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One Board, One Worker, One Account

A framework for consolidating Kerala's welfare fund boards



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POLICY BRIEF

One Board, One Worker, One Account

A framework for consolidating Kerala's welfare fund boards

Summary

Kerala runs more than sixteen occupation-specific welfare fund boards, each under its own Act, with its own administration, registry and rules. The system was built for targeted outreach. Today it is fragmented, financially weak and hard for workers to use.

- Of roughly 70 lakh registered members across 15 boards, only about 3.76 lakh (5.4%) received any benefit in 2016–17.
- Two boards reported zero beneficiaries. The Agricultural Workers Board paid 14 people out of 16.7 lakh members.
- Nineteen welfare fund Acts still provide imprisonment for procedural defaults, such as an employer missing a ₹5-per-worker contribution.

The proposal: merge the boards into a single Kerala State Unified Social Security Board under one Act; give every worker one portable account; standardise benefits, contributions and claims; professionalise fund management; and replace jail terms with graded monetary penalties. The registry and common rules should come first, through administrative action, so that the legal merger rests on clean data rather than on 70 lakh unverified memberships.

Summary

Welfare fund boards are statutory bodies that pool regular contributions from workers, employers and, in some cases, the government. Unlike general social security, each board covers only workers registered in one occupation, such as fishing, toddy tapping, tailoring or construction.



Benefits typically include pensions, medical treatment, maternity support, marriage and education assistance, death relief and calamity aid. The mix differs by board and by the nature of the work. The Acts reviewed cover cultural activists, cashew, coir, tailoring, jewellery, khadi, toddy, shops and commercial establishments, abkari, construction, small plantations, beedi and cigar, bamboo and pandanus leaf, labour welfare, ration dealers, fishermen, motor transport, dairy farmers and employment guarantee workers.

Key issues

1. **Fragmentation:** Each board carries its own administration, registry and bylaws. Workers can hold memberships in several boards at once, while their contribution history stays locked in one board when they change occupation. The structure penalises labour mobility at precisely the time Kerala's workforce is moving between sectors.
2. **Weak finances:** Only a handful of boards (Abkari, Headload, Building and Other Construction, and Toddy Workers) are described as running relatively well. The rest depend on government grants because too few active members contribute. Small boards such as Beedi and Cigar Workers struggle to keep administrative costs within the 10% ceiling.
3. **Members are not realising benefits:** Large memberships do not translate into benefits paid. It cannot be established whether this reflects cumbersome claim procedures, low awareness, or inflated rolls, because no board reports active contributors separately from registered members.
4. **Passive fund management.** Funds sit mostly in bank deposits, without professional managers or diversified investment, which keeps returns and benefit levels low.
5. **Criminal penalties for procedural lapses.** The Acts provide imprisonment of up to three months (or a fine up to ₹500) for false statements made to avoid payment and up to two months (or a fine up to ₹400) for general non-compliance. Under the Tailoring Workers' Welfare Fund Act, 1994, failing to pay ₹5 per worker can draw up to two years in jail. Penalties of this kind deter payments and signal a hostile compliance climate to employers.



Evidence: who actually receives benefits

Welfare fund boards of Kerala

Name of the Board	No. of Registered Members as of	Welfare Activities of the board	No. of beneficiaries
Kerala Toddy workers welfare Fund Board	30582	Treatment Benefit, Death Relief Fund, Educational	3309
Kerala Labour Welfare Fund Board	435000	Marriage Benefit, Death Relief Fund, Educational Benefit,	1020
Kerala Headload Workers Welfare Fund Board	35359	Pension, Treatment Benefit, Maternity Benefit, Marriage	0
Kerala Motor Transport Workers Welfare Fund	808173	Pension, Treatment Benefit, Maternity Benefit, Marriage	7067
Kerala Cashew Workers Relief and Welfare Fund	143159	Marriage Benefit, Death Relief Fund, Educational Benefit	659
Kerala Handloom Workers Welfare Fund Board	26747	Pension, Treatment Benefit, Maternity Benefit, Marriage	10847
Kerala Abkari Workers Welfare Fund Board	2630	Pension, Treatment Benefit, Marriage Benefit, Death Relief	121
Kerala Building and other Construction Workers	1543244	Pension, Treatment Benefit, Maternity Benefit, Marriage	268832
Kerala Agricultural Workers Welfare Fund Board	1670752	Treatment Benefit, Maternity Benefit, Marriage Benefit	14
Kerala Tailoring Workers Welfare Fund Board	775628	Pension, Treatment Benefit, Maternity Benefit, Marriage	50475
Kerala Beedi and Cigar Workers Welfare	6450	Pension, Treatment Benefit, Maternity Benefit, Marriage	3300
Kerala Eetta, Kattuvally, And Pandanus Leaf Workers	64628	Pension, Treatment Benefit, Maternity Benefit, Marriage	27933
Kerala Unorganised workers social security board	478274	Pension, Treatment Benefit, Maternity Benefit, Marriage	0
Kerala Shops and Commercial Establishments	988935	Treatment Benefit, Maternity Benefit, Marriage Benefit,	2524
Kerala Small Plantation Workers Welfare Fund	1420	Not Available	Not Available
Kerala Jewellery Workers Welfare Fund Board	16736	Death Relief Fund, Educational Benefit Other	2

Source: Labour Statistics at a Glance Kerala-2017



The largest boards by membership pay out the least. Agricultural Workers, Shops and Commercial Establishments, and Unorganised Workers together hold over 31 lakh members and paid about 2,500 people between them. The Building and Construction Board alone accounts for roughly 71% of all beneficiaries in the system.

Guiding principle: functional merger before legal merger

A single Act will take time to draft, negotiate and pass. Much of the benefit of consolidation does not need to wait for it. A common worker registry, uniform claim rules and public reporting can be introduced by executive order across the existing boards. Doing this first gives the State an accurate count of active workers, tests the shared systems on live data, and builds the evidence and trust the legislative merger will need.

Recommendations

1. Unified registration and digital architecture

Clean the Registry of Beneficiaries: Cross-reference all current memberships with Aadhaar and the e-Shram Universal Account Number to eliminate redundancies and pinpoint inactive records. The number of unique, active workers is likely to be well below 70 lakh, and that real base is what the unified board should be planned around.

One worker, one account: Each worker holds a single universal ID with one or more sector tags. Occupation becomes an attribute of the account, not a separate membership, and the tags determine eligibility for sector-specific benefits automatically.

Active and dormant status: Membership becomes dormant after a defined period without contributions, with a simple revival route. This makes the gap between members and beneficiaries measurable and keeps the registry honest.

Enrolment through the employer side: Link employer registration to records the State already holds, such as Shops and Establishments licences, Udyam registration and building permits. Collect all employer contributions through a single online challan.



A single-window portal and welfare card: Replace isolated board portals with one Unified Welfare Portal and a Kerala Workers' Welfare Card linked to the worker's bank account and a mobile app. Pensions, medical claims and educational assistance are paid through Direct Benefit Transfer.

Assisted access: Use Akshaya Centres, Kudumbashree networks and local self-government offices as front desks for registration, updates and grievances, so that going digital does not exclude older or informal workers.

2. Uniform benefits, contributions and claims

A common core with sector top-ups: Every member receives the same floor of protection: death relief, accident cover, maternity support and old-age pension. Sectors that carry their own levy or cess fund additional benefits on top, through ring-fenced sub-accounts.

Harmonised, indexed contributions: Adopt a single schedule of employer, employee and State contributions, indexed to inflation, instead of fixed amounts such as ₹5 that have lost their value over three decades.

Full portability: Service years, pension credits, medical cover and education entitlements follow the worker across occupations, for example, from construction to transport, without a fresh qualifying period.

Rule-based approvals: Replace committee scrutiny of routine claims with straight-through processing. Fixed-amount benefits are approved automatically once linked records confirm the event: school admission data for education grants, marriage registration for marriage assistance, and civil registration for death relief. Every claim type carries a published service timeline.

One grievance and appeals mechanism: Establish a single ombudsman or appellate authority for all sectors, replacing board-by-board dispute handling. This reduces administrative costs.

Public reporting: Publish an annual dashboard for each sector sub-account showing registered members, active contributors, beneficiaries, benefits paid and the administrative-cost ratio.

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3. Professional fund management

Pool the reserves of the merged boards into a Single State Social Security Fund, keeping statutorily ring-fenced cesses in separate sub-accounts. Appoint professional fund managers under a prudent, diversified investment mandate that goes beyond fixed deposits, with an independent investment committee and published returns. Better returns are the most direct route to better benefits without higher contributions.

4. Decriminalising compliance

Replace imprisonment for non-payment, false statements and general non-compliance with a single schedule of graded monetary penalties, interest on delayed contributions and recovery as arrears of revenue. Penalties must be large enough and collected reliably enough that paying on time remains the cheaper choice for employers. Criminal liability should be reserved for deliberate fraud.

5. Legal framework

An Unified Law: The Legislative Assembly enacts the Kerala Unified Workers Social Security and Welfare Act as the single parent law for welfare in the unorganised and traditional sectors. The Act repeals the legacy State welfare fund Acts, or sunsets them on a notified date, with a savings clause protecting accumulated balances, pending proceedings and vested rights of beneficiaries.

Vesting and succession: All movable and immovable property, bank accounts, cesses and liabilities of the dissolved boards vest in a new body corporate, the Kerala State Unified Social Security Board.

Staff continuity: Existing board staff are absorbed into a unified cadre on no less favourable service conditions, with retraining for digital-first regional service centres.

Delegated rules and standard schedules: The Act sets the framework; the Labour Department notifies uniform rules on eligibility, contribution rates, benefit amounts and claim procedures, replacing board-level bylaws.



Limits of State Competence: Some boards rest on central legislation. The construction workers' board and its cess derive from the central framework for building and other construction workers, now carried into the Code on Social Security, 2020. The State cannot repeal these provisions; the construction fund must sit inside the unified board as a ring-fenced account administered under central law. The new Act as a whole should be drafted to align with the Code so that Kerala does not build a parallel system.

6. Benchmarks

e-Shram (India): A national registry of unorganised workers under a Universal Account Number, already covering crores of workers. It offers Kerala a ready identity spine for deduplication and portability.

Tamil Nadu: Runs its many unorganised-sector boards under a common legal framework and shared Labour Department administration, showing how a shared back office can coexist with sector-specific schemes during transition.

Singapore's Central Provident Fund: Serves retirement, housing and healthcare needs through one integrated, digital-first statutory board and a single member account, demonstrating that multiple purposes do not require multiple institutions.

France's URSSAF: Centralises the collection of social contributions across diverse worker categories into one collection engine, the model for Kerala's single employer challan.

7. Implementation roadmap

Phase 1: Functional integration. By executive order, launch the registry audit and e-Shram linkage, the unified portal, uniform claim procedures and the public dashboard across all existing boards.

Phase 2: Legislation. Draft, consult on and pass the Unified Act, including the savings clause, staff protections and the decriminalised penalty schedule.

Phase 3: Merge the smallest boards. Fold in boards with too few active contributors to be viable, and those with overlapping mandates, using the shared registry and IT systems.

Phase 4: Complete consolidation. Bring in the larger boards, establish the Single State Social Security Fund with ring-fenced sub-accounts, and appoint professional fund managers.



Implementation safeguards

Protect accrued entitlements: The merger must guarantee existing pensions and benefits in full, or members of the stronger boards will rightly resist it.

Bring trade unions in early: Unions currently sit on board governance and act as enrolment channels. A role in the unified board's advisory structure and as registration facilitators will secure their support without making them gatekeepers.

Guard against exclusion: Assisted registration and offline claim routes must remain available until digital uptake is near-universal.

Keep enforcement credible: Decriminalisation works only if monetary penalties are actually levied and recovered.

Kerala does not need more welfare boards; it needs one that knows who its workers are and pays them what they are owed.

Source

Drawn from Section 3.7, "Proposed Amendments to the Welfare Fund Acts," in CPPR's [Decriminalisation of Business Laws in Kerala](#) (December 2024), pp. 24–28. Board data in that report is from *Labour Statistics at a Glance Kerala 2017*.





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