



**GOVERNMENT OF KERALA  
KERALA STATE PLANNING BOARD**

**FOURTEENTH FIVE-YEAR PLAN  
(2022-2027)**

**WORKING GROUP REPORT ON  
LABOUR IN THE INFORMAL SECTOR**

**SOCIAL SERVICES DIVISION  
MARCH 2022**



## FOREWORD

Kerala is the only State in India to formulate and implement Five-Year Plans. The Government of Kerala believes that the planning process is important for promoting economic growth and ensuring social justice in the State. A significant feature of the process of formulation of Plans in the State is its participatory and inclusive nature.

In September 2021, the State Planning Board initiated a programme of consultation and discussion for the formulation of the 14 th Five-Year Plan. The State Planning Board constituted 44 Working Groups, with more than 1200 members in order to gain expert opinion on a range of socio-economic issues pertinent to this Plan. The members of the Working Groups represented a wide spectrum of society and include scholars, administrators, social and political activists and other experts. Members of the Working Groups contributed their specialised knowledge in different sectors, best practices in the field, issues of concern, and future strategies required in these sectors. The Report of each working Group reflects the collective views of the members of the Group and the content of each Report will contribute to the formulation of the 14 th Five-Year Plan. The Report has been finalised after several rounds of discussions and consultations held between September to December 2021.

This document is the report of the Working Group on 'Labour in the Informal sector'. The Chairpersons of the Working Group were Smt. Mini Antony IAS and Dr. R. Nagaraj. The Member of the Planning Board who coordinated the activities of the Working Group was Dr K. Raviraman. The concerned Chief of Division Dr Bindu P Verghese was the Convenor of the Working group and Assistant Director Sri. Sudesh T.P was the co-convenor of the Working Group.

Member Secretary



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## EXECUTIVE SUMMARY

Of the estimated workforce of 127 lakh (according to PLFS data) in Kerala, 48.1 lakh (or 37.8 per cent of the total) were self-employed and 43.8 lakh were regular workers (or 34.5 per cent of the total) in 2018. The remaining 35.2 lakh workers in Kerala (or 27.7 per cent of the total) were casual workers.

Out of the 43.8 lakh regular workers in Kerala, 22.1 lakh workers earn some form of social security. In 2018, regular workers who earn social security as a proportion of the total workforce of Kerala was 17.4 per cent, while the corresponding proportion for the country as a whole was 12.3 per cent;

The rationale for social security arise from human rights for decent work and life with human dignity. The enforcement of such basic needs as work pay component for permanent workers in the organised sector ensures that workers in these sector enjoy decent work and life with dignity.

A corollary to the wage problem among regular wage workers, especially in the service sector is that much of the employment in these sectors is done by women workers. Ensuring women workers' ability to bargain for their rightful employment space at remunerative wages is essential. Policies aimed at organising and encouraging collectivisation of regular wage workers, especially women workers must be put in place.

Both in Indian and Kerala context self-employed consists of the largest share of the workers in the informal economy. About 90 percent of firms in India and Kerala fall under the category of Own Account Enterprises (OAE) or Non-Directory Enterprises (NDEs), which are family run micro and small establishments. Most of the casual and regular wage workers are employed in small establishments. These micro enterprises are low value adding production or service units, with low productivity and capacity. Labour demand being derived from final goods and services, employment creation and wage growth are closely associated with productivity growth and expansion of goods and services production. The problem of low wages and poor social security cannot be disassociated from low productivity and low growth of the enterprises in the informal sector. A critical concern must therefore be how to enhance productivity and growth in the informal sector. This issue remains largely unaddressed with some piecemeal interventions by the state. The government can take proactive steps to enhance these two factors, productivity and growth in the sector.

A major drawback concerning policy formulation on guest workers in Kerala is the lack of a reliable database. Due to several reasons, guest workers are not informed or not aware of schemes and programmes available for their well-being in the state of Kerala. Migrants find it challenging to access worker facilitation centres, an outpatient department of public health facilities, etc., as these services are not available after their working hours. Therefore, extending the OPD services in public health services could be beneficial for migrant workers. Similarly, the worker facilitation centres need to function on Sundays.

In recent years, inter-state migration to Kerala also consists of young women migrating independently and women as part of family migration; migrant schemes implemented in

the state should be made to accommodate gender concerns.

A critical need based review of existing programmes and schemes for guest workers in Kerala with a perception about designing a long term strategy to improve their living conditions and integrate them into the place of work in its totality. It should be the first step to formulate policies for 14th FYP.

There should be a vulnerability assessment survey/study of guest workers in Kerala. The vulnerability assessment should be performed on a comparative framework in relation to the native worker of the same type and skill. Programmes and schemes for guest workers need be based on their vulnerability index.

Changing character of guest workers have to be taken into account while framing policies for guest workers in the state. It may not be a workable proposition to have programmes such as Hamari Malayalam and awareness building programme for short-term migrant workers. Other programmes and schemes meant for guest workers have to be evaluated in the light of the observations made and accordingly changes have to be made in the programmes to address specific vulnerability of migrant worker in Kerala.

There has been a difference of perception on the registration of guest workers who come in Kerala for work. There are issues in making the registration mandatory as Kerala is part of the India Union. However, total absence of registration system for workers, particularly of those who seek work in the unorganised sector (unskilled or semi skilled), in effect, acts in favour of the employer.

In the discussion, The registration could be either with the LSGIs, or Labour Department or any other place of authority with the sole objective of easy-tracing of the individual who is subjected to the mishaps. Registration help protect the guest worker to protect her rights. However, the mode of recording their movement, work specialisation and whereabouts should be known to LSGIs in which they are employed. It helps, one way or other, to arrive at an exact number of guest workers with social, economic and demographic details. Often mandatory registration is opposed in the name of multiple identity logic of sub-states which relevant in the present day new India under its cultural nationalism project. The registration of guest worker need to be distinguished from the multiple identification logic of cultural nationalism. It is always advisable not to reveal religious identities in such registrations.

### **Platform workers**

A platform worker implies a worker working for an organisation that provides specific services using an online platform directly to individuals or organisations.

- Examples of platform workers include Ola or Uber drivers, Swiggy or Zomato delivery agents, etc.
- The Social Security Code defines a platform worker as “a person engaged in or undertaking platform work”. Section 2(55) of the Code defines platform work as “A form of employment in which organisations or individuals use an online platform to access other organisations or individuals to solve specific problems or to provide

specific services in exchange for payment”.

The Gig and Platform workers enjoy benefits which are, often, not available to workers in the informal sector, who are defined under traditional employer-employee relationships.

In India, gig and platform workers are a nascent segment of the informal labour market notwithstanding the fact that they are emerging as an important economic and social entity in every state and city of the country and Kerala is not an exception to it. The Code on Social Security 2020 has made provisions for such workers. The State Governments are yet to take cognizance of the existence of a growing segment of platform workers.



## CHAPTER 1

### BACKGROUND NOTE ON LABOUR AND LABOUR WELFARE

#### **A brief Review of Protection of Labour Rights:**

It has been argued for a long time that the concept of labours in the informal sector in Kerala is different from the same in other states in the country as labours in the informal sector in the state enjoy privileges and protection which are non-existent in other states. More than 87 percent of male workers in rural Kerala are in the informal sector (2017-18). An alternative source of data on informal sector labours in the state culled out from the Factories Act and the Shops and Establishment Act, reported that the number of workers in the informal sector in rural and urban Kerala have increased between 2011-12 and 2017-18. More importantly, the relative increase in female member are higher than their male counterparts. To an extent, relatively low rate of growth of employment in the organised sector has contributed to the observed increase in employment in the informal sector. Taking cognizance of the growing importance of the unorganised sector in the state, the Government of Kerala has introduced /strengthened existing schemes for a better livelihood options for the workers in the informal sector. These programmes include, among others, (i) Additional Skill Acquisition Programme (ASAP), (ii) Regular Skill Training Programme of ASAP; (iii) Skill Training Programme for Kudumbashree and SCs and STs; (iv) SC/ST skill based Training Programme; (v) India Skills Kerala (2018 & 2019); (vi) Technical Exchange Programme; (vii) Naipunnnya Karmasena; (viii) International Skill Training and Employability Programme (i-STEP). In addition to these programmes, Government of Kerala has initiated several skill training programmes as well during the 13th Five Year Plan Period.

For the protection of labour rights of workers in the informal sector, several laws were enacted and the existing ones were amended to ensure that the constitutional rights of workers in the informal sector were protected for decent living and livelihood. Following are the major initiative of the Government of Kerala to protect the rights of workers in the informal sector during the 13th Five year Plan Period.

1. The Minimum Wage Act (Kerala Amendment) 2017
2. Amendment of Kerala Minimum Wages Rule
3. Kerala Shops and Commercial Establishment (Amendment ) Act 2018
4. Minorities Benefit (Amendment Act, 2017)
5. The Industrial Dispute (Kerala Amendment )Act 2017
6. Amendment of Kerala Contract Labour (Regulation and Abolition) Rules 1974
7. Amendment of Kerala Inter-State Migration Workmen (Regulation of Employment and Conditions of Services Rules, 1963)

8. The Kerala Investment Promotion and Facilitation Act, 2018
9. Kerala Shops and Commercial Establishments (Amendment) Ordinance , 2020
10. Payment of Wages Act (Amendment)

Perhaps, Kerala could be one of the rare state in the country, which have closely looked into the provisions of the various Acts and Rules and critically assessed the usefulness of such schemes from employees perspectives during the 13th Five Year Plan Period. The long list of Amendments are an outcome of critical correction of the existing schemes for workers in the informal sector in Kerala.

Kerala has genuine concern and commitment to the interest of the labour and promotion of their welfare. The State Labour Department (Labour Commissionerate) ensures welfare of workers by enforcing laws, regulations, mediating settlement of industrial disputes and implementing welfare schemes and programmes. Departments/Institutions coming under Labour and Labour Welfare Sector are Labour Commissionerate, Department of Industrial Training, National Employment Services (Kerala), Kerala Institute of Labour and Employment (KILE), Factories and Boilers Department, Non-Resident Keralites Affairs (NORKA) Department and Kerala Fire and Rescue Services Department.

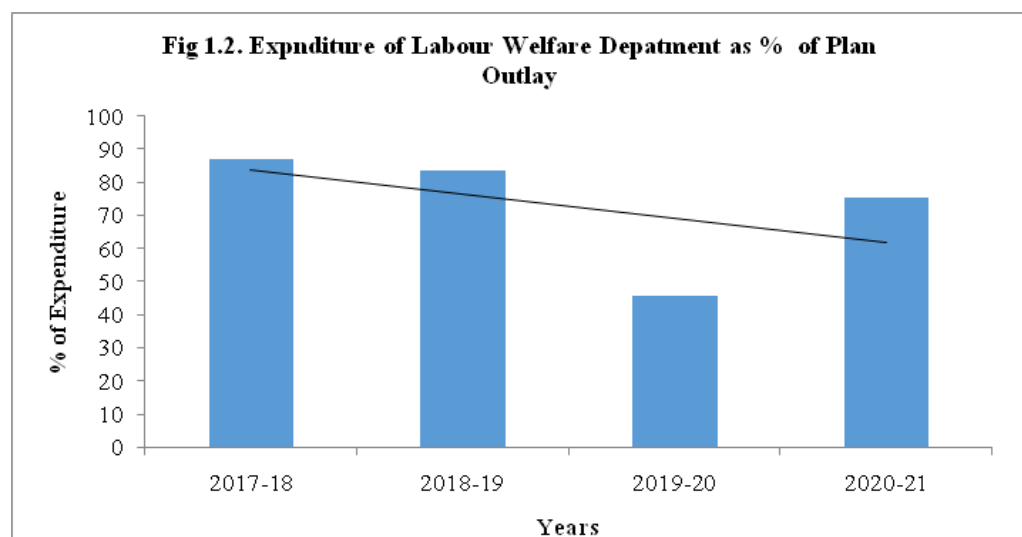
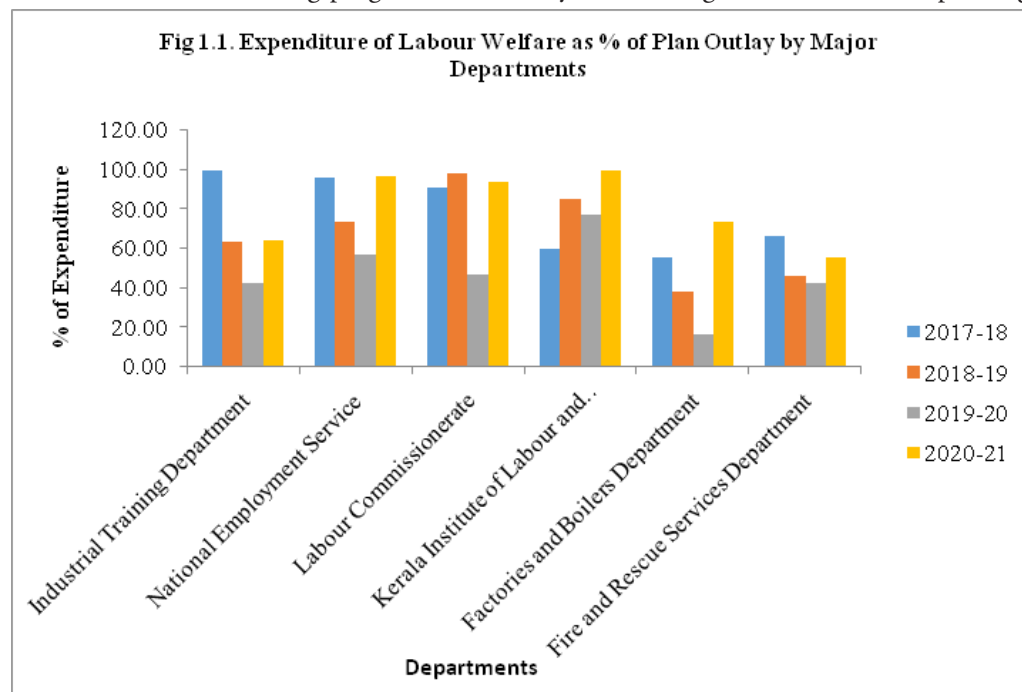
Kerala has adopted a rights-based approach to address changing needs of workers in the informal sector. Policy initiatives of the Government seek comprehensive development along with the growth of the industry as well as worker engaged. The safety net of the state government ensures the right to work, protection against discrimination, prohibition of child labour, social security, protection of wages, redressal of grievances, right to organise and form trade unions, collective bargaining and participation in management. Labour laws and labour welfare schemes implemented by the State are much wider in scope. The Government ensures that every employee / worker receive lifelong social security. Currently, there are 24 labour welfare boards in the State, of which 16 are under the Labour Commissionerate. Total outlay and expenditure of the Labour and Labour welfare during the 13th Five Year Plan period are presented in Table 1. Important observations from Table 1 are: (i) There are seven departments which implement the labour welfare schemes in Kerala; (ii) Total plan outlay for labour welfare schemes in Kerala indicated that there had been a decline in the plan outlay of Labour and Labour Welfare Schemes during the last five year (2017-18 to 2021-22) from Rs. 57280 lakh to Rs. 30512 lakh.

**Table 1.1.** Outlay for Labour and Labour Welfare 2017-18 to 2021-22 (Rs lakh)

Labour and Labour Welfare											
Sl No	Implementing Agency Name	2017-18		2018-19		2019-20		2020-21		2021-22	
		Total Outlay	Exp.	Total Outlay	Exp.	Total Outlay	Exp.	Total Outlay	Exp.	Total Outlay	Exp.
1	Industrial Training Department	12120.00	10113.46	13201.00	8365.10	12398.00	5194.72	9995.00	6419.08	9795.00	422.91
2	National Employment Service	2810.00	2697.58	2990.00	2189.99	2990.00	1699.98	3053.00	2942.53	3153.00	29.84
3	Labour Commissionerate	36933.00	33597.64	40151.00	39359.84	40151.00	18786.74	9889.00	9273.80	9939.00	10861.9
4	Kerala Institute of Labour and Employment	280.00	166.33	300.00	255.24	250.00	192.00	200.00	200.00	200.00	100.00
5	Factories and Boilers Department	625.00	347.37	625.00	234.79	482.00	77.64	425.00	313.68	425.00	2.41
6	Fire and Rescue Services Department	4512.00	2996.37	7000.00	3209.26	7500.00	3153.86	6950.00	3865.55	6950.00	1395.87
7	Plantation Directorate	-	-	-	-	-	-	-	-	50.00	0.00
Total		57280.00	49918.75	64267.00	53614.22	63771.00	29104.94	30512.00	23014.64	30512.00	12812.93

Source: Plan Space as on 15.09.2021

Fig. 1 shows the percentage of expenditure by different programmes to total plan outlay in Kerala from 2017-18 to 2020-21. Important findings are: (i) plan outlay for different programmes of labour welfare are seldom fully utilised; (ii) During the pandemic, the proportion of expenditure to plan outlay have been reduced to as low as 20 percent in factories and boilers and the maximum is 40 percent for other activities; It is a major cause of concern and it calls for special attention from the state apparatus to ensure the plan outlay for labour welfare and training programmes are fully utilised. Fig.2 shows the total spending





for different programmes of labour welfare by six major implementing agencies have been on the decline. The proportion of plan outlay expended by six implementing agencies have registered a decline from 85 per cent in 2017-18 to about 75 per cent in 2020-21. It may be due to Pandemic that existed all over the World.

### **Structural and Mode of Functioning of Labour Department**

A contented workforce is essential for social development and economic progress. Labour Commissioner is the head of the Labour Department. The Enforcement wing is headed by the Additional Labour Commissioner (Enforcement) and it is comprised of 14 District Labour Officers and 101 Assistant Labour Officers, who conducts inspections in establishments under various labour laws. These activities are supervised by the Regional Joint Labour Commissioners of Kollam, Ernakulam and Kozhikode at the regional level and the Additional Labour Commissioner (Enforcement) at the State level.

The Enforcement wing of the Department of Labour maintains a worker-friendly environment to ensure that workers receive their entitled benefits such as paid leave, overtime pay, minimum wages and others. Special drives are conducted at the State level and squad inspections at the District level. The Wage Protection System is implemented to ensure minimum wages for workers in the unorganised sector and transparency in the implementation of statutory minimum remuneration for workers. The Wage Protection System (WPS)/E-Payment is a flagship programme of Labour Department of Kerala, which aims at ensuring disbursement of wages to workers through banks and monitoring of such disbursements to ensure the payment of minimum wages.

### **Social Protection to Informal Labour in Kerala**

In order to ensure the social security of workers in the informal sector, following welfare schemes are being implemented by the Labour Commissionerate.

#### **Social Protection for unorganised sector workers**

The scheme aims at social and financial protection for workers in the unorganised sector. This scheme has three components:

##### **Unorganised Daily Waged Employees Distress Relief Fund**

This scheme was introduced in 2007-08 and it is implemented through Labour Department. The objective of the scheme is to provide financial assistance at the rate of ₹2000 to the workers covered under the definition of daily wage workers (who are not covered under any other welfare schemes) and have sustained injury during the course of employment.

##### **Tree Climbers Disability Pension Scheme**

This pension scheme was introduced in 2012 to provide pension to beneficiaries of the deceased workers who have received a financial assistance under the Kerala Tree Climbers Welfare Scheme.

##### **Maternity Allowances to Workers in the Un-organised Sector**

Government has initiated a Maternity Allowance Scheme to the workers in the un-organised

sector in 2011-12. To bring out a uniform pattern of assistance in the payment of maternity benefits provided by Welfare Fund Boards, minimum eligible wages are paid as maternity benefit. The maternity benefit is disbursed to workers by concerned Welfare Fund Board and the same will be reimbursed to Welfare Fund Boards by the Government.

### **Estate Workers Distress Relief Fund**

This scheme is implemented through Labour Department to provide financial assistance at the rate of ₹25,000 to the legal heirs of the deceased in distress especially to the estate workers' family.

### **Income Support to Workers in Traditional Sector Activities**

This scheme was introduced in 2010-11 to give financial support of ₹ 1250 to workers engaged in the traditional Industries such as Beedi, Khadi, Coir, Fisheries, and Fish Processing. The Scheme is implemented through concerned Departments.

### **Guest Workers**

Recent trends in employment shows a large inflow of guest workers from other states such as West Bengal, Bihar, Odisha, Uttar Pradesh, Chhattisgarh, Jharkhand and Assam to Kerala. Working conditions of inter-State migrant workers are regulated by the Inter-State Migrant Workmen Regulation of Employment and Conditions of Service Act, 1979. As per the Act, the contractor has to obtain a recruitment license from the State from where workers are recruited (original State) and an employment license from the State where they are employed (recipient State). Accordingly, the contractor and the principal employer become liable for ensuring the provisions envisaged in the enactment as an immediate employer and the principal employer respectively. More often than not, these workers are not covered under the purview of the enactment due to lack of statutory requirements required to attract the ambit of the enactment such as an intermediary third party/contractor between the principal employer and the workmen. These workers are compelled to live in unhealthy environment without minimum hygiene conditions. Taking cognisance of the living conditions, Government of Kerala has initiated schemes to ensure safe working environment for migrant workers.

### **Social Security for Guest Workers**

Aawaz: Kerala provides medical insurance scheme named 'Aawaz' to all guest workers. They are entitled to ₹ 25,000 worth medical insurance and ₹ 2 lakh as death assistance.

Apna Ghar: Government has started 'Apna Ghar Project' for providing dwelling places for the guest workers at reasonable rates. Guest workers receive not less than ₹ 600 as wage per day and are also paid for overtime work, and other benefits such as overtime, bonus and other statutory benefits.

### **Covid 19 Pandemic and Interventions for Guest Workers**

The Government of Kerala transported the guest workers in a phased manner to their native destinations during the Pandemic. As on June 3, 2020, 1,38,870 workers were transported to various destinations from different districts in Kerala.

In the wake of the Covid 19 pandemic containment activities, Labour Department had started helpline/call centres in all Districts, along with the Labour Commissionerate, working 24x7 to address the grievance of the guest workers. Adequate number of multi-lingual personnel had been deployed in the call centres to converse with the workers and to address their grievances. In the event of outbreak of Covid 19 pandemic, lockdown was declared in the country on 24.03.2020. One of the hardly hit sections of population was guest workers as there were no economic activities during the period. It has caused loss of jobs and income. Most of them could not pay the rent. There were five lakh guest workers at the time of lockdown in Kerala. Consequently, the guest workers who lost their employment and income were as many as 4,34,280. The Department of Labour had set up 21556 camps in the State. Food, water, recreational facilities like television, gaming facilities were provided to guest workers in the camp.

During the lockdown period, Labour Department was declared as essential service on March 29, 2020. As per the direction of the Additional Chief Secretary (Home and Vigilance) a team was formed at the State level under the leadership of the Labour Commissioner. Safety and welfare measures were extended to the guest workers who were sheltered in the camps. A team was operating from the Covid war room established and maintained at the Labour Commissionerate and another team was also formed at the field level to co-ordinate the District Labour Officers, Assistant Labour Officers (Inspectors) at the District and Taluk levels for organising the camps in co-operation with the District administration. As a result of intervention from the Labour Department, no guest worker was deprived of food, drinking water and other adequate physical amenities. Building owners were warned strictly against any unlawful evictions. The State set the example by providing food to workers through 'Community Kitchen' managed by Kudumbasree in convergence with the Local Governments. Kerala has taken care of guest workers by providing them with decent accommodation, food, health care and all their needs during lockdown period.

### **Social Security to Workers in the Informal Sector**

Welfare funds and social security are of crucial importance for workers. The direct benefit is the security that workers receive. Social security also enhances the reservation wage of workers and helps them bargain better in the labour market. The Kerala Welfare Fund Act was enacted in 1975. Under its provisions, welfare funds were established through a tripartite arrangement of the State, employers and employees. Workers and self-employed persons in various sectors were covered under welfare schemes that provide basic pensions and money for contingencies.

### **Labour Welfare Activities**

The Labour Department plays a key role in implementing labour welfare activities. There are 16 Welfare Fund Boards functioning under Labour Department and providing welfare amenities to the respective sector of labour. Other boards function under various departments, including agriculture and industry departments. The number of workers registered under the Welfare Fund Board of the Labour Department are 8,050,319 and those with registration in other Departments are as many as 11,77,723. Table 2 shows annual rate of

change in members registered under 16 Labour Welfare Fund Boards in Kerala.

**Table 1.2.** Annual rate of change in the members registered under welfare boards in Kerala (in %)

Name of the Labour Welfare Fund Board	2017-18	2018-19	2019-20	2020-21
Kerala Abkari Workers' Welfare Fund Board	18.40	-2.83	1.39	-14.63
Kerala Agricultural Workers' Welfare Fund Board	-41.71	96.77	-21.51	-44.42
Kerala Beedi & Cigar Workers Welfare Fund Board	-1.60	-1.66	-1.76	-1.83
Kerala Building & Other Construction Workers' Welfare Board	3.86	0.00	0.17	0.31
Kerala Cashew Worker's Relief & Welfare Fund Board,	0.62	0.64	3.05	0.65
Kerala Handloom Workers' Welfare Fund Board	0.79	-9.51	-3.38	-3.68
Kerala Headload Workers' Welfare Fund Board	0.73	2.66	2.39	2.01
Kerala Labour Welfare Fund Board	-0.45	8.39	-4.67	2.39
Kerala Motor Transport Workers' Welfare Fund Board	5.52	4.85	6.51	4.92
Kerala Shops & Commercial Establishments Workers Welfare Fund Board	8.43	10.06	9.21	5.12
Kerala Tailoring Workers' Welfare Fund Board	4.34	1.53	1.42	1.02
Kerala Toddy Workers' Welfare Fund Board	-4.27	-3.17	-6.53	-3.08
Kerala Eetta, Kattuvally and Pandanus Leaf Workers' Welfare Fund	20.54	0.51	14.80	2.45
Kerala Small Plantation Workers' Welfare Fund Board	651.85	50.49	118.33	28.49
Kerala Jewellery Workers' Welfare Fund Board	6.05	5.32	5.02	4.16
Kerala Unorganised Workers Social Security Board	322.87	179.67	15.98	600.37
Total	4.45	3.86	2.94	4.11

Source: Economic Review 2021 (Vol. 2), Kerala State Planning Board

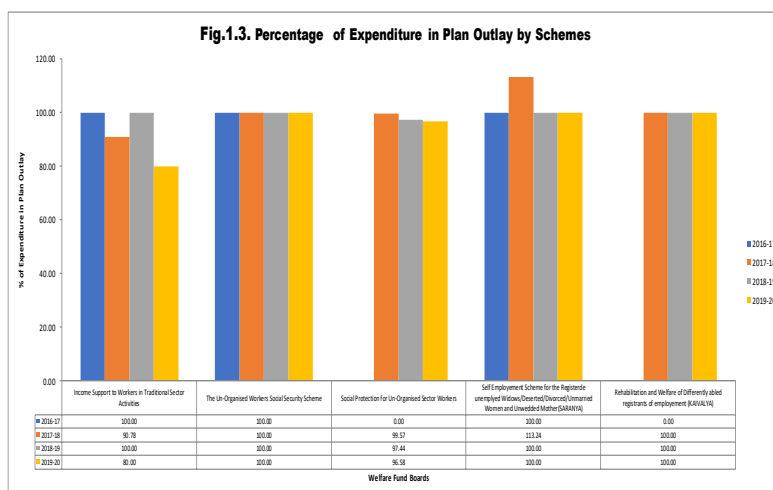
All welfare funds are run under a tripartite system with the employers, employees and Government contributing to the fund. If there are no employers, then the worker would be making their contribution to the fund as per the rule. The welfare funds provide for various contingent social securities such as life course events, emergencies and old age pension. Apart from the Welfare Fund Boards, there are programmes implemented by the Labour Department for welfare of workers in the unorganised sector. Beside this, schemes relevant to migrant workers are also implemented. The welfare fund model has been accepted by the Central Government and has extended a similar model through the Unorganised Workers Social Security Act 2008 of the Government of India.

## Social Security System for Workers in Kerala Employees State Insurance (ESI)

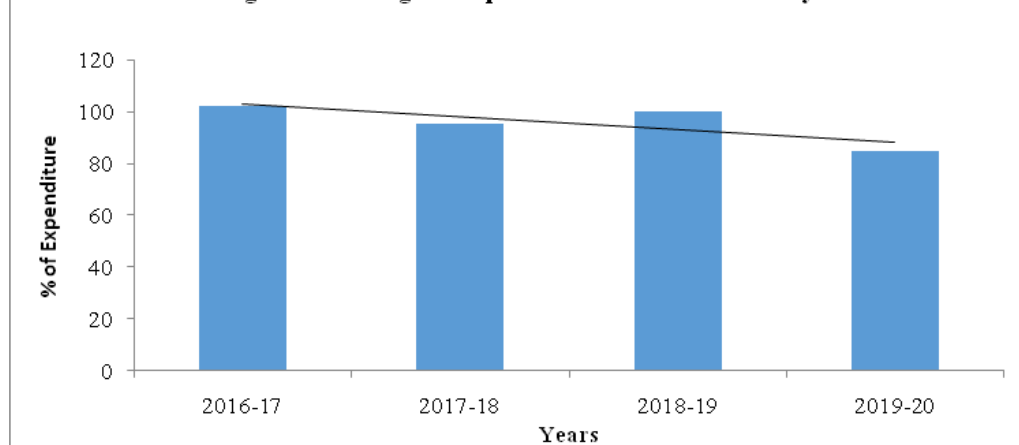
### Employees State Insurance (ESI)

The ESI Scheme is a self-financing health insurance scheme and the contributions are raised from employees and employers in proportion to wages paid. The payments are to be made on a monthly basis. Employees State Insurance (ESI) scheme of the Government of India aims at providing assistance to employees in case of sickness, maternity, disablement and death due to injury at work and to provide medical care to injured persons and their families. The comprehensive social security provisions are based on the ESI Act 1948. This scheme covers all employees working in non-seasonal factories running on power that employ 10 or more persons, and factories not using power that employ 20 or more persons. It also includes those working in shops, hotels, restaurants, cinemas, road motor transport undertakings and newspaper establishments. Each insured employee and their employer is required to contribute to the ESIC every month.

Fig.3 shows the expenditure as percentage of plan outlay for five important welfare schemes implemented by different departments. It is found that the amount spent for different schemes for labour welfare were relatively on a lower side in 2016-17 and for the rest of the year, almost 100 percent outlay have been expended. However, trends in expenditure as proportion of plan outlay have been on the decline albeit marginally over the years (Fig.4)



**Fig 1.4. Percentage of Expenditure in Total Plan Outlay**



### **Social Protection to Informal Workers in Kerala**

They include the Unorganised Daily Wage Employees Distress Relief Fund, the Tree Climbers Disability Pension Scheme, Maternity Allowances to Workers in the Unorganised Sector, the Estate Workers Distress Relief Fund, and income support to workers in traditional sector activities. Government assistance provided through such schemes for the last five years is given in Table 3. More than Rs 100 crore was spent by the Government for informal-sector workers through plan schemes under Labour Department (this amount does not include payments through workers' Welfare Boards or Kudumbashree).

**Table 1.3.** Social Security Benefits Disbursed to Workers -2016-17 to 2020-21 (Rs Lakh)

Sl.No	Name of Scheme	2016-17		2017-18		2018-19		2019-20		2020-21	
		Outlay	Exp.	Outlay	Exp.	Outlay	Exp.	Outlay	Exp.	Outlay	Exp.
1	Income Support to Workers in Traditional Sector Activities	6500	6500	6500	5900.84	7000	7000	8000	6400	7500	7500
2	The Un-Organised Workers Social Security Scheme	5	5	5	5	50	50	50	50	50	50
3	Social Protection for Un-Organised Sector Workers	0	0	458	456.04	500	487.19	500	482.88	450	442.61
4	Self Employment Scheme for the Registerde unem-plied Widows/ Deserted/Divorced/ Unmarried Women and Unwedded Mother(SARANYA)	1600	1600	1600	1811.91	1720	1720	1820	1820	1700	1682.3
5	Rehabilitation and Welfare of Differently abled registrants of employment (KAIVALYA)	0	168.01	100	100	55	55	210	210	300	26.28
Total		8105	8273	8663	8274.	9325	9312	10580	8963	10000	9701.19

Source:Plan Space

## **Government Interventions During the Covid-19 Pandemic**

Many Labour Welfare Boards announced ex-gratia financial assistance to workers. Besides the direct financial assistance, certain Welfare Boards have also offered workers interest-free loans.

Details are given below.

1. Head-load workers: Rs 30 crore was set apart for the distribution of bonus. There are 2,43,504 members registered in the board and bonus was given to all members.
2. Construction workers: Rs 200 crore was set apart for financial support.
3. Motor Thozhilali Welfare Fund Board (total members 954,242): Financial assistance varied from Rs 1000 to Rs 5000 each for different categories of workers.
4. Abkari Thozhilali Welfare Board paid Rs 5000 as assistance and an interest-free loan of up to Rs 10,000 to each worker.
5. Kerala Shops and Commercial Establishments Thozhilali Welfare Board provided an amount of Rs 1000 each to workers in hospitals, petrol pumps, gas agencies and self-employed persons and Rs 5000 each to members who were affected by Covid-19 and in isolation.
6. Kerala Agricultural Workers Welfare Fund Board paid Rs 7500 each to Covid-19 affected members and Rs 1000 each to workers who were in isolation.
7. Handloom Workers Welfare Fund Board paid Rs 750 each to all its members.
8. Kerala Beedi and Cigar Workers Welfare Fund Board: An amount of Rs 2 crore to income support Scheme was set apart.

The Government took steps to ensure food for all amidst the complete lockdown. The free food kit distribution through ration shops continued even after lockdown. The Government put up shelter homes for the homeless. All the social security pensions were distributed two months in advance to around 54 lakh people. The revival package of interest-free loan distribution of Rs. 2000 crore through Kudumbashree also largely benefitted informal workers. Welfare Fund Board assistance, social security pensions, food kits and revival package of interest free loans were mainly intended to ensure the social security of informal sector workers and other vulnerable sections of the society who lost livelihoods during the lockdown.



## CHAPTER 2

# WELFARE OF GUEST WORKERS

### Introduction

The report is divided into three sections. The first section presents estimates on number of guest workers in Kerala. The section 2 explains important social security measures implemented for guest workers in Kerala and important recommendations of the Committee are presented in Section 3.

### Section 1

#### Estimates on Guest Workers in Kerala

As per the latest estimate, the size of the guest workers in Kerala during 2017-18 was 31 lakhs (Parida and Ravi Raman, 2021). The available secondary data to estimate interstate migration has not been updated. The study by Parida and Ravi Raman (2021) provides different dimensions of migration of workers to Kerala. Of the 31 lakh migrants in Kerala, 21 lakhs are temporary migrants, while the remaining ten lakhs are long term migrants. Among the long term migrants, about 5 per cent of migrants live with their families in Kerala. Ernakulam district has the highest concentration of interstate migrants (20 percent), followed by Thiruvananthapuram (10.7 percent), Kozhikode (8.9 percent) and Thrissur (8.8 per cent). The construction sector ranks the top (17.5 lakh) in the employment of migrant workers, followed by manufacturing (6.3 lakh), agriculture and allied activities (3 lakh), hotel and restaurants services (1.7 lakh), wholesale and retail trade (1 lakh) and other elementary services (1.6 lakh).

Guest workers had migrated mostly from socially and economically disadvantaged communities such as Scheduled Tribes, Scheduled Castes, and minority communities. Another characteristic feature of migrant population is that the state and district which are socially and economically backward push, more often than not, people out to migrate in Kerala of livelihood. Migrate from regions in India that lag in development (Peter and Narendran, 2017). A majority of inter state migrants are young men go to migrate while a miniscale proportion of total migrant move out with family. Recently, there are female migrants who migrate leaving their family behind in the place of origin.

### Drivers of Migration

The co-existence of several factors drive inter-state migrant workers to Kerala. The state of development of the work force in Kerala does not match up with the type of work available in the causal labour market. Important pull factors after migrant workers from other states

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<sup>1</sup>A study by Gulati Institute of Finance and Taxation in 2013 estimates inter state migrants in Kerala as 25 lakhs.

<sup>2</sup> The Census of India and National Sample Survey Organization (NSSO) collects information on inter state migrants. However, the latest round of NSSO survey on migration was conducted during 2007-08, while latest Census data was collected during 2011. As per the Census data, 2011, inter state migrants in Kerala is estimated to be 6.5 lakhs (Census of India, 2011).

are (i) relatively higher wage rate employment in Kerala and (ii) there has been a shortage of unskilled labourers for manual work, and the mismatch between the demand for and supply of unskilled labour is filled by migrant workers.

### **Vulnerabilities of Inter-State Migrant Workers**

The guest workers in Kerala face stigma and discrimination even though their situation in Kerala is relatively better than other states of India. Wage discrimination between guest workers and natives are rampant. Guest workers are also forced to work for longer hours in a hazardous environment. The living arrangement of guest workers also puts them in a vulnerable situation. The study by Parida and Ravi Raman (2021) notes that about 96 per cent of the guest workers are living on sharing basis, while about 39 per cent live in temporary and kutcha houses. Moreover, about 93 per cent of the guest workers have only access to shared toilets. While the working and living arrangements put the guest workers at high risk of exposure to life threats including contracting of contagious diseases, their access to quality healthcare is poor. Studies have also noted exploitation by employers and contractors. As they are not part of a trade union, inter state guest workers have limited bargaining power. Often, they are unable to avail existing legal provisions due to lack of awareness and language barriers.

## **Section 2**

### **Social Security Measures for Migrants**

Kerala has implemented several schemes for the welfare of inter state migrant workers, with a purpose to provide a decent living and working condition to migrant workers. Important schemes implemented for migrant workers in Kerala are given below:

- (a) **Inter State Migrant Workers Welfare Scheme** was introduced in 2010. The scheme established a welfare fund for migrant workers from other states in Kerala under the Kerala Building and Other Construction Workers Welfare Board (KBOCWB). Inter-state migrant workers in the age group 18-60 years could enroll in the scheme paying a membership fee of ₹30. Membership needs to be renewed annually. The scheme provides financial support to the tune of Rs. 50,000 in the event of death in an accident at the worksite and Rs. 10,000 of the natural death. The amount is paid to the dependents of the deceased worker. Additional assistance of Rs. 5000 to Rs. 15000 (depending on the distance from the place of work/death to the state of origin) is also given for transporting the dead body to their native places. Further, each registered worker would get up to Rs. 25,000 as healthcare assistance for in-patient care in empanelled hospitals in case of accidents or chronic diseases. If the labourers are incapacitated more than six months due to accidents or chronic diseases, a financial assistance up to Rs. 25,000 is paid. The labourers who have registered in the scheme continuously for three years are also eligible to enjoy a retirement benefit of Rs. 1000 per year subject to a minimum of Rs. 10,000 and a maximum of Rs. 25,000. There is also a provision for Rs.3,000 per annum for the education above 10th class of the children of migrant workers.

Several criticisms are noted in the implementation of the scheme. The coverage of the scheme is rather limited. It could be because of lack of awareness about the scheme among its migrant workers. In addition, in 2016-17, the new registration for the scheme was merely 1,978.

- (b) **Aawaz** is a health insurance scheme implemented for interstate migrant workers by the Labour Department since 2017. Under the Aawaz scheme, registered migrant labourer between the age group of 18 and 60 years will receive a health insurance cover of ₹25,000 and provide a death insurance coverage of ₹2 lakh. The benefit of this health insurance scheme can be availed in government hospitals of the state and 300 empanelled private hospitals. Recently, the scheme has been extended to cover maternity treatment as well. The available data shows that, 5,09,865 cards have been issued till 21st October 2021. Those enrolled in Aawaz are issued Unique Identity Card bearing their name, registration number, and other essential data, including an embedded encrypted chip.

One of the major criticisms against Aawaz is that it duplicates some of the benefits under the Inter-state Migrant Workers Welfare Scheme.

(c) **Apna Ghar** envisage providing safe and hygienic hostel accommodation to guest workers on a rental basis. The scheme would provide respite for migrant workers who are often charged exorbitant rent, forced to live in cramped accommodation with limited facilities for cooking, clean drinking water and basic sanitation facilities. A pilot project started operation in 2019 in Palakkad that could accommodate 620 male guest workers. The hostel is located at KINFRA Integrated Industrial and Textile Park, Kanjikode, Palakkad. Shared residential rooms with bunk beds, indoor bathrooms, toilets, clothes washing and drying areas, kitchens, mess areas, recreational facilities etc., are provided as part of the hostel facility. Two new projects under Apna Ghar is currently under progress at Industrial Growth Center, KSIDC, Kinalur, Kozhikode and KINFRA Hi-Tech Park, Kalamassery Ernakulam. Heterogeneity among guest workers needs to be factored in while planning residential facilities for them. Accommodation facilities should be made in a place that is easily accessible to migrants. It would also be appropriate to provide accommodation facilities for vulnerable guest workers when they arrive in the State for a short period, say single women guest workers. A more logical strategy for the state would be to facilitate migrants to access affordable housing for migrants in the open market rather than segregating guest workers in exclusive housing arrangements.

Apart from the above programmes, there also exist Changathi, an initiative to teach Malayalam to facilitate better integration of guest workers in Kerala; awareness building programmes for guest workers about various welfare schemes, statutory entitlements; medical camp etc.

## Section 3

### Specific Recommendations

**(i) Updated Information on Inter state Migration:** A major drawback concerning policy formulation guest workers in Kerala is lack of reliable database. There should be an effort to conduct regular surveys to estimate the stock and flow of interstate migrants to Kerala. Further, it is also important to conduct in-depth studies to understand the working and living conditions of guest workers engaged in different sectors in Kerala. This is particularly important considering that guest workers flows to Kerala is becoming more diversified over the years in terms of place of origin, gender and sector and nature of employment in Kerala.

Registering guest workers who come to work in Kerala continue to be a contested idea. While registering guest workers as a means of surveillance is problematic, methods need to be devised to register guest workers to ensure that they get covered in existing social security provisions. Several instances are noted where migrant workers are denied compensation even in worksite accidents, as they are not duly registered as per the legal provisions.

**(ii) Improve Coverage of Migrant Welfare Schemes:** While it is true that Kerala is the forerunner among other states of India in implementing welfare schemes for guest workers, effort should also be made to improve the coverage of existing schemes. The Fourth Administrative Reforms Commission, in its third report, has reviewed the implementation of the existing welfare schemes in the state for migrant workers and has recommended several important actions. These include low enrolment in the Guest workers Welfare Scheme, partly due to a lack of awareness among workers. Efforts should be made to improve the enrolment of guest workers in the scheme and review the appropriateness of benefits offered by the scheme. Equally important is to examine duplication between benefits provided by Inter State Migrant Workers Welfare Scheme and Aawaz. There needs to be a mechanism to conduct a social audit of schemes for the welfare of migrant workers to review the efficiency of its operation.

**(iii) Improve access to public services:** Migrants find it challenging to access worker facilitation centres, an outpatient department of public health facilities, etc., as these services are not available after their working hours. Therefore, extending the OPD services in public health services could be beneficial for guest workers. Similarly, the worker facilitation centres need to function on Sundays and during the evenings so workers can avail themselves services without losing work/wages. Furthermore, in localities with a high concentration of guest workers, local governance should be made migrant inclusive. This would essentially mean taking into account the special needs of migrants concerning housing, water, sanitation, food and healthcare. Integrating requirements of migrants in local governance will also ensure swift action if faced with natural calamities or pandemics like COIVID-19.

**(iv) Formulate and implement migrant welfare programmes as Public-Private Partnerships (PPPs):** Considering that migrants in Kerala come from different states and speak multiple languages building public-private partnerships can address human resource

challenges, language barriers, and timing related constraints the government face to provide migrant services. In addition, possibilities of building partnerships with Civil Society Organisations (CSOs) at major labour sending locations/states could also be explored. The State should also think about programmes to create awareness among local citizens, officials and other stakeholders to not discriminate against migrant workers.

**(v) Incorporate gender concerns:** In recent years, inter-state migration to Kerala also consists of young women migrating independently and women as part of family migration; migrant schemes implemented in the state should be made to accommodate gender concerns. Efforts should also be made to provide accommodation (particularly short stay homes) and facilitate guest women workers travelling in Kerala for work. Furthermore, considering that most migrant women in Kerala will be engaged in the informal sector, regular inspections to ensure safe working conditions of migrant women should be made.

**(vi) Lack of adequate and reliable data on different facets and dimension of internal migrants in Kerala is a pre-requisite.** Often the discussion on reliable data on Guest Workers is confined head counts. It is hightime the collection of statistics proceeded further to collect the living conditions and labour relations of guest workers in the state. There exists different estimates on the population size of guest workers in Kerala.

There are about 5 lakh workers as per the Population Census of 2011. Estimates from three studies furnish different estimates ranging between 25 lakh to 31 lakh guest workers in the state. For policy formulations, budget allocation and assimilation of its severity the government requires reliable estimates of guest workers and it needs to be put in place. Unfortunately, estimates by different agencies and individual scholars have used methods of estimation which are not comparable and therefore arriving at a consensus figures, which is reliable and logical is rather difficult. A method of estimation based scientific practices available on projection of unaccounted guest workers in Kerala is first and foremost.

**(vii) A periodical and critical review of existing programmes and schemes for guest workers in Kerala should be the first step to formulate policies for 14th FYP.**

There are as many as seven schemes, which are under different stages of implementation. These programmes are related to health Insurance, (Aawas); Provision for good quality hostel accommodation (Apna Ghar Project); Literacy porgrame to teach Malayalam and Hindi to guest workers (Changathi); Preparation of study material for guest workers (Hamari Malayalam); Awareness building about various welfare schemes and statutory entitlements among migrant workers; Medical Camp for guest workers, guest workers friendly accommodation which is aimed at providing safe and hygienic accommodation facilities for migrants.

It is suggested that each programme for guest workers needs a proper assessment with a focus on the rate of adoption by guest worker. These programmes need be evaluated based on the adoption rate and its effectiveness in mitigating the hardships of guest workers.

**(viii) Need for a situation assessment study/survey:** There should be a vulnerability assessment Survey/study of guest workers in Kerala. The vulnerability assessment should be performed on a comparative framework in relation to the native worker of the same type and skill. Programmes and schemes for guest workers need be based on their vulnerability Index.

It may also be noted that the Vulnerability Index of ISM workers do vary across states. A worker from neighbouring state like Tamilnadu has proximity to social and cultural living standards and her vulnerability in terms of integrating with the local population is much on a lower side as compared to a worker from Bihar or Chattisgarh. Further, a worker from West Bengal is less vulnerable in Perumbavoor in Kerala because their presence among migrant workers is much higher than workers from other states.

It is found that many of the programmes still remain in paper or not have yet fully launched/initiated for various reasons. Most of such programmes are implemented by Labour Department in the state. It is rather important to have crystal grazing of each of the programme, issues, adoption rate by guest workers, and reasons for the dismal performance of the existing schemes. The Apna Ghar Project of Bhavanam Foundation Kerala has provided accommodation facilities in four locations in the state. In Thiruvananthapuram district, the Bhavanam for guest workers are housed in Chempazhanthi, which is not availed by majority of guest workers for two reasons.

**(ix) Guest workers are not a homogeneous entity:** They hail from different states mostly located in eastern India, viz., Assam, West Bengal, Odisha, Chattisgarh and others. These workers would like to stay in a place where their fellow workers from the same state live because of cultural fraternity. This aspect needs to be factored in while providing accommodation for guest workers. The whole idea of providing accommodation is not simply sheltering the guest workers but allowing them to live as a society in which they face less language, cultural and social barriers when they move and live together. It helps them get rid of with the feel of alienation.

Accommodation facilities should be made in a place of common accessibility because the migrant workers work in remote area and in the morning and evening they commute. The cost of transportation do matter to them and also the time spend on commutation. The accommodation facilities for guest workers should be decentralised in places of their concentration and in urban centres.

**(x) Changing characteristics of migration to Kerala:** Recent studies have highlighted that there has been a change in the very nature of migration to Kerala from long duration to short duration. Recently, workers from Assam, West Bengal and Odisha come to Kerala for a brief spell of 3-4 months and return. They again reappear after harvesting crops in their place of origin (those who have a bit of land and others get wage employment during agricultural seasons. In northern and eastern India, daily wage during peak seasons are doubt of the daily wage in lean season) or other work related engagements in native place.

The changing character of migration have to be taken into account while framing policies for guest workers in the state. It may not be a workable proposition to have programmes such as Hamari Malayalam and Awareness Building programme for short-term migrant workers. Other programmes and Schemes meant for guest workers have to be evaluated in the light of the observations made and accordingly changes have to be made in the programmes to address specific vulnerability of guest worker in Kerala.

In the case of migrant workers who come with their family need be given adequate social protection and housing facility. It may be considered as the responsibility of the state government as the guest workers labour is used in Kerala.

**(xi) Registration/records of guest workers:** There has been a difference of perception on the registration of guest workers who come in Kerala for work. There are some issues in making the registration mandatory as Kerala is part of the India Union. However, total absence of registration system for workers, particularly of those who seek work in the unorganised sector (unskilled or semi skilled), in effect, acts in favour of the employer. It is because workers employed in mines and such type of hazardous industries are being paid on a monthly basis and they are employed on depositing their Aadhar card or other personal identification documents with the employer. In the event of an accident to the workers, which causes serious injuries or the worker turn unconscious or die, lack of registration system works to the advantage of the employer. While a proper registration system help pass the mishaps to their fellow worker and employer will be forced to pay adequate compensation to the deceased worker as per the existing rules. On top of it, the employer will be booked for not following statutory safety measure and such cases are registered under criminal offence like murder.

The registration could be either with the LSGIs, or labour department or any other place of authority with the sole objective of easy-tracing of the individual who is subjected to the mishaps. Registration help protect the guest workers to protect his/her rights. However, the mode of recording their movement, work specialisation and whereabouts should be known to LSGIs in which they are employed. It helps, one way or other, to arrive at an exact number of guest workers with social, economic and demographic details. Often mandatory registration is opposed in the name of multiple identity logic of sub-states which relevant in the present day new India under its cultural nationalism project. The registration of guest worker need to distinguish from the multiple identification logic of cultural nationalism. It is always advisable not to reveal religious identities in such registrations.





### CHAPTER 3

## INFORMAL SECTOR LABOURERS AND THE GIG ECONOMY

#### **Estimates of workers in the informal/unorganized sector in the state**

Of the estimated workforce of 127 lakh (according to PLFS data) in Kerala, 48.1 lakh (or 37.8 per cent of the total) were self-employed and 43.8 lakh were regular workers (or 34.5 per cent of the total) in 2018. The remaining 35.2 lakh workers in Kerala (or 27.7 per cent of the total) were casual workers (Table 4).

The sectors in Kerala that employ mostly regular workers are the following: education (employing 6.4 lakh workers in 2018), health and social work (4.7 lakh), professional, scientific and technical activities (2 lakh workers), administrative and support service activities (2.4 lakh workers), public administration (2.8 lakh), financial and insurance activities (4.2 lakh workers) and information and communication (2.2 lakh workers). Segments of the workforce engaged in manufacturing are also regular workers. It is notable that the proportion of regular workers to the total workforce is considerably higher in Kerala than the rest of the country. In 2018, this proportion was 34.5 per cent for Kerala and 24.3 per cent for the country as a whole.

Out of the 43.8 lakh regular workers in Kerala, 22.1 lakh workers earn some form of social security. In 2018, regular workers who earn social security as a proportion of the total workforce of Kerala was 17.4 per cent, while the corresponding proportion for the country as a whole was 12.3 per cent .

**Table 3.1** : Estimates of workforce in Kerala by activity status as on 1 January 2018 (in lakh)

Category	Total	Males	Females	Total (%)	Males (%)	Females (%)
Self employed, own account workers	45	37.5	7.4	35.4	40.0	22.2
Self employed, helpers	3.1	0.7	2.3	2.4	0.7	6.9
Self employed, total	48.1	38.2	9.7	37.8	40.8	29.0
Casual workers	35.2	28.4	6.8	27.7	30.3	20.4
Regular workers	43.8	27	16.8	34.5	28.8	50.3
Regular workers who earn social security	22.1	12.9	9.2	17.4	13.8	27.5
All workers	127.1	93.7	33.4	100	100	100

Source:1. Periodic Labour Force Survey; 2. Thoman (2020).

The National Commission for Enterprises in the Unorganised Sector (NCEUS) had conceptualised the informal economy as the set of informal workers in the informal sector and the informal workers in the formal sector. Informal workers were those that suffered insecurities in jobs, incomes and conditions of work. Informal sector was defined as those

employed in units which has less than 10 workers. Based on these definitions a classification of the informal economy shows that Kerala continues to have an overwhelming presence of informal labour. Based on the definition the share of informal workers among rural males in Kerala in 2017-18 was 87%, and females 78%. For urban areas it was 85% and 65% respectively (Table 3.2).

**Table 3. 2.** Distribution of workers by informal and formal sectors and by place of origin in Kerala-2017-18

Gender	Informal Sector	
	Rural	Urban
Male	86.90	84.61
Female	78.43	65.14
	Formal Sector	
Male	13.10	15.39
Female	21.57	34.86

Source : PLFS 2017-18 (Abraham, 2020)

A large share of the informal workers remain so because they work in firms that are small and hence are not part of the organised sector. In rural areas, more than 74 percent of the males and nearly 50 percent of females are employed in the unorganised sector. In the urban area, the share is 72.5 and 46.5 percent for males and females respectively (Table 3.3).

**Table 3. 3.** Distribution of workers by organised and unorganised sectors in Kerala (Age Group 15+)-2017-18

Gender	Unorganised sector	
	Rural	Urban
Male	74.50	72.56
Female	49.98	46.55
	Organised sector	
Male	25.50	27.44
Female	50.02	53.45

Source : PLFS 2017-18 (Abraham, 2020)

Thus an overwhelmingly large share of the employment remained in the informal economy, both in the rural and urban and for males and females.

### Challenges faced by workers in the informal economy

The challenges faced by workers in the informal economy are manifold; (i) job insecurity (ii) income insecurity, and (iii) insecurity in working conditions. In terms of the type of employment workers in the informal sector in Kerala are either casual wage labourer (35 lakh) (27% of the total workforce) or self-employed (48 lakh workers-37% of the total workforce). To the workers in the informal sector, regular workers without any social security can also be added (22 lakh-16%). About 105 lakh informal workers, of which about 22 lakh have poor or negligible social security, while 48 lakh workers are deprived of both social security and live with poor income. Another 35 lakh do face insecurities.

**The productivity and growth challenge in the informal sector:** Both in Indian and Kerala context self-employed consists of the largest share of the workers in the informal economy. About 90 percent of firms in India and Kerala fall under the category of own account enterprises (OAE) or Non-Directory Enterprises (NDEs), which are family run micro and small establishments. Most of the casual and regular wage workers are employed in small establishments.

These micro enterprises are low value adding production or service units, with low productivity and capacity. Labour demand being derived from final goods and services, employment creation and wage growth are closely associated with productivity growth and expansion of goods and services production. The problem of low wages and poor social security cannot be disassociated from low productivity and low growth of the enterprises in the informal sector. A critical concern must therefore be how to enhance productivity and growth in the informal sector. This issue remains largely unaddressed with some piecemeal interventions by the state. The government can take proactive steps to enhance these two factors, productivity and growth in the sector. Any policy intervention aiming to enhance welfare or working conditions for the workers can do so only if the firms are growing.

As can be seen from the table 3.4 below in the rural areas about a fourth of the workers are dependent on agriculture and allied sector. Bulk of the male employment in Kerala is concentrated in sectors: agriculture (about 25% in rural areas; 10 % in urban); construction (22.5% in rural areas; 22 % in urban); trade restaurant and hotels (14% in rural areas, 21% in urban). Another 22 percent is in the construction sector (both rural and urban respectively). For females the bulk of labour is concentrated in agriculture (rural 25%), manufacturing (rural 12.5%; urban 16.5%); community and personal services (33.8% rural and 43% urban).

The employment distribution gives clear indications on the sectors to focus for productivity and growth enhancement that could lead to better labour market outcomes for the informal sector workers.

**Table 3.4** Industrial distribution of workers in Kerala percent (UPS) in 2017-18

Industry/Year	Rural Male	Rural Female	Urban Male	Urban Female
Agriculture & allied	26	24.6	10.6	7
Mining & quarrying	0.5	0	0.1	0
Manufacturing	9.3	12.5	12.8	16.5
Electricity,Gas & Water Supply	0.6	0.1	0.8	0.3
Construction	22.5	11.6	22	8.6
Trade, Rest & Hotels	14.1	10.7	20.9	10
Transport Storage & Communication	12.3	1.5	13.4	2.4
Finance Insurance & Real Estate	4.4	5.1	7.2	12.2
Community Social & Personal Services	10.3	33.8	12.4	43
Total	100	100	100	100

Source: PLFS 2017-18 (Abraham, 2020)

New enhancing growth and productivity in the informal sector requires direct and concerted interventions from the state government, especially in the sectors that accommodate much of the informal labour. Growth by increasing the number of firms and or upscaling of these small units of production would keep the demand for employment sufficiently large to keep the labour market tight. The bottlenecks to establishment of new enterprises such as credit availability and requirements to subsit may also be addressed. The government may design policies to provide the small firms accessibility to national and global markets.

Increase in productivity would push up wage rates as well. Hence productivity must be the prime mover to improve the living standard of workers through capital intensity and technology upgradation. Another possible way to ensure a higher growth performance of micro and small industries is the product diversification. These two channels calls for innovation. The government needs to draw up a strategy and plan for outcome oriented growth, productivity and innovation policy for the informal sector. Further, the policy must establish institutions that will lead to substantial outcome.

- 1. The Wage challenge in the informal sector:** While the casual wage workers enjoy reasonably high wages when compared with workers in the rest of the country, the regular wage workers in the informal sector, and the contractual wage workers in the formal sector work for a low wage. Relatively higher wages in casual employment takes care of income insecurity, but without job security. Thus, the total earnings of the casual workers remain low even with a relatively higher

wages due to fall in the available days of employment. Regular wage employment provides reasonable job protection, but not income security. Growth and productivity enhancement has the potential to mitigate both the job and earnings related insecurities. An increase in value addition driven by productivity enhancement requires that there should exist sufficient institutional mechanisms, through policy interventions and collective bargaining process .

2. The Government secure the minimum wage and stipulate conditions for wage payment, protection of workers' rights and hence against wage theft and labour market discrimination of any type. These are covered through the Minimum Wages Act 1948, the Payment of Wages Act 1936, The Kerala Agricultural Workers Act 1974 and The Equal Remuneration Act 1976. The Minimum Wages Act extends to all types of wage employment, whether regular, contractual or casual wage employment, in the scheduled employments. The employee may be directly employed by the employer or through another person on behalf of the employer. The scheduled employments consists of the employments notified under the Central Minimum Wages Act 1948 and the schedule of employments appended to the MWR of Kerala, 1958. The Act is the main protective mechanism for workers in the unorganised sector who are not protected by the labour legislations that pertain to the organised sector of the economy. However the implementation of the Act was limited to a set of employment thus having restricted reach to all sections of the working class. Moreover the share of establishments that submit returns under the MW Act is extremely low. In 2014, only 2.6 per cent of the establishments in Kerala submitted returns to the labour office. The low rates of compliance may be attributed to three factors: (i) lacklustre approach of the state apparatus to ensure the implementation of Minimum Wages Act in establishments; (ii) inadequate punitive measures to prevent under reporting of establishments, and (i) procedures and formalities of filing returns which dissuade the employer.
3. In 2018 ,the Government of Kerala proclaimed the new labour policy of the state. The new policy aims to enhance the coverage of the MWAct through two measures: by bringing more sectors under the MWAct and by declaring a uniform minimum floor wage rate for all other employees not covered under the MWAct. The Labour Codes of the Government of India has now stipulated uniform Minimum Wages and universal coverage of the Act. The rules of these are being developed and implemented.
4. A higher wage in the casual labour market is initially an outcome of institutionalised strength of collective bargaining. This enabled basic standards of living for workers. Tightening of casual wage labour market maintained the high wage levels among casual wage labour. However, the core concern that still remain is the plight of the regular wage workers in the unorganised sector and the temporary regular wage workers in the organised sector. New directions must be sought to

enhance the earnings of these set of workers.

5. Though universal and uniform minimum wages is a reasonable goal to be kept for all workers, it is well known that atleast in some sectors in Kerala, while average wages are higher than that of the minimum wages, the fruits of higher productivity is not shared with the workers. A mechanism to incentivise such sharing of higher productivity may be encouraged. One possibility is to introduce two part wage payment system, with a basic component and an incentive component. This is already in place in many firms in Kerala. But a drawback is that usually the basic wage component drops to minimum wages or lower, and the incentive part of the wage becomes a tool to extract work. The policy approach could be a punitive policy on failures in basic minimum wage component while an incentive system for productivity-sharing wages.
6. A corollary to the wage problem among regular wage workers, especially in the service sector is that much of the employment in these sectors is done by women workers. Ensuring women workers' ability to bargain for their rightful employment space at remunerative wages is essential. Policies aimed at organising and encouraging collectivisation of regular wage workers, especially women workers must be put in place.
7. The challenge of social security for informal workers: The rationale for social security arise from human rights for decent work and life with human dignity. The enforcement of such basic needs as work pay component for permanent workers in the organised sector ensures that workers in these sector enjoy decent work and life with dignity. However, the denial of such rights for informal workers make life and work miserable for such workers.
8. In Kerala the proactive labour movements played a significant role in developing a system of social security that provides basic social protection. The Kerala Welfare Fund Act was enforced in 1975, whereby through a tripartite arrangement of the state, employers and employees, welfare funds were established and workers (and self-employed persons) belonging to various sectors were covered under welfare schemes that provided basic pension and contingencies. Currently 16 such welfare fund boards are functional, providing social security cover to workers. The Labour Department plays a key role in implementing labour welfare activities. The welfare funds provide for various contingent social securities such as life course events, emergencies and old age pension. The welfare fund model has been accepted by the Central Government that has extended a similar model through the Unorganised Workers Social Security Act 2008 of the Government of India.
9. Apart from the Welfare Fund Boards there are programmes implemented by the Labour Department for welfare of the unorganised sector workers. They include the Unorganised Daily Waged Employees Distress Relief Fund, the Tree Climbers Disability Pension Scheme, Maternity Allowances to Workers in the Unorganised

Sector, the Estate Workers Distress Relief Fund, and income support to workers in traditional sector activities.

10. Employees State Insurance (ESI) scheme of the Government of India aims at providing assistance to employees in case of sickness, maternity, disablement and death due to employment injury and to provide medical care to insured persons and their families.

**(iii) To suggest ways to 'explore innovative livelihood opportunities like digital and online platforms for those working in the informal / unorganized sectors.**

The ToR (iii) was discussed along with the issues of informal sector workers in digital and online platforms.

Given the demographic profile and development of social and economic trends in Kerala economy, the region has the potential to grow faster as a gig economy with flexible working conditions and services. A gig worker could be anybody from a part-time professor to an independent work contractor or a freelancer. Important characteristic features of gig workers are: (i) non-standardised work arrangement and non-conventional relationship with the employer. In other words, the employer and employees are invisible to each other. In the labour code passed by the Central Government in 2020, the code on social security defines a gig worker as 'person who performs work or participates in a work arrangement and earns from such activities outside of traditional employee –employer contracts or relationships. The proportion of gig workers are closely linked to level of urbanisation and industrial growth. For instance, in large cities, food suppliers constitute a large chunk of population. Gig workers encompass a vast category of people such as freelancers, contingent workers, independent contractors, software personnel work on hourly basis and so on and so forth. Gig and platform workers are an upcoming group in the informal sector labour market mostly operating in urban agglomerates. Recent labour codes passed by the Government of India has recognised gig and platform workers as one of the highly vulnerable groups of people requiring immediate intervention of the state and statutory protection. Although gig and platform workers could be anyone / anybody engaged in part time jobs on a piece rate or hourly wage basis, mostly they are engaged in food industry (catering services) and supply side of the value chain or finished commodity sale from factories to the customer. In Kerala, like in other cities in the country, the proportion of gig workers have been growing faster and their grievances and working environment should be a matter of concern for the state. Unlike other workers in the informal sector, proportion of male population in the gig workers are relatively high and further, they are mostly educated and are highly mobile as they do not require a special geographical locale for work and office. The gig workers played vital social and economic role during the Covid-19 pandemic period and it was the time that the informal sector workers experienced the maximum growth.

Often, gig workers and Platform workers are used interchangeably. On the contrary, platform workers are totally different category of informal sector workers and they call for a different treatment altogether. Any person working for an organisation or a company which

provides special services using an online platform directly to its customers is called platform works. In transport services such as Ola taxi services or food suppliers like Swiggy or Amazon delivery agents constitute the platform workers. The similarity between gig and platform workers converge on the conditions that the worker and the employers remain more or less detached to each other while workers/suppliers/agents and customers are directly contacted. The newly introduced labour codes defines a platform worker (section 2(55)) as

### **Platform Workers**

A platform worker implies a worker working for an organisation that provides specific services using an online platform directly to individuals or organisations.

- Examples of platform workers include Ola or Uber drivers, Swiggy or Zomato delivery agents, etc.
- The Social Security Code defines a platform worker as “a person engaged in or undertaking platform work”. Section 2(55) of the Code defines platform work as “A form of employment in which organisations or individuals use an online platform to access other organisations or individuals to solve specific problems or to provide specific services in exchange for payment”.

The Gig and Platform workers enjoy benefits which are, often, not available to workers in the informal sector, who are defined under traditional employer-employee relationships.

### **Advantages of Gig and Platform workers**

1. Flexible working hours chosen by the employee rather than the employer.
2. An employee can work under multiple organisations at the same time.
3. An employee can pick up the areas of her interest and work as she prefers.
4. It provides a sort of apprenticeship to the employee.

### **Disadvantages of Gig and Platform workers**

1. These workers are often unregistered and therefore outside the purview any statutory benefits.
2. During the Covid-19 pandemic period, as the lockdown came into operation, online taxi workers were grossly denied their livelihood options.
3. The gig and platform workers are invisibly regulated and controlled by the algorithm that the platforms use. In other words, such workers are always wired and under close monitoring and supervision.
4. Such workers are generally denied benefits that organisations offer their regular workers, like health insurance, paid leaves, etc.

### **Important Recommendations**

In India, gig and platform workers are a nascent segment of the informal labour market



notwithstanding the fact that they are emerging as an important economic and social entity in every state and city of the country and Kerala is not an exception to it. The Code on Social security 2020 has made provisions for such workers. The state governments are yet to take cognizance of the existence of a growing segment of platform workers.

1. There is no data or head count of the people working as gig and platform workers by cities and locations.
2. There is not social security and insurance scheme for such workers
3. As they have no visible and direct employer, they are highly vulnerable in terms of income and job security.
4. Possibility of accidental death, disabilities, incapacity due to ageing and other physical disabilities are highly pronounced in the case of gig and platform workers.
5. Gig and Platform workers require a different set of policy framework and continuous and regular skill upgradation training to catch up with the technological advancement in job description. It is the responsibility of the state to ensure that such workers are not thrown out of their livelihood source due to lack of skill upgradation.
6. The most comprehensive recommendation is that a committee should be constituted to study the labour codes and provisions under social Security of 2020 for the gig and platform workers and make rules, schemes and programme to ensure social security, employment stability and income security to such workers.

### **References:**

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## Annexure- I

### PROCEEDINGS OF THE MEMBER SECRETARY

#### STATE PLANNING BOARD

(Present: Sri. Teeka Ram Meena IAS)

Sub: - Formulation of Fourteenth Five Year Plan (2022-27) – Constitution of Working Group on **Labour in the Informal Sector** – reg.

Read: 1. Note No. 297/2021/PCD/SPB dated: 27/08/2021

2. Guidelines on Working Groups

**ORDER No. 448/2021/SS (Lbr)/ SPB Dated: 08/09/2021**

As part of the formulation of Fourteenth Five Year Plan, it has been decided to constitute various Working Groups under the priority sectors. Accordingly, the Working Group on **Labour in the Informal Sector** is here by constituted with the following members. The Working Group shall also take into consideration the guidelines read 2<sup>nd</sup> above in fulfilling the tasks outlined in the ToR for the Group.

#### Co - Chairperson

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14. Sri. Amit Basole, Associate Professor, Azim Premji University, Mob 9619649958  
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#### **Convener**

Dr. Bindu P. Verghese, Chief, Social Services Division, State Planning Board, Mob.  
9495098606 email. ssdnklaspb@gmail.com

#### **Co- Convener**

Sri. Sudesh T.P, Assistant Director, Social Services Division, State Planning Board,  
Mob: 9895877555

#### **Terms of Reference**

1. To examine the challenges faced by workers in the informal/unorganised sectors in the State and recommend measures to ensure them adequate social security and safe working conditions.
2. To suggest ways to improve the welfare and working conditions of guest workers.
3. To suggest ways to explore innovative livelihood opportunities like digital and online platforms for those working in the informal/unorganised sectors.

#### **Terms of Reference (General)**

1. The non-official members (and invitees) of the Working Group will be entitled to travelling allowances as per existing government norms. The Class I Officers of GoI will be entitled to travelling allowances as per rules if reimbursement is not allowed from Departments.
2. The expenditure towards TA, DA and Honorarium will be met from the following Head of Account of the State Planning Board "3451-00-101-93"- Preparation of Plans and Conduct of Surveys and Studies.

#### **Member Secretary**

To

The Members concerned

Copy to

PS to VC

PA to MS

CA to Member (VKR)

Sr. A.O, SPB

The Accountant General, Kerala

Finance Officer, SPB

Publication Officer, SPB

Sub Treasury, Vellayambalam  
Accounts Section  
File/Stock File

Forwarded/By Order

Sd/-  
Joint Director (T.E. Santhi)

## **Annexure-II**



### **Subgroup on Welfare of Guest Workers**

#### **Members**

1. Dr Rakkeethimothy (Convenor)
2. Prof. Mohankumar S.
3. Dr AmitBasole
4. Dr Benoy Peter
5. Shri. George Francis
6. Shri M.S Nehas
7. Shri. V. J. Joseph

### **Subgroup for Informal Sector Labourers**

#### **Members**

1. Dr.Vinoj Abraham (Convenor)
2. Dr.Chithra IAS
3. Prof. Jayan Jose Thomas
4. Shri. P. Pramod
5. Sri. R. PrasadR
6. Adv. Saji
7. K.N. Gopinath
8. UnnikrishnanUnnithan

Drafting Committee Convenor - Prof.Mohankumar S.