

IMPROVING THE HUMAN RIGHTS CONDITIONS OF BEEDI WORKERS IN INDIA



**IMPROVING
THE HUMAN RIGHTS CONDITIONS
OF BEEDI WORKERS IN INDIA**



Improving the Human Rights Conditions of Beedi Workers in India

By Dinbandhu Vats

February 2018

Layout by Rajneesh

Published by PAIRVI

E-46, Upper Ground Floor, Lajpat Nagar-III, New Delhi-110024

Phone: +91-11-29841266, 65151897

e-mail: pairvidelhi1@gmail.com | website: www.pairvi.org

The beedi manufacturing is a traditional agro-forest based industry in India, highly labour intensive and predominantly unorganized. The beedi industry is one of the largest employers of workers in India, after agriculture, handloom and construction. The vast majority of workers in India are in informal jobs. Informal employment comprises not only workers in the unorganized sector but also informal workers in the organized sector¹. The beed industry rests on informal employment operating mainly in the interface between the unorganized and organized sector.² Beedi rolling began in the factory sector over the last three decades; the beedi manufacturers have increasingly shifted the work from factories into the households to small unincorporated units or into small work sheds. Typically large manufacturers contract out the work of rolling beedi to contractors who then either sub-contract work out further and/or get the work done by individuals in their homes on a piece rate system. The production is therefore, widely dispersed. It is difficult to establish an employer-employee relationship as set out under the labour law since beedi production is undertaken through a chain of contractors and sub-contractors and also through a sale-purchase system which makes the beedi workers self employed.³

Mostly Unorganized Workers

Beedi industry is generally located in unorganized sector⁴. However beedi rolling began in the factory sector, over the last three decades manufacturing has shifted to “households, small unincorporated units and into small work sheds⁵. Currently, only 10 percent of the total

¹http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-new_delhi/documents/publication/wcms_496510.pdf

² Centre for Health & Social Justice (CHSJ) paper on Beedi Industry and Welfare of Workers in India by Priya John accessed through http://www.chsj.org/uploads/1/0/2/1/10215849/policy_review.pdf

³ <http://www.bestpracticesfoundation.org/pdf/BeediSector.pdf>

⁴ http://labourbureau.nic.in/ILYB_2011_2012.pdf

⁵ Ibid3

beedi manufacturing is undertaken in large enterprises of registered companies.

The manufacturing units comprise of registered companies and unregistered companies. The registered companies are the large entities that produce more than 20 lakh branded beedis per year, pay excise duty on their product and are legally bound to follow labour laws while the unregistered companies are exempt from tax payment as they manufacture less than 20 lakh beedis a year. The registered companies are

‘organized’ as they are bound to adhere to labour laws as opposed to the unregistered companies, which come within the ambit of the ‘unorganized’ sector, not requiring them to adopt the prescribed labour welfare measures.

A registered beedi company has direct formal relations with its workers when the company directly transacts with the worker whether in the factory or home. The company provides the raw materials to the workers and the rolled beedis are returned to the company without the involvement of any intermediaries. Workers have provision of ID cards entitling them to statutory benefits of minimum wages, provident fund and other services such as housing, education and health. Usually registered companies operate through contractors or sub-contractors who in turn transact with the workers. Contractors and subcontractors work mostly with home-based beedis rollers. The company provides raw materials to the contractors and they take this to the workers directly or reach them through sub-contractors. This is an indirect relation and could be formal with IDs or informal i.e. without IDs. In this system, the contractors are solely responsible for the workers and the payment of wages, statutory benefits, maintenance of accounts, attendance registers, ID cards etc.

Unregistered companies have either indirect-informal production relations i.e. they engage workers through contractors or subcontractors or direct-informal relations wherein they work

The term unorganized worker has been defined under the Unorganized Workers’ Social Security Act, 2008, as a home based worker, self-employed worker or a wage worker in the unorganized sector.

directly with the workers. Unregistered companies manufacture beedis in small workshops, unincorporated units and/or households. As they are not registered they are not bound to provide any statutory benefits to their workers.⁶

Socio-Economic Demography

There is no authentic data on actual population of beedi workers in India. In response to a question in the Parliament the government estimated the 48 lakh beedi workers in the country in December 2015. This figure actually dates back to 2006.⁷ According to trade unions, as recorded in ILO note, the number would be 70-80 lakhs. The All India Beedi Industry Federation, in its public press notification on April 9 2016, recorded beedi rollers' number to be 80 lakhs.⁸

State wise number of Beedi Workers and their percentage share

State	No. of beedi workers	Percentage share
Gujarat	42,008	0.9
Rajasthan	42,813	0.9
Uttar Pradesh	4,50,228	9.4
Karnataka	2,44,412	5.1
Odisha	1,57,753	3.3
Madhya Pradesh	10,54,652	21.9
Andhra Pradesh and Telangana	4,12,984	8.6
West Bengal	16,58,401	34.5
Tripura	13,385	0.3
Assam	9,154	0.2
Maharashtra	1,88,550	3.9
Kerala	32,032	0.7

⁶ Centre for Health & Social Justice (CHSJ) paper on Beedi Industry and Welfare of Workers in India by Priya John accessed through http://www.chsj.org/uploads/1/0/2/1/10215849/policy_review.pdf

⁷ ibid

⁸ http://peoplesdemocracy.in/2016/0501_pd/no-concern-job-and-survival-beedi-workers

Bihar	2,93,916	6.1
Chhatisgarh	18,757	0.4
Tamil Nadu	79,905	1.7
Jharkhand	1,13,408	2.4
Total	48,12,358	100.0

Source- Ministry of Labour (2006)

Beedi is an agro-forest based labour-intensive product employing huge number of economically and socially marginalized sections, mostly in the rural areas. The percentage of women in the workforce is highest in the industry. Large numbers of Other Backward Classes (OBCs) Muslims, Scheduled Castes (SCs) are involved in beedi rolling. It also employs traditional forest dwellers who collect tendu leaves from forests. They have traditional rights to this minor forest produce under the Forest Rights Act

Child Labour

The incidence of Child Labor is reported to be very high in Beedi industry. One of the reasons for child labor in the industry is the lack of adequacy of income of the workers to nurture and educate the children especially single parent families headed by women. There is no reliable estimate of the number of children who are engaged in the beedi rolling activities. Government estimates find 15-25 percent of children are employed by the industry⁹. Beedi manufacturers do not formally employ children to roll beedis. However, the system of sub-contracting to home based workers and the piece rate system of payment (the more you produce, the more you earn) lends to the involvement of children. The children, whether they go to school or not, end up helping out the family in rolling beedis (such as cutting the tendu leaves, tying the threads to the rolled beedis and folding the tips of the beedis). More girls than boys are engaged in the beedi industry. This is because a larger number of girls drop out of school or so not attend school. The boys generally attend school and roll

⁹ Bidi Industry in India Workers and Livelihoods: Women and Children accessed through

http://global.tobaccofreekids.org/files/pdfs/en/IW_facts_products_bidis_livelihoods.pdf

beedis after school. The overlapping roles of child as a helper-cum-trainee in beedi making makes the labeling as child labour difficult. Legally, India child labour law does not cover children who help out as family labour and this loophole creates the scope for employment of children in many home based activities. The labour department officials express inability to take any action against the employers/contractors who claim that they have given work to only the adult members¹⁰.

Discriminatory Wages

They are less paid worker and fixed sum are given for rolling for per thousand beedi. Wages are fixed arbitrary for rolling one thousand beedis varies from states to state. Men generally earned more than women, both in terms of wages and amount of work received. There was a different attitude towards men and women workers among the employers and contractors. They expressed that the men were actually doing labour whereas women were just rolling in their spare time and so it was more like a charity on the part of the employer to give them anything at all. Minimum wages are fixed by the state governments and revised from time to time. However, International Labor Organization findings indicate that such provisions had scarcely any impact on home-based workers.

As majority of workers are either contract workers or household workers and that there is no skill or machinery required, there is high wage elasticity. The manufactures of the beedi set up their factories or their branches in states where the minimum wage rate is low or where cheap labour is available. Shifting of industry is also easier. The most crucial factor witnessed in the beedi industry today is the reduction of work. In addition to low wages, the amount of work each worker gets has decreased. Generally a worker rolls about 5000 beedis a week and 500 to 800 beedis per day.

¹⁰ <http://www.bestpracticesfoundation.org/pdf/BeediSector.pdf>

Health Hazard

The beedi rolling process releases large amounts of coarse particles and dust into the work environment (typically the home). Rollers do not wear protective clothing, gloves or masks, and are exposed to tobacco dust through their skin and by inhaling the harmful particles. The Factory Advisory Services and Labor Institute in Bombay, a unit of the Labor Ministry of India, found the incidence of bronchial asthma and tuberculosis to be higher among beedi workers than any other group in the general population¹¹. Further health effects include pain and cramping in the shoulders, neck, back, lower abdomen; anemia and eye problems. The beedi dust affects not only the beedi roller but also her entire family too leading to respiratory problems. The other problems associated with beedi rolling are body ache, headaches, back-strain, spondylitis, swelling of lower limbs and digestion problems, especially constipation. For women there are also problems related to menstruation and pregnancy where they have heavy bleeding and lower back pain during menstruation and pain in lower abdomen. They also have a high degree of leucorrhoea. There have also been a large number of miscarriages.

Accesses to Social Security Benefits

Beedi workers are entitled to minimum wages, leave wages, provident fund, bonus and social security via the Workers Welfare Fund Board which is funded through a cess on manufacturers. Through the board, workers get health care and scholarships for their children. Beedi Workers Welfare Board was constituted through Beedi Workers Welfare Fund Act and funded by a cess charged on beedi manufacturers.

There are education, health, housing, death and maternity allowance schemes operational as part of the Welfare Fund. These may vary from state to state. Under the Revised Integrated Housing Scheme, a housing subsidy of Rs. 1.50 lakhs is given to registered

¹¹ Bidi Industry in India Workers and Livelihoods: Women and Children accessed through

http://global.tobaccofreekids.org/files/pdfs/en/IW_facts_products_bidis_livelihoods.pdf

beedi workers for the construction of a house on his/her own land.¹² The Payment of Gratuity Act is applicable to Beedi workers employed in certain classes of establishments such as factories, shops and establishments in which ten or more persons are employed. The High Courts of Andhra Pradesh and Tamilnadu have ruled specifically that the Act is applicable to establishments manufacturing beedis¹³. Beedi workers are at present covered under both the Maternity Benefit Act and the Beedi Workers Welfare Fund Act which provides for maternity benefit. In the case of the Maternity benefits Act, the liability for payment of maternity benefit rests on employers who tend to avoid it. Beedi workers are also eligible for National Old Age Pension, National Family Benefit Schemes, Janani Suraksha Yojna, Rashtriya Swasthya Bima Yojana, and Aam Adami Bima Yojana.

However, to get the access to these schemes identity card issued by competent authority is essential. In spite of this many of the employers do not issue identity cards as this legitimizes the status of the worker as an employee and employer would have to provide all the relevant benefits, which they are reluctant to do. Local authorities of the Labour Welfare Organization of the Ministry of Labour and hospitals and dispensaries have been authorized by the Ministry of Labour to issue identity cards to the beedi workers.

Contract System

The system of subcontracting of production and labour to intermediaries/ contractors leads to a high dependence on middlemen for short term credit needs and work. This system of informal dependence and lack of state regulation leads to the non-implementation of the labour laws by the contractors. Entire households relying heavily on beedi production for survival are often forced to go into debt to beedi contractors when raw materials to complete the production process are scarce. Contractors then gain financial control over them.

¹² Centre for Health & Social Justice (CHSJ) paper on Beedi Industry and Welfare of Workers in India by Priya John accessed through http://www.chsj.org/uploads/1/0/2/1/10215849/policy_review.pdf

¹³ <https://www.supremecourtjudgements.in/judgment?jid=79955>

Lack of Unionization

As most of the beedi workers work from their homes and live in different areas it is difficult to organize them. Organizing them in factories was also difficult, as the employers would shift the factory if there were any agitation from the workers. There have been many attempts at organizing the beedi workers and cooperatives have also been formed. In 1987-88, the All India Beedi Trade Federation was constituted and the Beedi Rakshak Rojgar Andolan campaigns against the dangers in the beedi industry.

Rejection of Beedi

Rejection of beedis and issues of raw materials are very much part of the system of beedi production. Rejection of beedis and issuing less than required raw material is the way in which employers and contractors circumvent the minimum wages Act and end up paying less to the worker, making a higher profit for themselves. Rejection is a cause of perpetual conflict between workers and contractors

Important Legislations applicable to Beedi Workers

Legislations	Objective
Beedi and Cigar workers (Conditions of Employment) Act 1966	To regulate the conditions of employment of workers employed in the beedi-manufacturing units
Beedi Workers Welfare Fund 1976	To finance welfare measures for beedi workers
Beedi Workers Welfare Cess Act 1976	To levy a cess on manufactured beedis for the purpose of the Beedi Workers Welfare Fund
Industrial Employment (Standing Orders) 1946	To direct employers to formally define the conditions of employment in an establishment
The Trade Union Act 1926	To provide for the registration of trade unions and define laws relating to registered trade unions
The Minimum Wage Act 1948	To provide directions for fixing wage rates in certain employments
The Contract Labour	To regulate contract labour in

(Regulation and Abolition) Act 1970	certain establishments
The Payment of Bonus Act 1965	To provide the payment of bonus to workers in certain establishments
The Equal Remuneration Act 1976	To ensure equal pay to women and men
The Provident Fund Act 1952	To provide for provide funds, pension scheme and deposit-linked insurance fund for employees in factories and establishments
The Employees State Insurance Act 1948	To provide insurance in case of sickness, maternity or work injury
The Maternity Benefit Act 1961	To regulate employment of women before and after childbirth and to provide maternity benefits
The Payment of Gratuity Act 1972	To provide for the payment of gratuity to employees after considerable years of employment
The Unorganized Workers' Social Security Act 2008	To provide for the social security and welfare of workers in the unorganized sector

Source-Ministry of Labour, Government of India

However, compliances of social security measures and implementation of legislations is very low

Conclusion

India has over 27.5 crore tobacco users, out of which 75 percent consume beedi. According to the report 452000 crore cigarettes and 4030000 crore beedi have been produced between 1910 and 2010¹⁴. Beedi industry's aggregated revenues are Rs.16300 crore per annum. With the biggest players have turnovers of Rs.500-900 crore each. It is a common refrain that the bidi industry is facing a declining market with cigarettes growing in market share. But an analysis of profits for

¹⁴ <https://www.thequint.com/health/2017/05/31/bidi-workers-plea-to-increase-taxes-on-bidi-in-gst>

the major companies and their dividends (in case they are companies) shows that they are still earning substantial profits. Most have more 10 percent rate of profit after tax as per their official financial statements¹⁵.

In contrast, Beedi rollers are made to work in deplorable and unhygienic conditions. Just 4-5 years of rolling beedi has adverse health effects.¹⁶ There are facing a range of challenges which include ensuring basic labour standards for home based women who are employed by the sub-contractors, improving working conditions, health care and social security for the beedi workers to finding alternate means of income and employment for the women beedi workers facing loss of work in different parts of country. Multipronged strategy is required to cope with situation of beedi workers. First and foremost the actual number of Beedi workers need to be identified. There is no systematic identification of beedi workers, especially home based workers. This is important if the benefits under the Beedi Workers Welfare Fund are to be availed. The access to benefits and improvement of benefits under the BWWF needs to be ensured. Their working conditions need to be improved. Simultaneously, beedi workers need to be shifted to alternative livelihood. None of the programmes for beedi workers include a credit component to shift them out of beedi into other economic activities. There needs to be a programme that provides credit facilities for beedi workers to take up self-employment ventures through linking them to bank credit or organizing them into self help groups for linkages with government programmes that can help provide such access.

¹⁵ <http://tnlabour.in/women-workers/5017>

¹⁶ <https://www.thequint.com/health/2017/05/31/bidi-workers-plea-to-increase-taxes-on-bidi-in-gst>



Public Advocacy Initiatives for Rights and Values in India
E-46, Upper Ground Floor, Lajpat Nagar-III, New Delhi-110024
Phone: +91-11-29841266, 65151897 | e-mail: pairvidelhi1@gmail.com
website: www.pairvi.org