These wages were to be in force until 31st March, 1977. Taking advantage of a temporary boom in the industry in 1977, workers raised a demand for revision of wages and the negotiations in the PLC resulted in two settlements dated 11th August, 1977 covering tea/coffee/cardamom plantation workers and dated 28th December, 1977 covering rubber plantation workers-revising wages from
1st April, 1977. Changes in the basic wage and D.A were also effected. Plantations were the first industry where Equal Remuneration Act, 1976 was enforced. With it the differentiation in wage rates which existed until then between male and female workers was abolished. The Basic wage of an adult worker was raised from Rs. 2.61 to Rs 4.75 in tea/cardamom. The same was raised from Rs 3.37 to Rs. 5.30 in rubber and in coffee from Rs 2,82 to Rs 4.75. Under the revised D. A. scheme, in place of 632 points of the Ernakulam Centre (1939 = 100), 100 points of the latest series (1970 = 100) was adopted and the per point D. A. rates were enhanced to 4 p. for adults and 3 p. for adolescents/children in tea/coffee/cardamom and 4.5 p. and 3.38 p. in rubber, for every point over 100 points. Rubber wages were further revised in accordance with the recommendations of a subcommittee of the PLC in December, 1978.

The tea/coffee/cardamom wages were revised from 1st April, 1980 through three settlements dated 26th June/11th July/15th November, 1980, while in rubber they were not due for revision until 5th December, 1981. But, the rubber plantation workers agitated and on 4th July, 1981 only their basic wages were enhanced.

Basic wages in tea/coffee/cardamom plantations were revised from 1st April, 1983 under the PLC settlement dated 8th February, 1984, and in rubber from 1st October, 1983.

Wages in all crops underwent revision from 1st April, 1986 and the settlement was valid until March 31st, 1989. After its expiry wages in all the crops were revised by the settlements in 1990, 92 and 95.
5.11 Wage Settlement in Kerala*

In Kerala a settlement revising wage rates in all the four crops with retrospective effect from 1st April, 1995 has been entered into at the PLC on 15th July, 1996. A special feature of the settlement is that its terms are valid for four years ending 31st March, 1999.

* The latest wage rates are given in detail in Appendix IV.