

A Socio-legal Study on the Effectiveness of the Code on Wages, 2019

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Abstract

The Code on Wages, 2019 is a significant labour law reform aimed at consolidating and simplifying laws relating to wages, minimum wages, payment of wages, bonus, and equal remuneration. This socio-legal study examines the effectiveness of the Code in ensuring wage security, timely payment, fair wages, and equality among workers, with particular reference to cashew factories in Kollam District, Kerala.

The study analyses the legal provisions of the Code and examines their practical implementation through the experiences and awareness of workers, employers, trade unions, and labour authorities. Particular attention is given to minimum wages, regularity of wage payment, gender equality, working conditions, statutory compliance, grievance redressal, and labour inspection. The study also identifies the challenges faced in implementing the Code in the traditional cashew industry.

The research adopts a combination of doctrinal and empirical methods, including analysis of statutes, case laws, government materials, questionnaires, interviews, and field observations. The study seeks to determine whether the Code on Wages, 2019 has effectively strengthened wage protection and social justice among cashew workers and to identify measures for improving its implementation in Kollam District.

CHAPTER: 1

INTRODUCTION

The cashew tree (*Anacardium occidentale* L.), introduced to India by Portuguese traders from Brazil during the sixteenth century, has transformed from a soil conservation plant into an economically significant commercial crop. Initially cultivated for afforestation and prevention of soil erosion, cashew farming gradually expanded along the western coastal regions, particularly in Goa, the Konkan belt, and later Kerala. Over time, India emerged as one of the leading producers and processors of cashew nuts, contributing substantially to rural livelihoods, employment generation, and export earnings. The crop is well-suited to tropical climatic conditions and marginal soils, making it an important resource for sustainable agricultural development.

The cashew industry occupies a prominent place in Kerala's economy, with Kollam district historically recognized as the centre of cashew processing in India. The sector is highly labour-intensive and employs more than three lakh workers, a majority of whom are women belonging to economically and socially marginalized communities. Since the mid-twentieth century, cashew workers in Kerala have been actively organized into trade unions and have played a significant role in labour movements. Despite this, the industry continues to face persistent issues such as low wages, irregular payment, seasonal employment, lack of adequate social security, and poor working conditions. These challenges raise serious concerns regarding the protection of workers' rights and overall labour welfare.

Labour welfare and fair wage practices are integral to the principles of social justice and inclusive economic development. In India, the Ministry of Labour and Employment plays a crucial role in safeguarding the interests of workers by formulating and implementing labour laws. The enactment of the Code on Wages, 2019 marked a significant reform by consolidating four major wage-related legislations into a single framework. The Code aims to ensure uniformity in wage regulation, provide statutory protection to all categories of workers, and promote transparency and accountability in wage payments. It also seeks to address issues such as minimum wages, timely payment of wages, and gender-based wage discrimination.

However, the effectiveness of the Code largely depends on its implementation at the grassroots level, particularly in unorganized and labour-intensive sectors such as the cashew industry. In districts like Kollam, where a large proportion of workers are dependent on cashew processing for their livelihood, it becomes essential to examine whether the provisions of the Code on Wages, 2019 are being properly enforced and whether they have led to any tangible improvements in workers' conditions.

Against this backdrop, the present study undertakes a socio-legal analysis of the effectiveness of the Code on Wages, 2019 in cashew factories in Kollam district. It seeks to evaluate wage practices, identify gaps in implementation, and understand the challenges faced by workers. The study also aims to suggest measures for strengthening labour welfare and ensuring that the objectives of the legislation are effectively realized in practice.

1.1 BACKGROUND AND RELEVANCE

The Code on Wages, 2019 represents a major reform in India's labour law framework, aiming to consolidate and simplify wage-related laws while ensuring minimum wages, timely payment, and universal coverage of workers across both organized and unorganized sectors. It replaced four earlier laws namely the Payment of Wages Act, 1936; Minimum Wages Act, 1948; Payment of Bonus Act, 1965; and Equal Remuneration Act, 1976—bringing uniformity and transparency into wage regulation.

The need for such reform arises from persistent issues in wage administration in India, especially in labour-intensive and informal sectors. Despite legal provisions, workers often face low wages, irregular payments, lack of awareness, and weak enforcement mechanisms, particularly in unorganized industries.¹ One such industry is the cashew processing sector in Kollam district, Kerala, which forms the socio-economic backbone of thousands of households. Kollam is widely recognized as the “cashew capital,” with a long-standing tradition of processing and exporting cashew kernels, employing a significant workforce. The industry is highly labour-intensive and employs nearly 2–3 lakh workers, the majority of whom are women from economically weaker sections.

However, the cashew industry in Kollam has been facing serious structural and economic challenges, including:

- Declining number of operational factories
- Competition from other states and countries
- Rising production costs and raw material prices
- Irregular employment and wage insecurity

These challenges have significantly affected workers' livelihoods. Many workers receive low and inconsistent wages, sometimes not sufficient to meet basic needs, and employment is often seasonal or

¹ Kerala State Cashew Workers Apex Industrial Co-operative Society Ltd (CAPEX), Kerala State Agency for the expansion of cashew cultivation (KSACC)

irregular. Reports also indicate increasing informalization, precarious employment, and poor working conditions in the sector.

In this context, the implementation of the Code on Wages, 2019 becomes particularly significant. The Code aims to ensure:

- A national floor wage below which no state can fix wages
- Equal remuneration without gender discrimination
- Timely payment of wages
- Coverage of all categories of workers, including those in informal sectors

Despite these progressive provisions, questions remain regarding its actual effectiveness at the ground level, especially in traditional industries like cashew processing in Kollam, where structural issues and informal labour practices persist.

Rationale for the Study

This study is undertaken to examine whether the Code on Wages, 2019 has been successful in:

- Improving wage conditions of cashew factory workers
- Ensuring compliance by employers
- Reducing exploitation and wage disparities
- Enhancing socio-economic conditions of workers

Thus, the background highlights a critical intersection between labour law reform and ground realities, making it essential to assess the practical effectiveness of the Code in a vulnerable and historically significant sector like the cashew industry in Kollam district.²

1.2 AIMS AND OBJECTIVES

Aims of the Study

1. To examine the implementation and effectiveness of the Code on Wages, 2019 in cashew processing factories.
2. To analyse the impact of wage regulation on workers in the cashew industry of Kollam district.
3. To study whether the Code ensures fair wages, timely payment, and social justice for workers.
4. To evaluate how far the Code addresses issues faced by workers in labour-intensive industries like cashew processing.
5. To assess the role of legal frameworks in improving the socio-economic conditions of cashew factory workers.

Objectives of the Study

1. To understand the key provisions of the Code on Wages, 2019, including minimum wages, equal remuneration, and payment of wages.
2. To study the wage structure and working conditions of cashew factory workers in Kollam district.
3. To analyse the level of awareness among workers regarding their rights under the Code.
4. To examine the extent of compliance by cashew factory employers with the provisions of the Code.
5. To identify practical challenges in implementing the Code in the cashew industry.
6. To assess whether the Code has improved timely wage payment and wage equality among workers.
7. To evaluate gender-related issues, since a majority of cashew workers are women.
8. To study the socio-economic impact of wages on workers' living conditions.

² Ministry of Labour & Employment, Government of India, The Code on Wages, 2019, No. 29 of 2019

9. To suggest measures for effective implementation of the Code in Kollam's cashew sector.
10. To analyse the relationship between labour laws and industrial sustainability in the cashew industry.

1.3 REVIEW OF LITERATURE

The Code on Wages, 2019 has attracted significant academic and policy attention due to its objective of consolidating and reforming India's wage-related labour laws. Several scholars have examined its scope, effectiveness, and limitations from legal, economic, and socio-labour perspectives.

1. Studies on the Nature and Objectives of the Code on Wages, 2019

Ranjan Kumar (2020) analysed the Code as a major legislative reform that consolidates four existing laws Minimum Wages Act, Payment of Wages Act, Payment of Bonus Act, and Equal Remuneration Act—into a single framework. The study highlights that the Code aims to simplify compliance, standardise definitions, and strengthen enforcement mechanisms.³

Similarly, other studies emphasize that the Code introduces a uniform wage structure and broader applicability, covering both organised and unorganised sectors, thereby improving inclusiveness in wage regulation.

2. Literature on Structural Reforms and Benefits

Research indicates that the Code seeks to bring transparency, accountability, and ease of doing business by reducing multiplicity of laws and compliance burdens. It introduces concepts such as national floor wage and digital wage payments, which are expected to benefit workers and employers alike.

An empirical study (2025) highlights that the Code promotes uniformity and modernization of wage laws, potentially improving labour welfare and industrial growth.

3. Critical Analysis and Challenges in Implementation

Despite its progressive features, several scholars have pointed out limitations:

- Ayush Patidar (2023) argues that the Code's aim of universal minimum wage may not be fully achieved due to exclusions and ambiguities in coverage.
- Santanu Sarkar (2021) highlights inconsistencies such as multiple interpretations of wages and differential treatment of workers, which may dilute its effectiveness.
- Other critiques note implementation challenges, including weak enforcement mechanisms, lack of clarity, and administrative capacity issues.

These studies suggest that while the Code is progressive in theory, its success largely depends on effective implementation at the ground level.

4. Socio-Legal Perspective on Wage Protection

From a socio-legal viewpoint, scholars emphasize that wage legislation is rooted in constitutional principles of social justice, particularly Articles 39 and 43, which advocate for living wages and equal pay for equal work.

The Code is seen as an attempt to address issues of informal labour, wage inequality, and exploitation, especially in labour-intensive industries.

5. Relevance to Labour-Intensive Industries (Cashew Sector)

Although limited literature specifically focuses on cashew factories, existing studies on informal and semi-organised sectors indicate:

- Workers often face low wages, irregular payments, and lack of awareness of legal rights
- Enforcement of wage laws remains weak at the grassroots level

³ P. K. Michael Tharakan, "Cashew Industry in Kerala: A Historical Perspective," *Economic and Political Weekly* Vol. 30, No. 25, 1995, at 1523

- Women workers (dominant in cashew processing) are particularly vulnerable to wage discrimination and exploitation

These gaps highlight the importance of conducting field-based socio-legal studies, especially in regions like Kollam, which is a major hub of the cashew industry.⁴

6. Research Gap

The review of literature reveals that:

- Most studies are theoretical or doctrinal, focusing on legal provisions
- Limited empirical research exists on actual implementation at the industry level
- There is a lack of region-specific studies, particularly in Kerala's cashew sector

Therefore, this study attempts to bridge the gap by examining the practical effectiveness of the Code on Wages, 2019 in cashew factories in Kollam District, combining legal analysis with field data.

The existing literature establishes that the Code on Wages, 2019 is a significant reform in India's labour law framework, aiming at simplification, inclusivity, and wage security. However, scholars consistently highlight implementation challenges, ambiguities, and gaps in coverage. This underscores the need for empirical socio-legal research to assess its real-world impact, particularly in labour-intensive industries like cashew processing.

1.4 RESEARCH PROBLEM

The enactment of the Code on Wages, 2019 was intended to bring uniformity, transparency, and universal applicability in wage regulation across both organized and unorganized sectors in India. It replaced multiple earlier legislations and extended provisions such as minimum wages, timely payment, and gender equality to all categories of workers. However, the practical effectiveness of this legislation at the grassroots level remains uncertain, particularly in labour-intensive industries like cashew processing.

The cashew industry in Kollam district, Kerala, is characterized by a predominance of unorganized labour, seasonal employment, gender concentration (mainly women workers), and issues such as low wages, delayed payments, and lack of formal contracts. Despite the legal mandate that no worker should be paid below the minimum wage and wages must be paid within prescribed time limits, there are concerns regarding the actual implementation and enforcement of these provisions in small and medium cashew factories.

To examine whether the provisions of the Code on Wages, 2019 are effectively implemented in cashew factories in Kollam district, and to identify the gap between statutory wage regulations and the actual working and wage conditions of workers.

1.5 RESEARCH QUESTIONS

This study focuses on examining the effectiveness of the Code on Wages, 2019 in the cashew industry of Kollam, with reference to wage practices, labour welfare, and implementation challenges.

1. How effective is the implementation of the Code on Wages, 2019 in ensuring fair wages and labour welfare in cashew factories?
2. Are workers aware of their rights under the Code, and are employers complying with its provisions?
3. Are there any issues related to wage delays or irregular payments?
4. Does the Code ensure gender equality in wages, or do disparities still exist?
5. How effective are labour authorities and trade unions in enforcing wage laws?

⁴ Chapter-III (Articles 16, 19, 23 & 24) and 7 Chapter IV (Articles 39, 41, 42, 43, 43A & 54) of the Constitution of India keeping in line with Fundamental Rights and Directive Principles of State Policy.

1.6 HYPOTHESIS

The study is based on the following hypothesis:

1. The Code on Wages, 2019 has significantly improved wage security, ensured timely payment, and promoted equality among workers in cashew factories in Kollam district.
2. The implementation of the Code has led to better fixation and payment of minimum wages to cashew workers.
3. The Code has ensured regular and timely payment of wages without delays
4. The Code has reduced gender-based wage discrimination and ensured equal remuneration for men and women workers.
5. Workers are adequately aware of their rights and entitlements under the Code

1.7 RESEARCH METHODOLOGY

Research methodology forms the backbone of any socio-legal study as it provides a systematic framework for collecting, analysing, and interpreting data. In the present study, the focus is on evaluating the effectiveness of the Code on Wages, 2019 in the context of cashew factories in Kollam District, Kerala.⁵ The Code on Wages, 2019 was enacted to consolidate and simplify wage-related laws such as the Minimum Wages Act, Payment of Wages Act, Payment of Bonus Act, and Equal Remuneration Act into a single legislation. The study adopts a socio-legal approach to understand both the legal framework and its practical implementation at the grassroots level.

The study adopts a mixed approach, combining:

(a) Doctrinal Research

- Analysis of statutes, case laws, and legal principles.
- Examination of provisions of the Code on Wages, 2019.
- Study of constitutional provisions such as Articles 14, 21, 23, 39(d), and 43.

(b) Non-Doctrinal (Empirical) Research

- Field surveys conducted in cashew factories.
- Interviews with workers, employers, and labour officials.
- Observation of wage practices and working conditions.

In conclusion, the research methodology adopted in this study provides a well-structured and holistic framework for evaluating the effectiveness of the Code on Wages, 2019 in the cashew industry of Kollam District. By integrating both doctrinal and non-doctrinal approaches, the study successfully combines legal analysis with empirical realities. The doctrinal method has enabled a detailed examination of statutory provisions, judicial principles, and constitutional mandates such as Articles 14, 21, 23, 39(d), and 43, thereby establishing a strong legal foundation for the research. At the same time, the empirical method, through field surveys, interviews, and direct observation, has provided valuable insights into the actual implementation of wage laws and the working conditions of cashew labourers. This mixed-method approach ensures a balanced understanding of both “law in books” and “law in action,” highlighting the gaps between legislative intent and ground-level enforcement. It also enhances the reliability and validity of the findings by incorporating multiple sources of data.

1.8 LIMITATION

Limitations of the Study

⁵ International Labour Organisation (ILO) : <http://www.ilo.org/global/lang--en/index.htm>

The present socio-legal study on the effectiveness of the Code on Wages, 2019 in cashew factories of Kollam district is subject to certain limitations, which may influence the scope, findings, and generalizability of the research. Limitations are inherent constraints arising from research design, methodology, and practical difficulties, and they may affect interpretation of results.

1. Geographical Limitation

The study is confined only to Kollam district, Kerala. Therefore, the findings may not be applicable to other regions where working conditions, enforcement mechanisms, and industrial practices differ.

2. Limited Sample Size

Due to time and accessibility constraints, the study covers only a limited number of cashew factories and workers. A small or non-representative sample may restrict the ability to generalize the findings to the entire cashew industry.⁶

3. Reliance on Primary Data (Worker Responses)

The study largely depends on interviews and questionnaires from workers and employers. Such self-reported data may be affected by bias, fear of employer retaliation, or lack of awareness about legal rights.

4. Lack of Awareness Among Workers

Many workers in cashew factories may not have full knowledge of the provisions of the Code on Wages, 2019. This may affect the accuracy of responses and limit the depth of socio-legal analysis.

5. Limited Access to Official Records

Access to factory records, wage registers, and compliance documents may be restricted. This limitation affects the ability to verify whether the law is being properly implemented in practice.

6. Time Constraints

The study is conducted within a limited time frame, which restricts. Long-term observation of wage implementation. Comparative analysis before and after the Code on Wages, 2019 Time limitations are a common constraint in social research affecting depth of analysis.

7. Changing Legal Framework

The Code on Wages, 2019 is still in the process of implementation and evolution. Therefore, the findings may become outdated as rules, enforcement mechanisms, and policies change over time.

1.9 CHAPTERIZATION

The whole project maybe compartmentalized into Sixth Chapters. The first chapter will Presents a brief introduction, Statement of the problem, Significance of the study, Scope, Objectives, Research Methodology, Limitations and Chaptalization of the report. Second chapter shall consist of an over view of Evolution of Labour Laws in India. Third and fourth chapter deals Legal Framework of the Code on Wages, 2019. Fourth chapter deals with Cashew Industry in Kollam District and Workers' Conditions. Fifth chapter gives an overview of Analysis of Field Study and Findings. Sixth chapter will deal with the Findings of the researcher during the study, the suggestions of the researcher and conclusion based on such research.

⁶ People's Union for Democratic Rights v. Union of India (1982) 3SCC 235
Sanjit Ray v. State of Rajasthan (1938) AIR 1938 SC 328

CHAPTER 2

EVOLUTION OF LABOUR LAWS IN INDIA

2.1 INTRODUCTION

Labour laws in India have evolved significantly over time in response to changing socio-economic conditions, industrial growth, and the need to protect workers' rights. During the colonial period under the British East India Company and later British rule, labour legislations were primarily enacted to serve the interests of industrialists rather than workers. Early laws such as the Factories Act, 1881 marked the beginning of state intervention, though they offered limited protection.

With the rise of industrialization and worker movements in the early 20th century, the demand for better working conditions, fair wages, and social security gained momentum. After independence in 1947, India adopted a welfare-oriented approach, guided by the principles enshrined in the Constitution of India, particularly the Directive Principles of State Policy. This led to the enactment of comprehensive labour laws such as the Industrial Disputes Act, 1947, Minimum Wages Act, 1948, and Employees' State Insurance Act, 1948.

In recent years, labour law reforms have focused on simplification and consolidation through the introduction of labour codes like the Code on Wages, 2019, aiming to balance economic growth with workers' welfare. Thus, the evolution of labour laws in India reflects a continuous effort to harmonize industrial development with social justice.

2.2 HISTORY OF LABOUR LAWS IN INDIA

Labour legislation in India has a history of over 125 years. Beginning with the Apprentice Act, passed in 1850, to enable children brought up in orphanages to find employment when they come of age, several labour laws covering all aspects of industrial employment have been passed. The labour laws regulate not only the conditions of work of industrial establishments, but also industrial relations, payment of wages, registration of trade unions, certification of standing orders, etc.

2.3 LABOUR LAW DURING BRITISH RAJ

The background of India's Labour laws is deeply entwined with the legacy of British colonisation. The industrial/labour legislations enacted by the British were primarily intended to protect the interests of the British employers. Considerations of British political economy was naturally paramount in shaping some of these early laws. Thus, The Factories Act 1883 was enacted in 1883 in response to pressure from the Manchester and Lancashire textile magnates on the British parliament, as it is well known that Indian textile goods posed fierce competition to British textiles in the export market. This was done in an effort to make labour in India more expensive. The British felt that a restricted legal model should be in place because the aforementioned act served as the model of punishment for the Indian industry, even if at the time it was the best legislation for India. India was thus the first nation to impose the eight-hour workday, forbid child labour, forbid women from working at night, and establish overtime compensation for work that surpasses the eight-hour threshold. The original colonial legislation underwent substantial modifications in the post-colonial era because independent India called for a clear partnership between labour and capital. The content of this partnership was unanimously approved in a tripartite conference in December 1947 in which it was agreed that labour would be given a fair wage and fair working conditions and in return capital would receive the fullest co-operation of labour for uninterrupted production and higher productivity as part of the strategy for national economic development and that all concerned would observe a truce period of three years free from strikes and lockouts.

Secondly, to resolve labour conflicts, the Trade Dispute Act of 1929 was proposed. The primary goal of the Act was to establish procedures for the creation of Boards of Conciliation and Courts of Enquiry in order to look into and resolve trade disputes. The Trade Dispute Act of 1929 was the first Indian statute to govern the interaction between an employer and his employees. "Experience of the working of the Trade Disputes Act, 1929, has revealed that its main defect is that while restraints have been imposed on the rights of strike and lock-out in public utility services no provision has been made to render the proceedings unstatutable under the Act for the settlement of an industrial dispute, either by reference to a Board of Conciliation or to a Court of Inquiry, conclusive and binding on the parties to the dispute.

2.4 LABOUR LAW AFTER INDEPENDENCE

After the war, it was determined that the Indian Central Government would be in charge of labour laws and the advancement of workers' rights. This was in line with a five-year development plan that addressed "all phases of the worker's life, of housing, welfare, work, better working conditions, and fair wages." Numerous social principles were expressed in the 1950 Indian Constitution, including the Preamble's dedication to social, political, and economic justice as well as its overall egalitarian view of national development

2.5 LABOUR LAWS IN INDIA AFTER INDEPENDENCE

1. The Industrial Dispute Act, 1947

The main industrial relations law in India, the Industrial Dispute Act, 1947 (IDA), addresses the mechanisms for resolving industrial disputes. This Act was created for a number of reasons, including the investigation and resolution of labour disputes. This Act focuses on any industry that is run by the Central Government, operates under its authority, is overseen by a railway, or is related to any other industry that the Central Government may deem to be managed for this purpose. In order to promote measures for good working relations and understanding between the workmen and the businesses in the future, this Act provides us with specific guidelines and guidelines regarding the works committee for both the businesses and all the workers. In addition, it promises to settle any significant differences in opinions regarding these matters.

2. The Factories Act, 1948

The Factories Act, 1948 regulates the work conditions of most workers employed in the organized manufacturing sector in India. The first legislation on factories in India dates back to 1881. Ten years later it was replaced by the Indian Factories Act, 1891. Soon after independence the Factories Act, 1948 was enacted to further humanize the conditions of work in factories. The Factories Act of 1948, which regulated employment, working conditions, the working environment, and other welfare standards particular to a given industry, was passed in order to safeguard the welfare of workers in factories.

3. Child Labour (Abolition and Regulation) Act, 1985

Child Labour (Abolition and Regulation) Act 1985 was passed by the Indian Parliament. This Act banned the employment of children below the age of 14 years in hazardous occupations, which among others, include glass and glassware, fireworks and matchmaking, and carpet weaving. The Act regulates the work of children where they are permitted to work. It fixes the number of hours for child work. It is provided that the total spread over of child's work shall not exceed 6 hours. There is a provision of weekly holiday. There are provisions for health and safety of children employed or permitted to work in any establishment. It lists 24 areas in which governments are expected to frame rules for the protection of child labour.⁷

⁷ Clauses (i), (ia) and (ib) substituted for clause (i) by the Payment of Wages (Amendment) Act, 1964, w.e.f.1-2-1965. Earlier, clause (i) was substituted by the Payment of Wages (Amendment) Act, 1957, w.e.f. 1-4-1958

4. The Minimum Wages Act, 1948

India has a statutory labour regulation known as the Minimum wages Act, 1948 that sets minimum salaries for both skilled and unskilled labour. In order to give both skilled and unskilled labourers a respectable standard of living, the Act establishes minimum pay rates and fixes them. The Act gives the federal and state governments the authority to control, monitor, and amend the minimum wage rates that are paid to workers who are employed in scheduled jobs under their respective purviews.

2.6 WHY IS THERE A NEED FOR LABOUR LAWS

Labour Laws are important to establish fair and square framework within which the relationship between employers, employees, trade unions and sometimes government can function. These laws serve as a foundation for maintaining a balance of power in the work area, protecting right and well-being of workers as well as fostering a stable and productive economy. Labour laws set Minimum standards for working conditions, unsafe environments, inadequate compensation or ensure that the employees are not subject to any exploitation through working for long working hours. These set of rules and regulations also play crucial role in promoting social justice by forbidding discrimination based on gender, race, and religion etc.

2.7 RECENT TREND AND AMENDMENT

The Central Government of India, during the presentation of the union budget 2021 created four new codes by combining a total of 29 labour laws. Where one of them was The New Wage Code which is discussed below. New Wages Code, 2022 The new Indian wage law, which went into effect in 2022, would affect working hours, salary structures, and PF (Provident Fund) contributions, among other important aspects of life. What constitutes the new wage code's core:

- a. The private working class's pay structure saw substantial changes as a result of the introduction of this code, which had an effect on how much money employees took home.
- b. The code specifies that the basic salary shall not be less than fifty percent of the gross compensation.
- c. The code has raised the amount that employees contribute to PF.
- d. Depending on the employee's working hours, the code may result in longer working hours, but it may also result in more weekly off days.

CHAPTER 3

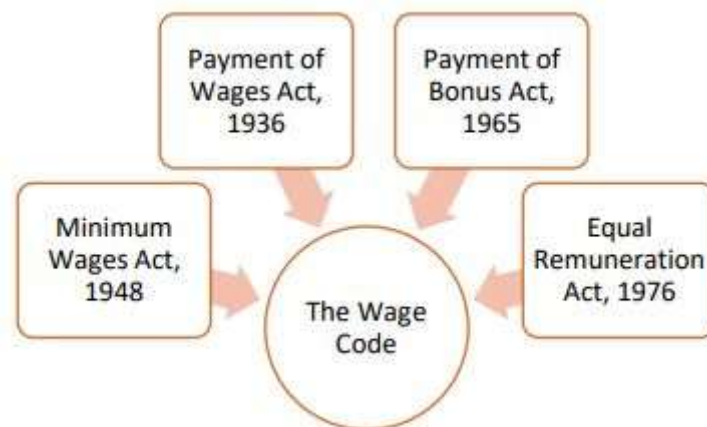
LEGAL FRAMEWORK OF THE CODE ON WAGES, 2019

3.1 INTRODUCTION

In India, the Code on Wages 2019 marks a transformative step in modernising employment laws, labour law, and employment law frameworks. As a cornerstone of the labour codes in India, effective from November 2025, it consolidates four legacy acts to establish a uniform wages definition—basic pay plus dearness allowance, capping allowances at 50%—ensuring universal minimum wages, a national floor wage, timely payments, and equitable bonus provisions. This standardised approach directly impacts calculations for provident fund (PF), employees state insurance (ESI), and gratuity, bolstering social security while fostering fair industrial relations. The Supreme Court continues to resolve disputes, upholding worker protections. Human Resources (HR) professionals, managers, and legal managers play pivotal roles in restructuring pay in the workplace to achieve compliance, reduce disputes, and enhance employee welfare under these progressive labour codes in India.

The Code on Wages, 2019 was introduced in Lok Sabha by the Minister of Labour, Mr. Santosh Gangwar on July 23, 2019. It seeks to regulate wage and bonus payments in all employments where any industry,

trade, business, or manufacture is carried out. The Code replaces the following four laws: (i) the Payment of Wages Act, 1936, (ii) the Minimum Wages Act, 1948, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976. The Code will apply to all employees. The central government will make wage-related decisions for employments such as railways, mines, and oil fields, among others. State governments will make decisions for all other employments. Wages include salary, allowance, or any other component expressed in monetary terms. This does not include bonus payable to employees or any travelling allowance, among others. This Code promotes equitable industrial relations while fostering ease of doing business. Employers should review payroll structures and monitor final rule notifications for seamless compliance.⁸



3.2 HARMONISIZATION OF DIFFERENT DEFINITIONS UNDER DIFFERENT LEGISLATIONS

The Code made the harmonisation of different definitions under different legislations, which were subject to diverse interpretation despite being of same subject matter, possible. For e.g. the definition of “wages” in the code, which is present in different legislations in modified forms as salary or remuneration.⁷ The Code defined “wages” to envisage all the remuneration through salary, allowances and other components expressed in terms of money.⁸ It also specifies a list of items such as gratuity, commission etc., as exclusions under the definition. However, such exclusions should not exceed one half or such other percent as notified by the central government, otherwise the exceeding amount will be treated as wages.¹⁰ The code failed to harmonise the definition of important concepts like employer, employee, worker, establishment, hours of work etc.¹¹ But it clarified the concepts of “contractor” and “contract labour”, which might facilitate the growth of service agreements, however, there’s no reference of “contract labour” in the code.

3.3 SEPARATE DEFINITIONS FOR “EMPLOYEE” AND “WORKER”

The Code differentiated between the definition of an “Employee” and a “Worker”, where the former includes individuals in supervisory, managerial and administrative roles, whereas the latter excludes such individuals, while expressly including working journalists and sales promotion employees.¹³ This means that such categories of “employees” are covered by the Code, unlike MWA. However, the code only refers

⁸ Saini, D. S. (2009). Labour Law in India: Structure and Working. In P. Budhavar & J. Bhatnagar (Eds.), The Changing Face of People Management in India (pp. 60-94). London: Routledge.

to “workers” and not “employees” under the provision concerning the factors of fixation of minimum wages, thereby confusing.¹⁴ From the definition, “workers” seems to be the subset of “employees”. This overlapping and interchangeable nature of the definitions has further exacerbated the confusion.

3.4 DEFINITION OF “APPROPRIATE GOVERNMENT”

The code by amending the definition of appropriate government helped in clarifying the nature of those establishments, which will fall under the ambit of the Central government for purposes like its regulation, fixation of minimum wages, etc

3.5 PROHIBITION OF DISCRIMINATION

The Code prohibits discrimination amongst the employees based on gender in matters concerning payment of wages and based on sex in matters concerning recruitment [except where it is prohibited or restricted under law] by the same employer, in respect of the “same work or work of a similar nature done by any employee.”, but they should have been harmonised, to ensure proper recognition of third gender. The code expanded the scope of “same or similar work” by taking into account the experience of the employees, along with skill, effort and responsibility.¹⁸ While ERA prohibited discrimination between “men and women workers”, the code prohibits discrimination on a wider ground of “gender”. However, the traditional binary classification emanating from Art. 39(d) of the Indian Constitution and the presumption of genders as only consisting of man and woman, may act as an obstacle in ensuring gender neutrality in such employment-related matters, thereby proving to be detrimental to the rest of the disadvantageously placed genders. But prohibition in employment based on caste, religion or social origin, is still missing under the code.

3.6 CONCEPT OF FLOOR WAGE

The Code introduced a new concept called floor wages, where the central government, after taking into consideration the minimum standards of living and the geographical areas of the worker, fixes a floor wage. Further on the basis of this, the appropriate central or state government will determine the minimum wage rates, which cannot be less than the floor wages, but if the existing minimum wage rate is higher than the floor wages, then the same shall not be reduced.⁹

The minimum wage rates to be reviewed and revised in intervals not exceeding 5 years.

3.7 PAYMENT OF WAGES

The Code inserts a new clause facilitating the payment of wages through digital mode. It also fixed the time limit for the payment of wages for various categories of employees (e.g. Daily wage employees to be paid at the end of the shift). It also provides for the fixation of wage period either as daily, weekly, fortnightly or monthly by the employer, however, the same should not exceed one month. In case of removal, dismissal, retrenchment, resignation, or unemployment of an employee due to closure of an establishment, then wages to be paid with two working days.

3.8 PERMISSIBLE DEDUCTIONS

The provision relating to deductions under the code is consistent with POWA, and includes fines, absence from duty etc. as some of the grounds of deduction.²⁷ Deductions should not exceed 50% of the total wages of the employees, but in case it exceeds, then the same should be recovered in the prescribed manner by the employer.²⁸ Further, the clawback clauses are not legalised by such permissible deductions

⁹ Code on Wages; Code on Industrial Relations; Code on Social Security; Code on Occupational Safety, Health and Working Conditions.

3.9 PAYMENT OF BONUSES

The provisions relating to the payment of bonus are consistent with POBA and will apply to those establishments with at least 20 employees, or to those establishments where there were at least 20 employees on any day in the relevant accounting year. The bonuses payable to all the employees within the specified salary threshold who have worked in the relevant accounting year for at least 30 working days, should be within the range of 8.33% - 20% of their wages. The Code also changed the eligibility criteria for payment of bonus and the way it is calculated. Earlier, the eligibility depended on the prescribed wage ceiling, which will now be apprised by the government. The Code provides that for eligibility for the bonus, the wages should not exceed the notified wage ceiling, but the wages may exceed the notified wage ceiling for the purpose of calculating the bonus. This creates confusion. The code added conviction for sexual harassment as an additional ground of disqualification for the payment of bonus [which did not exist under the previous PBA]. This step of inserting conviction for sexual harassment as a ground for disqualification of bonuses, will act as a deterrent to the instances of sexual harassment at workplace, as it will prevent the convicts from receiving any sort of bonuses. In addition to placing such convicts in an economically disadvantageous position, this insertion would further strengthen and support the aim of the elimination of sexual harassment, particularly of women, at the workplace.

3.10 DEATH OF AN EMPLOYEE

The Code provides for payment of dues to the persons nominated by the employee, upon his death, however, if there is no nomination or if the amount cannot be paid to the nominated person, then it will be deposited with the specified authority under the rules.

3.11 INSPECTOR-CUM-FACILITATOR

The code replaces the "Inspector" under the existing legislation with that of Inspector-cum Facilitator, who will, along with the powers of the inspector [to inquire and investigate], be assigned the role of providing information and advice to the employers and employees on effective compliance with the code, so as to eliminate arbitrariness and malpractices in inspection. The facilitator to also provide the employers an opportunity to obey with the facilitator's written orders, before initiating prosecution for noncompliance. This will help in reducing the number of needless prosecutions for un-witting non-compliances. It also provides for calling of information and web-based inspection.

3.12 RECORDS, RETURNS AND NOTICES

The Code mandates the employers to maintain a single register containing details such as details of employees, wages, bonuses, etc., which would do away with the redundant procedure of maintaining separate records under different laws. As the Code does not prescribe the form and manner of maintenance of the register, it would be possible to maintain it electronically. This provision helps in adapting to the present trends towards digitalization and makes it easier for employers to maintain records. This will result in a more effective way of maintaining register as it will,

- a. make it easier and faster to search, access, share, or review information
- b. encourage paperless culture
- c. help in maintaining the privacy of data
- d. reduce the risk of errors prone to manual entry of information.

This may also create difficulties for some sections as they may not be technically sound to effectively maintain electronic records. Other problems include the risk of potential security and privacy related issues like hacking, etc.

3.13 OFFENCES

The Code has enhanced the degree of penalties for non-compliance such as imprisonment [only] for serious offences, if repeated, and the compensation payable in case of any default can go up to ten times the claim determined by the relevant authority. It has also decriminalised all the offences except where the offence is repeated within 5 years. It provides for compounding of first offences. These measures may incorporate a compliance culture. By decriminalising the offences except where there is a repeat offence, and by allowing compounding of first offences, the Code enables a person to settle the matter by avoiding cumbersome court proceedings. However, at the same time, by prescribing stricter punishment such as imprisonment for repeating serious offences and large fines in compensation, the code maintains a nice balance. Such strict punishments will act as a deterrent for the first-time offenders from committing any further offences.

The code also increases the limitation period for filing claims to three years from [six months to two years], but it ignores the administrative and economic effect on the employer due to this. It expressly shifts the entire burden of demonstrating compliance only to the employer under a claim, which is quite employee friendly. Further, there also needs to be clarity as to why the Code prohibits the imposition of fines on employees below fifteen years of age as the Child Labour Act prohibits employment of only children below the age of fourteen. This creates a loophole as there may be instances where a person who although is eligible for employment [i.e. he is above fourteen years of age] but may escape from the fine just because he is below the threshold of fifteen years of age as provided under the code. This also shows a lack of harmonization between different legislations having overlapped subject matter.¹⁰

3.14 IMPORTANT TIMELINES UNDER THE CODE ON WAGES, 2019

Topic	Timeline/Limit	Section	Notes/Clarification
Payment of Monthly Wages	On or before the 7th day of the succeeding month	Section 17(1)(iv)	Applies to all establishments; earlier varied under the Payment of Wages Act
Payment to Weekly-paid Employees	Last working day of the week	Section 17(1)(ii)	Explicit statutory obligation
Payment to Daily-paid Employees	At the End of the shift	Section 17(1)(i)	Same-day disbursement
Wage Period	Cannot exceed one month	Section 16	Employer may fix daily/weekly/fortnightly/monthly period

¹⁰ Patrick Belser and Uma Rani, 'Extending the Coverage of Minimum Wages in India: Simulations from Household Data' (2011) 46(22) Economic & Political Weekly 47; Anwarul Hoda and Durgesh K Rai, 'Labour Regulations in India: Rationalising the Laws Governing Wages' (2017) ICRIER Working Paper 346 accessed 23 June 2020; 'India Wage Report: Wage Policies for Decent Work and Inclusive Growth' (International Labour Organization 2018) accessed 23 June 2020.

Overtime Wages	To be paid at twice the normal rate	Section 14	Uniform across all sectors
Minimum Wages Revision	Governments must review/revise at least once every 5 years	Section 8(4)	Mandatory periodic revision
Floor Wage Revision	Central Government to revise at intervals “as it thinks fit”	Section 9	No fixed frequency; but revision is expected periodically
Bonus Disbursement	Within 8 months of end of accounting year	Section 39(1)	Earlier under PBA: within 8 months unless extended
Set-on and Set-off Period	Carry forward for 4 accounting years	Section 36	Same as old PBA structure
Limitation for Filing Claims	3 years from date of cause of action	Section 45(6)	Uniform limitation; earlier Acts had shorter and inconsistent timelines
Notice/Display Requirements Relating to Fines	To be displayed continuously (in physical or electronic form)	Section 19	Relates to wage rates, working hours, wage period, etc, as per the Act
Appeal Against Authority’s Order	Within 90 days	Section 49	Appeal must be filed before designated Appellate Authority
Opportunity for Rectification Before Prosecution	Inspector-cum-Facilitator may give time to comply before initiating action	Section 54	–
Compounding of Offences	Within time permitted by the compounding authority	Section 56	Applies to compoundable offences only

Records and Wage Slips	To be issued/maintained as prescribed; generally monthly for wage slips	Section 50	Format to be prescribed in rules
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3.15 IMPORTANT FACTS AND NUMBERS OF THE CODE ON WAGES, 2019

Subject/Item	Amount/Quantum	Section	Notes/Clarification
Wage Composition Rule	Allowances cannot exceed 50% of total remuneration; excess added back to wages	Section 2(y)	This is the most consequential numerical rule under the code
Remuneration in Kind	Up to 15% of wages may be paid in kind	Section 2(y)	Applies where employees ordinarily receive benefits in kind
Minimum Bonus	8.33% of wages	Section 26	Same as earlier Payment of Bonus Act
Maximum Bonus	20% of wages	Section 26	Continues from earlier law
Penalty	Up to ₹1,00,000	Section 54	Exact penalty varies based on nature of contravention

CHAPTER 4

CASHEW INDUSTRY IN KOLLAM DISTRICT AND WORKERS CONDITIONS

4.1 INTRODUCTION

The cashew nut processing industry is one of the leading agricultural industries in India, and currently, India is one of the leading producers, processors and exporters of cashew in the world. The cashew industry in Kollam, known as the “Cashew Capital of the World” employs over 250,000 people, roughly 95% of whom are women, primarily involved in processing, grading, and exporting.

Cashew processing units in India are found largely in Kollam district of Kerala and the city is known as the world’s cashew trading capital. Cashew processing units are famed for employing large number of workers and the role they play in enhancing the social and economic status of the women in the society. Thus, this sector made a large number of women workers financially independent, which helped them to contribute to the daily expenses of the household and also to meet the family’s financial goals. This also enhanced the social status of the women workers by making them responsible and capable of taking their own decisions with regard to the family matters. Recently, due to many external and internal factors the activities in the cashew industries show a declining trend in Kollam because of relocation of cashew units

to other locations to other states. This study aims to find the impact of declining activity in cashew processing units on the social and economic conditions of women workers in Kollam.

Kollam, the cashew capital of India houses many cashew processing units which flourished till the first half of the present decade. Cashew processing industry plays an important role in economic growth of women which has a significant impact on financial status of their households. Both public and private sector companies operate in cashew processing industry in Kerala, but private sector companies are the major market players when it comes to global market. Cashew processing industry in Kollam enabled women to be economically independent and thus made them more empowered in the society. Cashew industries include a large number of women which had a positive effect in the social structure by strengthening the position of women in the society. Women's economic empowerment gave them control over their lives and worthwhile participation in the economic decision-making in their own households. Employment in the cashew processing units contributed to the growth of local economy and reduced gender-based gap in the society. Due to various internal and external factors there is a crisis in the cashew processing industry in Kollam and it has negatively affected the lives of many women workers earlier employed in the sector. This has resulted in job loss for thousands of workers from the low echelons of the society. The crisis has aggravated the financial crisis of women employed in the industry and their social status in the society. Various factors which precipitated the cashew crisis are:

1. Insufficient raw cashew nuts
2. Low quality of raw cashew nuts
3. Unscientific plantation management and low productivity¹¹

4.2 GROWTH OF THE CASHEW INDUSTRY

The cashew industry is one of the most significant agro-based industries in tropical countries, especially in India. It plays a vital role in economic development, employment generation, and foreign exchange earnings. Cashew cultivation and processing have expanded rapidly over the years, making it a key sector in rural industrialization.

The cashew industry has witnessed steady growth due to favourable climatic conditions, technological advancements, and increasing global demand.

1. Historical Development

Cashew was introduced in India by the Portuguese in the 16th century. Initially grown for soil conservation, it later developed into a commercial crop.

2. Expansion of Cultivation

Cashew cultivation has spread across several states such as Kerala, Karnataka, Goa, Maharashtra, Tamil Nadu, and Andhra Pradesh. Among these, Kerala has historically been a hub for cashew processing.

3. Growth of Processing Industry

India developed a strong cashew processing sector with modern techniques. Processing units, especially in Kollam, are well-known worldwide.

4. Export Growth

India has been one of the leading exporters of cashew kernels. With increasing global demand, exports have expanded to markets in the USA, Europe, and the Middle East.

¹¹ Standing Committee on Labour, 'Report on the Code on Wages Bill 2017, Forty Third Report' (Ministry of Labour and Employment 2018) 15 accessed 23 June 2020.

5. Technological Advancements

Introduction of mechanization, improved roasting methods, and better packaging has increased efficiency and quality.

4.3 IMPORTANCE OF THE CASHEW INDUSTRY

The cashew industry is a vital global economic engine, providing substantial export revenue, rural employment, and female empowerment. It supports millions of smallholder farmers and workers through cultivation and processing, contributing to GDP in nations like India, Vietnam, and West African countries, while offering versatile nutritional benefits.

1. Employment Generation

The cashew industry provides employment to millions of workers, especially women in rural areas. Processing units require labour for shelling, peeling, grading, and packing.

2. Foreign Exchange Earnings

Cashew exports contribute significantly to India's foreign exchange reserves, making it an important export-oriented industry.

3. Rural Development

The industry supports rural livelihoods by providing income to farmers and workers, thereby reducing poverty and migration.

4. Women Empowerment

A large proportion of the workforce in cashew factories consists of women, promoting financial independence and social empowerment.

5. Utilization of By-products

Cashew shells and cashew apple are used in producing industrial products like cashew nut shell liquid (CNSL), beverages, and animal feed.

6. Contribution to GDP

As an agro-based industry, it contributes to the agricultural and industrial sectors of the economy.

4.4 NATURE OF WORK IN CASHEW INDUSTRY

The cashew industry is a labour-intensive agro-based sector, particularly prominent in regions like Kerala, especially Kollam. The nature of work in the cashew industry is diverse, labour-intensive, and skill-based. While it generates employment and supports rural economies, improving working conditions, wages, and social security measures is essential for the welfare of workers. Proper regulation and modernization can enhance both productivity and worker well-being. The work in the cashew industry is divided into several stages, each requiring different skills: -

1. Raw Nut Procurement

Cashew nuts are collected from plantations and transported to factories. Workers are involved in sorting and storing raw nuts.

2. Roasting or Steaming

Raw cashew nuts are roasted or steamed to soften the shells. This process helps in easy removal of the outer shell.

3. Shelling

This is one of the most important and delicate stages. Workers manually break the shells using tools. It requires precision to avoid breaking the kernel.

4. Drying

After shelling, kernels are dried to remove moisture and improve quality.

5. Peeling

Workers remove the thin outer skin (testa) of the cashew kernel. This is a highly skilled and time-consuming process, mostly done by women workers.

6. Grading

Cashew kernels are graded based on size, colour, and quality. This determines their market value.

7. Packing

Graded kernels are packed carefully for domestic sale and export. Proper packaging ensures quality preservation.

4.5 SOCIO-ECONOMIC PROFILE OF WORKERS

The socio-economic profile of workers refers to the social and economic characteristics that define the living and working conditions of labourers. It includes factors such as age, gender, education, income, occupation, family background, and social status. Understanding this profile is essential for analysing labour welfare, productivity, and the effectiveness of labour laws and policies. The socio-economic profile of workers reveals that a large section of the labour force continues to face poverty, inequality, and exploitation. Improving education, ensuring proper implementation of labour laws, enhancing social security, and promoting skill development are essential for uplifting workers' conditions. A comprehensive approach involving government, employers, and society is necessary to ensure dignity and better living standards for workers.¹²

1. Demographic Characteristics

Workers are generally categorized based on age, gender, and family structure.

- Many industries, especially unorganized sectors, employ workers from economically weaker sections.
- A large number of workers belong to middle-aged groups, though child labour and elderly workers are still found in some sectors.
- Women workers are increasingly participating in the workforce, particularly in industries like cashew processing, textiles, and agriculture.

2. Educational Status

Education plays a key role in determining the type of employment and income level.

- A significant portion of workers in informal sectors have low levels of education or are illiterate.
- Lack of education limits access to skilled jobs and leads to low wages and exploitation.
- Educated workers tend to have better awareness of their rights and opportunities.

3. Occupational Pattern

Workers are employed in various sectors such as:

- **Agriculture**
- **Industrial sector (factories, manufacturing)**
- **Service sector (domestic work, construction, transport)**

In many developing regions, a large number of workers are part of the **unorganized sector**, where job security and benefits are minimal.

4. Income and Wage Structure

- Most workers in informal sectors earn **low and irregular wages**.
- Wage disparities exist based on gender, skill level, and region.
- Despite laws like the **Code on Wages, 2019**, implementation gaps still affect fair wage distribution.

¹² Kerala State Agency for the Expansion of Cashew Cultivation, *Introduction to Cashew*, Govt. of Kerala, https://ksacc.kerala.gov.in/introduction_to_cashew.html.

- Many workers depend on **daily wages**, making them economically vulnerable.

5. Living Conditions

- Workers often live in **poor housing conditions**, especially migrant labourers.
- Limited access to **clean water, sanitation, healthcare, and education** affects their quality of life.
- Overcrowding and lack of basic amenities are common in worker communities.

6. Social Status and Caste Factors

- In countries like India, caste and social hierarchy influence employment opportunities.
- Workers from **marginalized communities** often occupy low-paying and hazardous jobs.
- Social discrimination continues to impact wages and working conditions.

7. Health and Working Conditions

- Workers are frequently exposed to **unsafe working environments**, especially in factories and construction sites.
- Occupational hazards, long working hours, and lack of medical facilities lead to poor health.
- Absence of proper safety measures increases risks of accidents and diseases.

8. Migration and Employment

- Many workers migrate from rural to urban areas in search of employment.
- Migrant workers face issues such as **job insecurity, language barriers, and lack of legal protection**.
- Seasonal migration is common in industries like agriculture and construction.

9. Awareness and Access to Welfare Schemes

- Awareness about labour rights and government schemes is often **very low**.
- Workers fail to access benefits like **minimum wages, social security, and insurance**.
- Lack of unionization further weakens their bargaining power.

4.6 WORKING CONDITIONS OF CASHEW WORKERS

The cashew industry is one of the oldest agro-based industries in India, with Kollam District being a major hub. It provides employment to thousands of workers, particularly women. However, despite its economic importance, the working conditions of cashew workers remain a matter of concern due to low wages, health hazards, and lack of social security.

1. Nature of Work

Cashew processing involves several stages such as:

- Roasting
- Shelling
- Peeling
- Grading

Most of these processes are **manual and labour-intensive**, requiring precision and long hours of work.

Women constitute the majority of workers, especially in peeling and grading sections.¹³

2. Working Hours

- Workers typically work **8–10 hours per day**, often without adequate breaks.
- During peak seasons, overtime work is common, but compensation may not always be fair.
- In many unorganized units, working hours are not strictly regulated

3. Wage Structure

- Wages are generally **low and sometimes irregular**.

¹³ *Employment and Socio-Economic Conditions of Cashew Workers in Kerala*, Turkish Online J. of Qualitative Inquiry (TOJQI), <https://tojqi.net/index.php/journal/article/view/1195>

- Many workers are paid on a **piece-rate basis**, meaning income depends on the quantity of work done.
- Despite the provisions of the Code on Wages, 2019, minimum wage standards are not always effectively implemented.

4. Health Hazards

Cashew processing exposes workers to several occupational risks:

- Contact with **cashew nut shell liquid (CNSL)** causes skin burns, irritation, and allergies.
- Workers often suffer from **respiratory problems** due to smoke and dust during roasting.
- Lack of protective gear increases the risk of injuries and long-term health issues.

5. Safety Measures

- Safety provisions are often **inadequate**, especially in small-scale units.
- Gloves, masks, and proper ventilation systems are either absent or insufficient.
- Many workers are unaware of workplace safety standards.

6. Job Security and Employment Nature

- A large number of cashew workers are employed in the **unorganized sector**, leading to job insecurity.
- Seasonal nature of the industry results in **irregular employment and income instability**.
- Contract and temporary employment are common.

7. Gender Issues

- Women form the backbone of the cashew industry but face **gender discrimination** in wages and working conditions.
- They often juggle **household responsibilities** along with long working hours.
- Lack of maternity benefits and childcare facilities adds to their burden.¹⁴

8. Social Security and Welfare Measures

- Access to social security benefits like **Provident Fund (PF), Employees' State Insurance (ESI), and pensions** is limited.
- Government welfare schemes exist but are not fully accessible due to lack of awareness and administrative barriers.
- Trade unions play a role, but their reach is limited in informal sectors.

9. Living Conditions

- Many workers live in **poor housing conditions** with limited access to sanitation and healthcare.
- Low income affects their ability to maintain a decent standard of living.
- Migrant workers face additional hardships such as lack of proper accommodation.

10. Role of Government and Reforms

- The government has introduced laws and welfare schemes to improve working conditions.
- Implementation gaps, however, remain a major challenge.
- Strengthening labour inspections, awareness programs, and enforcement of laws is essential.

4.7 WAGE AND EMPLOYMENT CONDITIONS

Wages and employment conditions are central to the economic and social well-being of workers. Wages refer to the monetary compensation paid to workers for their labour, while employment conditions include

¹⁴ Dynamics, Roles and Implications of Globalization in the Conditions of Cashew Industry Workers in Kerala, J. of Multidisciplinary Research & Reviews, <https://www.innovationinfo.org/journal-of-multidisciplinary-research-and-reviews/article/Dynamics-Roles-and-Implications-of-Globalization-in-the-Conditions-of-Cashew-Industry-Workers-in-Kerala>.

working hours, safety, job security, benefits, and workplace environment. Together, they determine the quality of life, productivity, and dignity of labour.

Concept of Wages

Wages are the price paid for labour services. They may be classified into:

- **Minimum Wage** – The legally mandated lowest wage to protect workers from exploitation.
- **Fair Wage** – A wage above the minimum, considering industry standards and worker needs.
- **Living Wage** – A wage sufficient to provide a decent standard of living, including food, shelter, education, and healthcare.

Wages can also be paid in different forms such as time wages (based on hours worked) and piece wages (based on output).

Factors Affecting Wages

Several factors influence wage levels:

- Demand and supply of labour
- Skill and education level
- Nature of work and working conditions
- Government policies and labour laws
- Trade union strength
- Cost of living and inflation

Employment Conditions

Employment conditions refer to the overall environment in which workers perform their duties. Key aspects include:

1. Working Hours

Regulated working hours ensure workers are not overburdened. Overtime work should be compensated adequately.

2. Workplace Safety

Safe and healthy working conditions are essential to prevent accidents and occupational diseases.

3. Job Security

Permanent employment provides stability, whereas contract or casual labour often faces insecurity.

4. Social Security

Benefits like provident fund, gratuity, maternity benefits, and health insurance protect workers during contingencies.

5. Equal Opportunity

Employment conditions must ensure non-discrimination based on gender, caste, religion, or other factors.

Problems in Wage and Employment Conditions

Despite legal protections, many workers face challenges:

- Low and irregular wages
- Exploitation of unorganized sector workers
- Gender wage disparity
- Lack of social security benefits
- Unsafe and unhealthy working environments
- Child labour and bonded labour in some sectors

In industries like cashew processing, workers often experience poor wages, seasonal employment, and health hazards.

4.8 DECLINE OF THE CASHEW INDUSTRY

The cashew industry has long been a significant agro-based sector, especially in regions like Kerala, providing employment to thousands of workers, particularly women. It has contributed to export earnings and rural development. However, in recent decades, the industry has witnessed a steady decline due to multiple economic, technological, and policy-related factors.¹⁵

Causes for the Decline

1. Shortage of Raw Materials

One of the major reasons for the decline is the insufficient availability of raw cashew nuts. Domestic production has decreased, forcing industries to depend on imports from African countries, which increases costs.

2. Rising Cost of Production

The cost of labour, electricity, transportation, and raw materials has significantly increased. This reduces the competitiveness of Indian cashew products in the global market.

3. Competition from Other Countries

Countries like Vietnam and Brazil have emerged as strong competitors. They use advanced technology and mechanization, resulting in lower production costs and higher efficiency.

4. Labour Issues

Frequent labour disputes, wage demands, and shortage of skilled labour have affected productivity. Additionally, younger generations are less interested in traditional cashew work due to low wages and poor working conditions.

5. Lack of Modernization

Many cashew processing units in India still rely on traditional methods. Lack of mechanization leads to lower productivity and higher labour dependency.

6. Policy and Regulatory Challenges

Import-export policies, taxation, and lack of adequate government support have also contributed to the decline. Delays in subsidies and incentives further affect the industry.

7. Decline in Export Demand

Fluctuations in international markets, changing consumer preferences, and strict quality standards have reduced export demand.

8. Impact of Globalization

Globalization has intensified competition, and countries with better infrastructure and technology have gained an advantage over India.

4.9 MEASURES TO REVIVE THE CASHEW INDUSTRY

The cashew industry is a vital agro-based sector that provides employment to thousands of workers, particularly women, and contributes significantly to export earnings. However, due to rising costs, global competition, and lack of modernization, the industry has been facing a decline. Therefore, effective measures are required to revive and sustain the cashew sector. The revival of the cashew industry requires a comprehensive approach involving government support, technological advancement, and worker welfare. By addressing the challenges and implementing these measures, the industry can regain its

¹⁵ Express News Service, *Kollam No Longer Kernel of Cashew Industry*, New Indian Express (Feb. 17, 2023), <https://www.newindianexpress.com/states/kerala/2023/Feb/17/kollam-no-longer-kernel-of-cashew-industry-2548148.html>.

strength, ensure sustainable development, and continue to provide livelihood opportunities to thousands of workers.¹⁶

4.10 IMPACT ON WORKERS IN THE CASHEW INDUSTRY

The cashew industry has traditionally been a major source of employment, especially for women workers in regions like Kerala. However, the decline of the industry has had serious consequences on the livelihood and well-being of workers. The impact is not only economic but also social and psychological. The decline of the cashew industry has deeply affected workers, particularly women, leading to unemployment, poverty, and social insecurity. Protecting the rights and welfare of workers is essential for inclusive development. Effective policy measures and rehabilitation efforts are necessary to safeguard their livelihoods and dignity.

4.11 GOVERNMENT AND INSTITUTIONAL SUPPORT

The cashew industry is an important agro-based sector that contributes to employment, export earnings, and rural development, particularly in states like Kerala. Due to challenges such as rising costs, global competition, and shortage of raw materials, the role of government and institutional support becomes crucial for sustaining and revitalizing the industry. Government and institutional support are essential for the survival and growth of the cashew industry. While several measures have been introduced, effective implementation and continuous improvement are necessary. A coordinated effort between government bodies, institutions, and industry stakeholders can ensure sustainable development and protect the livelihoods of thousands of workers.

Role of Government in Supporting the Cashew Industry

1. Policy Framework and Legislation

The government has introduced various laws and policies to regulate wages, working conditions, and industrial growth:

- Code on Wages, 2019 ensures fair and timely payment of wages.
- The Factories Act, 1948 regulates safety, health, and welfare of workers.
- Labour laws protect workers from exploitation and ensure job security.

These legal frameworks create a balanced environment for both employers and employees.

2. Financial Assistance and Subsidies

The government provides financial support to strengthen the industry:

- Subsidies for modernization and technological upgradation
- Low-interest loans and credit facilities
- Financial packages for sick or closed cashew units

Such measures help industries overcome financial difficulties and improve productivity.

3. Export Promotion and Market Support

To boost international trade, the government:

- Provides export incentives and subsidies
- Helps maintain quality standards and certifications
- Organizes trade fairs and exhibitions¹⁷

Institutions like the **Cashew Export Promotion Council of India** play a major role in promoting Indian cashew in global markets.

¹⁶ Economic Analysis of Cashew Industry in Kerala, Agric. & Applied Econ. Ass'n, <https://ageconsearch.umn.edu/record/368163/>.

¹⁷ Kerala State Cashew Dev. Corp. Ltd., *About Us*, Govt. of Kerala, <https://kscdc.kerala.gov.in> (last visited Apr. 26, 2026).

4. Development of Infrastructure

Government initiatives include:

- Establishment of industrial estates and processing zones
- Improvement of transportation and storage facilities
- Ensuring reliable electricity and water supply

Better infrastructure enhances efficiency and reduces production costs.

5. Encouragement of Cashew Cultivation

To address raw material shortages:

- Promotion of cashew farming through subsidies
- Distribution of high-yielding seeds and planting materials
- Technical guidance and training to farmers

This reduces dependence on imports and ensures sustainability.

Role of Institutional Support

1. Cooperative Societies

Cooperatives play a vital role in supporting workers and small producers:

- Provide employment opportunities
- Ensure fair wages and better working conditions
- Strengthen bargaining power of workers

2. Research and Development Institutions

Institutions support innovation and growth:

- Development of improved processing techniques
- Research on pest control and crop improvement
- Promotion of value-added products

3. Training and Skill Development

Government and institutions provide:

- Skill training programs for workers
- Capacity-building initiatives
- Awareness programs on labour rights and safety

This improves productivity and employability.¹⁸

4. Social Security Institutions

Various schemes ensure worker welfare:

- Provident fund, pension, and insurance schemes
- Maternity benefits and healthcare support
- Welfare boards for unorganized workers

These measures protect workers during economic uncertainties.

4.12 SUGGESTIONS FOR IMPROVEMENT

The cashew industry is a vital sector contributing to employment, export earnings, and rural development. However, due to challenges like declining production, rising costs, and global competition, the industry requires strategic improvements. Effective measures can help revive and strengthen the sector while ensuring worker welfare.

¹⁸ The Code on Wages, 2019, No. 29 of 2019, INDIA CODE (2019)

1. Strengthening Raw Material Supply

A major issue is the shortage of raw cashew nuts. To address this:

- Promote domestic cultivation through subsidies and incentives
- Encourage farmers with high-yielding varieties and technical support
- Expand cashew farming to new regions

This will reduce dependence on imports and stabilize production.

2. Modernization and Technological Upgradation

Improving technology is essential for efficiency:

- Introduce modern machinery and automation
- Upgrade traditional processing methods
- Invest in research and innovation

This will reduce costs and improve product quality.

3. Improving Labour Welfare

Workers are the backbone of the industry:

- Ensure fair wages and timely payment in line with the **Code on Wages, 2019**
- Provide safe and healthy working conditions
- Extend social security benefits like insurance and pensions
- Offer skill development and training programs

Better welfare leads to higher productivity and job satisfaction.¹⁹

4. Financial Support and Credit Facilities

To support struggling units:

- Provide low-interest loans and subsidies
- Revive sick and closed factories through financial packages
- Encourage investment in small and medium enterprises

5. Enhancing Export Competitiveness

To succeed in global markets:

- Improve quality standards and packaging
- Strengthen branding and marketing strategies
- Explore new international markets
- Utilize support from institutions like the Cashew Export Promotion Council of India

6. Policy Reforms and Effective Implementation

Government policies must be efficient:

- Simplify procedures related to import and export
- Reduce taxes and duties on raw materials
- Ensure proper implementation of labour laws
- Provide timely subsidies and incentives

7. Infrastructure Development

Strong infrastructure supports industrial growth:

- Develop processing clusters and industrial parks
- Improve transportation and storage facilities

¹⁹ Kerala State Cashew Workers Apex Indus. Coop. Soc'y Ltd. (CAPEX), *Profile*, Govt. of Kerala, <https://capex.kerala.gov.in> (last visited Apr. 26, 2026).

- Ensure uninterrupted power and water supply

8. Encouraging Private Sector Participation

Private investment can boost the industry:

- Promote public-private partnerships (PPP)
- Attract investors in processing and export sectors
- Encourage entrepreneurship in value-added products ²⁰

9. Product Diversification and Value Addition

Expanding product range can increase profits:

- Introduce flavoured and processed cashew products

CHAPTER 5

ANALYSIS OF FIELD STUDY AND FINDINGS

5.1 INTRODUCTION

The field study was conducted among cashew workers in Kollam District to understand their working conditions, socio-economic status, health issues, and awareness of labour rights. Data was collected through interviews, questionnaires, and informal discussions with workers and factory representatives.

5.2 DATA INTERPRETATION AND ANALYSIS

Data was collected from Alphonsa Cashew Industries Puthur P.O. Kollam, Kerala. A total of 154 responses were obtained through this method, with which the study is being conducted. The following questions were being asked and responses were recorded accordingly

5.2.1 DEMOGRAPHIC PROFILE OF RESPONDENTS

Category	No. of Responses	Percentage
Female Workers	115	74.6%
Male Workers	39	25.32%
Total	154	100%

TABLE 5.1

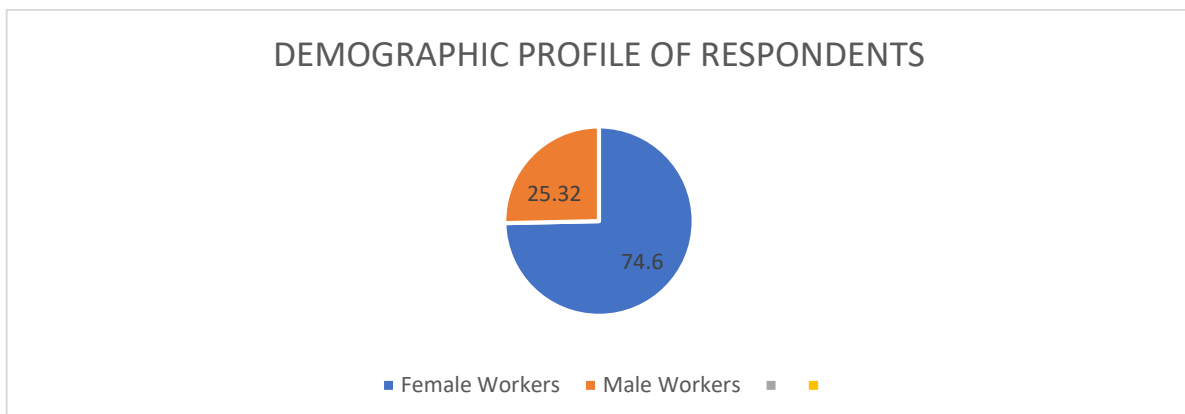


CHART 5.1

Analysis:

The cashew industry in Kollam is predominantly female-driven, reflecting its traditional labour structure.

²⁰ Kerala State Agency for Expansion of Cashew Cultivation (KSACC), *Official Website*, Govt. of Kerala, <https://ksacc.kerala.gov.in> (last visited Apr. 26, 2026).

This also highlights the gendered nature of wage dependency. Women form the majority of the workforce, especially in processing units where tasks such as shelling, peeling, and grading are labour-intensive and historically assigned to female workers.

5.2.2 WAGE STRUCTURE ANALYSIS

Wage Type	Workers (%)
Below Minimum Wage	48%
Equal to Minimum Wage	32%
Above Minimum Wage	20%

TABLE 5.2

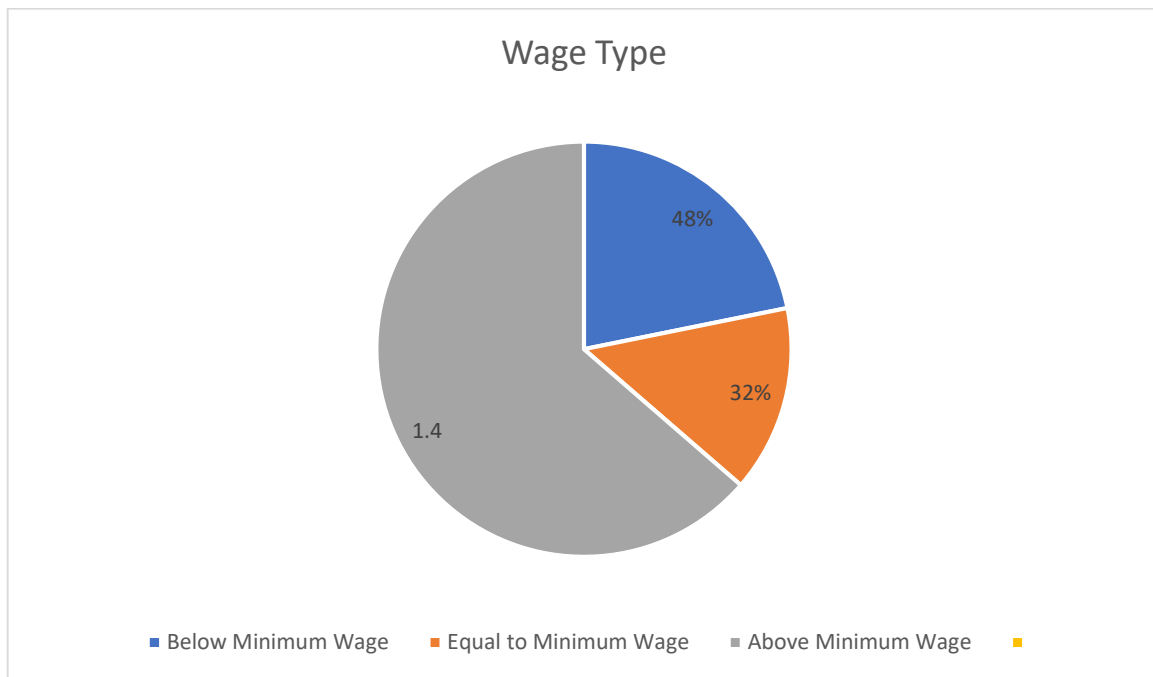


CHART 5.2

Analysis:

Nearly half of the workers receive wages below the statutory minimum, indicating weak enforcement. Only a small percentage receive wages above the minimum level. The wage structure in Kollam's cashew industry is fragmented, irregular, and often inadequate, heavily dependent on piece-rate work. Despite the provisions of the Code on Wages, wage disparities persist due to informal employment practices and lack of monitoring.

5.2.3 AWARENESS OF THE CODE ON WAGES, 2019

Awareness Level	Percentage (%)
Fully Aware	18%
Partially Aware	27%
Not Aware	55%

TABLE 5.3

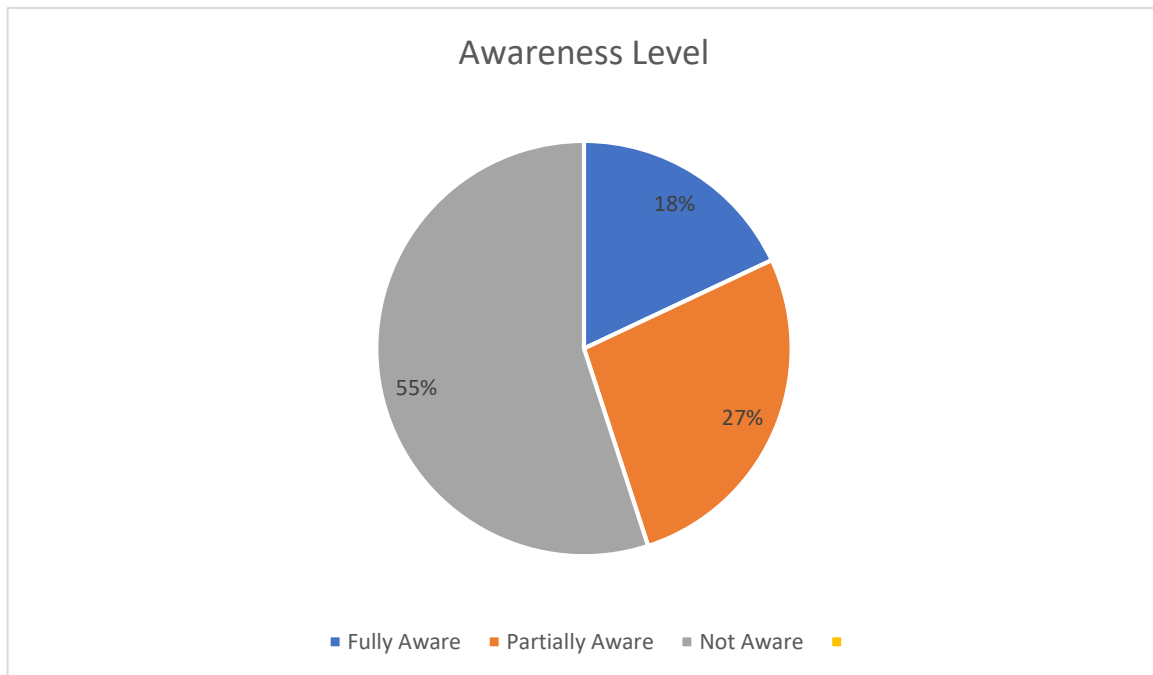


CHART 5.3

Analysis:

While the Code on Wages, 2019 is a progressive reform ensuring wage security and equality, its effectiveness in the cashew industry of Kollam is limited by low worker awareness. Bridging this gap through education, enforcement, and institutional support is essential for achieving real socio-legal impact. A majority of workers are unaware of their legal rights and Lack of awareness leads to exploitation and acceptance of unfair wages.

5.2.3 MODE OF WAGE PAYMENT

Payment Mode	Percentage (%)
Cash	60%
Bank Transfer	40%

TABLE 5.4

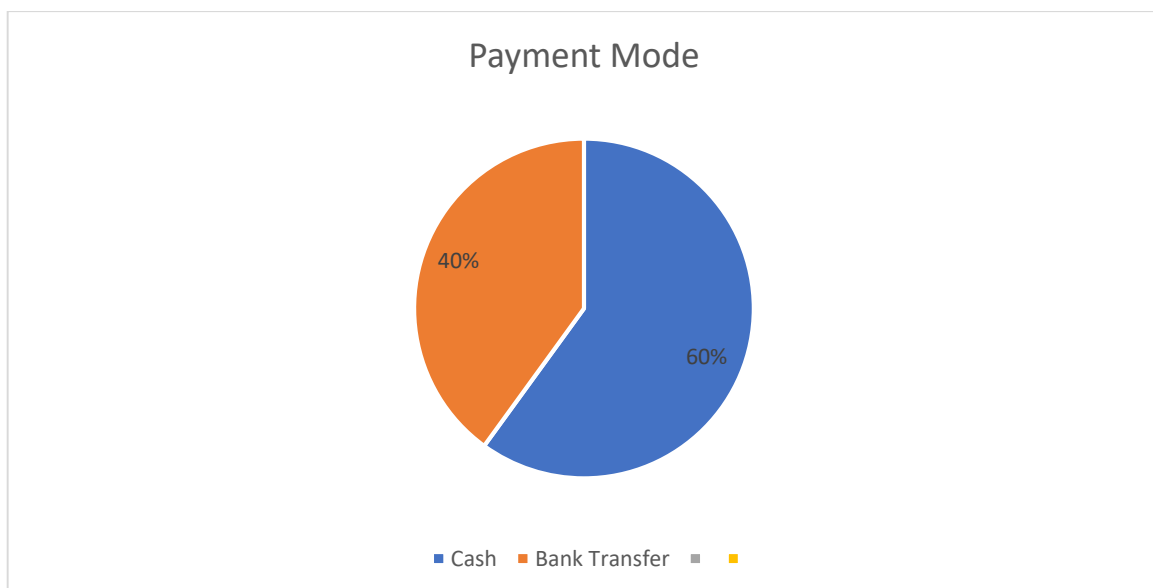


CHART 5.4

5.2.4 MODE REGULARITY OF WAGE PAYMENT

Wage Regularity	Percentage (%)
Paid on Time	52%
Delayed Payments	48%

TABLE 5.5

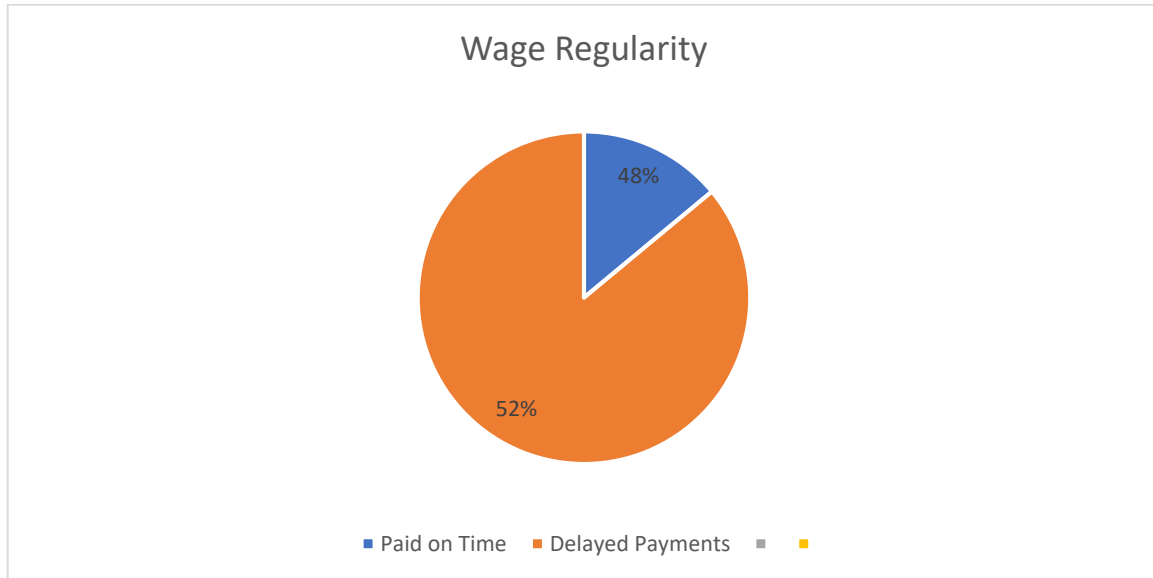


CHART 5.5

Analysis:

The **mode of wage payment** in Kollam's cashew industry is predominantly **cash-based and piece-rated**, while the **regularity of payment is highly inconsistent** due to seasonal employment, industrial decline, and weak enforcement of labour laws. This creates economic insecurity among workers and highlights the gap between legal provisions and ground realities.

5.2.5 WORKING CONDITIONS

Factor	Satisfied (%)	Not Satisfied (%)
Working Hours	45%	55%
Safety Measures	38%	62%
Welfare Facilities	30%	70%

TABLE 5.6

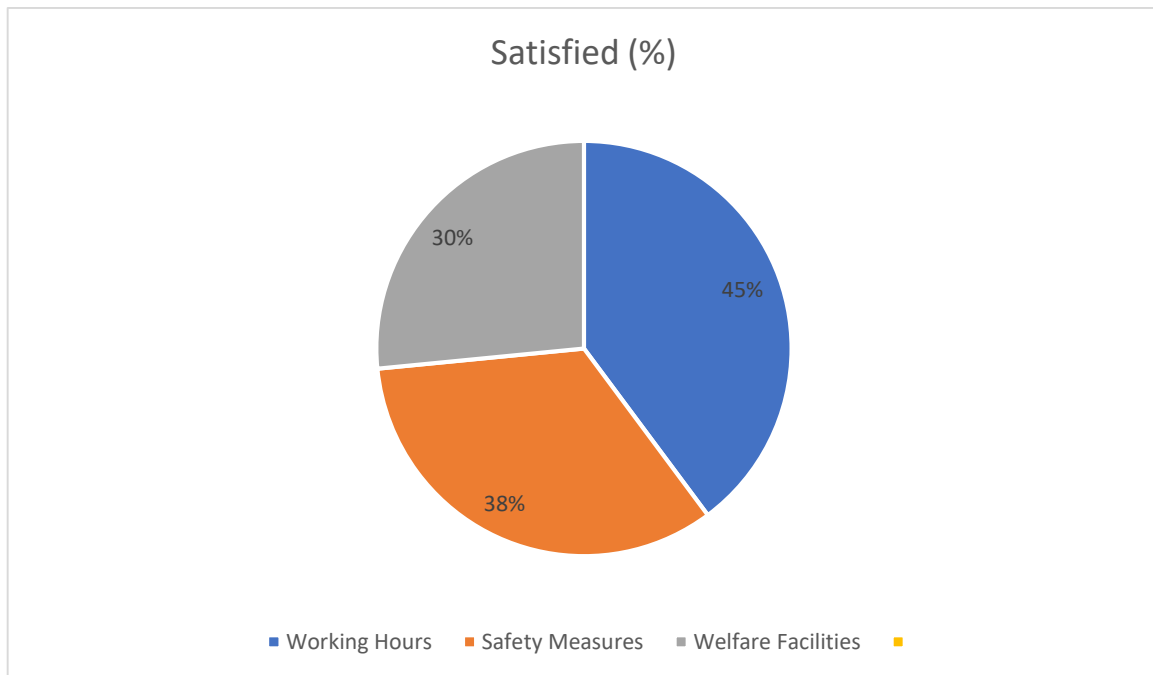


CHART 5.6

Analysis:

The cashew industry in Kollam, once a major employment hub, continues to suffer from poor working conditions characterized by health hazards, inadequate facilities, low wages, and job insecurity. Although it has empowered women economically, the sector still requires strong labour law enforcement, welfare measures, and modernization to ensure safe and dignified working conditions.

5.2.6 GENDER WAGE DISPARITY

Category	Average Daily Wage (₹)
Male Workers	₹800
Female Workers	₹650

TABLE 5.7

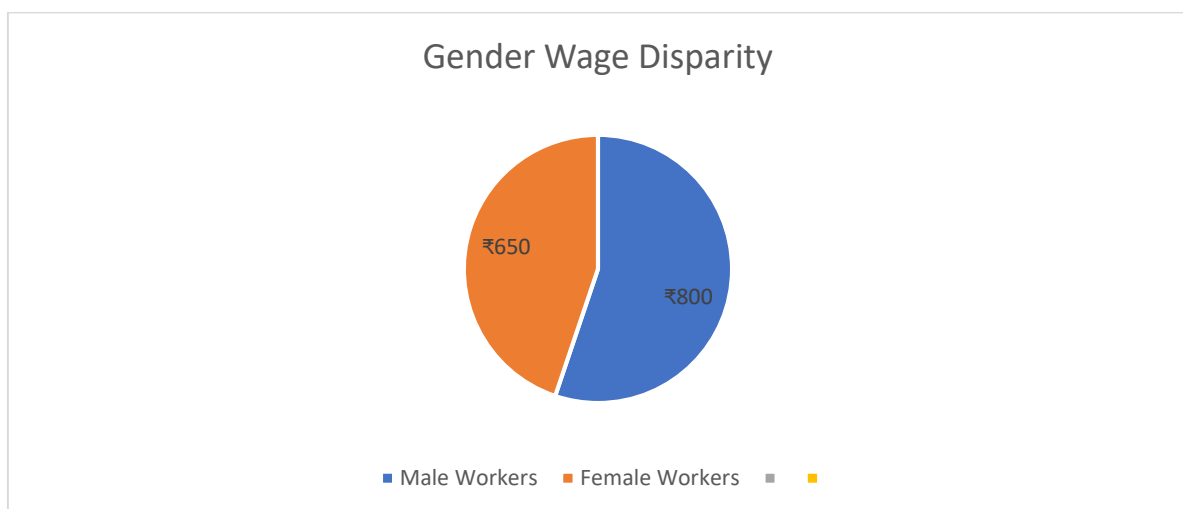


CHART 5.7

Analysis:

Gender wage disparity in Kollam's cashew industry is rooted in **structural inequality, occupational segregation, and weak legal enforcement**. Although women form the backbone of the industry, they continue to receive **lower, irregular, and insecure wages**, highlighting a gap between **law and reality**.

5.2.7 GRIEVANCE REDRESSAL MECHANISM

Response	Percentage (%)
Aware of Complaint System	22%
Not Aware	78%

TABLE 5.8

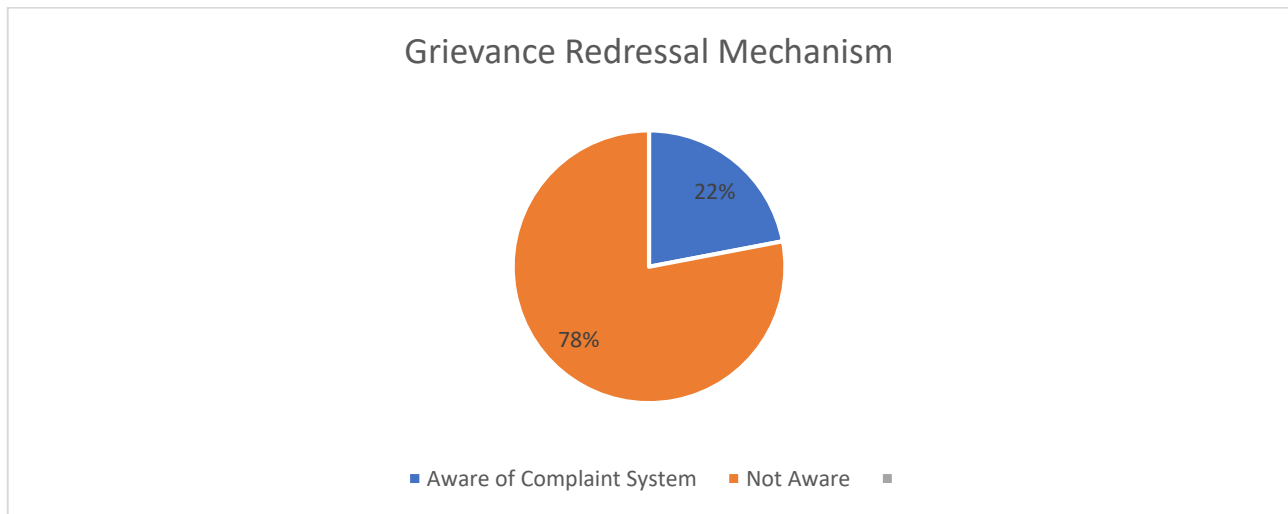


CHART 5.8

Analysis:

While a legal and institutional framework for grievance redressal exists in Kollam's cashew industry, its effectiveness is limited due to poor implementation and worker vulnerability. Strengthening institutional mechanisms and empowering workers is essential for ensuring justice and fair labour practices.

5.2.8 QUESTION 1- ARE YOU AWARE OF THE WAGE LAWS?

Aware of the Wage Law	No. of Workers	Percentage (%)
Aware of Code on Wages, 2019	30	30%
Not Aware	70	70%
Aware of Minimum Wage	45	45%
Aware of Equal Pay Rights	38	38%

TABLE 5.9

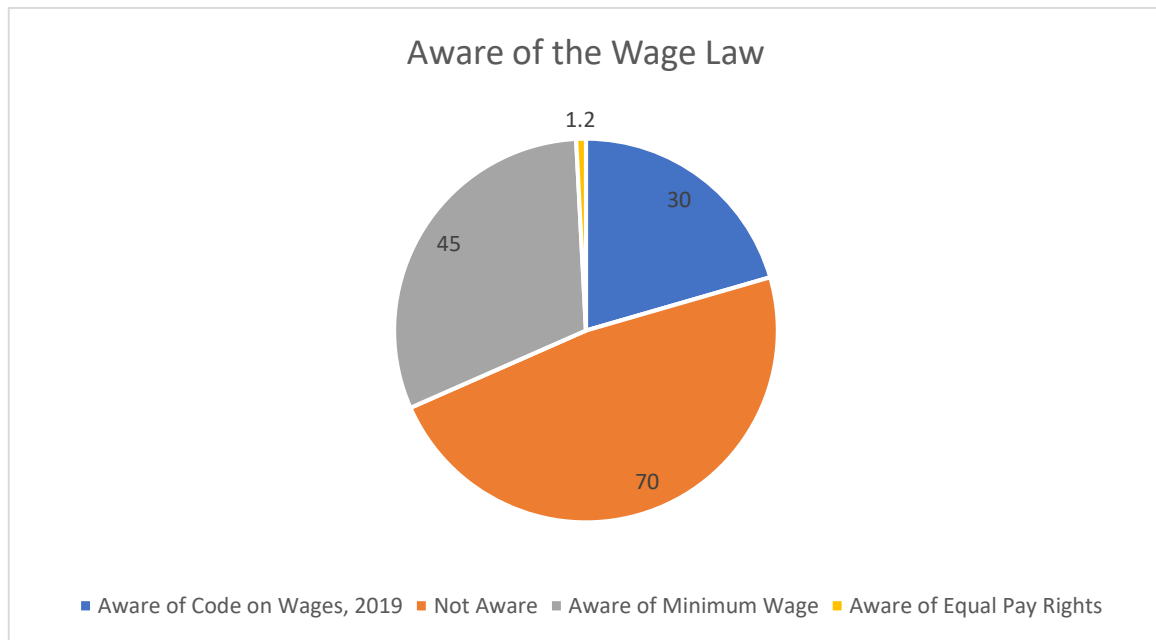


CHART 5.9

Analysis:

The lack of awareness directly affects the enforcement of wage laws. Even though the Code on Wages, 2019 aims to simplify and universalize wage regulation, its effectiveness is restricted when beneficiaries are unaware of their rights. The data shows that only 30% workers Aware of Code on Wages, 2019 and Not Aware 70% of workers. In this data 45% workers Aware of Minimum Wage and 385 workers Aware of Equal Pay Rights.

5.2.9 QUESTION 2-DO YOU HAVE FULL SUPPORT OF YOUR FAMILY IN INCOME FROM CASHEW FACTORY?

Support from family	No. of Responses	Percentage
Full Support	71	46%
Not much support	35	22.7%

TABLE 5.9

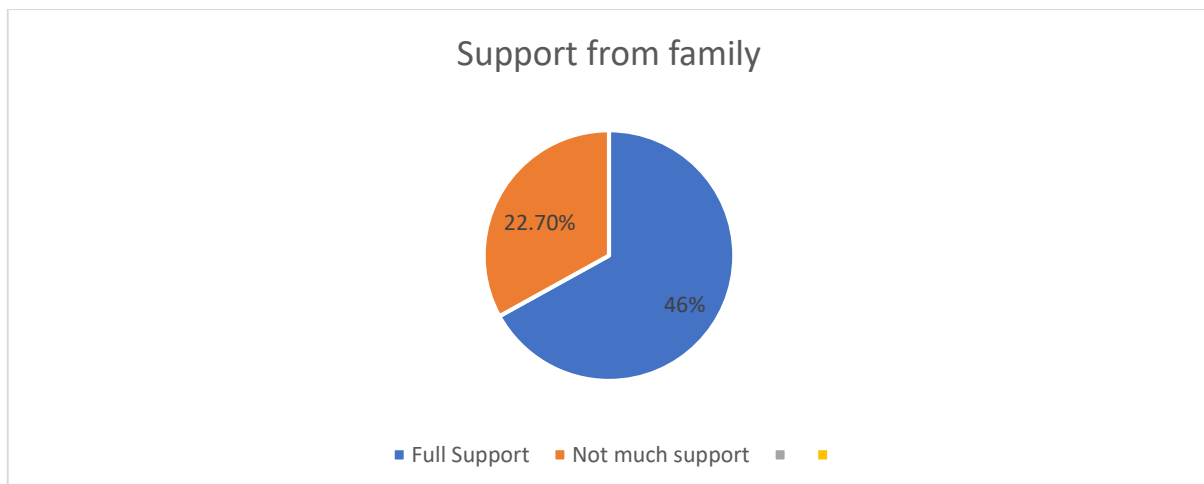


CHART 5.9

Analysis:

The data suggests a significant number of respondents, 46%, report having full support from their families in Cashew factory. A smaller proportion, 22.7%, indicate not getting much support, while none report having no support from their families in this endeavour. From this data, it can be inferred that the majority of individuals surveyed feel supported by their families in pursuing in this job. This indicates a positive familial environment that fosters and encourages their employment aspirations.

5.2.10 QUESTION 3-DO YOU GET YOUR WAGE PAYMENTS FROM CASHEW FACTORY ON TIME?

Are you paid wages regularly on time	No. of Responses	Percentage
Always	95	61%
Sometimes	42	27%
Rarely	15	9.7%

TABLE 5.10



CHART 5.10

Analysis: -

The data collected indicates that although a section of workers reported receiving wages regularly without delay, a considerable proportion expressed that payments are either sometimes delayed or frequently delayed. This inconsistency highlights a gap between statutory provisions and actual practice. Timely payment of wages is a fundamental right ensured under the Code on Wages, 2019, which mandates that employees must be paid within the prescribed wage period without unauthorized deductions or delays. The data suggests a significant number of respondents, 95%, report having wage payment regularly on time in Cashew factory

5.2.11 QUESTION 4-DO YOU RECEIVE OR AVAILABILITY OF WAGE RECORDS (PAYSLIPS) IN CASHEW FACTORY?

Response	Respondents	Percentage
Yes	45	29.2%
No	82	53.2%

TABLE 5.11

Analysis: -

Most respondents believe that wages are not equal between men and women, indicating the persistence of gender discrimination despite legal provisions. The data suggests a significant number of respondents, 53.2%, report having the Cashew factory not issued their payslip at the time of Wage Payment.

5.2.12 QUESTION 5-ARE YOU MEMBER OF ANY TRADE UNION, IF THE TRADE UNIONS IN CASHEW FACTORY ARE SUPPORT AND HELP IN YOUR PROBLEMS?

Response	Respondents	Support From Union	Percentage
Members	35	35	32.71%
Non-members	72	72	67.28%

TABLE 5.12

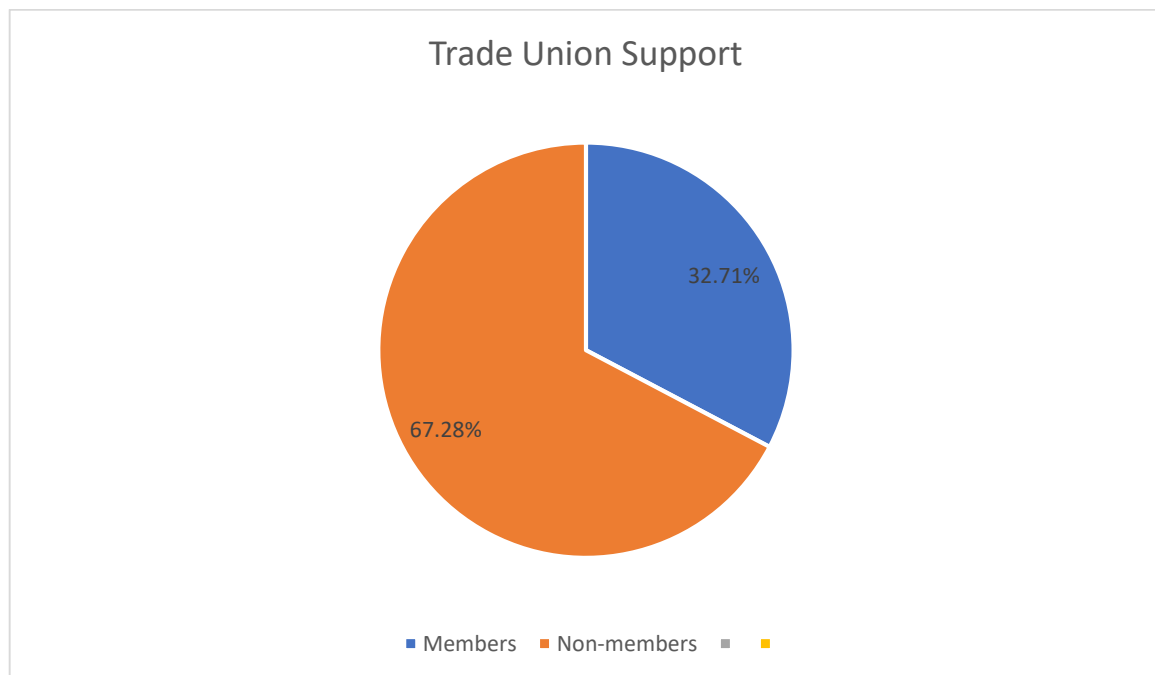


CHART 5.12

Analysis: -

The data suggest 67.28% of workers not affiliated with trade unions, there is a clear lack of collective representation. Trade unions play a crucial role in safeguarding worker rights, spreading awareness, and negotiating fair wages. The low level of unionization observed in the study weakens workers' bargaining power and contributes to continued exploitation and lack of awareness.

5.2.13 QUESTION 6-ARE YOU SATISFIED IN RIGHTS AND COMPLAINTS MECHANISM IN CASHEW FACTORY?

Response	Respondents	Satisfied In Complaint Mechanism	Not Satisfied in Complaint Mechanism
Female Workers	85	55	30
Male Workers	21	15	6

TABLE 5.13

Percentages of Employees Feedback Complaint Mechanism

Female Workers Satisfied 64.7% & Female Workers Not Satisfied 35.30%.

Male Workers Satisfied 58.33% & Male Workers Not Satisfied 41.66%.

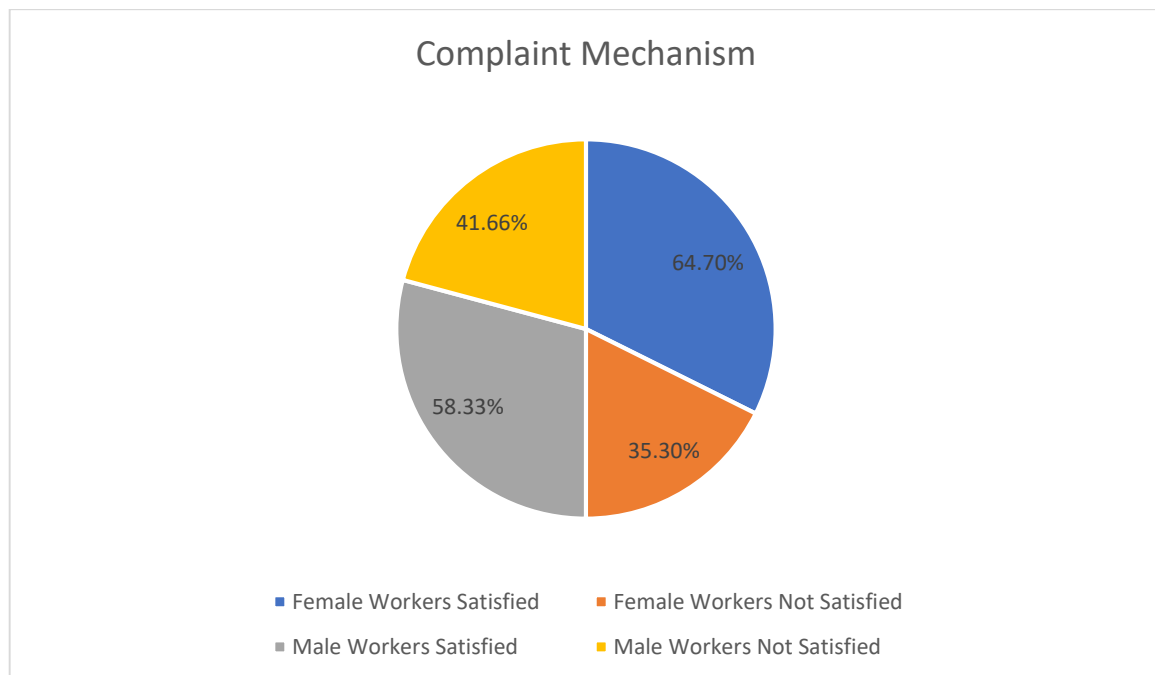


CHART 5.13

Analysis: -

The complaint mechanism in cashew factories in Kollam is a multi-layered system involving management, trade unions, and government authorities. However, in practice, informal resolution and union intervention dominate, while formal grievance mechanisms are often underutilized. Strengthening statutory grievance committees and ensuring worker awareness can improve labour protection significantly. The data collected from Cashew Factory Female Workers Satisfied 64.7% in & Female Workers Not Satisfied 35.30% and Male Workers Satisfied 58.33% in & Male Workers Not Satisfied 41.66%.

5.2.14 QUESTION 7-ARE YOU SATISFIED WITH INSPECTION AND ADVISE FROM LABOUR DEPARTMENT IN GOVERNMENT OF KERALA?

Response	Respondents	Satisfied	Not Satisfied
Female Workers	135	108	27
Male Workers	33	28	5

TABLE 5.14

Percentages of Employees Feedback Role of Labour Department in Cashew Factory

Female Workers Satisfied 80% & Female Workers Not Satisfied 20%.

Male Workers Satisfied 84.84% & Male Workers Not Satisfied 15.15%.

Analysis: -

The field study concludes that labour department inspections are essential for protecting the rights of cashew workers. While inspections have contributed to improved awareness and partial compliance, significant gaps remain in wage regularity, safety standards, and grievance mechanisms. Strengthening inspection systems and ensuring strict enforcement of labour laws are necessary for improving the overall working conditions in the cashew industry. The data collected from Cashew Factory Female Workers Satisfied 64.7% in & Female Workers Not Satisfied 35.30% and Male Workers Satisfied 58.33% in & Male Workers Not Satisfied 41.66%.

5.2.15 QUESTION 8-ARE YOU OK WORKING HOURS IN CASHEW FACTORY KOLLAM?

Aspect	Legal Standard	Field Reality in Cashew Factory Kollam
Daily hours	8 hours	Often 8–10 hours
Overtime	Paid legally	Sometimes irregular
Rest breaks	Mandatory	Informally followed
Work schedule	Fixed shifts	Flexible in many units

TABLE 5.15

Analysis: -

Working hours in cashew factories in Kollam generally follow a nominal 8-hour structure under labour laws, but in practice, they are influenced by piece-rate payment systems, seasonal demand, and factory management practices. While larger factories maintain more regulated schedules, small-scale units often have flexible or extended working hours, leading to variations in worker welfare.

5.2.16 QUESTION 9-DO YOU WORK OVERTIME AND DO YOU GET REGULAR PAY FOR IT?

Response	Respondents	Correctly in Overtime Payment	Not Correctly in Overtime Payment
Female Workers	147	129	18
Male Workers	30	25	5

TABLE 5.16

Percentages of Employees Feedback Overtime Work in Cashew Factory

Female Workers Satisfied in Correct Overtime Payment 87.75% & Female Workers Not Correctly in Overtime Payment 12.24%.

Male Workers Satisfied in Correct Overtime Payment 83.33% & Female Workers Not Correctly in Overtime Payment 16.66%.

Analysis: -

Overtime payment in cashew factories in Kollam exists both in formal and informal forms. While labour laws mandate double wages for overtime, practical implementation is often inconsistent, especially in small-scale units where piece-rate systems dominate. Strengthening labour inspections and ensuring proper wage documentation are essential for fair overtime compensation. The data collected from Cashew Factory Female Workers Satisfied in Correct Overtime Payment 87.75% & Female Workers Not Correctly

in Overtime Payment 12.24% and Male Workers Satisfied in Correct Overtime Payment 83.33% & Female Workers Not Correctly in Overtime Payment 16.66%.

5.2.17 QUESTION 10-ARE YOU OK FOR SOCIAL SECURITY BENEFITS LIKES ESI AND EPF PROVIDING FROM CASHEW FACTORY?

Response	Respondents	EPF&ESI Provided Correctly	EPF&ESI Not Provided Correctly
Female Workers	139	125	14
Male Workers	33	26	7

TABLE 5.17

Percentages of Employees Feedback Cashew Factory Provided EPF&ESI

Female Workers Satisfied in Cashew factory provided EPF&ESI 89.92% & Female Workers Not Satisfied in Cashew factory provided EPF&ESI 10.07%.

Male Workers Satisfied in Cashew factory provided EPF&ESI 78.78% & Female Workers Not Satisfied in Cashew factory provided EPF&ESI 21.21%.

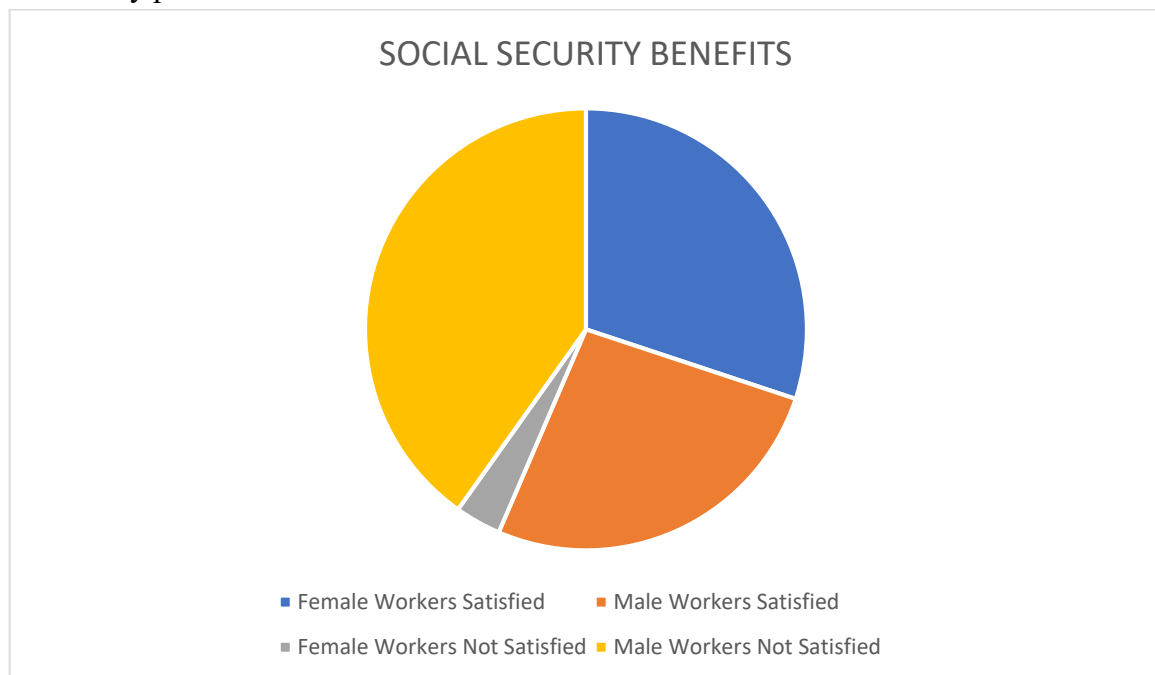


CHART 5.17

Analysis: -

Social security benefits in the cashew industry of Kollam remain weak and unevenly implemented. While legal provisions exist for protection of workers, a large section of cashew workers especially women engaged in piece-rate work—remain outside formal welfare coverage. Strengthening registration under ESI and EPF and improving labour law enforcement are essential for ensuring social protection in the sector. The data collected from Cashew Factory Female Workers Satisfied in Cashew factory provided EPF&ESI 89.92% & Female Workers Not Satisfied in Cashew factory provided EPF&ESI 10.07% and Male Workers Satisfied in Cashew factory provided EPF&ESI 78.78% & Female Workers Not Satisfied in Cashew factory provided EPF&ESI 21.21%.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1 CONCLUSION

The field study conducted among cashew factory workers in Kollam district reveals a mixed picture of labour conditions, combining both statutory protections and informal practices. Most workers reported that they are engaged in piece-rate work rather than fixed monthly wages, which directly influences their income stability. Although employment is continuous for many workers, especially women, the earnings are largely dependent on daily output, creating uncertainty in monthly income levels. This indicates that wage structure in the cashew industry is still predominantly informal in nature.

Regarding wage payment, a significant portion of respondents indicated that wages are not always paid regularly on time. Delays in wage distribution were commonly reported, particularly in small and medium-scale factories. While larger factories showed relatively better compliance with timely wage payments, irregularity remains a concern in many units. This reflects partial implementation of wage protection provisions under labour laws.

In relation to working hours, the majority of workers stated that they generally work around 8 to 9 hours per day, but during peak seasons the duration often extends beyond the normal limit. The flexibility of working hours, combined with piece-rate incentives, sometimes leads workers to voluntarily extend their working time to increase earnings. However, this also contributes to physical strain and fatigue, particularly among women workers who form the majority workforce in the sector.

The study further found that overtime payment practices are inconsistent. While some factories provide additional payment for extra work, many workers reported that overtime is either not formally recorded or not properly compensated. In several cases, overtime is indirectly adjusted through piece-rate increases rather than statutory double wage payments. This indicates a gap between legal provisions and actual implementation.

A major finding of the study is the weak social security coverage among cashew workers. Many respondents are not covered under ESI or EPF schemes, especially those working in smaller units. Awareness about social security benefits is also low among workers. As a result, workers largely depend on daily wages without long-term financial protection, making them vulnerable during illness, accidents, or old age.

The study also highlights the role of grievance redressal mechanisms, where most complaints are handled informally through supervisors or trade unions rather than formal institutional systems. While trade unions play a significant role in addressing wage-related issues, the absence of strong internal complaint systems reduces procedural efficiency within factories.

Overall, the findings indicate that although the cashew industry in Kollam provides large-scale employment, particularly for women, it continues to operate with a blend of formal labour regulations and informal employment practices. Issues such as wage irregularity, weak social security, inconsistent overtime payment, and limited formal grievance mechanisms remain key challenges that require policy attention and stronger enforcement of labour laws.

6.2 SUGGESTIONS

Based on the findings of the study, several important measures are suggested to improve the working and welfare conditions of cashew factory workers in Kollam district. First, there is a strong need for strict enforcement of labour laws, especially regarding timely payment of wages and adherence to minimum wage standards, to prevent delays and exploitation of workers. The system of overtime work should be

properly regulated, ensuring that all extra working hours are accurately recorded and compensated at the legally prescribed rate. Social security benefits such as Employees' Provident Fund (EPF) and Employees' State Insurance (ESI) should be extended to all workers, including those engaged under the piece-rate system, to ensure financial and health protection.

Working hours should be effectively monitored to prevent excessive workload, particularly during peak production seasons, thereby safeguarding the physical well-being of workers. It is also important to establish formal grievance redressal mechanisms within factories so that workers can safely and effectively report their issues without fear of retaliation. Awareness programmes should be conducted by the government and trade unions to educate workers about their labour rights, wage entitlements, and welfare schemes. Finally, regular inspections by the Labour Department should be intensified to ensure compliance with labour laws and prevent exploitation, thereby promoting a fair and safe working environment in the cashew industry.

Based on the findings of the study, the following recommendations are proposed to improve the working conditions and welfare of cashew factory workers in Kollam district:

1. Strengthening Wage Regulation:

Strict enforcement of the Code on Wages, 2019 should be ensured to prevent wage delays and guarantee timely payment of fair wages.

2. Proper Implementation of Overtime Rules:

Overtime work should be systematically recorded, and payment must be made at double the normal wage rate as per legal provisions.

3. Improving Social Security Coverage:

All cashew factories should be brought under ESI and EPF schemes to provide health, retirement, and financial security to workers.

4. Regulation of Working Hours:

Authorities should ensure adherence to standard working hours and prevent excessive overtime, particularly in small-scale units.

5. Strengthening Grievance Redressal Mechanisms:

Formal grievance committees should be established in factories to ensure transparent and timely resolution of worker complaints.

6. Awareness Programs for Workers:

Government and trade unions should conduct awareness campaigns regarding labour rights, wage entitlements, and social security benefits.

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