

Key findings of the Transferability of Mathadi Board's project

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Introduction

It gives us great pleasure to provide this summary of our key findings about the benefits of the Mathadi Boards and its possible transferability to other sectors. A central question for our project is whether the model could be extended to gig workers or other informal workers, including domestic workers - contemporary workers who do not enjoy the benefits of labour protections. We thank all those who have helped and assisted with the project. We are especially grateful to those who have been willing to share their honest views with us.

In this brief summary we describe how we conducted the study, what we perceive to be the benefits of the Mathadi Boards, and some problems we have found to exist with the boards. We then draw some conclusions about how readily this model can be transferred to other sectors with a predominance of informal workers.

Methodology of study

The study is a joint initiative of the Hamal Panchayat in Pune, Maharashtra and the Working People's Coalition, the School of Development Studies at Ambedkar University, Delhi, Tel Aviv University's TraffLab (ERC) and RMIT University's Business and Human Rights Centre.

We deploy a comparative case study method to study Mathadi Boards. We conducted a mixture of research methods to collect data for this case study. We studied historical academic literature, newspapers and reports to understand the formation of the boards. We also studied documentation related to the current governance and running of the boards, made available to us by the personnel involved in running the boards. Building on earlier interviews conducted in 2011 and 2013 by Shelley Marshall, interviews were conducted in 2022 with the Pune Mathadi, Hamal, and Other Manual Workers Board and the Aurangabad Mathadi and Unprotected Labour Board, in Maharashtra by Anjali Sharma and Chinmayi Naik.

Concerning the Pune Board, they conducted 21 interviews in total (3 Public officials, 3 labour users, 5 Union representatives and 10 Mathadi workers) with stakeholders in the boards. Additional interviews concerning the Aurangabad Board included 17 interviews in total (3 Public Officials, 4 Labour Users, 3 Union Representatives and 7 Mathadi workers).

Interview transcripts from interviews conducted in languages other than Hindi - primarily Marathi, the main language spoken in Maharashtra, were translated into English, and then coded. Transcripts were initially coded deductively based on codes generated from theory. We then coded inductively, using a ground-up approach deriving codes from our interpretation of the data.

Overview of Mathadi Boards

Prior to the enactment of the *Mathadi Act*, Mathadi workers were not protected by labour laws of any type. Following years of industrial unrest, a contract was signed between the Hamal Panchayat and the 'Poona Merchant's Chamber'. The contract resulted in 15 rules and regulations for load-carrying work and fixed rates for as many as 46 different tasks performed

by Hamals. After years of lobbying the Maharashtra State Government demanding statutory protection, in 1969, the legislative assembly passed the *Mathadi Act*, which came into force in 1974.¹ The Mathadi Act replicates the Welfare or Wage Board model which was common across the world in the first half of the 20th Century to regulate informal work. The model was first seen in New Zealand and Australia to regulate informal work in the garment industry known as outwork. Yet, while such Welfare and Wage Boards have been dismantled elsewhere, the Mathadi Board model continues to operate and even thrive.

34 boards were established by the *Mathadi, Hamal and Other Manual Workers (Regulation of Employment and Welfare) Act* in Maharashtra. However, only 14 boards are actively functioning, according to interviewees.

Unique features and innovation of Mathadi Boards

In this section of the summary, we describe what we see to be the unique features and benefits of the Mathadi Boards. We highlight how it targets informal workers, overcomes the problem of a lack of an employer which leaves most informal workers outside labour regulation and sets living wages. We note the benefits of its tripartite nature and the importance of providing a voice to informal workers.

Target informal workers, generally unprotected by the labour code and labour laws

Around 90 per cent of India's workforce is informal, meaning they are out of the purview of labour laws. Most of the legislative protection and welfare programmes for workers in India are, thus, restricted to less than 10 per cent of the workforce in the organised sector. Employment relationships are often difficult to establish in the informal sector.

Overcome the problem of lack of an employer

The Mathadi Board hires and pays workers. Both workers and labour users register with the board. Labour users pay the board, which tallies the number of hours worked by individual workers and pays them a wage. This overcomes the problems listed above, which existed prior to the Mathadi Act and that still persist in most other informal labour markets in India, and elsewhere. Furthermore, the Boards provide an arena for collective bargaining and collective voice otherwise unavailable to informal workers.

Set living wages

According to the Act, the rates of wages must be set above minimum wages in the state. For example, the average rates determined by the Pune board and resulting salary is above the minimum wages set in Maharashtra - Rs.7,000 to Rs. 40,000-45,000 per month, which is high compared with the wages of other informal workers. These rates are revised every three years by negotiations and discussions held by all representatives.

Provide social security

A unique feature of the Mathadi Act is that it goes beyond standard labour law functions. The Mathadi Act covers a wide range of benefits such as the standard pay and conditions as well as provident funds (to be collected at the time of retirement), gratuities, *ex gratia* payments, bonuses, leave wages, medical benefits and compensation for injury. It is like a labour law system - that combines individual employment protections, collective voice, and social security - in itself. These broad purposes are set out in the objects of the Act are (Section 3(2) of *Mathadi Act*, 1969):

- to regulate the employment of unprotected workers such as Mathadi workers
- to make better provisions for their terms and conditions of employment

- to provide for their health, safety and welfare,
- to ensure an adequate supply and proper utilization of such workers, and
- to prevent avoidable unemployment for these workers.

In addition, it effectively regulates the supply of labour, brings industrial peace when effective, and as we note below, adjudicates disputes.

Financially self-sufficient

Mathadi Boards are fully self-funded by fees (levy) charged on labour users and a tariff on worker payments. The money collected does not go back to the state. This means that they have a certain level of autonomy from the state and high levels of sustainability.

Tripartite and create a form of “negotiation democracy” or “consensual democracy”

The Mathadi Boards are democratic institutions which represent all actors:

- Governing boards are tripartite: government, union and labour user representatives.
- The Boards establish a state-backed arena for the social partners: workers and business representatives - to negotiate over working standards, Eg. Pune Board members include 6 unions, 2 state representatives and 6 representatives of industrial/traders associations. The board meets frequently.
- The negotiated outcome receives a binding legal status across the sector.

Provide voice and representation to informal workers

Mathadi workers are represented on the Board by their representative unions. The level of quality of democratic representation depends on the structure and functioning of the union but holds the promise of providing a voice in the workplace to workers who often have little bargaining power and few methods to make their interests visible and heard.

Former Mathadi workers or their family members are also engaged as inspectors in the boards, thus creating a unique inspectorate with close and direct knowledge of the work, practices in the sector, and the problems and violations that workers may encounter.

Problems with Mathadi Boards

Despite the great innovations and benefits of Mathadi Boards, we note several flaws. Despite their financial autonomy, the boards are still dependent on the state inspectorate to appoint inspectors. There is also considerable variance between boards, which suggests that their effectiveness is driven by the resources and good will of the social partners involved in the boards.

Dependent on state inspectorate

Boards depend on the state to appoint staff members and inspectors. The state is holding up the appointment of inspectors and other members. Permanent staff are not appointed, preferring instead the engagement of temporary and contractual staff. This undermines the sustainability of the system.

Workers excluded from coverage by boards undermine its power

Not all workers are covered and protected by the boards. Some workers are excluded because the labour users they work for were exempted from the Act. The scope and level of exemptions remain unclear and so is the percentage of workers operating outside the board regulatory structure for other reasons. Workers outside the board’s coverage are therefore vulnerable to

substandard and dangerous working conditions. They also pose competition to registered workers and to the stability of the Boards.

Failure to provide pensions

While the Board model provides wide labour and social protection to registered workers, workers we interviewed consistently complained about the lack of retirement savings and pension scheme. The provision of social security benefits should be developed in future.

Variance between boards

Our research suggests that although all the boards follow the same guidelines and are established under the Mathadi Act, the functioning, efficiency and local terms (such as rates and the percentage of levy) of each Mathadi Board vary. Differences appear to depend on the government, as well as the relative power of the union, how active the unions are in organising workers and their relation to the labour users and their representatives. It further depends on the level of acceptance of this structure by labour users and their cooperation with the Board, and the interaction between the three actors as checks and balances for corruption. We find variation in the following important respects:

- *Trust in the boards:* respondents (other than government officials) from Pune sympathized with the inability of the board to perform, however, respondents from Aurangabad believed board members use this as an excuse to justify their incompetence, unwillingness, and inability to function better.
- *Numbers of active members:* Though both boards have around 8,500 registered workers, the Pune board has 7,000 active workers whereas only 2,000 registered workers in the Aurangabad board collect wages via the board.
- *Corruption:* Most workers interviewed in relation to the Aurangabad Board reported that the board takes bribes from companies in order to exempt them from being registered/covered by the board.

Transferability to other sectors

Is the Mathadi Board model readily transferable to other sectors? The historical success of welfare and wage boards would suggest that with sufficient political will, there is every likelihood that the boards could regulate other industries. Indeed, there is little about Mathadi Boards which is specific to head load workers. Mathadi Boards might be seen as a lasting relic of corporatist labour relations that we can learn from. Furthermore, Mathadi Boards are particularly useful to study not only because they are a living institution, but also because they go beyond many other labour boards. They have many more functions than the existing welfare boards in India, for instance.

Because of the triangular structure of platform-based gig work, we believe the model could readily be replicated for delivery drivers and other platform workers. This could work in a number of different ways. Tripartite boards could be moved to an online platform and provide an ethical substitute for gig worker companies. Alternatively, labour laws could require a dual board structure for gig companies, like the German Works Councils, with a tripartite board becoming part of the governance of private platform-based gig work companies. Such tripartite governance boards would conduct many of the same functions as Mathadi Boards; ensuring that pay rates are correct and above the living wage level, adjudicating disputes, and so on.

Our comparison shows several conditions for boards to be effective in other industries:

- Boards depend on the organisation of workers by unions and the representation of business by employer bodies. They do not overcome or compensate for the lack of mobilisation.
- The formation of boards, and the buy-in from business, depends on a shared belief in their importance and value.
- Broad and universal coverage of a sector is a must. If there are exceptions to membership, this creates an unfair advantage for labour users who can operate independently of the board.
- The boards are potentially vulnerable to corruption and require vigorous oversight from social partners and independent audits.
- The boards depend on an active inspectorate. If the state appoints inspectors, there must be swift appointment of inspectors with long-term tenure to allow expertise to be built.

Mathadi Boards are a fascinating and effective regulatory model to improve informal workers' workers' rights and welfare. If you are in Pune come join our event in Collaboration with Hamal Panchayat