CHAPTER - 3

THEORETICAL FRAMEWORK OF THE STUDY
LABOUR WELFARE

The term ‘Labour Welfare’ is very comprehensive and includes various types of activities undertaken for the economic, social, intellectual and moral benefit of the labour community. The activities are so varied and so multifarious that the concept of labour welfare may vary from country to country. In the entire realm of economic thought, perhaps there is no other concept which has been so much a subject of intensive discussion and various approaches. Besides its historical background ‘labour welfare’ like the term ‘welfare’ remains even today as fresh and as full of suggestions to the earnest researcher as it ever was.

3.1 Conceptual Framework

The Encyclopedia of Social Sciences (Vol. XV, 1935) defines labour welfare as, “The voluntary efforts of employers to establish within the existing industrial system working and sometimes living and cultural conditions of the employees beyond that which is required by law, the custom of the industry and the conditions of the market. The term welfare is derived from the French phrase ‘welfare’ which means ‘to farewell’. The Webster’s Dictionary defines the term welfare as a state characterised by happiness, well-being or prosperity. Thus in its broader connotation, the term welfare refers to a state of living of an individual or a group in a desirable relationship with total environment. The National Commission on Labour has observed that the concept of welfare is necessarily dynamic, bearing a different interpretation from country to country and from time to time, in the same country, according to the value system, social institutions the degree of industrialization and the general level of social and economic
development. Even within one country its context may differ from region to region. Thus, the term welfare is very comprehensive.

The Textile Labour Enquiry Committee has quoted the U.S.A Bulletin (250) of the Bureau of Labour Statistics which says that welfare is anything for the comfort and improvement of intellectual and social uplift and well being of the employees over and above the wages paid, which is not a necessity of the industry, nor required. The Labour Investigation Committee of the Government of India has defined welfare activities as anything done for the intellectual, physical moral and economic benefit of the workers, whether by employers, by Government or by other agencies, over and above what is laid down by law or what is normally expected as part of the contractual benefits for which they have bargained. The committee, therefore, includes housing, medical and educational facilities, nutrition (including provision of canteens), facilities for rest and recreation co-operative societies, day nurseries and creches, provision of sanitary accommodation, holidays with pay, social insurance measures undertaken voluntarily by employers alone or jointly with workers.

M.V. Moorthy is of the view that, “Labour welfare work is associated on the negative side, with the counteracting of the benefit effects of the large scale industrial system of production, especially capitalistic, so far as India is concerned, on the personal, family and social life of the worker and his family for a good life as understood in its most comprehensive sense.” According to the report of ILO, ‘Workers’ welfare’ should be understood as meaning such services, facilities and amenities which may be established in or in the vicinity of undertaking to enable the persons employed in them to perform their work in healthy and congenial
surroundings, provided with amenities conducive to good health and high morale. However, it is a convenient term to cover all those aspects of industrial life which contribute to the well being of the worker. Labour welfare refers to any other agency, either voluntary or statutory, which aims at achieving the betterment of worker’s conditions. Labour welfare may be viewed as a total concept as a social and economic component. The total concept is a desirable state of existence involving wellbeing, physical, mental, moral and emotional of the workers. The social concept of welfare implies the welfare of man, his family his dependents and his neighbours. Labour welfare has both positive and negative aspects. The positive aspect implies the setting up of minimum desirable standards and the provision of facilities like health, food, clothing, housing, medical assistance, education, insurance, job security, recreation etc. Such facilities enable the worker and his family to lead a good work-life, comfortable family life and pleasant social life. On the negative side labour welfare operates to neutralize the harmful effects of large scale industrialization and urbanization. Employers, alone or jointly with workers, provide sickness and maternity benefit schemes, provident funds, gratuities and pension.

The Asian Regional Conference of the International Labour Organisation held in Ceylon in 1950, emphasizing the need of appropriate legislation regarding labour welfare maintained that the following amenities are covered under Labour Welfare:

1. Occupational health facilities
2. Maternity and child welfare
3. Canteens and other feeding arrangements,

4. Medical care

5. Educational and recreational facilities

6. Housing and other accommodations and the like.

3.1.1 Global Perspective

The quantity and quality of labour are both a cause and consequence of economic development. It would not be an exaggeration if we call it the backbone of the nation. Since time immemorial the labour has played a significant role in yielding production, irrespective of variety in the systems and the modes of production. If we turn the pages of history, labour as a factor of production has been conceived in different ways depending upon the ideology dominating the period. In the previous periods when the social system in the world was dominated by the ideology of laissez faire, the plight of workers was hopeless. They were the victims of exploitation and atrocities of the ruling elite. The ruling elite considered itself as a master and the citizens as serfs and slaves, which led to wide chasm between the haves and have-nots. They treated the labour as a profitable commodity and forced the workers to produce more and more, without caring for their welfare. Obviously, the concept of welfare did not find any place during this period.

By the end of the eighteenth century, in England, persons like Richard Ark Right, James Harper and Samuel Crapton gave birth to the factory system by discovering the spinning machines. This resulted in Industrial Revolution in England, witnessing the use of gigantic mechanical industries which replaced the
traditional modes of production. A large production and phenomenal large profit, emanating from it took the exploitation of labour class to a new height which reflected a miserable picture of their lot. The worker was conceived a mere cog in the machine. Consequently it turned the condition of working class from bad to worse, low wages, long working hours, bad working conditions, lack of health and medical facilities and employment of women and child labour etc. However a few voices were raised against the exploitation but they evoked no response. The consequences of industrial revolution certainly provided a fertile field for the working class to raise their voice against exploitative and repressive attitude of the employers. In this way it proved a stepping-stone in the realm of values of expectations of workers in the European countries. Later on in the mid - nineteenth century, Karl Marx emerged as a guiding star for the working class for establishing a new socio-economic order all over the world. The ideas of Karl Marx made the working class conscious and awakened about changing the existing exploitative socio-economic set up to such a system which may be controlled by the working class to serve their interests. The enlightened proletariat of Europe also influenced its counterparts in other parts of the world and badly jolted the traditional philosophy of laissez-faire. Apart from these developments, the trade union movements which took their formal shape in the years after World War one, the emergence of I.L.O. in the early 20th century (1913) and above all the Russian Revolution of 1919 and the triumph of socialism in the East European Countries and China cast their impact on the relations of the workers and management that further paved the way to ponder over the issue of labour welfare.
The Governments the world over were forced to think over the concept of Labour Welfare. In due course, they started abandoning the laissez-faire policy one by one. On the other hand, in the middle of the 20th century most of the countries of Northern America, South Africa and South Asia liberalized themselves from the alien grip and a majority of them adopted the democratic form of government. Today, as the world is seized of the concept of welfare, all developed and developing nations are striving hard to promote socioeconomic developments with a view to improving the lots of their citizens. For this purpose, the concerned governments have benignly been emphasizing a strong industrial bias which has led to the multiplication of the labour force in the world. Therefore, to fulfill the concept of labour welfare and to increase the productivity, these governments had to pass various legislations for the welfare of the proletariat. Apart from these efforts, the vital role played by the ILO which emerged in the early 20th century has had a tremendous impact upon the welfare all over the working community of the world. Further, it has also influenced the policies and programmes of many countries, which have formulated distinct labour policies. Most of the labour legislations were firstly, passed by the ILO in its conventions and conferences, which were later on ratified by member countries in their respective legislatures. Therefore, needless to say, whatever legislation it has passed in view of labour welfare, loaded voice against exploitation of workers, especially women and child labour, it has forced the member nations to enact suitable legislations to protect the interest of the working class against such inhuman deeds. It would be incomplete if we do not discuss the emergence of labour problems in the Indian context.
3.1.2 Indian Perspective

The Indian working class has had a somewhat different historical origin than of its counterparts in the western industrial societies. In most of the working societies the origin of the industrial proletariat is traced to the town dwellers, the artisans and other social groups of the town economy. No doubt, labourers from country sides kept on swelling the ranks of the industrial proletariat, but such migrants were quickly assimilated in to the newly developed industrial centers. The rural affiliation of these migrants was very rapidly loosened and children of the city bred migrants hardly retained any trace of their peasant stock.

But the Indian industrial working class originated mostly from the nethermost stratum of the traditional village society, based on the hierarchy of castes. The early migrants in India who joined the industrial centers were not independent farmers but socially and economically disabled groups, habitually in used to exceedingly unfavorable economic and social circumstances. They migrated to cities in search of employment only under extremely difficult circumstances, like famines. We find the two decades, i.e. 1872-81 and 1891-1901, in which the movement of rural population towards the urban centers was most marked, again attributed to the fact that in both these decades there were widespread famines in India. Thus the influx of migrants increased for quite some time which was “pushed and not pulled to the city”. The factory workers in India continued to flow from villages to city and from city to villages. So this is the vital difference between the origin of the Indian proletariat and the Western industrial society.
3.1.3 Labour Welfare and Various Partners

It is a universal fact that, the need of labour welfare is all the more important because it creates a healthy atmosphere in the work place, keeps the labour force stable and contented, helps in maintaining industrial peace, thereby improving productive efficiency of the workers. It is in recognition of this need that under the successive Five Year Plans additional welfare measures have been envisaged at the levels, the centre and State, for all workers engaged in different fields of economy. Besides the programmes contained in the Five Year Plans, there are various agencies responsible for the administration of welfare activities like:

a. The welfare work by Government;

b. Welfare work by employers or their organisations;

c. Welfare work by social services agencies; and

d. Welfare work by Trade Unions.

The standards and scope of welfare work by employers are diverse in character because of differing conditions from industry to industry and from unit to unit in the same industry. However, while employers of larger and more progressive undertakings have provided welfare amenities to their workers, the employers of smaller and medium sized undertakings have normally been able to offer only the barest minimum of welfare such as canteens, medical care, housing and recreational and cultural activities which have developed quite well. Some of these have been described in detail in the Report of the Malviya Committee, 1969. Many of the welfare facilities which were originally provided by the employers on a voluntary basis, canteens, creches, lunch rooms, first aid boxes, pit head in
mines, drinking water etc have now become statutory obligations. Similarly with the adoption of the Employees’ State Insurance Scheme, the responsibility of employers for providing medical services to their employees has been further reduced. Thus the scope of voluntary work by employers has become narrower. Still there are many fields in which the employers are providing welfare facilities.

3.2 Construction Industry in India

In India, the construction industry is the second largest employer, after agriculture. It constitutes of largely unorganized workforce (89%), of whom majority (3/4th) is unskilled. In terms of national investment, almost 40 to 50 per cent of the National Plan outlay is on construction. The industry contributes 20 per cent of the GDP. The booming construction industry and real estate market provide a sharp contrast to the plight of the workforce involved in construction. Indian construction industry is a highly heterogeneous one, covering many types of construction like transport including roads and highways development, building of multipurpose dams, industrial structures, and construction of skyscrapers and big buildings for homes, offices, warehouses. etc. Thus products of construction are vital for the development of business, industries and other socio-economic institutions. The financial year 2012/13 had a growth of 6.0% for the Indian construction Industry. Due to monetary issues and other related policies the Indian construction industry showed a lackluster performance in 2012-13. But the outlook for the construction Industry beyond financial year 2012/13 is brightening up. Not only are monetary conditions likely to improve for construction companies in financial year 2013/14, but the government is also making pertinent efforts to remove bottlenecks that are delaying infrastructure projects in India. India'
Theoretical Framework of the Study

The construction Industry is to reach 7.6% growth in financial year 2013/14. In 2012 the Asian Development Bank (ADB) and India Infrastructure Finance Company Limited (IIFCL) had launched the first version of the credit enhancement scheme or infrastructure bond guarantee scheme. This risk sharing facility will partially guarantee INR7.2bn (US$128mn) of rupee-dominated bonds issued by Indian companies to finance infrastructure projects. In 2012, the government announced that it is planning to set up a National Investment Board (NIB) to speed up infrastructure development within the country. The NIB will focus on fast-tracking the execution of approved projects by getting all regulatory clearances. In 2012, the Indian government finalized the long-delayed bill for land acquisition, paving the way for the bill to be introduced during the current parliamentary session.

There are two major players in the industry – builders or developers and labor contractors as far as decision making and implementation are concerned. The labourers and workers are not aware of industry structure or way of operation. The following diagram depicts the picture of the construction industry.

Developers ➔ Labour contractors ➔ Labourers

Local labourers ➔ Migrants labourers

3.2.1 Labour welfare in the construction industry

The construction industry has several features that distinguish it from most other industries so far as the welfare of workers is concerned. The majority of construction sites are of a temporary nature, since most structures require little
attention of construction workers once construction is completed. This factor, making for mobility of labour in the construction industry, raises special problems on sites, where temporary arrangements must suffice for the provision of welfare amenities. The desirable and practicable amenities would be different according to the duration of the individual work sites, which may widely vary from one another. Some works may be completed in a matter of days, some may last for weeks or months and a few large sites may last for several years. Mobility of certain construction work-places may also affect the provision of welfare facility. Some work-places such as house construction sites are stationary, while others such as those for the laying of pipelines, and construction of road ways, canals, railways, and water ways, move as the work progresses, so that the site conditions are even more temporary (Anand, 1986). It is clear, particularly in cases in which the distance travelled on any one Source: Government of India, Annual Report, 1995-‘96.(c) Subsidized 1.Survivors’ benefit Insurance 2. Invalidity benefit (d) Other Forms of 1.Old-age benefit Social Assistance 2.Maternity benefit 3.Survivovrs’ benefit 4. Assistance for: employment Training education etc. Vulnerable groups of workers such as agricultural workers and handloom workers. Administered by LIC and GIC, financed by contributions from central and state Governments Persons outside the job market and below the poverty line, destitute, orphans, deserted, and divorced women, widows, disabled persons, SCs., STs., OBCs, etc. Administered departmentally, financial from general revenues job may be appreciable, that any structures associated with the provision of welfare facilities would have themselves to be mobile so as not to become too far removed from the work place. Sometimes the nature of construction industry results in many sites
being not only far away from workers’ homes, but also from the normal social and health amenities associated with community line (Subramanian, et al, 1982). In such cases, in addition to temporary housing, a whole range of social amenities are to be arranged, which might require careful planning and expenditure. It means that the presence or absence of social amenities in the immediate neighbourhood would have considerable bearing on welfare requirements at the site itself. The welfare facilities provided on construction sites would in many cases depend on the number of workers engaged. In many countries the rules themselves specify the requirement of certain standard welfare amenities at the construction site. When a number of different firms employ labour to carry out works on the same site, it may be possible to pool resources in the provision of welfare amenities (Rao and K.P.Deo, 1979). Under joint management, collaboration among contractors may greatly facilitate provision of adequate welfare amenities. When workers do not normally live in the neighbourhood of the works it may be necessary to provide for a whole series of welfare facilities, such as transport, periodic home leave, canteens and social amenities depending on the distance of the homes of the workers from the work place. On sites of long duration it may be desirable and practicable to provide housing and other amenities for the workers’ families. Work in cement production plants and plants associated with manufacture of building materials differs from construction work proper, due to exposure of workers to dust and other pollutants, a menace which calls for special welfare amenities (Thakurtha, 1980). Adequate installations, such as ‘Cyclones’ or other devices should be provided in order the exhaust dust. Protective clothing, in particular coats and gloves, should also be supplied to them in order to prevent spoliation of
their apparel with cement dust, which might ‘cake’ should the clothing become moist, as during a shower, and also to protect their skin from allergic reactions.

The need for provision of most welfare facilities arises primarily from considerations of safety and hygiene. Thus the provision of protective clothing and facilities for drying cloth may be called for by the particular conditions of the work and the exposure to which workers are subjected. The arrangements for disinfection, first aid and sanitary, dietary and sleeping facilities in hostels for workers must satisfy the hygienic and safety requirements of the situation. The International Labour Organisation (1950) has put forward important guidelines for labour welfare facilities in construction industry. The facilities include shelter, meals, protective clothing, accommodation, sanitary facilities, recreation, transportation, and leave.

3.3 Unorganised Sector

The unorganised sector is an enterprise-based concept and it does not reflect the characteristics of the jobs or employment relationships. It is possible that some workers in the organized sector do not enjoy any job security, work security or social security. In order to identify such categories of workers, it is necessary to complement the definition of unorganised sector with a definition of unorganised/informal employment. All the casual workers and unpaid family workers in all enterprises irrespective of the sector are being considered as unorganised workers. Similarly, self employed persons in the unorganised sector and private households and other employees not eligible for paid sick/annual leave or other social security benefits given by the employer are also being considered as unorganised workers. As per the report of National Commission for Enterprises in
Theoretical Framework of the Study

the Unorganised Sector (NCEUS) defined unorganized workers as “Unorganised Workers are all those who are working in the Unorganised Sector defined earlier and the workers in the formal sector without any employment security and social security provided by the employer”.

The first National Commission on Labour under the Chairmanship of Justice Gajendragadkar defined the unorganised sector as that part of the workforce who have not been able to organise in pursuit of a common objectives because of constraints such as a) casual nature of employment b) ignorance and illiteracy c) small size of establishments with low capital investment per person employed d) scattered nature of establishments and e) superior strength of the employer operating singly or in combination.

3.3.1 Global Scenario

With the advent of industrial revolution in Europe, in the 18th and 19th centuries, a new class of factory workers had emerged in the world economy. Capital and labour were main factors of production in the production processes of industrial revolution. Consequently, producers or owners and workers were emerged in the private economy. So far as welfare of the society is concerned, it was necessary to maintain labour standards for workers and provide them welfare facilities as per labour standards. Therefore, the International Labour Organization was established in 1919, under the treaty of Versailles. After the second war period, the United Nations General Assembly adopted the Universal Declaration of Human Rights. The most important fundamental international instrument in forming much social, economic and political polices of many developed and developing countries in the world is the Universal Declaration of Human Rights,
December 10, 1948. However, the human rights have been incorporated in the constitutions of many countries in the world. According to International Labour Organization’s principles and rights at work, core rights are important for working class in the world economy. India is a developing country. India adopted new economic policy in 1991, which is known as liberalization, Privatization and Globalizations (LPG). New economic policy has changed the face of the country. Globalisation brings in its wake restructuring of production processes, and employment relations. (Mishra, 2001). In the era of globalization, it is necessary to discuss relevant aspects of labour standards and labour rights, dimensions of decent work in respect of migrant workers in the developing countries like India. The International Labour Organization (ILO) has played a significant role in promoting International Labour Standards. (ILS’s). The ILO has formulated international labour standards at various conferences. In 1944 the conference of Philadelphia adopted the Declaration of Philadelphia, which restated the formation of fundamental aims and purposes of the ILO. Several acronyms have been used to describe labour standards such as fair labour standards, minimum labour standards, basic or core labour standards etc.

3.3.2 Indian Scenario

India is the most populous country in the world, next to China. As per the 2001 census, the total work force in our country is 402 million, of which 313 million are main workers and 89 million are marginal workers. Out of the 313 million main workers, about 285 million is in the unorganised sector, accounting for 91 percent (Economic Survey: 2005-06). The estimates provided by the National Sample Survey Organisation also reveal a similar pattern. The Indian
Constitution (GOI, 1991) upholds the principle of equality of men and women. Laws have been enacted fixing the hours and minimum wages of labourers and to improve their living conditions. Various security schemes have been framed. Besides, there are various labour laws, like Trade Union Act 1926, The Minimum Wages Act 1948, Employees State Insurance Act 1948, Industrial Disputes Act 1949, Industrial Disputes Decision Act 1955, Payment of Bonus Act 1955, Personal Injuries, (compensation insurance) Act 1963, Maternity Benefits Act 1967, Contract Labour (Regulation and Abolition) Act 1970, Bonded labour Systems (Abolition) Act 1976, Equal Remuneration Act 1976, Interstate Migrant Workmen (Regulation of Employment) Conditions of Service Act 1979, The Child Labour (prohibition and Regulation) Act 1986 etc. Social security is a fundamental right of labour, which is guaranteed by law to all human beings, who live on their own labour and who find themselves unable to work temporarily or permanently for their control. In terms of social security, the first beginnings were made at the time of the French Revolution when a Declaration of the Rights of man was proclaimed. It served as a preamble to the French Constitution of 1793. According to Article 22 of the Universal Declaration of Human Rights, every member of society has a right to social security. The ILO declaration on fundamental principles and rights at work is a major step in this direction. Development must bring about an improvement in the living conditions of people. It should, therefore, ensure the provision of basic human needs of all. (Nayar, 2003).

The World Bank’s logic that the informal sector “is a safety net” is not only structured on laboured arguments but seems mischievously interpreted too. After independence, many labour laws have been enacted by the government of India.
Besides, the government also adopted various labour policies in order to improve wages and working conditions of workers in the organized and unorganized sectors. We need to discuss the quality of life and labour standards for the migrant workers in India. In terms of wage policy in India, it has been observed that male and female migrant workers get lower wages than minimum wages. Long and flexible working hours, combined with low wages are reported in the case of most seasonally migrant workers in India. (Singh and Iyer 1995, Krishnaiah, 1977, Salve, 1990). There is no fixed time of work for migrant workers; they work more than 12 hours a day instead of 8 hours a day. “Security and institutional support are required by all persons in order to face difficulties and to mitigate hardships in the event of losses due to sickness, injury, loss of income and inability to work” (Planning Commission, Plan Document on Social Security, Eleventh Five Year Plan, 2007-2012).

Convention No. 98 on the right to collective bargaining has also not been ratified by India. In the absence of strong unionisation and a surplus of labour, unions and the government face difficulties in securing minimum wages for unorganised labour. Under adverse product and labour market conditions, some collective agreements have actually resulted in providing less than the legally sanctioned wages and benefits. In many countries, including India, most national labour laws do not cover unorganised labour. Even the few laws that are meant to extend coverage and protection to unorganised labour, often fail to do so due to the inherent deficiencies in those laws and the weaknesses in enforcement. In its session in 2000, the Governing Body of the ILO stated that in some cases existing legislation has to be reviewed to ensure its application to all workers, and in some
cases new laws and regulations have to be enacted. The extension of social protection to and the promotion of safe work practices and conditions in the informal sector are crucial to the concept of decent work.

Unorganised workers may be categorised under the following four broad heads namely in terms of occupation in terms of nature of employment in terms of specially distressed categories and in terms of service categories. Small and marginal farmers, landless agricultural labourers, share croppers, fishermen, those engaged in animal husbandry, in beedi rolling, beedi labelling and beedi packing, building and other construction workers, leather workers, weavers, artisans, salt workers, workers in brick kilns and stone quarries, workers in saw mills, oil mills etc may come in the first category. Attached agricultural labourers, bonded labourers, migrant workers, contract carriers of head loads, drivers of animal driven vehicles, loaders and unloaders, belong to the specially distressed category while midwives, domestic workers, fishermen and women, barbers, vegetable and fruit vendors, newspaper vendors come under the service category. The extent of workforce in the unorganized and organized sectors, and their changes overtime could be understood by the information provided by the ministry of labour and employment, director general of employment and training, Government of India and published in the economic surveys. Accordingly, the share of unorganized workforce was about 8 per cent by 1983, which declined to 7.54 per cent by 2004-05. The corresponding share of the unorganized workforce was about 92.07 per cent by 1983, which increased to 92.46 per cent by 2004-05.

Unorganised labour exists mainly in the following kinds of industries (a) agriculture (b) construction (c) tiny manufacturing industries (d) trade, transport,
Theoretical Framework of the Study

financial and personal services. The unorganised sector with its overwhelming number, range and complexity of problems has not been amenable to any statistical accuracy and precision in the same sense as the organised sector. The unorganised sector suffers from cycles of excessive seasonality of employment. Majority of the rural workers do not have stable and durable avenues of employment. Those who appear to be visibly employed are not gainfully and substantially employed, a phenomenon known as disguised unemployment. Most of the labour laws that we have today are relevant only to the organised sector. Furthermore, the laws in the statute book that relate to some sectors of the unorganised sector are too inadequate to give protection or welfare for the vast majority of workers in the unorganised sector.

3.4 Applicability of Labour Laws

The following Acts are applicable to the workers in the unorganised sector

1. The Workmen’s Compensation Act
2. The Payment of Wages Act
3. The Minimum Wages Act
4. The Employees’ State Insurance Act
5. The Maternity Benefit Act
6. The Payment of Gratuity Act

3.5 Building & Other Construction Workers

Construction workers constitute one of the largest categories of workers in the unorganized sector. According to the sample survey conducted by NSSO eight
million workers are employed in construction activities. “Building and other construction worker” means the construction, alteration, repairs, maintenance or demolition, of or in relation to buildings, streets, roads, railways, airfields, irrigation, drainage, embankment and navigation works, flood control works (including storm water drainage works), generation, transmission and distribution of power, water works (including channels for distribution of water), oil and gas installations, electric lines, wireless, radio, television, telephone, telegraph, and overseas communication, dams, canals, reservoirs, watercourses, tunnels, bridges, pipelines, towers, cooling towers, transmission towers and such other works may be specified in this behalf by the appropriate Government, by notification but does not include any building or other construction work to which the provisions of the Factories Act, 1948 or the Mines Act, 1952 applies.

“Building worker” means a person who is employed to do any skilled, semi-skilled or unskilled, manual, supervisory, technical or clerical work for hire or reward, whether the terms of employment with any building or other construction work.

Construction jobs are highly labour intensive and also highly mechanized. The entire activity is mobile, seasonal, intermittent and mostly inter-connected. The completion period of projects range widely and calls for engagement of labour from various trades, skills and professions. The duration of employment, quantum of work and arduousness differ from one extreme to another. Construction labour is generally unskilled and therefore mostly attracts migrant agricultural labour during off-season. The workers are usually socially backward and illiterate with low bargaining power. The Government of India is greatly concerned about the
welfare of these workers and therefore, provisions of various Acts have been extended to them. Still a need was felt for a comprehensive Central legislation for this category of workers. Eventually the following two enactments were made in the Statute Book with effect from 20.8.1996:

1) The Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, and

2) The Building & Other Construction Workers’ Welfare Cess Act 1996. And

Further, the Building and Other Construction Workers Central Rules, 1998 was notified on November 19, 1998. The legislation provides for regulating the employment and conditions of service, safety and health and welfare measures for the construction workers by setting up a Welfare Fund at the State level to be financed by contribution made by beneficiaries, levy of cess on all construction works at rates between 1 to 2% of the construction cost incurred by an employer and non-mandatory grants/loans by the State/Central Governments. The fund is to be used for giving financial assistance to the families of beneficiaries in case of accident, old age pension, housing loans, payment of insurance premium, children’s education, medical and maternity benefits, etc. the Act also provides for certain other welfare amenities like temporary accommodation at or near work sites, crèches, canteen, first aid, washing facilities, etc.

3.5.1 Salient Features of the Act

- The Act is applicable to every establishment which employs or had employed on any day of the preceding 12 months, 10 or more workers in any building or other construction work.
- In the definition of establishment in the Act, individual, who employ such workers in relation to their own residence the total cost of which is not more than Rs.10 lakhs, are exempted.

- Constitution of Central and State Advisory Committees to advise the appropriate Governments on matters arising out of administration of the Law.

- Registration of establishments employing construction workers and appointment of registering officers.

- Constitution of welfare boards by the State Governments and registration of beneficiaries under the Fund and provision for their identity cards etc.

- Provision for temporary living accommodation to all building workers within or near the work site.

- Fixing hours of normal working day, weekly paid rest day, wages for overtime, provision for basic welfare amenities like crèches, first-aid, canteens etc. for the building workers.

- Making adequate provision for safety and health for construction workers.

- Provision for appointment of inspecting staff.

The Government is monitoring the implementation of the provisions of the Act. It is expected that provisions of the Act once put in place will improve the living conditions of workers engaged in construction activity.
3.6 Welfare Fund

The Welfare Fund model of social security for informal sector workers in Kerala is now more than 30 years old. It started with the formation of a Welfare Fund for the toddy tappers in 1969. The Kerala approach reflects what the workers in the informal sector could achieve in countries like India given the contemporary political context and the democratic political framework of the state. But it required sustained collective action on the part of the workers. This precondition had already been achieved in Kerala. For that reason, the collective care arrangements in the form of Welfare Funds were constituted with the active participation of the state. In fact the state played and continues to play the leading role in the initiation and management of the Welfare Funds. The organised workers, through their unions, articulate their demands and exert pressure on the state government. The employers are, by and large, unwilling but co-operating partners since the larger political context and the political economy of power relations do not provide them with the choice to opt out of such arrangements. Their participation is therefore a pragmatic one within the framework of their economic rationality for accumulation. Typically, this model is a tripartite one consisting of the representatives of workers, employers (wherever identifiable) and those of the government. A Board appointed by the government manages it, the chief executive of which is a government functionary. These funds are primarily contributor and cover a wide range of benefits. Defined social security cover is given to the worker-members of the Funds for which contributions are collected from the workers, from the employers (usually through a cess) and from the government.
3.6.1 The Emergence of Welfare Funds

It is in this background that we need to understand the emergence of Welfare Funds as a specific form of collective care arrangement for the workers in the informal sector. The first-best solution in the context of radical political mobilisation was, of course, a revolution in favour of the working class. That was the initial motivation for the mobilization of labour by Congress Socialists and later by Communist Party workers. With the attainment of independence by the country and the establishment of a parliamentary democracy, this initial objective gave way to protecting and enhancing workers’ rights and their share of earnings. Hence the second-best solution in terms of organising workers for higher wages, non-wage benefits and improved working conditions.

In Kerala this also reached its limits quite early given the very slow pace of modern industrialization and the concomitant expansion of the organized sector. In such labour intensive manufacturing and related activities as coir processing and manufacturing, the strategy of pushing for higher earnings led to its logical consequence of technological changes. However, the political unions, in their eagerness to protect current employment, fiercely opposed technological changes, often in a Luddite fashion. This happened in one of the most labour intensive activities in agriculture as well – rice cultivation. This led to migration of industries to other regions in India and in rice cultivation to shifting of the land to less labour intensive cultivation. By mid-seventies the limitations of militant political unionism began to clash with the developmental imperatives of a low income agrarian economy. Given the highly articulate nature of workers, thanks to the earlier four decades of political mobilisation, the political parties realised the
need for some form of institutionalised forms of welfare arrangements lest they lose the support of the labouring poor. The chronology of the establishment of Welfare Funds lends credence to this argument. Only one Welfare Fund was established in the sixties and that too in 1969 under special circumstances. This was for the Toddy Tappers who were one of the early radicalized sections of the rural workers. The establishment of the Welfare Fund was a consequence of the limitations of wage bargaining at the end of which the employers chose to leave the business. A takeover of production and distribution of the toddy through a workers ‘cooperative did not go much forward. It was against this background the Toddy Tappers’ Welfare Fund was set up with the active intervention of the government, and then led by one of the two communist parties, the Communist Party of India. There was no intention at that time to extend this form of collective care to other sections of workers in the informal sector for almost a decade. However, in 1977 another Welfare Fund known as the Kerala Labour Welfare Fund was set up for workers in small scale factories, plantations, shops and cooperative institutions. The political perception changed drastically by the early eighties. The seventies witnessed a fierce contest in unionizing the hitherto nonunionized workers in the informal sector as a result of the split in the trade union – the All India Trade Union Congress (AITUC) - led by the undivided Communist Party of India. This led to the proliferation of unions along party lines led by not only the three main parties – Communist Party of India, the breakaway Communist Party of India (Marxist) and the Indian National Congress (I) which also witnessed a split in 1969 – but many regional parties. Thus during the eighties nine Welfare Funds were set up covering workers in such diverse occupations as
loading and unloading (known as head-load workers), motor transport, clerks working with legal advocates, artisans, fish workers and handloom workers. To this should also be added such groups as cashew and coir processing workers dominated by women. Given the wide political acceptance of this form of collective care arrangement under the initiative of the state, the process continued in the nineties with the setting up of another seven Welfare Funds.

The Welfare funds fall broadly in two groups; tax based and contributory. While the Central Government funds are tax based the funds set up by the Kerala Government are mostly contributory which more akin to social insurance are. A combination of contributory and tax based schemes can bring in resources and also encourage the participation of the actors involved, particularly the workers. Kerala State has set up more than 20 welfare funds for the unorganised like toddy workers, agricultural workers, handloom workers, auto-rickshaw workers, cashew workers, construction workers, motor transport workers, some artisans and others. Those provide wide range of benefits including old age benefit, medical care, education, assistance for marriage, housing etc to the workers
### Table 3.1

**Welfare Funds in Kerala**

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<tr>
<th>Welfare Fund Board</th>
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<tr>
<td>Kerala Toddy Workers Welfare Fund Board</td>
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<td>Kerala Labour Welfare Fund Board</td>
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<td>Kerala Head load Workers Welfare Fund Board</td>
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<td>Kerala Motor Transport Workers Welfare Fund Board</td>
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<td>Kerala Advocate’s Clerks Welfare Fund Committee</td>
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<tr>
<td>Kerala Artisans and Skilled Workers Welfare Fund Scheme</td>
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<td>Kerala Cashew Workers Relief and Welfare Fund Board</td>
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<td>Kerala Khadi Workers Welfare Fund Board</td>
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<td>Kerala Coir Workers Welfare Fund Board</td>
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<td>Kerala Fishermen Welfare Fund Board</td>
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<td>Kerala Handloom Workers Welfare Fund Board</td>
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<td>Kerala Abkari Workers Welfare Fund Board</td>
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<td>Kerala Construction Workers Welfare Fund Board</td>
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<td>Kerala Agricultural Workers Welfare Fund Board</td>
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<td>Kerala State Lottery Agents Welfare Fund Board</td>
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<td>Kerala Document Writers, Scribes and Stamp Vendors Welfare Fund Board</td>
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<td>Kerala Auto Rickshaw Workers Welfare Fund Scheme</td>
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<td>Kerala Anganwadi Workers and Helpers Welfare Fund</td>
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<td>Kerala Tailoring Workers’ Welfare Fund Board</td>
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<td>Kerala Automobile Workers Welfare Fund Board</td>
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<td>Kerala Banboo, Kattuvally and Pandanus Leaf Workers Welfare Fund Board</td>
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<td>Kerala Beedi and Cigar Workers Welfare Fund Board</td>
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<td>Kerala Dairy Farmers’ Welfare Fund Board</td>
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<td>Kerala Ration Dealers Welfare Fund</td>
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<td>Kerala Shops and Commercial Establishment Workers’ Welfare Fund Board</td>
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<td>Kerala State Co-operative Employees Pension Board</td>
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<td>Kerala Traders Welfare Board</td>
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<td>Kerala State Cultural Activities Welfare Fund Board</td>
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**Source:** Official Web portal Government of Kerala
At the core of this form of collective care arrangement was the spirit of mutualism i.e., taking care of individual risks through collective contributions and providing some social security at the end of the working life. Unlike the historical experience of workers in the advanced industrial societies of today, this arrangement did not stop with the mutualism among workers. Given the political nature of workers’ mobilisation and the existence of a democratic state, the arrangement was an institutional innovation by bringing in the participation and contribution of employers, however defined, and the organizational support (sometimes financial contributions) of the government. Thus these Welfare Funds offer some form of social security to the unorganized sector.

The Welfare Fund arrangement is modelled after the social security and insurance cover arrangements available to the workers in the formal sector. Within the limited financial capacity, these Funds have also conceived of some measure of welfare provisioning. The underlying model has the following characteristics:

i. Providing a measure of social security, insurance and welfare assistance to the workers;

ii. Creation of a tripartite body consisting of the representatives of the workers, employers and the government with veto powers for the government on policy issues;

iii. A bureaucratic organisational mode with the chief executive appointed by the government and staff drawn from the government departments;

iv. Mandatory financial contribution from the workers and employers with the exception of a few ‘voluntary’ funds; and
v. Minimal financial contribution by the government except in cases where the workers are directly under the government activities (i.e. Government as employer) or where paying capacity of the workers is deemed very low.

The initiative for setting up a Welfare Fund usually comes through a political process wherein the political parties and their unions make a public demand for it. Since labour relations have come to occupy a central stage in the politics of the state and consequently in public policy, there exists a remarkable degree of political consensus on the setting up of Welfare Funds as in the case of collective bargaining. Given the emergence of party-affiliated trade unions in almost all occupations, all political parties, big and small, have come to see the Welfare Funds as an opportunity to extend their political patronage and concern for the workers. The political consensus has often taken the shape of competitive populism given the enthusiasm with which political parties belonging to the two major coalitions have gone about setting up Welfare Funds for workers. The existence of such a political consensus has made it easy for a government to introduce legislation on the creation of a particular Welfare Fund. The legislative discussion would often centre on the details of the constitution, definition of workers, financial contribution by workers, employers and the government and related aspects.

CONCLUSION

It was argued that `India had a long tradition of social security and social assistance system directed particularly towards the more vulnerable sections of society. These informal arrangements of social security measures underwent steady
and inevitable erosion. It was argued that even after independence, the State was concerned more with the problems of industrial and organized work force and neglected the rural and unorganized labour force on social security matters to a greater extent, till recently. The social security initiatives of the Centre, State and NGO’s indicated that the needs are much more than the supports provided and the efforts must be targeted and vast enough to cover the growing unorganized work force. The ever-increasing demand for more and more Welfare Funds for each and every sub-sector of the informal sector can only be viewed as a desperate reaction of the workers for a measure of social security in an unprotected labour market. The Welfare Fund model of Kerala provides some useful pointers to alleviating the problem of insecurity among the workers in the informal sector.

REFERENCES

4. Webster’s Seventh New Collegiate Dictionary (Ed. 1969)