

Labour Welfare in India: Experience of States

Synopsis

Most states have extended central labour legislation to their own states by framing rules. However labour welfare has been an exception with most states having their own state acts. We would discuss in more details the Kerala labour welfare model, which is one of most elaborate models in the country we would also see if the culture of labour welfare through welfare Boards has helped the state better implement the Building and Other Construction Welfare Act, (BOCW) 1996, which is one of the major social welfare legislations that exists in the country.

We present the working arrangement of state welfare funds that exists in the various states (See Table 1)

Table I: Labour Welfare Fund (state-wise) in India, 2019

Sl. No	State	Employee Contribution	Employer Contribution	Total	Period	Due Date	Last Date	Forms
1	Andhra Pradesh	30	70	100	Yearly	31 Dec	31 Jan	F
2	Chhattisgarh	15	45	60	Half yr.	30June-31Dec	15Jul-15 Jan	A
3	Chandigarh	2	4	6	Monthly	Last Day of month	15Apr-15 Oct	A
4	Delhi	0.75	2.25	3	Half yr.	30Jun-31 Dec	15Jul-15 Jan	A
5	Goa	60	180	240	Half yr.	30Jun-31 Dec	15Jul-15 Jan	A
6	Gujarat	6	12	318	Half yr.	30Jun-31 Dec	15Jul-15 Jan	A
7	Haryana	10	20	30	Monthly	Every month	Last day of month	A1
8	Karnataka	20	40	60	Yearly	31 Dec	31 Jan	D
9	Kerala	20	20	40	Monthly	Every month	5 th day of month	6
10	Madhya Pradesh	10	30	40	Half yr.	30Jun-31 Dec	15Jul-15 Jan	A
11	Maharashtra							
	Wages up to 3k	6	18	24	Half yr.	30Jun-31 Dec	15Jul-15 Jan	A1
	Wages above 3k	12	36	48				

12	Odisha	20	40	60	Half yr.	30Jun-31Dec	15Jul-15 Jan	F
13	Punjab	5	20	25	Monthly	Every month	15Apr-15 Oct	A
14	Tamil Nadu	10	20	30	Yearly	31 Dec	31 Jan	A
15	Telangana	2	5	7	Yearly	31 Dec	31 Jan	F
16	West Bengal	13	6	19	Half yr.	30Jun-31 Dec	15Jul-15 Jan	D

Note: The figures mentioned under ‘Employee Contribution’, ‘Employer Contribution and ‘Total’ are in Rupees.

Source: Rajesh M Labour Welfare Fund State Wise 2019 in India May 15, 2009

[<https://www.hrcabin.com/labour-welfare-fund-state-wise-in-india/>]

Labour welfare fund is a statutory contribution managed by individual state authorities. The state labour welfare board determines the amount and frequency of the contribution. The contribution and periodicity of remittance differs with every state.

To justify the above statement, various state legislatures have enacted an Act exclusively focusing on welfare of the workers, known as the Labour Welfare Fund Act. The Labour Welfare Fund Act incorporates various services, benefits and facilities offered to the employee by the employer. Such facilities are offered by the means of contribution from the employer and the employee. However, the rate of contribution may differ from one state to another. At present 16 states have set up Labour Welfare Fund.

The employer needs to make the deduction of the contribution of the employee from the salary of the employee along with employers contribution in a return consisting of the list of names and designations of all eligible employees to the Labour Welfare Fund board in the prescribed form mentioned in the above table for each state before the due date. The Fund is generally utilised by the states for the following labour welfare activities:-

- Educational facilities for the children of the workers.
- Medical facilities for both private and public-sector employers to facilitate medical facilities for their workers and their families.
- Transport facilities to the workers for commuting to work.
- Recreational facilities in form of music, dance, drama, games, sports, paintings, etc. are usually offered to the employees to build a wholesome working environment.
- Housing facilities under this scheme offer loans to industrial workers for constructing houses at concessional rates.
- Excursions, tours and holiday homes.
- Home industries and subsidiary occupations for women and unemployed persons.
- Reading rooms and libraries.
- Vocational trainingⁱ

Welfare Fund Boards in Kerala

Welfare Fund Boards were formed by the Government of Kerala for the effective implementation of various welfare schemes. Numerous reforms and welfare schemes that are instituted for the employees are successfully implemented by these welfare funds boards. For the list of Welfare Fund Boards see Table 2.

Table 2: List of Labour welfare fund boards in Kerala

01.	Kerala Abkari Workers' Welfare Fund Board, Thiruvananthapuram -36
02.	Kerala Agricultural Workers' Welfare Fund Board, Thrissur-4
03.	Kerala Beedi & Cigar Workers Welfare Fund Board, Kannur
04.	Kerala Building & Other Construction Workers' Welfare Board, Thiruvananthapuram-14.
05.	Kerala Cashew Worker's Relief & Welfare Fund Board, Kollam
06.	Kerala Handloom Workers' Welfare Fund Board, Kannur
07.	Kerala Headload Workers' Welfare Fund Board, Ernakulam
08.	Kerala Labour Welfare Fund Board, Thiruvananthapuram-1
09.	Kerala Motor Transport Workers' Welfare Fund Board, Kollam
10.	Kerala Shops & Commercial Establishments Workers Welfare Fund Board, Thiruvananthapuram -35
11.	Kerala Tailoring Workers' Welfare Fund Board, Thiruvananthapuram-4
12.	Kerala Toddy Workers' Welfare Fund Board, Thiruvananthapuram-11
13.	Kerala Eetta, Kattuvally and Pandanus Leaf Workers' Welfare Fund Ernakulam
14.	Kerala Small Plantation Workers' Welfare Fund Board, Kottayam
15.	Kerala Jewellery Workers' Welfare Fund Board, Thiruvananthapuram-01
16.	Kerala Unorganised Workers Social Security Board

Source: Government of Kerala, labour Commissionerate, <http://www.lc.kerala.gov.in/index.php/boards>

A look at the Welfare Fund Model of Social Security for informal sector workers of Kerala shows that the state has attempted to cover the approach to many segments of the workforce taking into consideration their special requirements unlike other states. Academic work on the welfare model of Kerala finds that while the Welfare Fund Model for the informal sector workers in Kerala has shown considerable innovation in its design and organization, its functioning in a governmental system has given rise to a number of problems. Despite such problems the Model offers a minimum of social security to the informal sector workers who are unprotected. Therefore the question of replicating this Model with suitable modifications to other States in India as well as to other countries, where there are no such elaborate social security arrangements for informal sector workers as prevalent in Kerala, could be worth pursuing.ⁱⁱ

The labour force in Kerala mainly consists of those who are engaged in the informal sector (loading and unloading, casual work, construction work, brick making, self-employment etc.), traditional industries (coir, cashew, handloom, beedi etc.) manufacturing sector (small, medium and large industries), IT industry, units in export promotion zones and those who are seasonally employed. The work participation rate (WPR) for men and women as per 2011 census was 52.70 and 18.20 respectively. The low WPR of Women is, a major concern and stood as a contradictory factor against our high literacy and social status of women. Migrant workers, seeking employment in Kerala from other States like West Bengal, Bihar, Orissa, Chhattisgarh, Jharkhand etc., apart from the workers already present in this State from Tamil Nadu, are increasing.ⁱⁱⁱ

Working of BOCW and BOCW Cess Acts 1996

We shall next see if the Kerala model of labour welfare has helped the state utilize the funds fully under BOCW Act, 1996 unlike most states. The Supreme Court in its judgment dated 4-10-2018 has mentioned that we have been informed that under the Cess Act, more than Rs 37,400 crore have been collected for the benefit of construction workers, but only about Rs 9500 crore have been utilized for their benefit.^{iv}

Another set of figures released by the Central Government mentions that the State Governments / UT Administrations have collected around Rs.45,473 crore and spent an amount of Rs.17,591 crore up to 30-09-2018. The State Building and Other Construction Workers Welfare Boards, constituted under BOCW Act, utilize the Cess Fund for the social security and welfare of BOC workers in terms of Section 22 of BOCW Act, 1996. The figures on the total amount of cess collected and spent need to be reconciled^v.

The trends in the utilization of funds under BOCW Cess Act 1996 shows that Kerala has utilized the funds almost fully. (see Table 3)

Table3: Collection of cess funds under BOCW Cess Act 1996 and its utilization in some major states

State (1)	Cess Collected (as on 31-3-17 in Rs Crore) (2)	Amount spent (as on 31-3-17 in Rs Crore) (3)	(3) as a per cent of (2)
Andhra Pradesh	1153.61	205.46	17.8
Gujarat	1564.64	35.00	2.2
Haryana	1847.05	172.07	9.3
Karnataka	3861.00	240.00	6.2
Madhya Pradesh	1575.62	552.00	35.0
Maharashtra	5074.16	255.00	5.0
Odisha	1180.00	361.00	30.6
Punjab	921.55	391.61	42.5
Rajasthan	1600.00	620.00	38.7
Tamil Nadu	1706.00	600.00	35.2
Uttar Pradesh	2943.80	598.90	20.3
West Bengal	1149.12	531.42	46.2
Delhi	1930.00	174.71	9.0
Kerala	1474.73	1455.88	98.7

Source: IN THE SUPREME COURT OF INDIA CIVIL ORIGINAL JURISDICTION WRIT PETITION (CIVIL) NO. 318 OF 2006 National Campaign Committee for Central Legislation on Construction Labour (NCC-CL) Versus Union of India & Ors. Judgment dated, March 19, 2018.

[<http://www.indiaenvironmentportal.org.in/files/construction%20workers%20Supreme%20Court%20Judgement%202018.pdf> Annexure 1]

The welfare funds boards set up in Kerala over long period of time and labour welfare as an important public policy focus of the state has helped it better utilize the funds and could be a lesson for other states to follow. The experience in Kerala during the recent migrant crisis is also an important pointer in this direction.

ⁱ training <https://www.simpliance.in/labour-welfare-fund>

ⁱⁱ KP Kannan (2002), The Welfare Fund Model of Social Security for Informal Sector Workers: The Kerala Experience, Indian Journal of Labour economics, Vol. 44,2, April-June

ⁱⁱⁱ <http://www.lc.kerala.gov.in/index.php/boards>

^{iv} IN THE SUPREME COURT OF INDIA CIVIL ORIGINAL JURISDICTION WRIT PETITION (CIVIL) NO. 318 OF 2006. National Campaign Committee for Central Legislation on Construction Labour (NCC-CL) Versus Union of India & Ors. Judgment dated, March 19, 2018 <http://www.indiaenvironmentportal.org.in/files/construction%20workers%20Supreme%20Court%20Judgement%202018.pdf>

^v Posted On: 02 JAN 2019 3:12PM by PIB Delhi <https://pib.gov.in/PressReleasePage.aspx?PRID=1558135>

Partha Pratim Mitra
Kolkata, 20 July 2020

9831172060
nagarikmancha@gmail.com