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**THE WELFARE FUND MODEL
OF SOCIAL SECURITY
FOR INFORMAL SECTOR WORKERS
The Kerala Experience**

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ABSTRACT

This paper examines the evolution of the institution of 'Welfare Funds' for informal sector workers in the State of Kerala in India. The Kerala experience, which is now thirty years old, 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. The paper finds that while the Welfare Fund Model of collective care arrangements for the informal sector workers in Kerala showed considerable innovation in its design and organisation, its functioning is embedded in the bureaucratic system giving rise to a number of problems. Even then 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 social security arrangements for informal sector workers, is worth pursuing.

JEL Classification : I 30, I 38, J 50

Key words : collective care, informal sector workers, Kerala, social security, welfare funds.

Introduction

Mutually beneficial collective care arrangements by workers to take care of risks and uncertainties are not unknown in labour history. But they were by and large arrangements not only for the workers but also by the workers, hence called mutual benefit societies or friendly societies. Such mutual benefit societies were quite prominent in the lives of the working class right from the early phase of industrialisation in the present day industrially advanced countries (see e.g., van der Linden 1996). The emergence of such mutual benefit societies was indeed a reflection of the collective response to the insecurity and vulnerability experienced by the working class at a time when neither the employers nor the state came forward to address those issues. Workers' mutualism was also a prominent feature of the early mobilisation of the labouring poor in Kerala. These were quite minimal but were expressions of a high degree of solidarity. Mutual help was extended during times of death, marriage, strikes and extreme economic hardships. Such initial acts of mutualism later on helped in the design and articulation of institutional forms of social security for the workers in the informal sector, both in rural and urban areas.

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.

To begin with, the establishment of collective care arrangements in the form of Welfare Funds was not high in the agenda either of the workers' unions or of the political parties to which they are affiliated. A nuance reading of the politics of labour suggests that welfare arrangements were quite low in their agenda. It was the limitations of radical political mobilisation of labour in the context of a pluralist and electoral democratic polity that forced the political unions to search for solutions for employment and livelihood vulnerability. In that sense, the constitution of Welfare Funds was not even a second-best solution but a third-best one. This calls for some clarification.

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. These were the early proletarianisation of a large segment of the traditional labour force, the social reform movements for attaining social dignity for the poor and those considered socially backward, nationalist politics accompanied by a radical political

movement which explicitly incorporated all sections of the labouring poor and organised them in trade unions. The context has been referred to as a “historical conjuncture” (for details, see Kannan 1988). This development was indeed a watershed in the evolution of labour markets, as it exists today, in Kerala. Within a short span of time it was instrumental in the erosion of traditional labour relations as embodied in patron-client relationships and the inter-linkage between land, labour and credit markets. Labour relations increasingly became formal, impersonal and contractual. Yet they retained the basic characteristic of stratification and segmentation embedded in the traditional social order. The former relates to the hierarchy of occupations depending on the nature of the job, earnings and security and the latter would refer to the boundaries existing within a given stratum of the labour market. The main sources of these features seem to lie in the institution of caste (reflecting social stratification) and gender considerations manifested in the vulnerable position of women workers. In a situation of high unemployment, the strategies of labour unions, dictated by short-term considerations, seem to have strengthened the segmentation characteristics by falling back on caste and/or gender considerations. This is related to their strategy of maximising earnings of the ‘insiders’ by controlling entry into the labour market. However the objective situation in Kerala was such that there was only a small segment of the economy which could approximate to capitalist enterprises and therefore to a classical type of capital-labour relations. Given the strong anti-capitalist ideology and the strategy of peasant-worker alliance, all situations characterised by relations of labour exploitation were considered appropriate for unionisation. This logic was further reinforced in the context of competitive populism when, in the sixties and seventies, political parties in Kerala had to fiercely contest for gaining political power through elections. What the Congress Socialists and later Communists once initiated became the

‘model’ for all political parties, most of them offshoots of either the Congress Party or the Communist Party. Thus an overwhelming proportion of workers in the informal/unorganised sector was organised in unions.

However, trade unions found it difficult to approximate the situation in the unorganised sector to that of the modern industrial sector. Yet the historical experience of organisation of workers was that of the industrial model. While the political ideology was to fight capitalism (in non-agricultural employment) and was stressing the ideology of socialism, the operational part of trade union functioning was to improve the conditions of work, earnings and the economic security of workers. A close reading of trade union functioning in Kerala suggests that the model before them was that of modern industrial employment characterised by higher wage rates, stable employment, better working conditions, non-wage benefits and long term economic security. In brief, the objective was to improve the ‘labour status’ and income. In our interpretation this would imply a movement away from vulnerability towards stability in employment and income. The ultimate objective may be construed as a position equivalent to that in, what is referred to in the standard literature, the primary labour market. In pursuing this model, almost relentlessly, the unions have succeeded to a remarkable extent in breaking down the conventional differences between the organised and unorganised or formal and informal sectors, and in its place given rise to another labour market phenomenon of ‘insiders’ vs. ‘outsiders’. Here the notion of insider denotes primarily union membership with or without stable employment. In the process a number of labour institutions, borrowed from the ‘industrial relations model’ were transplanted into the realm of informal sector workers. These were Minimum Wage Committees and Industrial Relations Committees. What was not in the ‘industrial relations model’ but introduced for the

informal sector workers were the labour co-operatives and collective care arrangements in the form of Welfare Funds. However, the relative failure of the labour co-operatives in terms of economic viability (with a few honourable exceptions) to take care of employment and social security requirements of the workers gave rise to the setting up of Welfare Funds.

In situations of stable employment, the above strategy of improving conditions of work and wages would generate real increases in earnings and other benefits. But that was not the case with most sectors, including “factory” type employment in such industries as coir weaving and cashew processing. Unions were faced with the most difficult of situations with regard to retaining, let alone expanding, employment for existing workers. This ‘forced’ the unions to resort to two options considered feasible in the prevailing circumstances. One was the demand, directed at the state, for setting up labour cooperatives, and the other was to adopt a closed shop strategy with regard to labour market entry.

The major labour cooperatives in Kerala are those of toddy tappers (now defunct), beedi workers, handloom weavers, coir processing workers and cane and bamboo workers, and a few groups of casual labourers in loading and unloading work. These were set up in response to the demand by the unions, and they did not have (nor did they seek to develop it subsequently) managerial and even organisational capabilities (beyond recruiting members) so crucially needed to sustain cooperatives within the prevailing competitive market framework. This was because the cooperatives were thought of as a defensive strategy in times of crisis, mainly responding to threats to the employment of existing workers.

The closed shop strategy of unions was to protect the employment of its members. However, it created a situation of exclusion of those workers who were unable to get into the unions and thus to the labour market. This was because unions control entry into many labour markets in Kerala. Examples are that of headload work, cashew factory work, toddy tapping, public works, and coconut climbing. As a result union membership has become the primary criterion for occupational identity for purposes of eligibility in social security arrangements such as receiving a state pension and/or membership in a Welfare Fund.

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 mobilisation 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 industrialisation and the concomittant expansion of the organised 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 radicalised 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 take over of production and distribution of the toddy through a workers' cooperative did not go much forward. It was in this background the Toddy Tappers Welfare Fund was set up with the active intervention of the government, 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 contestation in unionising the hitherto non-unionised 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 hand loom 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 list of Welfare Funds so far set up is given in Table 1. Such a list is impressive not only in its numbers but also in the coverage of diverse groups of workers in the informal sector, a phenomenon we think is likely to be a rare one in the contemporary developing countries.

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 organisational support (sometimes financial contributions) of the government. Thus these Welfare Funds offer some form of social security at the end of the working life, social insurance in the event of sickness, accident and/or death and a measure of welfare arrangements in the form of assistance for housing, education of children and marriage of daughters. In certain cases where the Welfare Funds are not in a position to provide old age pension, the state came out directly to provide such pensions from the budget (see Kannan 2001).

Table 1: Welfare Funds, Beneficiaries and Source of Financing

<i>Name of the fund Year of starting</i>	<i>Beneficiary groups and qualifying conditions</i>	<i>Sources of finance</i>
(1) (KTWWF 1969) Kerala Toddy Workers Welfare Fund (S)	Toddy workers are defined as any person who is directly or indirectly in the production (tapping), collection and distribution of toddy for his livelihood. All toddy shops/premises are covered under the Act (Fund).	Government : Nil Employer : 13 % of workers wage Employee : 8 % of workers wage
(2) (KLWF, 1977) Kerala Labour Welfare Fund (S)	Workers in factories, plantations employing 10 employees and above, shops and commercial establishments employing two and above and co-operative institutions employing 20 workers and above are covered by the Fund.	Government : Vary year to year. So far Rs. 40 lakhs have been allotted. Employer : Rs. 8 per half year per worker Employee : Rs. 4 per half year per worker
(3) (KHEDLWWF, 1983) Kerala Head load Workers Welfare Fund (S)	A 'Head load Worker' is defined as an individual who works for an establishment either directly or through a contractor for wages, in loading, unloading, carrying on head or in a trolley, any article from any place. But this does not include a person engaged by an individual for domestic purposes.	Government : Nil Employer: 25 % of the workers' wage (including gratuity 5%) Employee: * 10 % of wage ** For general fund.

<i>Name of the fund</i> <i>Year of starting</i>	<i>Beneficiary groups and qualifying conditions</i>	<i>Sources of finance</i>
(4) (KMOTWWF, 1985) Kerala Motor Transport Workers Welfare Fund (S)	A 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. An employee becomes eligible for membership on completion of three months of service.	Government: Nil Employer: 13 % of the workers' wage Employee: 8 % of the workers' wage
(5) (KADCLWF, 1985) Kerala Advocate Clerk Welfare Fund (NS)	A person who functions as an Advocate Clerk, registered under the Kerala Advocate Clerk Welfare Act who is within the age limit of 20 and 70 are eligible for membership in this scheme.	Government: Rs. 90 per year per member Employer: Nil Employee: Rs. 60 per annum per member
(6) (KARSWWF, 1986) Kerala Artisans and Skilled Workers Welfare Fund (NS)	Workers in the informal sector such as Tree Climbers, Gold Smiths, Carpenters, Shoe Makers, Beedi Makers, Potters, Chakku Oil Extractors, Cycle Rickshaw Workers, Gunny Bag Collectors, Cycle Repairers, Watch Repairers, Milk and News Paper Distributors, Ice Makers, Milk Extractors, Photographers, Tailors, Barbers, Dhobies and also all other workers who are not covered by any of the welfare schemes in the state, within the age limit of 20 and 58 are eligible for membership in this scheme	Government: Rs. 2 per every Rs. 10 contributed by the worker Employer: Nil Employee: Rs 10 per month per worker

<i>Name of the fund Year of starting</i>	<i>Beneficiary groups and qualifying conditions</i>	<i>Sources of finance</i>
(7) (KCSHWWF, 1988) Kerala Cashew Workers Relief and Welfare Fund(S)	A cashew worker is any person who is engaged in any form of employment in the processing of cashew. The scheme applies to cashew workers and their dependants (husband/wife, unmarried daughters and minor sons and parents, minor brothers and unmarried sisters, fully dependant on the beneficiaries). He/she is eligible for welfare benefits of the Fund, provided he/she is resident of the state., with a minimum of five years in the industry, annual income not exceeding Rs. 3600 and is not covered by ESI/Maternity Benefit Scheme	Government: Twice the amount contributed by the employer Employer: Rs. 1 per worker per working day Employee: 50 ps per worker per working day
(8) (KKHWWF, 1989) Kerala Khadi Workers Welfare Fund (S)	The workers who are employed for wages under employers, contractors, in co-operative or self-employed for subsistence in Khadi industries are eligible to be a member of the Scheme.	Government: 10 % of workers' wage Employer: 10 % of workers' wage Employee: 10 % of workers' wage

<i>Name of the fund Year of starting</i>	<i>Beneficiary groups and qualifying conditions</i>	<i>Sources of finance</i>
(9) (KCORWWF, 1989) Kerala Coir Workers Welfare Fund (S)	Coir worker is any person who is employed for wages to do any work in connection with the various processes in the coir industry and who gets his wages directly or indirectly from the employer, dealer or producer of coir products. This will include contractors or agents and anyone who depends mainly on the coir industry for his livelihood and any person employed in coir industry (self employed). The Scheme also covers their dependants.	Government: Grant which is twice the amount contributed by the workers Employer: * 1% of the turnover. * Co-operative society Rs. 1 per month per worker and others Rs. 2 per month per worker Employee: Rs. 1 per month per worker
(10) (KFMWF, 1989) Kerala Fishermen Welfare Fund (S)	It covers all fishermen who are employed for wages in a fishing vessel or self employed fishermen who are registered as members of Fishermen's Welfare Society.	Government: Contribution for pension and group insurance premium Employer: * Dealer 1% of the turn over. * Vessel owner Rs. 1 to Rs. 7 per month for nine month. * Net owner Rs. 1 per month, * Farm owners 2 % of value of fish caught Employee: * 3% of value of fish caught or 3 % of wage. * And Rs. 30 per worker per year

<i>Name of the fund Year of starting</i>	<i>Beneficiary groups and qualifying conditions</i>	<i>Sources of finance</i>
(11) (KHNDLWWF, 1989) Kerala Handloom Workers Welfare Fund (S)	Any person who is engaged in any activity related to Handloom Industry and who gets his/her wages directly or indirectly from the employer or contractor and all others who depend mainly on the Handloom industry for his/her livelihood are included (self employed). The scheme also covers their dependents.	Government: Twice the workers' and self-employers' contribution Employer: * 1% of annual turn over and an amount equal to workers contribution Employee: * Rs. 1 per month * Rs. 2 per month by self-employers
(12) (KABWWF, 1990) Kerala Abkari Workers Welfare Fund (S)	Abkari workers are Arrack - Foreign Liquor workers who are not covered by the Toddy Workers Welfare Fund.	Government: Rs. One lakh for pension purpose (1994-95) Employer: 15% of workers' wage (including 5% gratuity) Employee: 10% of the workers' wage
(13) (KCONWWF, 1990) Kerala Construction Workers Welfare Fund (S)	The scheme extends to two homogeneous categories of workers, namely (a) the Construction Workers (workers employed in any construction such as masons, carpenters, bricklayers, excluding supervisory functionaries like Engineers etc) and (b) Quarry Workers (workers engaged in quarrying including stone-crushing, but not including supervisors)	Government: 10 % of initial member's contribution per annum Employer: * 1% of the construction cost * Yearly contribution made by the contractors (Rs. 100 to Rs.1000) Employee: Monthly contribution per member-slabs Rs. 10, Rs. 15 and Rs. 25

<i>Name of the fund Year of starting</i>	<i>Beneficiary groups and qualifying conditions</i>	<i>Sources of finance</i>
(14) (KAGWWF, 1990) Kerala Agricultural Workers Welfare Fund (S)	All Agricultural Workers who are engaged in the agriculture operation within the age limit of 18-60 years and are covered by the Kerala Agricultural Workers Act 1974 are eligible to obtain welfare benefits of the fund.	Government: Nil Employer: Land Owners' contributions are 0.5-1 hector: Rs. 10 per year and others (>1h.) Rs.15 Employee: Rs. 2 per month per worker
(15) (KLOTAWF, 1991) Kerala State Lottery Agents Welfare Fund (NS)	Lottery Agent: A person who is a regular agent and holds a valid identity folder as mentioned in Kerala State Lottery Rules 1977	Government: 20% of the members' contribution Employer: Nil Employee: Category A/B Rs. 15 / 10 per month
(16) (KDSVWF, 1991) Kerala Document Writers, Scribes and Stamp Vendors Welfare Fund (NS)	A person who functions as a Document Writer or as a Scribe or Stamp Vendor and is licensed under the Kerala Document Writer's (Licence Rules) or the Kerala Manufacture and Sale Stamp Rule 1960). Membership is open to any person holding a valid licence and aged below 60 years.	Government: 10% of the members' contribution Employer: Nil Employee: Category A/B Rs. 15 / 10 per month

<i>Name of the fund Year of starting</i>	<i>Beneficiary groups and qualifying conditions</i>	<i>Sources of finance</i>
(17) (KAURWWF, 1991) Kerala Auto Rickshaw Workers Welfare Fund (S)	An autorikshaw worker means a person employed directly or indirectly or by himself through ownership (self employed) of the vehicle (auto rickshaw) in a professional capacity (either a goods carrier or passenger carrier). The scheme is voluntary and the workers within the age group of 28 to 58 are eligible to join the Scheme.	Government: 10 % of the workers' contribution Employer: Rs. 10 per month per worker Employee: Rs. 20 per month per worker
(18) (KAWHWF, 1991) Kerala Anganwadi Workers & Helpers Welfare Fund (NS)	Persons who are working in Anganwadi (Day Care centre like health workers, teachers and helpers are expected to be covered by this Fund.	Government: (Employer) 10% of the members' contribution Employee: Worker Rs 20 per month and Helper Rs. 10 per month
(19) (KTAWWF, 1994) Kerala Tailors Welfare Fund (S)	Tailors are defined as any person who is directly or indirectly employed by employers, contractors, agents or by himself through ownership of tailoring shops.	Government: 10 % of the workers' contribution Employer: Rs. 5 per month per worker Employee : Rs. 10 per worker and Rs. 15 per self-employee per month

Note: S refers to Statutory bodies and NS to Non Statutory bodies

Although there is a similarity in the nature of benefits offered, there are some variations as to the emphasis and the magnitude of such assistance. These are not without importance or consequence and we will discuss them later in this paper.

The Model

As we mentioned earlier, 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 on 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.

Once the legislature comes out with an enactment, the executive wing of the government (in this case the Department of Labour) would set up a tripartite body consisting of the representatives of the workers, employers and the government. Workers' representation is usually in the form of nomination of the leaders of the main unions active in a particular occupational group. Given the political consensus and the alternation of one or the other political coalition in government, representation is usually ensured to the main unions irrespective of their political affiliation. This is a remarkable feature of institutionalisation of labour politics in Kerala where no particular party can have a dominating presence either in government or in trade unions. Over time this system of nomination has taken the character of open political patronage to trade union leaders by their political bosses. Most of them are 'professional union leaders' who may or may not have a background of work in the concerned occupation. If such nominations

have taken the character of 'rent seeking behaviour' it is not an isolated one. It should be seen as part of the larger system of 'political rent seeking' that has contributed much to the decline in 'self-less' service characteristic of politics of an earlier era compared to the 'self-centred' and 'sectional-interest oriented' politics in recent times.

Employers' representation is also through nominations either of the employers' organisations or prominent employers in a given occupation. Since employers as a group have accepted the institution of collective bargaining and care arrangements through Welfare Funds, their participation is more out of necessity than out of a conscious policy. They also ensure that such participation is used to articulate their views and grievances.

Nomination of government representatives is often done bureaucratically with little concern for assessing the nominees' expertise and interest. The concerned officials of the Labour Department and Finance Department are the usual nominees. Others may belong to departments that look after the industry or occupation. The Chief Executive is usually a senior government official on deputation from a department.

The administrative support system is the organisational form of the Welfare Fund. Employees from government departments staff the system.

During the legislative process, one of the most debated aspects of the Welfare Funds is the definition of 'worker' who will be covered by the arrangement. This is not only due to the multiple nature of the jobs often performed by workers but also by the overlapping nature of some Welfare Funds. Through systematic union intervention, the labour

market for the informal sector in Kerala gives very little scope for a worker to practice multiple jobs once he/she becomes a union member. In fact this is one of the strategies of the unions to create a closed shop model and a strict occupational identity. However, often workers in one occupation may find eligible for more than one Welfare Fund. For example, masons and carpenters come under the definition of construction workers but they are allowed to register under the Artisans and Skilled Workers Welfare Fund. Such anomalies are gradually getting eliminated as unions keep a watchful eye on the definition of the worker and the eligibility for registration in a particular Welfare Fund. Since the definitional aspect of who is considered a worker in these informal sector activities is quite important, especially for other states in India or countries outside, we have given in Table 1 the official definitions used for various Welfare Fund legislations in Kerala.

Contributions

An important aspect of the Welfare Fund formation is in fixing the contributions of the workers, employers and in some cases of the government itself. Table 1 also gives details of the contribution of the stakeholders. However, we could not discern any underlying principle for the determination of their financial contributions. During informal discussions, we came across the argument of differential capacity to pay but we doubt whether this principle will stand the test of a careful scrutiny. In the section on Critical Assessment we shall deal with the economic and political factors in the determination of the contributions. Suffice it here to say that contributions vary widely as between occupations and groups of workers. This is not only for the workers but also for the employers and that of the government. Out of the 19 Welfare Funds set up so far, the government contributes directly to 15 of them. Here again there is no well-stated principle underlying such a consideration. In

some cases where there is no contribution, it should however be mentioned that government pays a state pension (old age) for such workers as in the case of agricultural labourers. The contribution of the employers has run into certain legal difficulties. While in some cases, the contributions are regularly collected, in some others the employers are unwilling to pay the contribution and have questioned it in the court of law. Economic factors are a key to understanding the differential behaviour. Wherever the product market allows the employer to shift the burden to the consumer, there have been less resistance in paying their contributions. On the other hand, in product markets where the employers are price takers such as in the marine export market, rice market, etc. the unwillingness has been open and the policy challenged legally.

Administration

Since administration of the Funds is with the government, they are like the departments of the government in terms of their style of functioning. The considerable innovative skills evident in the designing and coverage of the Funds are however not deployed in the administrative set up. Therefore the administrative form hardly gives any flexibility or room for innovation according to the requirements of each Fund. Members to the Boards of Directors are nominated by the government and the representation is more or less equal from all three sides i.e., unions, employers and government. Although the Boards of Directors are the ultimate body for deciding the policies and functioning of the Funds, the concerned government department wields considerable power of veto through a system of 'sanctions'. For example, the annual reports and accounts have to be sent to the government for sanction (approval). Further, prior permission is required for revision of rates of contributions and benefits to the workers. Given that the Chief Executive Officer is a

government employee, the day-to-day effective control also rests with the government.

The establishment expenses are borne out of the income of the respective Funds. Here again the Boards of Directors do not seem to have any effective control. The fees and allowances payable to board members, salaries and other benefits to the administrative staff, routine administrative expenses including equipment, travel etc., contribution to provident funds of the staff are all borne by the income of the Fund. Thus, ironically a part of the contributions of the informal sector workers go to take care of the cost of maintaining the secure jobs of the government employees. We were given to understand that not more than ten percent of the total income of a given Fund is supposed to be spent as establishment charges (i.e. administrative cost). However, only 7 out of 16 Funds considered (as in 1992-93) are found to have conformed to this ceiling (see Table 3). However, it must be noted that the absolute amounts are on the higher side when compared to the amount disbursed as benefits to the members. This fact alone point to the strange fact that the savings of the informal sector workers is used to maintain the employment and income of the formal sector workers in government service. This is an important aspect of the working of the Welfare Funds that calls for closer scrutiny and periodic monitoring by the government to ensure that administrative expenses are kept to the minimum.

Coverage

An important yardstick of the effectiveness of the Welfare Funds would be their coverage. It must however be pointed out that the estimation of coverage poses some important methodological problems as there are no reliable estimates of the number of workers in each occupational group. The estimates given in the census reports can be a reliable source but this applies to only a few categories of workers such

as agricultural labourers, fish workers, construction workers who are in the informal sector and have been given separate occupational classification. For a number of occupations, workers are clubbed in such broad category as workers in food processing (that would include cashew workers and toddy tappers). However, the concerned government departments seem to have come out with some estimates of total workers and these could be used to work out the coverage ratio on the basis of the members enrolled in each Fund. Table 2 shows the estimated total workers and the workers enrolled in each Welfare Fund. Out of the 19 Funds for which data are available (18 Funds implemented by the Government of Kerala and the one for Beedi and Cigar workers by the Government of India), three Funds show coverage of above ninety percent, one having cent per cent coverage. Another five shows between fifty and ninety percent. If we include the Welfare Funds for Khadi workers and agricultural labourers who are close to 50 percent coverage, the average coverage of these 11 Funds works out to 58 per cent. For the remaining eight, the coverage ranges from 6 to 32 per cent. We believe that the lower coverage in some may be due to the very high estimates of the number of total workers. For example, the estimated number of total workers for 'artisans and skilled workers' group is 40 lakhs that would work out to nearly one-third of the total workers in Kerala! The fact that some of the artisanal and skilled workers belong to other Welfare Funds might also have contributed to the reported low coverage. For example, handloom weavers would be legitimately been treated as 'artisans' and yet they would not belong to this Fund, as there is a separate Fund for them (KHNDLWF). Similarly workers engaged in traditional fishing are also treated as artisans but they have also a separate Fund. The same is the case with such workers as carpenters and masons (who would belong to the Fund for construction workers). The Kerala Labour Welfare Fund (KLWF) also comprises workers from a number of occupations and

Table 2. The Coverage Ratio (realised) by various Welfare Funds

Sl. No.	Name	Estimated Workers as on March 1994	Workers covered as on March 1994	Coverage Ratio (%)
1	KAWHWF	20,000	20,000	100
2	KTWWF	45,000	44,991	99.9
3	KCSHWRWF	1,31,000	1,23,699	94.4
4	KABWWF	15,000	13,800	92.0
5	KFMWF	2,40,000	1,97,129	82.1
6	KDSWF	4,000	3,255	81.4
7	KLWF	6,00,000	4,22,000	70.3
8	KCONWWF	5,00,000	2,85,000	57.0
9	KADCLWF	5,000	2,569	51.4
10	KAGWWF	20,00,000	9,61,000	48.1
11	KKHWWF	26,840	12,293	45.8
12	KLOTAWF	10,000	3,242	32.4
13	KMOTWWF	1,26,474	31,329	24.8
14	KCORWWF	3,84,000	72,908	19.0
15	KHNDLWF	2,50,000	26,000	10.4
16	Beedi & Cigar Workers WF	2,50,000	25,520	10.2
17	KAUTRWWF	77,875	5,052	6.5
18	KHEDLWWF	2,00,000	11,077	5.5
19	Total	48,85,000	22,60,864	46.3
20	KARSWWF	40,00,000*	3,25,000	8.1

Note: * This seems to be a highly inflated figure as it works out to one-third of the total workforce in Kerala. Many artisan groups have separate Welfare Funds and hence this estimate calls for closer scrutiny. We have therefore kept this Fund out of our calculation of the coverage ratio.

Source: Various Departments of the Government of Kerala and the administrative reports of Welfare Funds.

establishments such as those working in shops and other commercial establishments, small factories, plantations, motor repair workshops and co-operative societies. The definition of worker for this Welfare Fund is not only defined so broadly but also intended as a residual category for workers who do not belong to any of the other Funds. Recent developments have shown that this Fund is losing its importance since one of the main group of workers – tailors – have been successful in getting a new Welfare Fund established for them in 1994. Similar overestimation is also likely in the case of head load workers. For these reasons, the reported coverage ratio is likely to be an underestimate.

Even while keeping the above limitation in mind, it needs to be pointed out that the enrolment of workers in a given Fund is a function of the attractiveness of the expected benefits. In that respect, some of the Funds do not seem to attract the workers. These are particularly so in the case of autorickshaw workers and handloom workers. In the case of head-load workers, the estimate refers to their total number in the state as a whole whereas the Welfare Fund coverage is limited to urban markets only.

Benefits From the Funds

As stated earlier, the Funds are meant to provide a measure of social security and insurance for workers who are vulnerable to risks and uncertainties and do not have any other institutional protection arising from their employment status. To this basic objective, almost all Funds have also provided a measure of welfare assistance to workers in which housing and education appear as the most prominent ones. In Appendix 1 we have compiled the social security, insurance and welfare benefits of individual Funds. Social security benefits are mainly in the form of a provident fund that will be given to the worker on superannuation, a monthly pension (only 8 Funds), and payment of a

gratuity (also in selected cases only). Social insurance is in the form of an ex-gratia payment in the event of disability or death and a modest payment in the event of treatment for ill health. Welfare assistance consists of financial assistance for housing, education of children, and marriage of daughters. Given the importance of education in Kerala and the premium attached to it even by the poorer households, it should not come as a surprise that educational assistance figures in the welfare benefits of a number of Funds. A notable provisioning by the Funds which is neither an 'insurance' nor a 'welfare' is the financial assistance for meeting the funeral expenses of the worker. This may sound amusing in a context where birth and death are usually a kinship/community responsibility. However, from the point of labour history, this is hardly amusing. For, in the European context one of the most prominent assistance of mutual benefit societies was that of meeting funeral expenses. As van der Linden (1996) points out, although the worker often worked without dignity, the need for conducting his funeral in dignity was underlined by this form of assistance. Here the contemporary Kerala mutualism among workers resembles so closely to that of the western historical experience that reminds one of certain core concerns of labour regarding human dignity. The benefits of the various Funds are briefly discussed below.

(i) *Provident Fund*: Only three Funds – toddy tappers, motor workers and abkari (workers in liquor shops) workers – provide for a provident fund. In the case of toddy tappers both workers and employers contribute to the provident fund whereas in the case of motor workers the contribution of workers are repaid with interest. For abkari workers the net credit on retirement is used for financing a monthly pension. The workers in these three categories are all male and as such hardly any female workers in the informal sector enjoy this benefit.

(ii) *Gratuity*: In the formal sector the provision of gratuity is in the form of a lump sum payment, calculated as a share of the earnings of the workers by taking into account the number of years, in the form of a final payment as a gratuitous reward. This form of social security for old age has been incorporated in eight out of the 19 Funds set up so far. Toddy tappers, head load workers, workers in liquor shops (called abkari workers), autorickshaw drivers, document (legal) writers, advocate clerks and agricultural workers are provided with this benefit. Here again one should note that, with the exception of agricultural workers that include women, all others include only male workers. The inclusion of agricultural labourers should be seen in the light of the inability of the government to implement the Agricultural Workers Act and hence as a relief to this section of workers. Moreover, the Fund for agricultural labourers hardly provide for any other benefit. Taken together, the provision for a provident fund and a gratuity payment covers only 10 out of the 18 Funds. Toddy tappers alone enjoy both the benefits.

(iii) *Monthly Pension*: This is incorporated in eight Funds. However, it should be kept in mind that agricultural labourers, who constitute the single largest group in the work force, receive an old age pension directly from the state.

(iv) *Disability and Accident Cover*: The concern for disability/death arising out of accidents has been so strong that all the Funds have provided for some cover. However, the relatively politically influential sections of workers have provided for a monthly pension in the event of permanent disability. In all others it is a lump sum ex-gratia payment from the Fund except in the case of fishworkers who, in addition to an ex-gratia, also have a group insurance cover. There is no uniformity in the payment of ex-gratia. What seem to weigh is the political profile of the workers and the status of the work performed.

The lowest ex-gratia is in the case of the agricultural labourers who, of course, contribute their labour to the basic productive sector of the economy but usually find themselves at the lower end of social security arrangements.

(v) *Health cover*: There is no formal insurance cover provided to the workers. It is usually in the form of reimbursement of a part of the expenses incurred for medical treatment. Only 10 Funds (out of 17) provide for some financial assistance in the event of treatment for illness and/or accident. Those who enjoy this benefit are toddy tappers, head-load workers, workers in small scale factories and shops, motor workers, artisans and skilled workers, khadi workers, coir workers, fish workers, handloom workers and construction workers. Here again the excluded category includes agricultural labourers. Coir workers seem to have an edge over others in the sense that the health cover is extended to all members of the family whereas it is applicable to only the worker in other cases.

(vi) *Unemployment relief*: Given the vulnerability of informal sector workers in terms of the absence of reliable and regular employment, one would have thought that assistance during periods of unemployment would have been a priority for the Welfare Funds. But this is not the case. Only four groups of workers have this benefit. In the case of fish workers, it is provided in the form of thrift collected during the peak season and distributed during the lean season of fishing. The low priority attached to unemployment assistance reflects the low political priority attached to this problem in Kerala. The politics of labour has assigned a very high priority to the rights, entitlements and security of the workers whereas those who are unemployed have not received much political attention. This bias seems to have been carried through even while designing collective welfare schemes.

(vii) *Educational assistance*: A majority of Funds have provided for this assistance, 13 out of 17. These are usually for the education of the children. A number of Funds have instituted incentives for children who do well in their education.

(viii) *Housing assistance*: The relatively powerful groups of workers such as toddy tappers, head-load workers, workers in liquor shops and construction workers have this benefit. To this should be added the handloom weavers who are not economically powerful as the above but seem to enjoy political backing. For the majority of workers there is no provision for housing assistance. However, there are several housing schemes for the poor in Kerala that this aspect of social security has been quite seriously addressed as part of the state government's poverty alleviation programmes (see Kannan 2001).

(ix) *Marriage assistance*: The parents of the daughters usually incur marriage expenses. Since this has become an important social custom with obligations to spend for the wedding function, this is an important responsibility of the households involving lump sum expenditure. Here again the coverage is only partial with nine out of 17 having this benefit.

(x) *Funeral expenses*: As we mentioned before funeral assistance has figured in most of the Welfare Funds. However five of them do not have any provision for it.

A Critical Assessment

Before we comment critically on the functioning of the Welfare Funds it must be stated at the outset that this model of providing a modicum of social security for the workers in the informal sector has been a remarkable one. Kerala now has an accumulated experience of implementing this model for more than three decades. In this respect,

Kerala has been a pioneer in the Indian context in incorporating social security for the poor in public policy. The Welfare Fund model should be seen in this larger context as complementary to the basic social security provided by the state. The coverage of occupations in the informal sector has been quite wide although coverage in terms of workers has a significant gap, if not a wide one. Given the nature of employment in informal sector and its geographical spread, the coverage of workers should be reckoned as impressive, if not complete. The Welfare Funds now cover workers in the informal sector both in agriculture and non-agricultural occupations, cutting across rural-urban and gender differences. These Funds have sought to address the concerns of social security, insurance and welfare albeit in the minimalist sense. Along with the universalistic and basic social security programmes (such as food security, access to school education and primary health care), the State-assisted social security programmes in Kerala have imparted a sense of dignity and self-esteem to the workers in the informal sector. The contribution of the labour movement and the pro-poor state policies laid the foundations for the evolution of such a broad-spectrum social security arrangement.

Having recognised the importance and achievements of Kerala, we must also point out to certain fundamental weaknesses. The structural characteristics of a low income agrarian economy still operates in Kerala as a constraint in enhancing the scope and benefits of the social security arrangements in general and the Welfare Funds in particular. Although the growth performance of the Kerala economy in the nineties has recovered to around 6.5 percent per annum, the low level of per capita income, as with the rest of the Indian economy, continues to be a fact of life. This constraint can be overcome only through a higher rate of investment and the structural transformation of the economy. In particular, the low labour productivity in agriculture and industry has to be tackled.

The prospect for enhancing investment is there – thanks to the continuing flow of remittances by Keralites working in the Gulf countries – but the infrastructure bottlenecks as well as an earlier negative image continue as major constraints (see Kannan 2002). The latter one is being overcome with some success but the problems of inefficiency in the management of the infrastructure sector is proving to be a formidable one.

However, these larger constraints cannot be used as an excuse for some of the weaknesses in the functioning of the Welfare Funds. There are several issues of policy and performance that can be improved upon with a view to enhancing the benefits to the workers in the informal sector. A select list of such issues, which we think are important, is discussed here.

Differential Benefits and Ability to Pay: A perusal of the criteria for contributions as well as benefits shows wide variations as between the different Funds. While absolute amounts in contributions may vary, there is no reason why rates of contributions should vary from one to the other. Similarly the benefits also show wide variations. The justification given for the latter is that the ability to pay differs from one occupation to another. This may well be so but there is need for some uniformity in the type of benefits. For example, the social security components could comprise provident fund, gratuity and a monthly pension (wherever the workers are not covered by a state pension). The social insurance component should take care of compensation for ill health, accident and death. These two types of benefits could have been incorporated in all Welfare Funds as common benefits. Welfare benefits could be according to the ability to pay. There is therefore need for a rethinking on this aspect of the designing of Welfare Fund benefits. In those Welfare Funds where the ability to pay is the least there is a need for financial assistance from the state. This aspect has been tacitly recognised by the

Kerala government because the State makes contributions to those Funds where the total contribution from the employers and workers has been insufficient to meet the stipulated benefits. Examples in this respect are the Fishermen's Welfare Fund, the Coir Workers Welfare Fund and the Handloom Workers Welfare Fund. There is however a need for evaluating the need for government contributions and the actual collection of contributions (efficiency criterion) as against the ability to pay of workers (equity criterion).

Collecting Contributions from Employers: Employers in Kerala have been contributing to the different Welfare Boards not out of philanthropy or concern for his fellow countrymen who are his workers, but because this has become a statutory requirement in most cases. The general hostility towards working class is evident in the agricultural sector where the legislation for a Welfare Board has been challenged at each stage in civil courts since 1974. In the fisheries sector, exporters resorted to a two-week strike in the year 2000 against a one-percent levy on their turnover towards the Welfare fund. There are some Welfare Funds (5 out of 17) in 1992-93 (as given in Table 3) that are struggling to find economic viability due to lack of co-operation from the employers.

Coverage of Workers: The fact that on the whole about one-half of the workers in the informal sector of the state have been brought under one or another welfare fund till 1995 shows that significant number of workers are now enrolled in the Welfare Funds. This percentage however refers to the 18 Welfare Funds and the estimated total number of workers in those occupations. We have left out the Kerala Labour Welfare Fund because of the overestimation of the workers. The total number of workers enrolled in the Welfare Funds comes to around 26 lakhs in Kerala. This is quite impressive. The other side of the picture,

Table 3. Mobilisation and Use of Funds under various Welfare Funds (1992-93) (Rs. Lakhs)

SL No.	Name	Pension Gratuity Retirement benefit	Other social insurance program	Saving or Dis-saving (+ or -)	Employer-Worker contribution	Government contribution	Total contribution	Investment as on 31st March 1995
1	KTWWF	598.2 (60)	163.1(16.4)	+12.6 (+12.7)	996.12	-	996.16 (100)	15656.84
2	KLWF	-	12.13 (49.8)	-5.98 (-23.1)	24.34	-	24.34 (100)	105.46
3	KHEDLWWF	16.21 (0.9)	160.72 (8.4)	+1607.4 (+84.4)	1906.47	-	1906.5 (100)	1448.26
4	KMOTWWF	23.5 (11.6)	0.29 (0.1)	+142.83 (+70.4)	203.02	-	203.02 (100)	1560.67
5	KADCLWF	0.46 (12.8)	0.28 (7.8)	+2.21 (+61.7)	1.43	2.15	3.58 (100)	NA
6	KARSWWF	3.54 (0.8)	28.96 (6.6)	+397.17 (+90.2)	366.96	73.40	440.36 (100)	1135
7	KCSHWWF	41.1 (18.6)	31.18 (14.1)	+128.23 (+58)	161.00	60.00	221.00 (100)	559.2
8	KKHWWF	0.06 (0.02)	-	+190.94 (+94)	124.14	79.00	203.14 (100)	175.3
9	KCORWWRF	70.7 (96.4)	8.59 (11.7)	-17.61 (-24)	58.4	15.00	73.4 (100)	554.74
10	KFMWF	278.9 (70.6)	36.79 (10.7)	+28.9 (+7)	97.43	297.32	394.75 (100)	134.5
11	KHNDLWWF	15.0 (70.3)	0.41 (1.9)	-8.46 (-39.6)	12.35	9.00	21.35 (100)	20
12	KABWWF	-	4.19 (0.15)	+786.2 (+95.2)	825.52	-	825.52 (100)	3852
13	KCONWWF	70 (0.3)	79.9 (16.4)	+335 (+69)	487.38	-	448.38	2135
14	KAGWWF	-	3.29 (1.8)	+144.75 (+78.6)	184.04	-	184.04 (100)	321.21
15	KLOTWWF	0.25	1.70	NA	9.91	NA	NA	NA
16	KDSVWF	-	0.6 (4.8)	-3.64 (-29.4)	9.9	2.5	12.4 (100)	NA
17	KAUTRWFF	-	0.40 (2.6)	-0.51 (-3.3)	14.21	1.42	15.63 (100)	65
	Total	1051 (17.4)	533.26 (8.8)	3854.56 (64)	5483	540	6023 (100)	27733.18

Note : Figures in the bracket show the amount as the percentage of total contribution

NA: Not Applicable

however, is that a majority of the workers in the informal sector of the economy as a whole are out of the Welfare Funds. As per the 1991 Census Kerala's Worker Participation Rate (WPR) is 38 percent and this worked out to a total number of 120 lakh workers. Around 12 lakhs are in the organised sector and this gives a figure of around 108 lakhs in the informal sector. If we leave out the category of farmers (who are landed and classified as 'cultivators' in the census), the workers in the informal sector work out to around 90 lakhs. Given coverage of 26 lakhs this works out to a coverage ratio of around 29 per cent. The lower coverage ratio in some Welfare Funds is due to their non-statutory status and as such membership is on a voluntary basis. There is also a likelihood that some of the Welfare Funds' schemes and benefits are not attractive enough to canvas more workers, e.g., Kerala Lottery Agents Welfare Fund and the Kerala Document Writers, Scribes and Stamp Vendors Welfare Fund.

Mobilisation of Funds and Its Management: On the basis of the available figures (for 1995) we find that around 70 percent of the Funds mobilise resources that exceed their total expenditure. However, there are wide variations in the proportion of the contribution spent on distributing benefits to the members. This varies from less than one percent in the case of khadi workers and abkari workers and about two percent in the case of agricultural labourers and lottery agents to 108 percent in the case of coir workers (see Table 3). It should be stressed that the low share is found among the most important section of informal sector workers i.e. agricultural labourers. The others in this category are khadi workers, abkari workers (workers in the country liquor shops), lottery agents, document writers and autorickshaw drivers. Given the high share of women in the agricultural labourers, the least beneficial group in terms of gender is the women workers. Most Funds have also accumulated significant amounts in investments. The highest is the Toddy Tappers Welfare Fund, which has been in existence since 1969

followed by the Funds for the liquor shop workers, construction workers, motor transport workers and head-load workers. As in 1995 the outstanding investment comes to around Rs.277 crores. Clearly there is need for evaluating the investment of each Fund, their collections and disbursements to the members. The low share of disbursements in some Funds is a matter of concern since this hardly provides any meaningful social security for the members. The fact that the disbursements do not reflect either the contributions or the accumulated funds could give rise to problems of credibility in the long run. It also implies that the present generation of workers may be benefiting at the cost of past generations. Clearly these tendencies are not desirable for the Funds, given that their proclaimed aim is to cater to the welfare of workers. It can also lead to the credibility of the Funds being in jeopardy as the contributors may accuse that the Funds are not being used for the welfare of the workers.

Cost of Administration: Though it has been generally accepted that the administrative cost of each Fund should not exceed 10% of the total income of the respective Fund; nearly half of them are operating above this stipulated amount. The main reason for this state of affairs is that each of the 19 Welfare funds in the state has its own separate and independent administrative bodies, thus multiplying the total overhead costs. From Table 3 it becomes clear that some of the welfare boards are operating at such high administrative cost that they raise basic questions on the motive behind running welfare funds. The share of administrative expenses in total income varies from 1.24% in the case of KDSVWF to as much as 73.3% in the case of KLWF and 67.4% in KHNDLWWF.

Instead of calculating the administrative cost as a percentage of total income, a far more relevant ratio is to express it as a percentage of the total welfare payments – a sort of transaction cost of welfare distribution. If this cost exceeds the benefit transferred, certainly the

scheme involves undesirable implications. This is given in Table 4 for 1992-93. Unfortunately 8 out of the 17 Welfare Funds show that the administrative cost exceeds the total welfare payments (i.e. above 100 percent). In some it shows such ludicrous figures. For example, in the Khadi Workers Welfare Fund the administrative cost is 200 times (20,000 percent) that of the welfare payment; in the Agricultural Workers Welfare Fund it was 11 times (1094 percent) and in Document Scribes and Vendors Welfare Fund it was 26 times (2573 percent). In reality what this means is that there is very little by way of welfare payments despite collection of contributions from the stakeholders. These Funds seem to function to serve the interests of the bureaucracy entrusted to manage them. These Funds, it must be pointed out, are a bloat on the fair name of the Welfare Fund model of social security arrangement for the workers in the informal sector in Kerala.

This is yet another irony of a system that was established to serve the interests of the workers in that it has ultimately turned out to be an exercise in self-serving for the bureaucratic interests. However, a unified and common administrative body to cater to all the Welfare Funds need not necessarily be a solution to the problem. This is because of the possible conflict of interest as between different groups of workers with differential ability to pay on the one hand and employers with different occupational interests to protect on the other. There is also the danger of giving rise to a monolithic bureaucracy that could become less sensitive to the requirements of the worker members. This calls for a careful evaluation of the administrative arrangement keeping in view the need for participation by the workers and employers and responsive to their specific needs and problems. Periodic monitoring and performance evaluation of the Welfare Funds by independent agencies could be thought of as a possible answer to the current problems.

Table 4: Administrative expenses of the Welfare Funds as percentage of total welfare payments, 1992-93

Name of the Welfare Fund	%
Kerala Khadi Worker's Welfare Fund (KKWWF)	20000
Kerala Document Scribes & Vendors Welfare Fund (KDSVWF)	2573
Kerala Lottery Workers Welfare Fund (KLOTWWF)	1101
Kerala Agricultural Workers Welfare Fund (KAGWWF)	1094
Kerala Abkari Worker's Welfare Fund (KABWWF)	839
Kerala Autorickshaw Workers Welfare Fund (KAUTRWWF)	382
Motor Transport Worker's Welfare Fund (KMOTWWF)	153
Kerala Labour Welfare Fund (KLWF)	147
Kerala Handloom Worker's Welfare Fund (KHNDLWWF)	93
Kerala Advocate Clerks Welfare Fund (KADCLWF)	85
Kerala Head Load Worker's Welfare Fund (KHEDLWWF)	69
Kerala Construction Worker's Welfare Fund (KCONWWF)	45
All Schemes Average	37
Kerala Artisans & Skilled Workers Welfare Fund (KARSWWF)	33
Kerala Cashew Worker's Welfare Fund (KCSHWWF)	28
Kerala Fishermen's Welfare Fund (KFMWF)	16
Kerala Coir Worker's Welfare Fund (KCORWWF)	15
Kerala Toddy Taper's Welfare Fund (KTWWF)	14

Source: Calculated from Table 3.

Gender Equity: Another important aspect which we notice when we go through the profiles of the Welfare Funds is that it is precisely the Funds created for the relatively weaker sections among the workforce and sectors which are predominated by women that are still struggling for financial viability (e.g. cashew, handloom, coir) whereas the more powerful and vociferous male sections of the workers seem to have ensured a better deal for themselves. (e.g. toddy, head-load and autorickshaw workers). It is equally true that it is precisely for these more vociferous and militant sections that the more diverse schemes as well as higher economic benefits are provided for in the Welfare Funds. (e.g. Kerala Toddy Workers Welfare Fund and Head-load Workers Welfare Fund - See Appendix 1). The fact is that even now women's issues seem to be not at the centre stage of debate and policy even in Kerala when it comes to their participation and problems in the labour market. This is in sharp contrast to their achievements in social development as in controlling the birth rate, enhancing literacy and schooling, life expectancy and so on. Even 'progressive' political parties who ought to begin this change also seem disinclined to encourage women to be the leaders, prompting them or relegating them to be only one among many leaders under their control.

Some Larger Issues: An important feature that we observe in the welfare scenario in Kerala is that the patronage relations that once existed has now been replaced by political patronage of the working class and the poor by major political parties. Though political parties favouring their vote banks is not a new phenomenon, the scale and brazenness of its manifestation giving rise to competitive populism may be reaching alarming proportions. This does not augur well either for the poor or for the society at large as such tendencies could lead to the degeneration of the system and the civil society in the long run. Given the 'bandwagon' effect seen commonly in many other fields, almost all smaller political parties too emulate this kind of patronage relations.

It may also be noted that in some Welfare Funds the contribution by government as well as employers have been stipulated as a function of and provisional to employees' contribution, which has, compromised the very financial viability of the scheme. That is, since the employee's contribution is set at a low level the contribution by the other two stakeholders too has been relatively small affecting the very viability of the scheme (e.g., advocate clerks welfare fund, handloom welfare fund, artisan and skilled workers welfare fund).

Since Welfare Funds are constituted on an occupational basis, the entry to and exit from the labour market tends to be controlled by unions since recruitment of membership is primarily routed through unions. Since a new entrant to the market implies additional economic burden to the employers, they collude with the existing employees to avoid this additional burden. At least in the case of some of the Welfare Funds the constitution of a Welfare Board in a particular segment has resulted in the existence of a segment of workers who are 'unregistered' and hence do not obtain any benefits of the Fund. This once again brings to the fore the irony of the 'insider-outsider' problem in the functioning of trade unions.

It is also to be noted that those Welfare Funds, which have successfully ensured the contribution of the employers, are the ones, which ensured economic viability. Instances of this can be found in Construction Workers Welfare Fund (KCONWWF), which ensured economic contribution from the employers by stipulating that the plan for any construction activity would be sanctioned only if the employer or contractor paid 1% of the total construction cost to the Welfare Fund in advance. Another instance is the Abkari Workers Welfare Fund (KABWWF), which too has a single and effective point of collection of contribution of employers.

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. Given a long history of mobilisation and organisation and pro-poor policies of the governments in power, the working and living conditions of an average worker in the informal/unorganised sector in Kerala is perceptibly better than that of two/three decades ago. As a result, the scenario of abysmal sub-human poverty evident in most parts of India are now a rare phenomenon in Kerala. However, one of the biggest challenges facing Kerala remains i.e. the problem of unemployment. This is closely related to the nature and pace of growth and structural transformation of the Kerala economy. This throws up issues beyond the scope of this paper. Suffice it to say that the recent recovery in economic growth has not been adequate to confront the problem of unemployment seriously. Further challenges in the form of liberalisation of the Indian economy have also emerged in a powerful way. Reducing unemployment and enhancing the social security cover to the majority of the people are two crucial issues that a liberalised economy will have to face. The Welfare Fund model of Kerala provides some useful pointers to alleviating the problem of insecurity among the workers in the informal sector.

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Appendix 1: Welfare Fund Benefits

<i>Name of the Fund</i>	<i>Pension</i>	<i>PF, Gratuity etc</i>	<i>Disability, Death</i>	<i>Children's' Education</i>
KTWWF	A pension scheme has recently been evolved and it offers Rs. 100 per month to retirees who has up to ten years membership and also offers an additional amount of Rs. 10 per month of every year that comes after the 10th year at the Fund.	Net credit to the account of the worker (provident fund a/c) and gratuity paid with interest (currently 11%) on superannuation, retirement or on his death. Gratuity is 50% of the monthly average of wages for each completed year of service subject to maximum of 20 month's wages.	Disability allowance Rs:125 per month. Funeral expense Rs. 2,000.	Non refundable advance (deductible) from his contribution Rs. 1200 or 50% of his contribution, whichever is lower.
KLWF	No provision.	Since the Fund is an Insurance Fund, there is no retirement benefit.	Ex-gratia Rs. 1000, Permanent disabled Rs. 2500, Funeral expense Rs. 200.	Scholarship on the basis of merit. It varies from Rs. 50 to Rs. 1000 per year (primary to professional).
KHED-LWWF	Pension scheme not yet evolved	Every member will be paid an amount at the rate of 10 percent of total wages earned during the entire period of service. This is	Ex-gratia benefit Rs. 2000. Rs.100 per month to permanently disabled members till his death or lump sum amount of Rs. 10000.	Education grant-Rs. 100 per year per child and scholarship varies from Rs. 100 to Rs. 2000.

<i>Medical</i>	<i>Marriage & Maternity</i>	<i>Unemployment</i>	<i>Housing</i>	<i>Special Allowance</i>
<p>Non-refundable advance of his three months wage or 50% of his contribution, whichever is lower. For cancer treatment, he will be paid Rs.3000 as grant (non-deductible)</p>	<p>Non-refundable advance from his contribution. But he should have at least Rs.500 at the Fund. Non-</p>	<p>refundable advance in case of unemployment, provided he should have at least Rs. 500 at the fund. Refundable</p>	<p>provided he must have at least three month wage at the Fund.</p>	<p>Members can withdraw funds from his account in order to pay the insurance premium.</p>
<p>Medical grant (non-deductible) of Rs. 1,500 (maximum amount)</p>	<p>No provision</p>	<p>No provision</p>	<p>No provision</p>	<p>Tour subsidy 10 ps per k/m and subsidy for food and accomodation on holiday home, Kumali.</p>
<p>Medical grant up to Rs. 2000 under medical reimbursement scheme.</p>	<p>Interest free loan of Rs 3000 or three month wage whichever is lower for marriage purpose.</p>	<p>Holiday allowance of Rs. 30 per day for seven days and his average wage for</p>	<p>Rs.40000 for the construction of a new house and Rs10000 for repairing, as refundable advance which should be</p>	<p>Bonus payment - 11% of total wages earned by the member during each year in connection</p>

Cont'd.....

<i>Name of the Fund</i>	<i>Pension</i>	<i>PF, Gratuity etc</i>	<i>Disability, Death</i>	<i>Children's' Education</i>
		their lump- sum retirement benefit or gratuity. If there is no much amount Rs. 10,000 as special superannuation assistance is disbursed, provided he should have 100 days of work in each year.	Under group insurance scheme Rs.20000, if accident death occurs. And funeral expenses of Rs. 500.	
KMOT-WWF	No provision	Net amount in the P.F account and gratuity paid with interest (currently 9%) at the time of superannuation or on his death.	Ex-gratia benefit Rs. 5000 and funeral assistance Rs1000.	Non-refundable advance for education which should not exceed Rs. 1200. Provision for scholarship.
KADC-LWF	No provision	At the time of retirement, he will be paid according to his service. If he completed 30 years, he will be paid Rs. 10,000.	Since there is special provision for an advance clerk who is aged between 35 and 70 years, exgratia varies from Rs.1000 (up to 60 years) to Rs 2500 (for 71-75 years) Funeral assistance is Rs. 500.	No provision

<i>Medical</i>	<i>Marriage & Maternity</i>	<i>Unemployment</i>	<i>Housing</i>	<i>Special Allowance</i>
		two days. Also, financial assistance in connect-ion with natural calamity.	repaid within 15 years with minimum interest.	with Vishu or Onam festival. Also provision for festival allowance (maximum Rs. 2000).
Non-refundable advance from his contribution.	An advance (deductible) of 50% of his contribution for marriage purpose.	Provision for unemployment allowance.	Non-refundable advance, which consists of 12 month wages and DA or his own contribution with interest, provided he must have at least Rs. 750 at the Fund. Also, there is provision for unemployment allowance.	No special schemes.
No provision	No provision	No provision	No provision	No special schemes

<i>Name of the Fund</i>	<i>Pension</i>	<i>PF, Gratuity etc</i>	<i>Disability, Death</i>	<i>Children's' Education</i>
KARS-WWF	No provision	Since there is no provision of P.F & gratuity, the net amount at the Fund (only membership contribution) with interest is given back at the time of retirement or death. This amount varies from Rs.600 to Rs. 50,000 depending on service.	Ex-gratia Rs.10000, Disability allowance Rs. 100 per month, Funeral expenses Rs. 500.	Scholarship ranges from Rs. 300 to Rs. 1500
KCSH-WRWF	Minimum two year membership, 60 years, Rs.100 per month for ordinary worker and Rs. 200 per month under staff category. Family pension in the event of death of the pensioner .	Since the Fund is an Insurance Fund, No provision for P.F, gratuity and other lump-sum retirement benefit	Ex-gratia Rs.2500 under special consideration like death, illness or permanent disablement. Funeral expense of Rs. 500 for a member and Rs. 250 for pensioner but it is deductible from his contribution.	Scholarship- Rs. 500 to Rs. 2000 per annum. Cash award of Rs. 1000 per student (only for SSLC and Pre-degree students)
KKH-WWF	Minimum 10 years as a member, 60 years, Rs. 60 to Rs.180 per month depending on service. If his service is less than 10 years, he is eligible to get only his contribution. Family pension in the event of death of the pensioner at the same rate.	Since the fund is an Insurance Fund, No provision for P.F, gratuity and other lump sum retirement benefit	Rs. 5000, if permanent disability occurs. Funeral assistance Rs. 350.	Non-refundable advance of Rs. 1500 or 25% of contribution can be withdrawn for higher education. Education grant (non-deductible) Rs.250.

<i>Medical</i>	<i>Marriage & Maternity</i>	<i>Unemployment</i>	<i>Housing</i>	<i>Special Allowance</i>
Medical aid up to Rs. 500 (injuries in the course of work).	Marriage assistance of Rs. 1000 to any person of members family. Maternity benefit of Rs. 500 at two times (members only)	No provision	No provision	Loans for purchasing tools subject to maximum amount of Rs2000 or 75% of his
No provision	Only maternity benefit at two times to those who are not covered under ESI scheme (Rs. 500)	Supply of free ration or payment of cash assistance during continuous unemployment subject to availability of the funds.		No special schemes.
Up to 50% of contribution for his or her dependent for medical treatment and also provision for maximum medical grant Rs. 250.	50% of contribution as marriage assistance to any member of the family. Maternity benefit of Rs. 300 at two times		Provision for non-refundable advance 25% of his contribution for purchasing land and 75% for the construction of house.	Rs 8 or 50% of contribution whichever is lower for paying the insurance premium.

Cont'd.....

<i>Name of the Fund</i>	<i>Pension</i>	<i>PF, Gratuity etc</i>	<i>Disability, Death</i>	<i>Children's' Education</i>
KCOR-WWF	Minimum two year membership, 60 years, Rs 75 per month and family pension in the event of death of the pensioner.	Since the Fund is an Insurance Fund, No provision for P.F, gratuity and other lump sum retirement benefit.	Ex-gratia benefit Rs. 5000, if disability occurs. Rs. 100 per month till retirement age (60 years) and funeral expense of Rs. 200.	Scholarship for higher education- Rs. 500 to Rs.1500 per year on the basis of merit.
KFMW-WF	Rs.100 per month.	Since the Fund is an Insurance Fund, No provision for P.F, gratuity and other lump sum retirement benefit.	Ex-gratia Rs. 15000. Group insurance covers accidental death (Rs. 25000) and partial disability (Rs 12500). Funeral assistance (member) Rs. 1000 and Rs. 300, if the person is a dependent	District wise cash award for SSLC students which ranges from Rs.3000 to Rs 1000.
KHN DL-WWF	Rs. 100 per month.	Since the fund is an Insurance Fund, No provision for P.F gratuity and other lump- sum retirement benefit	Ex-gratia Rs. 5000	Non-refundable advance for workers children education (maximum advance Rs.1000).

<i>Medical</i>	<i>Marriage & Maternity</i>	<i>Unemployment</i>	<i>Housing</i>	<i>Special Allowance</i>
Medical grant of Rs. 350 per year to any person in the family	Grant of Rs.1000 in connection with marriage and Rs.300 as maternity benefit at two times to those who not covered under ESI scheme.	No provision	No provision	No special schemes.
Medical grant up to Rs.500, if it is an accident case.	Interest free loan of Rs. 1200 along with Rs300 (grant) as marriage assistance. Financial assistance who goes for sterilisation.	Financial assistance in case of natural calamity like fish disease, fire, ban on trawling.		Provision for Hut insurance with 50% subsidy in paying insurance premium. Therefore up to Rs 3000, risk premium is Rs.6.75 and up to Rs.5000, risk premium Rs 11.25. Under craft/cattamaram insurance scheme, there is no subsidy and the risk premium is Rs.22 for every Rs.100.
Non-refundable advance not more than Rs. 500	Non-refundable advance of Rs.2,000 for marriage purposes.	Provision for unemployment allowance.	Non-refundable advance from housing loan of 12 month salary or his/ her total contribution , whichever is lower.	No special schemes.

Cont'd.....

<i>Name of the Fund</i>	<i>Pension</i>	<i>PF, Gratuity etc</i>	<i>Disability, Death</i>	<i>Children's' Education</i>
KAB WWF	Minimum three years, 60 years, Rs. 200 to Rs.300 (maximum) per month.	At the time of retirement a member is entitled to obtain only gratuity as the retirement benefit and the net credit (balance) in the Provident Fund account is kept for financing their pension scheme.	Ex-gratia Rs. 5000, Funeral expense Rs.500.	Scholarship for higher education (Pre-degree to professional course).
KCON-WWF	Minimum one year membership, 60 years, Rs. 75 per month to Rs. 300 (maximum) per month (depending on service).	Since the fund is an Insurance Fund, No provision for P.F, gratuity and other lump- sum retirement benefit.	Ex-gratia Rs. 5000, Funeral expense Rs. 500.	Non-refundable advance of Rs.1000 per education purpose. Scholarship Rs. 300 to Rs.1200 on the basis of merit.
KAG-WWF	No provision	Only lump-sum retirement benefit. If a member covers 40 years, he is entitled to Rs. 25,000. If it is three years (minimum), he will be paid Rs. 5,000.	Ex-gratia benefit Rs 1000.	Scholarship ranging from Rs.500 to Rs. 1500.
KLO TAWF	No provision	Retirement age 60 years and above. Lump- sum retirement benefit depending on his service. If he completed 40 years, he will be paid Rs. 62,700.	Ex-gratia benefit for A-class members Rs. 10000 and B-class members Rs.7000.	No provision

<i>Medical</i>	<i>Marriage & Maternity</i>	<i>Unemployment</i>	<i>Housing</i>	<i>Special Allowance</i>
So far no provision.	No provision		Provision for housing loan (refundable) of 12 months wages or his total contribution, whichever is lower provided he should have at least Rs 750 in the Fund.	No special schemes.
Non-refundable advance up to Rs. 500 will be provided for medical treatment.	Non-refundable advance of not more than Rs 2000 from his contribution. Grant of Rs.500 at two times as maternity benefit to women workers.		Provision for housing loan (refundable) provided he should have three years membership.	Members can withdraw the required amount to pay insurance.
So far no provision	No provision	No provision	No provision	No special schemes.
So far no provision.	No provision	No provision	No provision	No special schemes.

Cont'd.....

<i>Name of the Fund</i>	<i>Pension</i>	<i>PF, Gratuity etc</i>	<i>Disability, Death</i>	<i>Children's' Education</i>
KDSV-WF	No provision	Retirement age 60 years and above, lump sum retirement benefit depending on services. If he completed 35 years, he will be paid Rs. 37,749.	Ex-gratia benefit for A-class members Rs.10,000 and B-class members Rs.7,000.	No provision
KAUR-WWF	No provision	Retirement benefit depending on completed years of service. Retirement age 58. If he completed 40 years, he will be paid Rs. 125000	Ex-gratia Rs10,000 .	Not yet disbursed.

Source: Government of Kerala, (1996) *Social Security Initiatives in Kerala*, State Planning Board, Thiruvananthapuram

<i>Medical</i>	<i>Marriage & Maternity</i>	<i>Unemployment</i>	<i>Housing</i>	<i>Special Allowance</i>
So far no provision.	No provision	No provision	No provision	No special schemes
Not yet disbursed.	Marriage assistance not yet disbursed.		Provision for non-refundable housing loan from his contribution.	Non-refundable loan for purchasing auto-rickshaws.

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