

**The Beedi Sector in India:  
An Overview - Improving Working  
Conditions and Employment  
Opportunities for Women  
Workers in Beedi Industry**

*for*

**ILO - Department of Labour,  
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## **The ILO Beedi Sector Programme**

# **The Beedi Industry in India: An Overview**

**Improving Working Conditions and Employment Opportunities for Women  
Workers in Beedi Industry**

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## Chapter I : Introduction

### 1.1. Background on The Beedi Industry

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. However, the estimates of the numbers of beedi workers engaged in this industry vary depending on who is making the estimates. The government estimates about 4.4 million workers in the beedi rolling industry<sup>1</sup>, majority of who are home based women workers. The trade unions claim that there are over 7 million beedi workers. It is said that if those engaged in beedi trade and the tendu leaf collection are also taken into account, the actual numbers of people involved in the beedi sector is much higher. The unions also point out that beedi workers constitute a major share of the workforce under the poverty line.

The beedi rolling is generally done by poor households in backward areas where the workers have usually no other means of sustainable employment. Although beedi rolling began in the factory sector (in early twentieth century), over the last three decades, the beedi manufacturers have increasingly shifted the work from factories into the households. Currently, about 10% of the beedi manufacturing takes place in the organised factory sector.

Beedi manufacturing takes place in almost all the major states of India such as in Madhya Pradesh, Maharashtra, Gujarat, Tamil Nadu, Andhra Pradesh, West Bengal, Orissa, Uttar Pradesh, Rajasthan, Bihar, Kerala and Karnataka. The cultivation of beedi tobacco is mainly concentrated in Gujarat, Karnataka, and Maharashtra, although it is also grown to some extent in Orissa and Andhra Pradesh. Bulk of the beedi wrapper leaves (tendu leaves) are grown in Madhya Pradesh, Orissa, Maharashtra, Andhra Pradesh and Bihar.

The beedi industry is generally located in the 'unorganized' sector. Although beedi rolling began in the factory sector (in early twentieth century), over the last three decades, the beedi manufacturers have increasingly shifted the work from factories into the households, small unincorporated units or into small work sheds. Currently, while there are some major beedi manufacturers with large enterprises these constitute only about 10 percent of all beedi manufacturing. Typically large manufacturers contract out the work of rolling beedis 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 (a client-supplier kind of relationship rather than the employer-employee relationship).

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<sup>1</sup> Ministry of Labour, Annual Report 1999-2000, page 109

## 1.2. A Brief History Of Beedi Industry In India

### *Growth of the Tobacco Industry in India*

It is not very clear as to when the tobacco was first introduced in India. According to one report, tobacco was routed into India in the medieval times when it was presented to Emperor Akbar as a medicine for some illness (not documented) by some European doctors. Another source says that the Portuguese introduced the tobacco in India in the 17<sup>th</sup> century. Whatever the origins, historically tobacco use has been prevalent across class, caste, ethnicity, gender and other social divisions. In the 19<sup>th</sup> and early 20<sup>th</sup> centuries India was the 2<sup>nd</sup> largest producer of tobacco<sup>2</sup>, which was mainly for domestic consumption in different forms, including *beedis*, cheroots and *hookahs*. Tobacco production increased in the 1930s. In 1936-37, India ranked first in tobacco production and its area under tobacco production expanded at 2% per annum. Currently, India is the 3<sup>rd</sup> largest tobacco producer in the world.<sup>3</sup> The tobacco industry not only earns revenue for the state it also generates employment of a large scale. Around 1.2 million are involved in cultivation, curing and processing tobacco, and another 5,00,000 workers are part of the trade and distribution of different types of tobacco.<sup>4</sup>

The first formal production of beedis started in 1902, although the rural people were known to have made beedis for their own consumption much before this date. Presently, India is the 3<sup>rd</sup> largest tobacco producer in the world.

Madhya Pradesh, the largest producer of tendu leaves in India, is one of the first states where beedi manufacturing began in 1902 in Jabalpur district. In 1915, a beedi rolling unit was established by Abdul Noor Mohammed in Sagar. Bhagwandas Shobhalal Jain (B.S.Jain & Co.) was established in 1920 after which beedi manufacturing has been the main source of employment and revenue in the district after agriculture. Since then the Jains have been the largest manufacturers in the district. The number of beedi workers in Madhya Pradesh in 1995 was 6,60,000<sup>5</sup>. Within Madhya Pradesh, Sagar, Damoh and Jabalpur districts have the largest number of beedi workers, with Sagar leading in 1994 with 2,75,000 workers. However, in the last ten years, due to manufacturers shifting base, the beedi industry is shutting down in Sagar and employment has drastically reduced increasing the levels unemployment and poverty in the district.

With about 6.25 lakh beedi rollers in 1995, Andhra Pradesh is the second largest producer. Telangana and Nizamabad are the main districts where beedi rolling is concentrated here with about 4.2 lakhs are in the Nizamabad district alone. Beedi manufacturing started in 1901 in Nizamabad. However, it was only in the 1920s that this industry grew. The industry received another boost after 1952 when many manufacturers from Gujarat and Maharashtra shifted operations. The employers from Maharashtra and

<sup>2</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

<sup>3</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

<sup>4</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

<sup>5</sup> The Ministry of Labor reproduced in Jhabvala et al. (2000)

Gujarat preferred Nizamabad mainly because labor laws were poorly enforced compared to in their home states and workers were willing to work on lower wages.

In the 1930s, after Gujarat started cultivating tobacco, beedi manufacturing began in this state in Kheda district. Due to a network of canals being built to facilitate irrigation, local farmers switched to cash crop production, especially tobacco. Today Gujarat is the primary producer of tobacco in the country with the largest share (80%).<sup>6</sup> Being the heart of tobacco production Gujarat lent easily to the mushrooming of beedi factories in Ahmedabad, Patan and Palanpur in North Gujarat and in Surat and Billimora in South Gujarat. When the Gujarat government implemented the Factories Act in 1952, the beedi companies shifted their manufacturing across the border to other states such as Rajasthan, Andhra Pradesh and Madhya Pradesh where employers mainly employed home based workers. The remaining manufacturers in Gujarat also followed suite and shifted into home based production. Tobacco continued to be produced on scale in large work sheds. Mechanization took the place of manual work in cutting, grinding and sieving reducing the workforce by half.

The beedi industry also came up in Kerala by 1920s. After World War I, trade connections with Ceylon and Burma helped establish the beedi industry in North Malabar. The Charkha (spinning wheel) brand of beedis riding on the popularity of the the nationalist movement and the swadeshi sentiment (boycott of all foreign goods including cigarettes) popularized beedi use. At the time, it was mainly men who were beedi rollers assisted by children in tying the rolled beedis. Beedi workers came from the Muslim and lower caste communities, (Tiyyas/ Ezhavas). In April 1934, the first beedi rollers association (Sree Narayana Beedi Thozhilai Sangham or The Sree Narayana Beedi Workers' Association or SNBTS) was formed in Tellicherry. Kerala developed central manufacturing beedi units with this spreading to Mangalore town in Karnataka.

<b>Estimates of Area Production and Yield of Tobacco: Selected States: 1983-84</b>			
State	Area (1000 hectares)	Production (1000 mt)	Yield (kgs)
Karnataka	480.0	28.8	600
Tamilnadu	12.4	13.7	1105
Andhra Pradesh	187.1	191.0	1026
Gujurat	108.0	186.9	1725

Source: Indian Tobacco Journal various issues reproduced in Giriappa S. (1987)

In Karnataka beedi tobacco accounts for 65 percent of total tobacco area. Grown in Belgaum and Bellary districts, beedi tobacco grown here is famous for its quality as it is grown in medium black or red soil. 25 percent of total tobacco production in Karnataka is towards beedi production. Of the four million beedi workers nationally, Karnataka accounts for 12 percent. Dakshina Kannada district is the major beedi producing center in the state representing a space with the highest concentration of beedi production. There are more than 36 beedi companies in this region, with over 2500 beedi contractors. The

<sup>6</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

total number of beedi workers registered in Karnataka as of 1985 was 2.68 lakhs and of these 80 percent are home based workers.

### **1.3. Dakshina Kannada: A Brief Overview<sup>7</sup>**

The two coastal districts of Karnataka state, Udipi and Dakshina Kannada differ in many respects from the rest of the State that lie in the uplands, particularly in its geographical features, resource-based economy, way of life, and potential for growth. Dakshina Kannada is one of Karnataka's two coastal districts. In 1997, Udipi District was carved out of the composite Dakshina Kannada District.

Dakshina Kannada District is truly representative of the coast, as it exhibits in all its fullness the coast's distinctiveness. The coastal districts of Karnataka are known for its rich bio-diversity. Till now the coastal strip has been relatively inaccessible on account of its geography, namely the Western Ghats on one side and the sea on the other with the exception of the industrial and port town of Mangalore. It has had a self-sufficient subsistence economy.

The 1990s ushered in an era of liberalization in industrial and economic policies in the country, and Dakshina Kannada represented a space with inherent potential. It had the major port of Karnataka, which was in the process of expansion facilitating import and export of goods thereby considerably reducing costs of transportation and handling. With a long tradition of enterprise in small industries, transport, and services, with other infrastructure nearing completion, like railways and highways, with the finest banking system in the country, and a number of high-class educational and training institutions, Dakshina Kannada was sought after. It was expected to become one of the fastest industrial growth regions in the country.

However, rapid industrial growth has its negative side, if unaccompanied by counterpart efforts in urban development, regulated resource utilization, and measures to ensure long-term sustainability of the local economic base. Thus Dakshina Kannada while representing great economic potential also is an extremely vulnerable resource base. Economists and planners have need to take careful account of the specific factors present in the area, as a precondition for any useful economic planning.

The forests in the Dakshina Kannada part of the Ghats are reputed to be among the most extensive in the country. About 2270 sq. kms or 27.23% of the land area of the district is classified as forests. In some areas, deforestation of the lower slopes has led to soil erosion.

Land is a scarce commodity in this area. The land available for cultivation per capita in Dakshina Kannada is only 0.12 hectares, which is well below the State's average of 0.27 hectares. In most other districts of the State it is well above 0.20 hectares. Dakshina Kannada's population of 26.94 lakhs in the 1991 Census, gives it a density of 319 persons per sq. km, the 3rd highest in the State after Bangalore and Mandya. If we take into

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<sup>7</sup> Karnataka Centre for Infrastructure Planning, Bangalore (2000)



account that a large extent of land in the district is occupied by forests, the extent of land available is even smaller than what the population density indicates. This shortage of land for agriculture has several consequences such as the encroachments on forests, pastures, and other types of land and limiting the employment in agriculture. This limitations of agriculture has led to a shift in the work patterns in the district over the last three decades with a decline in percentage of agricultural workers of total workers from 54.16 in 1971, to 35.79 in 1991.

Dakshina Kannada has by far the heaviest rainfall district in the State, receiving over 4000 mm of precipitation in a year (compared to the state average of 1000mm). Yet the topography and the nature of the soil renders this district dry after the rainy season particularly in the summer months. The soil is laterite, slightly acidic and not by itself fertile, but it is suitable for growing certain crops such as paddy, sugarcane, spices, areca and coconut.

Dakshina Kannada was declared as a 100% literacy district, one of the few in the entire country in 1992. The empowerment of women is an important positive indicator of the progressive nature of a society. In the coastal districts and Ghat areas women enjoy a higher status than in many other parts of the state where it is customary for women to participate with men in several economic activities.

Dakshina Kannada is the most industrialized district in the State, excluding Bangalore with 29.2% of main workers engaged in industry. This accounts for 3,25,131 persons. Manufacturing activity forms the major activity in the secondary sector with women constituting 68.9% total manufacturing workers. This is because activities classified as “manufacturing” include rice grinding, fish curing, arecanut and cashew processing, bakery, and sugar products, pickles, locally consumed eatables, and beverages, in which women workers predominate. In addition women are engaged in tile-making, beedi-rolling, and similar occupations and a large number of women workers are registered in small industries.

## Chapter II : The Beedi Industry

### 2.1. Major Features of the Beedi Industry

According to Jhabvala *the beedi market in India is large and highly competitive*. The Tobacco Institute of India<sup>8</sup> estimates that beedi smokers make up 80 percent of all smokers putting the total number of beedi smokers at around 100 million in 1994-95. The total number of beedis smoked was 454.8 billion<sup>9</sup> and the Directorate of Tobacco Development estimated it at 550 billion. Whatever the numbers, the size of the market for beedis is clearly large and in the 1990s, the beedi industry found a new and growing export market, exporting 1 million kg of beedis in 1998-99<sup>10</sup>.

A variety of producers ranging from large manufacturers producing over 25 billion beedis a year (Mangalore Ganesh Beedi) to individual families who make and sell beedis locally work to meet this growing demand. The market and production of beedis is dominated by major brand names. Mangalore Ganesh is largest in the Southern market, Telephone Beedi and Desai Beedi in the Western region market, and Pataka beedi in the Northern market. Smaller brands compete with market leaders and brands with production of less than a few hundred lakh beedis also produce and sell locally. Also in existence are the very small unbranded producers, who also produce and sell unbranded beedis locally.

A large 'black' market for beedis exists mainly on account of evasion of the excise tax, levied at the rate of Rs. 7 per thousand beedis. Beedi manufacturers that produce less than 20 lakhs (2 million) beedis per year are exempt from this tax. This encourages under-declaration of the actual number of beedis produced.

The larger producers have their factories, workshops and market distribution units spread across the country in different states. In addition to the workshops, major manufacturers have marketing offices and marketing agents leading to the final retailers, usually pan shops.

### ***Revenue Estimates***

In 1996-97, tobacco contributed 4,947 crores to the total excise revenue. Tobacco was the fourth largest contributor to union excise revenue. Most tobacco consumption in India is via traditional forms such as beedis (53%) and chewing and non smoking product (28%), together constituting 81 percent of consumption. However they contributed only 12% of tobacco excise revenue. Total consumer spending on beedis is estimated to be Rs. 5,325 crores but the contribution towards excise revenue is only Rs. 232 crores in 1994-5.

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<sup>8</sup> Opportunities and Challenges in Tobacco, a study by Anindya Sen, Dr.Subrata Sarkar, Dr.Ajit Ranade, for Tobacco Institute of India, New Delhi, December, 1999.

<sup>9</sup> National Sample Survey 1987-88 estimates reproduced in Sen et al. (1999) while the IMRB Report estimates annual beedi consumption to be 700 billion sticks and the Beedi Manufacturer's Association estimates the annual production as 400 billion sticks.

<sup>10</sup> Source: Tobacco Board, 11/15/2000

## 2.2. Methods of Production

The methods of production of beedi vary from State to State and sometimes even from district to district, depending on local conditions, and also on the business exigencies of the manufacturer. Broadly production systems can be categorised as follows:

- Workers employed in the factory to roll beedis under the direct supervision of the management/owner;
- Company/ branch issues raw material (tobacco, thread and tendu patta) directly to the workers who roll beedis at homes and bring it back to the company;
- Distribution of raw material to the contractors who in turn get the beedis rolled through workers either in their worksheds or through out-workers in their homes; This is most widely prevalent system where by contractors get the beedis rolled and the company does the checking, roasting, labelling and packing in its premises.
- Sale-purchase method where by raw material is sold to the workers and the rolled beedis are bought from them by the same contractor/trader/company (but using different name). This helps avoid the employer – employee relationship obligations under the beedi workers laws.

However, even within the homebased system there are three work systems in the beedi manufacturing, namely, the direct system, contract system and the sale-purchase system. In the *direct system* women directly take raw materials from the employer and return the finished products. Under the *contract system* manufacturers hire the contractors to give work to the workers. In the *sale-purchase system* manufacturers/contractors sell the raw material to the contractors/workers and buy back the finished products from them in two separate transactions. Earlier when work was direct men used to be equally active in beedi rolling but since factories and work units have closed down, the beedi rolling work has become home-based and thereby dominated by women. Men are involved in labeling, marketing and selling the finished product.

The sale-purchase system has been adopted by the manufacturers to avoid obligations of the employer employee relationship under the labor laws. In this system the manufacturer registers different companies. One company is responsible for buying the tendu patta and the tobacco from the market. This company then sells the raw material to the second company, which then ‘sells’ specified quantities of the raw materials to the contractor or directly to the worker. The worker is required to prepare the beedis which are then ‘sold’ back by her to the third company, whose sole ‘business’ is ‘buying’ the finished beedis from the workers. The amount the worker receives for beedis is equal to the ‘wage’ he/she should be receiving. The fourth company then sells the finished beedis in the market. All these companies are owned usually by one family. The worker has no choice as to whom to ‘sell’ the beedis to and no control over the process, as would be the case with an independent producer.

## *Production Process: A Detailed Description*

Tendu Leaf Procurement: The beedi making process starts with the tendu leaf (used to wrap the tobacco to form the beedi) and beedi tobacco. Tendu leaves form nearly 70 percent of the weight of the beedi. The leaves are grown in the remote forests of Madhya Pradesh, Orissa, Uttar Pradesh, Bihar, Gujarat and Andhra Pradesh. Leaf plucking begins when the leaves have turned a golden brown in the hot sun in early May and continues till the monsoons begin. The leaves are generally grown on government owned forestland and plucking and collecting of the leaves are supervised mostly by State Forest Department officials.<sup>11</sup> The manufacturers spend a few months in the forest areas during *tendu patta* season where they bid for forests or plucked beedi lots, depending on the Forest Department. The leaves are then bundled, dried and sold either through auctions or through tenders. They are then processed with water to make them pliable and non-brittle and graded into six categories. It is only after this that they are sold either directly to the beedi manufactures or through agents.

Tobacco procurement: Tobacco is grown mainly in Gujarat and to some extent in Karnataka. Middlemen buy the tobacco from farmers and then sell it to distributors and manufacturers. A typical wholesale price of tobacco paid by the manufacturer is Rs.25/- per kg. The grower is paid about Rs.14/- per kg by the commission/processing agent.<sup>12</sup> These raw materials then are transported to the fourteen major beedi manufacturing states of the country where four hundred and fifty million kilos of tendu leaves and two hundred and thirty million kilos of tobacco are rolled into seven hundred billion sticks of beedis each year.<sup>13</sup> After the beedis are rolled they are roasted, fumigated and packed. They are then sold to distributors who then sell them to petty shop holders in the retail market. Thirty seven percent of the total tobacco production in India goes into beedi making.<sup>14</sup> The actual manufacturing of beedi takes place in a number of states. This is due to various factors including state variation in minimum wage rates.

Beedi manufacturing takes many forms of production. While roasting and packaging happens within the factory, beedi rolling can also take place in the factory wherein there is a direct relationship between the management and the rollers. Other workers in the factory are those involved in roasting, packing and branding beedis. These workers are either contract labour or permanent labour. However, there are very few workers who work within the factories. Typically, beedi rolling is given out:

- On contracts where workers get raw material directly from manufacturer.
- To an agent who collects the raw material from the factories and gets the rolling done by women in their homes

The factories have branches in different parts of the state or country where raw materials such as the tendu leaves, tobacco and threads are supplied and stored. The branches distribute these raw materials to workers who roll the beedis at home and bring them

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<sup>11</sup> Dr.Anindya Sen, Dr.Subrata Sarkar, Dr.Ajit Ranade (1999)

<sup>12</sup> Dr.Anindya Sen, Dr.Subrata Sarkar, Dr.Ajit Ranade (1999)

<sup>13</sup> S.K. Das (2000)

<sup>14</sup> 1994 figures, based on IMRB Report (1996) *Cigarette and Beedi Industry - A Comparative Status*

back to the branches. This is known as the 'out-work'<sup>15</sup> system. Alternatively, most branches have a contractor or intermediary to whom they supply raw materials. The contractors in turn supply the raw materials to the workers at home, who roll them into beedis and are paid a piece rate. The contractor collects the rolled beedis and supplies them to the manufacturer, who pays him a commission per thousand beedis.

### ***Beedi Rolling in Sagar...***

Beedi rolling is a home based activity and the system of production is through contractors or middleman. The beedi manufacturer generally has a factory or workshop and a large godown where raw materials are stored and given to contractors. Contractors then open little storerooms in areas where beedi workers live. Workers are given raw materials to roll into beedis which they return to the contractor and are paid piece rate. The contractor returns the beedis to the manufacturer and is paid on a commission basis per thousand beedis. The manufacturer roasts, packs, brands and labels the rolled beedis. While women roll the beedis, manufacturing and contract work is done by men. Historically men and women rolled beedis in equal numbers but with the decrease in employment men have migrated out of the sector. The factory workers do not roll beedis but do all the other work associated with manufacture of beedi, such as roasting and packing. However, the number of such factory or godown workers is relatively small.

A variation to the above method is a type of *buy back system* where manufacturers sell the raw materials to the rollers who then sell back the rolled beedis to them. Even in this process, contractors mediate between workers and manufacturers. Sometimes relatively better off households act as contractors. Typical margins on beedi distribution are Rs.1.5 per 1000 sticks for wholesalers and Rs.6.0 per 1000 sticks for retailers.<sup>16</sup>

The checking, roasting, drying and labeling is done in the factories. Every center has a roasting room and a drying chamber. A random check of the beedis is done at every stage of production. This includes checks at the blending of tobacco, cutting of the tendu leaves, on the rolled beedis and finally at the packing stage.

### 2.3. Employment

The beedi industry is a highly labour intensive industry. The industry employs unskilled labourers and is situated where there is availability of cheap labour. Beedi industry accounts for about 90 percent of the employment of the Indian tobacco industry.<sup>17</sup> Currently, about 10 percent of the beedi manufacturing takes place in the organised factory. The Government of India estimates about 4.4 million workers in the beedi rolling industry, about 90 percent of which are home based workers and most of whom are women workers.<sup>18</sup> Trade unions say that if those engaged in beedi trade and the tendu

<sup>15</sup> Ms. Shampa Bhattacharya and Mr. Manas Bhattacharya

<sup>16</sup> Dr. Anindya Sen, Dr. Subrata Sarkar, Dr. Ajit Ranade (1999)

<sup>17</sup> Ms. Shampa Bhattacharya and Mr. Manas Bhattacharya

<sup>18</sup> Ministry of Labour, Annual Report 1999-2000, page 109

leaf collection are taken into account, the actual numbers of people involved in the beedi sector is much higher.

In 1993-94 the beedi industry generated about 1,310 million person days of employment. Since beedi rolling is considered to be largely a cottage industry it generates much more employment at the manufacturing stage. The total value addition from beedi sector was Rs.6110 crores. These value addition figures omit one important activity, namely the tendu leaf operations. This is potentially a very important value adding activity.<sup>19</sup> Madhya Pradesh accounts for the highest share of employment (17%) followed by Tamil Nadu (14%), Andhra Pradesh (14%), Karnataka (12%), West Bengal (11%), and Uttar Pradesh (10%). Other states had less than 10 per cent share of employment each.<sup>20</sup>

In the factories that manufacture beedis there are a large number of contract labourers. The number of contract labourers vis-à-vis direct labourers increased from 46 percent in 1989-90 to 56 percent in 1994-95.<sup>21</sup> This predominance of contract labourers allows the employers to avoid payment of benefits that a regular worker would get such as a higher wage, paid holidays, provident fund, and so on.

*Caste and Gender breakdown:*

Men were equally involved in beedi work when it was done within the factory premises. As it shifted out to the homes of the rollers, more women became involved. The unions also point out that beedi workers constitute a major share of the workforce under the poverty line.<sup>22</sup> Men are involved mainly in labeling, marketing and selling the product.

<b>Distribution of Beedi Workers: Religion and Caste<sup>23</sup></b>	
Category	Percent
Scheduled Caste	15.2
Scheduled Tribe	3.3
OBCs	43.3
Other Hindus	17.1
Muslims	20.2
Others	0.9

Among Hindus, the beedi sector is dominated by other backward and scheduled castes. The major category are Muslims who are primarily located in Kerela.

*Child labour in the Beedi Sector:*

<sup>19</sup> Dr.Anindya Sen, Dr.Subrata Sarkar, Dr.Ajit Ranade (1999)

<sup>20</sup> Ms. Shampa Bhattacharya and Mr. Manas Bhattacharya

<sup>21</sup> Ms. Shampa Bhattacharya and Mr. Manas Bhattacharya

<sup>22</sup> Arun Kumar, ILO

<sup>23</sup> S.K. Das (2000) citing survey data conducted by the Labour Bureau of the Ministry of Labour, in 1995.

There is no reliable estimate of the number of children who are engaged in the beedi rolling activities. The 1995 Survey by the Labour Bureau, Ministry of Labour estimated the incidence of child labour as 1% of the total beedi workers. 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 beedis after school. The overlapping roles of child as a helper-cum-trainee in beedi making makes the labeling of them as child labourers difficult. Legally, India's 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 members.

#### *Employment of Beedi Workers in Karnataka:*

The number of beedi workers in Karnataka are officially estimated at about 3.6 lakh, 2.5 lakh of whom are in Mangalore region alone. Others (the unions and NGOs) say the actual number of beedi rollers would be at least four times more since most beedi workers do not have identity cards. Further even where the worker does have a ID card, the other members of the family who roll beedis do not have the ID cards and do not get counted.

#### **2.4. Wages**

State Wise Comparison Between prescribed Minimum Wages and Minimum Earning			
State	Minimum Wages*	Industrial Workers Earnings	Home Workers Earnings
Karnataka	29.3	14.5	28.0
Madhya Pradesh	25.1	16.	9.3
Tamilnadu	24.7	18.9	22.5
Andhra Pradesh	26.8	11.8	23.1
Gujurat	20.7	18.3	12.7
Kerala	42.6	27.1	28.0

Source: Bhattacharya and Bhattacharya (2000)

\* Wages plus D.A. given per 1000 beedis under the Minimum Wages Act

**As seen by the above table, one possible reason for M.P. having the largest number of beedi rollers and being the leading beedi producer is its low actual earnings paid to Home workers. Second in line in terms of beedi production is Gujarat which again has actual earnings of about 12.7 paid to home workers.**

Beedi workers tend to be paid much lower than other industries. Minimum wages is generally fixed on a daily or monthly rate. After the Beedi and Cigar Workers Act was passed the minimum wage has been fixed on a piece rate. The Regional Labour Ministers' Conference in 1994-95 recommended that the minimum basic wage for beedi workers should not be less than Rs. 25 a day for 1,000 beedis based on the estimate that an average worker could roll 800 beedis per day. It was also recommended that minimum wages in the adjoining states should not vary by more than Rs. 3.<sup>24</sup> Generally the minimum wage that a worker gets tends to be the maximum she can get in this industry and quite often even the minimum wage is not paid. Rejections, making the worker pay for extra leaves, asking the worker to make more beedis are all ways of cutting the minimum wage. The current wages paid to beedi workers ranges from as low as Rs.29/- per thousand beedis rolled in Tripura to about Rs.65 per thousand beedis rolled in Gujarat.<sup>25</sup> Benefits such as Provident Fund, medical insurance and so on is very rarely provided to the workers.

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.<sup>26</sup>

#### *Wages of Beedi Workers in Karnataka:*

The official minimum wages in Karnataka for beedi rolling (per thousand) per day are Rs. 55.23 (inclusive of Dearness Allowance). For beedi packing, the minimum wages are Rs. 74.63 per 1 lakh beedis. Average monthly earnings of a woman beedi roller range between Rs. 300 to 400 given the availability of only 2-3 days of work.

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<sup>24</sup> Shampa Bhattacharya, Manas Bhattacharya

<sup>25</sup> S.K. Das (2000)

<sup>26</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)



## **Chapter III : Initiatives for the Welfare of Beedi Workers: Legislation and Programmes**

### **3.1. An Overview of Legislation, Union and Government Initiatives**

Over the years, many efforts have been made by the trade unions and the government to improve the working and living conditions of workers and their families involved in the beedi industry. Besides the existing labour laws such as Minimum Wage Act and the Provident Fund Act, the Government of India has also enacted two major laws specifically for the beedi sector workers –

- Beedi and Cigar Workers (Conditions of Employment) Act, 1966 - to regulate the conditions of service of the beedi workers, and
- Beedi Workers Welfare Fund Act, 1976 – to provide for welfare schemes for the beedi workers and their families, relating to health, education, maternity benefits, group insurance, recreation, housing assistance etc. Under the fund, there are also special schemes to encourage education of children of beedi workers, especially for the girl child.

The Beedi Workers Welfare Fund (BWWF) is an important measure legislated by the Government for the benefit of the beedi workers. It is administered through the Labour Welfare Organisation, headed by Director General, Labour Welfare, Ministry of Labour. There is also a tripartite Central Advisory Committee and state-wise tripartite advisory committees, headed by the state labour ministers, under the BWWF. The BWWF is financed through a levy of cess (revised recently from Re.1 per 1000 beedis to Rs. 2/-) by way of excise duty on manufactured beedis. About 3.7 million workers are currently covered under the BWWF. However, this leaves uncovered a large number of beedi workers, a problem recognised by the Ministry of Labour.

Major efforts to organise beedi workers have also been undertaken through trade unions and NGOs. The five major Central Trade Unions (viz. BMS, INTUC, CITU, HMS and AITUC) have been organising beedi workers for many years and there are also other independent organisations in a number of states of India. These efforts have led to the revision of minimum wages and coverage of many beedi workers for social security under the BWWF in several states. There have been also instances where cooperatives of beedi workers have been formed to protect the interests of the beedi workers (such as Kerala Dinesh Beedi Workers' Cooperative Society Ltd, which is said to provide employment to over 32,000 workers).

Despite these efforts, the coverage of welfare policies and the degree of organisation are still weak. The trade unions say that the shift from factory based production to home based beedi rolling (which started in a large way after the beedi workers laws came into being, especially after 1976) adversely affected the organising process. The implementation of minimum wages, dearness allowance and other regulatory provisions

of the beedi workers law have also been a major problem, especially in the home based work. Trade Unions point out that majority of the beedi workers do not have the identity cards which are necessary for access to the welfare fund and other schemes. Moreover the practice is to issue identity card to only one member of the family even though 3-4 members of the family may roll beedis. The cooperatives too have not succeeded (except in Kerala) due to absence of support to cooperatives and marketing difficulties.

### 3.2. Legal Protection for the Workers

The main acts implemented to improve the welfare of beedi workers include:

- Beedi and Cigar Workers (Conditions of Employment) Act, 1966
- The Beedi Workers Welfare Fund Act, 1976
- The Beedi Workers Welfare Cess Act, 1976
- The Minimum Wages Act, 1948
- The Employees Provident Fund and Miscellaneous Provisions Act, 1952
- The Employees State Insurance Act, 1948

#### *Beedi and Cigar Workers (Conditions of Employment) Act, 1966*

After the passing of the Factories Act in 1948, many beedi factories began to close down and the work shifted to the homes of the rollers. The All India Trade Union Congress (AITUC) agitated to improve the situation for beedi workers. In 1966 the Beedi and Cigar Workers (Conditions of Employment) Act was passed. As it was a centrally legislated Act it had to be enforced separately in the states. Andhra Pradesh was the first State to enforce the Act by Gazette Notification after which other states followed. The Act was challenged but was upheld by the Supreme Court in Mangalore Ganesh Beedi Vs Union of India, 1974 judgement. It was only after this judgement that the Act was enforced. It is one of the few labour laws that mention that home based workers are a category of workers under the act. The definition (Sec 2 f), states that<sup>27</sup>: ‘Employee’ means a person employed directly or through any agency, whether for wages or not, in any establishment (or godown) to do any work, skilled, manual or clerical and includes:- (i) Any labour who is given raw material by an employer or a contractor for being made into beedi or cigar or both at home (hereinafter referred to in this act as ‘home worker’), and (ii) Any person not employed by an employer or contractor but working with the permission of, or under agreement with, the employer or contractor, or both

The salient features of the Act are as follows<sup>28</sup>:

- Provision for licensing of establishments for manufacturing beedis (S.3);
- Annual renewal of licenses {S.4(4)(a)};
- Appointment of authorities as Chief Inspector and Inspectors under the Act. (S.6);
- Powers to be given to the Inspectors (S.7);
- Maintenance of standards of cleanliness (S.8);

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<sup>27</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

<sup>28</sup> S.K. Das (2000)

- Proper lighting and ventilation (S.9);
- Avoidance of over crowding at workplace. (S.10);
- Supply of wholesome drinking water. (S.11);
- Conservancy and washing facilities. (S.12 & 13);
- Maintenance of crèches where more than 50 women workers are originally employed (S.14);
- First - aid facilities at the work site (S.15);
- Maintenance of canteen facilities where more than 250 persons are employed (S.16);
- Regulation of working hours so that no employee required to work more than 9 hours a day or 48 hours in a week except on payment of overtime wages provided that the total work does not exceed 10 hours a day or 54 hours in a week (S.17);
- Overtime wages fixed at twice the rate of ordinary work {S.48(1)};
- Rest interval of half an hour after every 5 hours (S.19);
- Weekly rest except for vetting of beedi or tobacco leaves, on a day, which shall be specified by the employer. {21(1)};
- Prohibition of employment of children. (S.24);
- No woman or young person to be required to work in any industrial premises except between 6 am and 7 pm (S.25);
- Every employee shall be allowed leave with wages as prescribed, in a calendar year (S.26);
- No employee who has worked for a period of 6 months or more can be dismissed except for a reasonable cause and after giving one months notice or wages in lieu of such notice (S.31);
- Penalties for offences under the Act (S.32);

The workers who roll the beedi within their homes are not covered if they are not employees of manufacturers who come under this act. Even after 40 years of implementation of the act there is on significant improvement in the beedi workers' working conditions. The enactment of such laws has led to more manufacturers shifting their production from factories to home based workers.

Many of the provisions within the act such as cleanliness, ventilation, drinking water, crèches, latrines, working hours are mainly for factory workers and there are very few that apply to the home based worker. The Industrial Disputes Act is extended to the beedi workers in Section 39 of the act. This means that the workers have a mechanism of dispute resolution, regarding wages, raw materials etc. The Act does not provide for medical, educational, recreational facilities etc. In order to provide welfare measures for the persons employed in the beedi establishment, it is proposed to excise on so much of the tobacco as is issued to any person from the warehouse for any purpose in connection with the manufacture of beedi. The rate of duty of exercise will be at such rate not exceeding one rupee per kilogram of such tobacco as the Central Government may from time to time fix.<sup>29</sup>

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<sup>29</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

The Act also does not cover social security for beedi workers especially the home based one. Two Acts were passed in 1976 to cover social security for the beedi workers. They are the Beedi and Cigar Workers (Welfare Fund) Act and the Beedi and Cigar Workers (Cess) Act.

### *The Beedi Workers Welfare Fund Act, 1976*

The Beedi Workers Welfare Fund (BWWF) is an important measure legislated by the Government for the benefit of the beedi workers. It is administered through the Labour Welfare Organisation, headed by Director General, Labour Welfare, Ministry of Labour. There is also a tripartite Central Advisory Committee and state-wise tripartite advisory committees, headed by the state labour ministers, under the BWWF. The BWWF is financed through a levy of cess (revised recently from Re.1 per 1000 beedis to Rs. 2/-) by way of excise duty on manufactured beedis. About 3.7 million workers are currently covered under the BWWF. However, this leaves uncovered a large number of beedi workers, a problem recognized by the Ministry of Labour.<sup>30</sup>

It provides for the establishments of a Beedi Workers Welfare Fund to which there shall be credited:<sup>31</sup>

- (a) An amount which the Central Government may, after due appropriation made by Parliament by law in this behalf, provide from and out of the proceeds of cess credited under Sec.4 of the Beedi Workers Welfare Cess Act, 1976, after deducting the cost of collection as determined by the Central Government under this Act;
- (b) Any income from investment of the amount credited under the Act referred to in (a) and other moneys received by the Central Government for the purposes of this Act.

It provides that the Fund shall be applied by the Central Government to (a) defray the cost of measures for the benefit of beedi workers directed towards (S.4);

- (i) The improvement of public health and sanitation, the prevention of disease and the provision and improvement of medical facilities;
  - (ii) The provision and improvement of water supply and facilities for washing;
  - (iii) The provision and improvement of educational facilities;
  - (iv) The provision and improvement of housing and recreational facilities including standards of living, nutrition and amelioration of social conditions;
  - (iv) The provision of family welfare including family planning and education and services ;
  - (v) The provision and improvement of such other welfare measures and facilities as may be prescribed;
- (c) To grant loan or subsidy to a State Government, a local authority or an employer in aid of any scheme approved by the Central Government for the purpose connected with the welfare of persons engaged in beedi establishments;
- (d) To pay annually grants-in-aid to a State Government or a local authority/agency/employer as the case may be, who provides to the satisfaction of the

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<sup>30</sup> Arun Kumar

<sup>31</sup> S.K. Das (2000)

Central Government, welfare measures and facilities of the prescribed standards for the benefit of beedi workers;

- It provides for the constitution of Advisory Committees to advise the Central Government on such matters arising out of the administration of the Act for the major beedi producing states comprising of such number of persons as may be appointed to it, chosen in such manner as may be prescribed provided that they shall be equal members representing government, employers and workers and also that at least one member of such Committee shall be a woman (S.5);
- It also provides for setting up of a Central Advisory Committee with powers to co-ordinate the work of the Advisory Committees under Section 5 and to advise the Central Government on such other measures as may be referred to it (S.6);
- It provides for the appointment of Welfare Commissioners, Welfare Administrators etc., and prescribes their powers (S.8);

A need to provide social security to certain vulnerable categories of workers such as the beedi workers was the reason why the Beedi Workers Welfare Fund was set up. The funds are raised by the government through a cess on employers who produce more than two million beedis pr year. All the beedi workers are under this scheme whether or not they are employed by the manufactures that contribute to the funds.

#### *The Beedi Workers Welfare Cess Act, 1976*

The Beedi Workers Welfare Cess Act, 1976 was created so that the central government could collect an excise duty on tobacco and beedis to create a corpus for the benefit of beedi workers. At present, the rate of excise duty on beedis is Rs.7 per thousand beedis rolled and the rate of cess is Rs.2 per thousand beedis rolled. It is estimated that the total excise duty collection on beedis amounts to approximately Rs.250 crores annually. The manufactured beedis is estimated to provide about Rs.80 crores annually to the Beedi Workers Welfare Fund. To continue and expand welfare measures beedi workers, the Beedi Workers Welfare Cess Act has been amended. The excise duty on manufactured beedis is at the rate between Rs.1 to Rs.5 per thousand beedis and the rate of cess has been fixed at Rs.1 per thousand manufactured beedis w.e.f. 20/10/98. This has recently been enhanced to Rs.2 per thousand manufactured beedis w.e.f. 28/6/2000 which will generate an additional accrual to the Fund of Rs.42 crores annually making the total annual accrual rise to an estimated Rs.84 crores in the Beedi Workers Welfare Fund.<sup>32</sup>

#### *The Minimum Wages Act, 1948*

The Minimum Wages Act, 1948 allows the State Governments to fix and revise minimum wage rate for beedi rolling. Because of the differences in standards of living and economies in different geographical locations the minimum wages fixed for beedi workers vary greatly. The basic features of the Minimum Wages Act are:<sup>33</sup>

- The power of the appropriate Government to fix minimum wages in any employment specified in Part I or Part II of the Schedule to the Act or to add to the Schedule by

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<sup>32</sup> S.K. Das (2000)

<sup>33</sup> S.K. Das (2000)

notification under section 27 of the Act. It further empowers the appropriate Governments to fix the minimum wage according to time rate, piece rate or a guaranteed time rate (S.3);

- It also provides for a basic rate of wage along with variable dearness allowance as far as practicable as well as computation of cash value of concessions or essential supplies provided by the employer to his worker (S.4);
- It provides for the procedure to be followed for fixing of minimum wages either by appointing or sub-committees to hold enquiries and advise it in respect of such revision or fixation or by notification in the official Gazette published its proposals for the information of persons likely to be affected thereby and specify a date not less than two months from the date of notification, on which the proposals will be taken into consideration (S.5);
- It provides for the setting up of Advisory Boards at the State level and at the Central level (S.7 & 8);
- It provides for payment of minimum rate of wages without any deductions except as may be authorized within such time and subject to such conditions as may be prescribed (S.12);
- It provides for fixing hours for a normal working day (S.13);
- It provides for overtime wages (S.14);
- It provides for maintenance of registers and records (S.18);
- It provides for appointment of Inspectors and laid down their functions (S.19);
- It provides for the manner of dealing with claims. (S.20);
- It provides for penalties for offences. (S.22);

As the states have the authority to fix minimum wage rate there are disparities from state to state. There have been demands from the various trade unions to reduce this disparity.

The Indian Labour Conference in its session held in 1985 was of the view that till such time as a National Minimum wage is feasible, it would be desirable to have regional minimum wages. As a sequel to this, the Central Government formed fix Regional Minimum Wages Committees. These Committees have held three rounds of meetings so far and recommendations have been made to take steps to reduce inter-state disparity in minimum wages for beedi workers. However, so far there is no consensus on a uniform minimum wage across the country. The question has also been discussed in the meetings of Standing Labour Committees and Indian Labour Conferences. It was agreed in one such meeting that minimum wages should not be fixed in any scheduled employment below Rs.35. In 1997 the Prime Minister addressed all Chief Ministers exhorting them to fix the floor level minimum wage at not less than Rs.40 per day.<sup>34</sup>

### *The Employees State Insurance Act, 1948*

The Employees State Insurance Act, 1948 applies to factories and specified establishments. The scheme is financed by contributions from employers and employees and 1/8th of the expenditure on medical care subject to ceiling is borne by the State

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<sup>34</sup> S.K. Das (2000)

Government concerned. The ESI scheme is extended to new areas only after the State Governments who are statutorily responsible for providing medical care to the beneficiaries, create necessary infrastructure such as dispensaries/clinics and arrange hospital facilities in areas with viable labour concentration. Since beedi workers spread over large areas only 24,758 workers (0.6% of the total beedi workers) have so far been covered under the scheme. Home based workers are not entitled to this scheme therefore not covering 90% of the beedi workers. There are difficulties in collection of employers and employees contributions, given the absence of a definite employment relationship between the employer and the worker due to the presence of the sattedars etc.<sup>35</sup>

### *Employees Provident Fund and Miscellaneous Provisions Act, 1952*

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 has been extended to the beedi workers in 1977. This notification was challenged in the Supreme Court. The final judgment in 1986 confirms the status of a home worker as an employee, and stated that although there is no direct supervision by the manufacturer there is a form of supervision and control. One reason why the coverage of workers under the provident fund scheme is low is that identity cards have been issued to the entire family of beedi workers whereas only the head of the family receives wages in his own name and is, therefore, the only provident fund subscriber in the family. Moreover, the EPF Act applies only to establishments which employ 20 or more persons. Prior to 22.9.97, the establishments, which were three-year-old, were only covered under the EPF Act.<sup>36</sup>

### *Other laws applicable to beedi workers<sup>37</sup>*

- Payment of Wages Act, 1936 {Vide Sec.28 of the B&CW (CoE) Act, 1966};
- Industrial Employment (Standing Order) Act, 1946 (vide Sec.37 of the B&CW (CoE) Act, 1966);
- Maternity Benefits Act, 1961 {Vide Sec. 37 of the B&CW (CoE) Act, 1966};
- Chapter IV and Section 85 of the Factories Act, 1948 {Vide Sec.38 of the B & CW (CoE) Act, 1966};
- Workmen's Compensation Act, 1923;
- Payment of Gratuity Act, 1972.

### **3.3. Programmes for the Welfare of Beedi Workers**

#### *BWWF Welfare Schemes:*

The BWWF has introduced the following welfare schemes in the country<sup>38</sup>

- Four Education related schemes providing scholarships, uniform allowance, award scheme or encouragement for class X and XII, and female attendance scheme (Rs.1 for attending school for 220 days per year.

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<sup>35</sup> S.K. Das (2000)

<sup>36</sup> S.K. Das (2000)

<sup>37</sup> S.K. Das (2000)

<sup>38</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

- Health related schemes have a subsistence allowance of 200-250 for T.B. patients, hospital bed charges for T.B. Patients, eyesight checkups, kidney patients, cancer patients and chest patients' allowances.
- A holiday home plan.
- An integrated housing scheme whereby they can take a loan.
- Maternity allowance for two deliveries.
- Insurance of Rs.3000/- against death.
- The welfare fund spends about Rs.261 million per year.

Today, the BWWF has a vastly enhanced corpus. The scale and extent of benefits have also been substantially enhanced. A group insurance scheme for beedi workers has been introduced since 1996 which has further extended the welfare objectives of Government. However, more needs to be done. Even after the enhancement of the rate of cess to Rs.2/- per thousand beedis rolled, the per capita availability of funds is insufficient at Rs.190. Other revenues of financial support need to be explored such as institutional credit, co-operative financing, convergence of these welfare measures with other schemes and services of Government. The BWWF may also need to be reconstituted to give it the autonomy to become an agent of transformation in the lives of beedi workers and garner funds from the capital markets and to invest its capital for achieving optimality. Its status needs to be in the nature of a registered society, statutory authority or even a corporation.

Construction of Work sheds for beedi workers: One of the welfare schemes being implemented by the BWWF is financial assistance to co-operative societies of beedi workers for construction of work sheds and godowns. Earlier co-operative societies of beedi workers having a minimum membership of 100 workers for giving financial assistance upto 75% of the actual cost or Rs.75000/- for each unit which ever was less. At least 25% of the construction cost had to be borne by the society. It has now been decided to revise the upper ceiling of the amount of assistance to Rs.1.5 lakhs or 75% of the actual cost whichever is less. So far, 57 worksheds/godowns have been constructed in various parts of the country with the help of financial assistance from the BWWF.<sup>39</sup>

#### ***Other Government Schemes(Please refer to Annexure 1 for details)***

**Health: Programmes are available for the provision of medical benefits for people with T.B., cancer, heart disease, kidney transplants, sterilization, maternity, eye sight, accidents, leprosy and mental problems there are schemes under the Ministry of Labour, Government of India**

**Social Security: These schemes include the Group Insurance Scheme. It is designed towards providing reimbursement in cases of death and disability.**

**Housing: This includes the following:**

- **Integrated Housing Schemes**

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<sup>39</sup> S.K. Das (2000)



- **Construction of Work-shed Go-down by Co-op Societies of Beedi Workers**  
The purpose of these schemes to generate assets and infrastructure for beedi workers

**Educational Schemes:** They include programmes to provide financial assistance to school going children for purchase of dress, slates, note books and text books. There are scholarships for children from class V onwards up to college. There are also scholarships for beedi workers girl children to attendance in schools and colleges. There are special incentives for good academic performance where scholarships are provided to children from Class X through college.

**Recreation:** These programmes fund the supply of televisions, running mobile cinema units, events for sports and culture. These programmes also fund the setting up of community centers in the residential colonies of beedi workers.

### **Extent of Unionization**

As most of the beedi workers work from their homes and live in different areas it is difficult to organise them. Organising 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 organising the beedi workers and cooperatives have also been formed.

AITUC is one of the unions that have attempted to organise the workers at the national level from 1920. They started when mainly men did the work in the factories. At the moment they work in eight state and have a membership of 2,38,72.<sup>40</sup> INTUC (Indian National Trade Union of Congress) is another union that works with beedi workers, which has a membership of 55,837 beedi workers.<sup>41</sup> They have taken up issues such as provident fund, wages and are now agitating against mini cigarettes. CITU (Centre for Indian Trade Unions), another national union, is active mainly among beedi workers in West Bengal and Kerala.

The other national level unions working in this area are BMS (Bhartiya Mazdoor Sangh) and HMS (Hind Mazdoor Sangh). They work more with the tendu leaf workers than with beedi workers. 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.

SEWA Bharat has been organizing the women home based workers in Gujarat, Madhya Pradesh, Uttar Pradesh since 1986 and presently has a membership of about 40,000 workers. Since, in the last twenty years the composition of beedi workers has changed from predominantly male to predominantly female, SEWA has been growing quite fast in the tobacco sector.<sup>42</sup>

<sup>40</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

<sup>41</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

<sup>42</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

## **Chapter IV: Problems and Challenges facing the Beedi Industry: Employers and Workers**

### **4.1 Overall Trends, Problems and Challenges Facing the Industry**

The beedi industry is characterized by low fixed capital requirements, high wage sensitivity and a shifting industry based on low wage rates. The availability of cheap labour is one of the prime concerns behind the location of beedi rolling operations. The actual earnings in the beedi rolling work vary widely from state to state (on an average from Rs. 25 to 45 for rolling 1000 beedis) and even within the state. The attempts at raising minimum wages or organising of the workers by the trade unions often leads the industry to shift from place to place and even across the states. The current official minimum wages paid to beedi workers range from as low as Rs. 29 per thousand beedis in Tripura to about Rs. 65 per thousand beedis rolled in Gujarat.<sup>43</sup> To prevent the flight of the beedi industry, the state governments have often been hesitant to raise official minimum wages or even be strict about enforcement of labour laws.

One major concern, of beedi associations, trade unions, and media relates to the future survival of the beedi industry. Uncertainties have been generated in this industry due to competition with the cigarette industry and the impact of tobacco-free initiatives and anti tobacco legislation. Beedi rollers have experienced the repercussions of these factors in the form of reduced availability of work.

The various reasons for reduction of beedi work include competition with other tobacco-based products, the anti-tobacco campaign, competition between beedi brands, and shift of work from one area to another due to lower wages or lack of implementation of labour laws.

The Union Budget for 1994-95 modified the Central Excise Duty for Cigarettes which led small size (mini) cigarette with less than 60mm in length as having a reduced tariff of Rs.60 per 1000 cigarettes. As a result many manufacturers introduced mini cigarettes in the market which has in turn attracted beedi smokers. Currently beedi rules apply only to branded beedi manufacturers who produce more than 20 lakh beedis per year and need to take an L4 License (not required for self employed persons). This stipulation is misused by many manufacturers who term themselves as self employed and ensure that their unit do not exceed the 20 lakh limit.

The growing consumption of gutka and tobacco filled pan masala is also affecting the beedi industry apart from posing health hazards to women and children. Gutka (tobacco that can be chewed) consumption has increased in the past few years due to the following reasons. Smoking particularly in public spaces is restricted while gutka can be chewed

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<sup>43</sup> Report by Mr. S.K. Das, DG, Labour Welfare, Ministry of Labour, report prepared for ILO, October 2000.

anywhere. Women prefer chewing gutka to smoking as it is more socially acceptable. In addition, while the gutka manufacturers have to only pay sales tax, the beedi manufacturers have to pay central excise. The industrial and fiscal policies in respect of these products should be reviewed in consultation with and in light of the impact on the Beedi industry and its workers.

### *The Anti-Tobacco Legislation*

**Government of India as well as various state governments, with active support of the judiciary, has launched tobacco free initiatives in the form of legislation, notifications and administrative orders. Broadly these acts and orders<sup>44</sup>:**

- Stipulate statutory health warning to accompany advertisements of tobacco and tobacco products
- Prohibit smoking in certain notified places like educational institutions, hospitals, trains, stations, cinema halls etc.
- A vast segment of the market for beedi and cigarette is unaffected by anti-smoking initiatives. The possibility of anti-smoking initiative to have any significant impact in the rural and suburban areas is remote.

A number of Parliamentary Committees in India have recommended the diversification of employment in beedi industry in view of the environmental and health concerns affecting beedi workers. The Kerala Dinesh Beedi Co-Operative Society have taken a lead in this respect by organizing a National Workshop to discuss the possible course of action. They have also diversified into areas like Food Processing and Information Technology.

## **4.2. Problems Faced by Manufacturers**

Both the trade unions and the beedi manufacturers state that the beedi industry is currently under pressure from economic liberalisation policies, especially due to the entry of tobacco multinationals. Given the capacity of the multinational cigarette companies for marketing and media campaigns to affect changes in consumer preferences, the beedi industry expects an unequal and adverse competition.

The Beedi industry is facing severe competition from mini cigarettes which large multinationals have been permitted to produce at concessional excise tariff. This has affected the employment potential of the beedi industry. The beedi sector employers say that changes in the excise duty on the cigarette industry (lower tax on mini-cigarettes) has led to competition between mini-cigarettes and beedis. The excise duty structure also appears to discourage beedi manufacturers from modernising their operations. The All India Beedi Industry Federation points out that the central excise duty on machine made beedis is Rs. 15 per thousand beedis while that on the hand made beedis is Rs. 6 per thousand (as of 1998)<sup>45</sup>. This was introduced by the government to protect the

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<sup>44</sup> Shampa Bhattacharya, Manas Bhattacharya

<sup>45</sup> Memorandum submitted to the Prime Minister by Sh. Rajnikant P. Patel, President, All India Beedi Industry Federation, 5/11/98.

employment in the beedi sector and discourage employers from mechanising their beedi rolling operations (trade unions strongly oppose mechanisation of the beedi sector).

The formal beedi sector also faces competition from informal, unregistered beedi manufacturers who avoid labour laws and produce unbranded beedis that escape payment of excise duties. Most beedi manufacturers want to close down in house production and resort to sub-contracting on an even larger scale.

The market for the beedis has also shrunk over the last few years. The manufacturers say that the rising incomes among the youth has led to a shift from beedi smoking to cigarettes and other forms of tobacco (Gutka, Pan Parag, etc). The ban on smoking in public places has also adversely affected the consumption of beedis. This is reflected also in the decline of work available to the beedi women rollers, most of who have barely enough for work for 2-3 days a week (such as in Sagar, Mangalore and Vellore).

The Beedi industry is also under pressure due to public health concerns against the growing tobacco use. Since there are millions of workers engaged in tobacco and tobacco related industry, any move towards the banning of tobacco products and discouraging tobacco use must begin with finding and promoting alternatives for workers involved in this industry. The failure to do so would not only create social problems but will also be an infringement on the right to livelihood of these workers. The need for alternatives for beedi women workers is there also because of occupational health hazards in home based beedi rolling work, especially body pains related to sitting posture and respiratory problems due to tobacco dust.

**There are therefore a number of issues that need addressing in the beedi sector in India. These range from 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 the country. The ILO's Beedi sector programme is an attempt towards addressing some of these issues.**

The Tendu Patta Policy of the Government of Madhya Pradesh has also had a major impact on the beedi industry there. Before 1986, the Government used to auction the sections of the forest to the manufacturers from different parts of India who would bid for a forest and pay royalty for that section. They would be responsible for looking after the forest, pruning the trees, planting new saplings, guarding the trees against predators and getting the tendu leaves plucked by local villagers, most of whom were tribals. Beedi manufacturers in the forest areas of Madhya Pradesh benefited the most since they were on the spot, politically powerful in the State and could get the best forest lots at lower bids. They also had access to the best leaves at lower prices than other manufacturers.<sup>46</sup> The Government changed this system giving the responsibility back to the Forest Authorities to look after the forest and plucking the leaves. The M.P. manufacturers lost

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<sup>46</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

control over the forests and could not compete with other manufacturers and lost control over the quality of leaves procured.

### **4.3. Problems Faced by Workers**

#### ***Conditions of Beedi workers***

“The making of the beedi (the indigenous cigarette) is an industry widely spread over the country. It is partly carried on in the home, but mainly in workshops in the bigger cities and towns. Every type of building used, but small workshops preponderate and it is here that the graver problems mainly arise. Many of these places are small airless boxes, often without any windows, where the workers are crowded so thickly on the ground that there is barely room to squeeze between them. Others are dark semi-basements with damp mud floors unsuitable for manufacturing processes, particularly in an industry where workers sit or squat on the floor throughout the working day. Sanitary conveniences and adequate arrangements for removal of refuse are generally absent. Payment is almost universally made by piece-rates, the hours are frequently unregulated by the employer and many smaller workshops are open day and night, Regular intervals for meals and weekly holidays are generally non-existent. In the case of adults these matters are automatically regulated by individual circumstances, the worker coming and going as he pleased and often, indeed, working in more than one place in the course of the week. Nevertheless in the case of full-time workers, i.e., those not using beedi making as a supplementary source of income, the hours are too frequently unduly long, the length of the working day being determined by the worker’s own poverty and the comparatively low yield of the piece-rates paid.”

The Royal Commission on Labour (1931)<sup>47</sup>

Although the industry itself is about 100 years old, it has within that period grown into one of the major avenues of employment generation in the unorganized sector. It has now a large rural spread and because of its dispersed and household centric base, beedi workers have tended to be largely unorganized and, therefore, have low bargaining power. Consequently, beedi manufacturers, sometimes known as ‘beedi barons’, have grown large and accumulated great wealth whereas their workers, in general, have remained indigent, living in poor and unhygienic environmental conditions and suffering from various kinds of health disorders and ailments.<sup>48</sup>

#### ***Lack of Adequate Facilities at the Workplace***

A significant part of beedi manufacture takes place at home or through a system of contractors which results in a high incidence of women and children employed in poor working conditions in beedi manufacturing. For women who work at home in small huts with very little ventilation the tobacco dust remains in the home where women and their families eat, sleep and spend their entire time. This results in their being constantly exposed to this health hazard. For home workers, very few welfare facilities apply.

<sup>47</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

<sup>48</sup> S.K.Das (2000)

In a contractor's shed facilities like crèche, drinking water, toilets, proper ventilation and lighting are absent. There are instances of denial of pre-natal medical services, denial of passbooks to women and other such exploitative practices.<sup>49</sup>

#### *Minimum Wage Legislation:*

State governments are the appropriate authority for notifying the minimum wages. Minimum wages revisions are often delayed. Moreover, significant differences exist in minimum wage rates across different states, which can trigger shifting the industry to the low wage areas. There is a need for uniform national minimum wage for the beedi industry work.

#### *Identification of Workers in Home Based Industry*

There is no systematic identification of beedi workers, especially home based workers. This is important if the benefits under the Beedi Workers Welfare Fund (BWWF) are to be availed. The access to benefits and improvement of benefits under the BWWF needs to be ensured.

Access to BWWF Schemes: To ensure that the beedi workers get access to these schemes they have to produce an identity card issued to them by the employer or a local authority of the Labour Welfare Organisation of the Ministry of Labour. The identity card should have a photo of the worker on it. If the employer does not issue such a card they can be fined up to Rs. 2000. In spite of this many of the employers do not issue identity cards as this legitimizes the status of the worker as an employee. In such a situation the employer would then have to provide all the relevant benefits, which they are reluctant to do. To overcome this problem hospitals and dispensaries have been authorized by the Ministry of Labour to issue identity cards to the beedi workers. The Beedi Workers Welfare Fund Rules, 1978 have been amended recently to empower the Welfare Commissioners/ Assistant Welfare Commissioner and Welfare Administrators to file prosecution against errant employers.<sup>50</sup>

Administration of the Welfare fund: Administration of the Welfare Fund should be entrusted to a tripartite body with worker represented on its board, so as it make it more responsive to and responsible for the workers for whose benefit it has been constituted.

#### *Rejection of Beedis by Middlemen/Contractors/Manufacturers*

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. In fact, under the Beedi and Cigar

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<sup>49</sup> Sen et Al. (1999)

<sup>50</sup> S.K. Das (2000)

Act, most State Governments have made in the rule that legally, rejection cannot exceed 25 beedis per thousand.<sup>51</sup> However contractors often do not adhere to this.

Rejection takes two forms. The first form is beedis which are rejected by the checker being supposedly of lower quality - of the wrong size, or made with damaged leaves, or too loose. In the 'justified' rejection the checker will destroy the beedis rejected, and will reuse the tobacco. In reality, the beedis will be just keep aside and sold along with the others. There is no way to really know how many of these rejected beedis were really of lower quality, and how many were rejected just to pay the worker a lower wage. The second form of rejection is unconnected to quality and is a way of pure exploitation. The number of beedis thus 'rejected' varies depending on the relative bargaining position of worker and contractor.<sup>52</sup>

Another way in which workers are exploited is through the provision of poor quality and inadequate quantities of raw material such as tendu leaves, tobacco and thread by the contractors/manufacturers/agents. This adversely affects workers' capacity to produce the required number of beedis or the required quality and hereby affects their earnings. The government has tried to regulate this issue by provided recommended standards for rolling 1000 standard size beedis of providing raw materials of 800 gms of tendu leaf and 300 gms of tobacco.

Apart from deductions due to rejections, intermediaries also reported to be taking commissions from the workers.<sup>53</sup>

### *Illiteracy and Lack Of Access To Information*

Another hurdle is that most of the beedi workers are home based and are either semi-literate or illiterate and therefore are not able to access the benefits that are due to them.

There is a lack of information on the provisions of the Beedi Acts among workers, majority of who are poor, from backward castes and illiterate. This needs to be addressed through education and training programmes.

A variety of education related schemes exist for children of workers to pursue studies. Funds provided for the schemes are, however, inadequate and should be augmented. There is need for special schemes for providing non formal education to school drop outs and adults through high-tech media such as TV video etc. The Karnataka Regional Engineering College has offered to develop appropriate audio visual aids for such education.

### *Occupational Health*

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<sup>51</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

<sup>52</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

<sup>53</sup> Shampa Bhattacharya, Manas Bhattacharya

The health hazards connected with tobacco use are well known. These affect the beedi rollers and others involved in the manufacture of beedis too. For the beedi workers most of the time the houses are small and are used as living as well as working spaces. The beedi dust that is in the air therefore 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 and eyestrain. These ailments most commonly found are asthma, tuberculosis, back-strain, spondilitis, 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.

Access to health care facilities: The other health issue is the lack of access to BWWF health schemes due to the usual problems of lack of identity cards and employer certification of health forms. The number of hospitals and dispensaries set up under the Beedi Workers Welfare Fund is inadequate relative to the number of workers and their families. The standard of medical care provided is not satisfactory considering the per-capita expenditure incurred on medical care out of the Welfare Fund nor even comparable to standards of medical care provided under the ESI Scheme. IN South Canara, the number and location of BWWF health centers are also very few and inconvenient relative to the geographic spread of the beedi work force. There is therefore a need to tie up health services under the BWWF with the primary health care centres of the state governments to broaden access.

In order to deal with this problem, the Ministry of Labour has identified various points at which static-cum-mobile dispensaries operate and bring the health care and other benefits to the doorstep of these workers.<sup>54</sup> When application forms to the schemes are submitted they have to be attested by the employees. For use of the health facilities the forms have to be certified by a medical officer of the Labour Welfare Organisation. This long set of procedures prevents beedi workers from obtaining immediate health care and medical attention that they may need.

*Low level of organisation and high dependency on the middlemen.*

Outside leadership from the unions seems to have restricted their role to general problems of beedi workers and unit level problems. Geographical distance reduces the extent of involvement of leadership in the problems at the unit level. Lack of exposure of the workers to the outside world, their own rights and entailments also stand in the way of organizing them. Often workers are reluctant to pay their membership fees to the trade unions. Local resistance by the shop owners has also reduced the effectiveness of trade union organizing initiatives.

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-

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<sup>54</sup> S.K. Das (2000)



implementation of the labour laws by the contractors. The contract system needs to be regulated to ensure application of basic labour standards.

### *Shifting of beedi production*

Given the majority of workers are either contract workers or household workers and that there is no skill or machinery required, there is a high wage elasticity. The manufacturers of the beedis set up their factories or their branches in states where the minimum wage rate is low or where cheap labour is available. Given the lack of machinery involved, makes shifting from one place to another a lot easier.

### *Access to Credit*

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.

### *Retirement Benefit*

There is at present no provision for retirement benefit to Beedi workers except in those cases where they are covered under the EPF Scheme. As the coverage under the EPF Scheme is small, the pension benefit is not available to most of the workers. The remedy lies in extending the coverage of the EPF Act. The alternative is to make provision for payment of pension from the Welfare Fund itself as under the Kerala Beedi Workers Welfare Fund.

LIC has a pension scheme for self employed persons called Jan Suraksha. The Beedi workers may be covered under that Scheme by payment of the necessary premium from the Welfare Fund. Alternatively a separate scheme may be drawn up exclusively for Beedi workers in consultation with the LIC or any other Insurance company

The National Oldage Pension Scheme provides for payment of oldage pension to persons who are destitutes. Suggestions have been made that the scope of this Scheme should be enlarged by liberalising the eligibility criteria so as to bring all persons below the poverty line under the Scheme. If this done Beedi workers who are on the poverty line or below may be covered under that Scheme

### *Gratuity*

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 AP, and Tamilnadu have ruled specifically that the Act is applicable to establishments manufacturing beedis. Implementation

however of the act and access to this information on the rights provided by this act needs to be addressed.

### *Maternity Benefit*

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. Under the BWWF, the level of benefits is low. The quantum of benefit of the BWWF should be enhanced to be on par with the Maternity Benefit Act. The Welfare Fund should also make provision for pre natal confinement and post natal care to the women Beedi workers and wives of Beedi workers.

### *Child Care*

As most of the workers are women, it is necessary to make provision for child care centres to look after the children of working women, so that the women may look for alternatives which requires them leaving their homes.

### *Employment of Children:*

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. Provision should be made for payment of an allowance in the nature of family allowance from the Welfare Fund as an incentive for the parents to send their children to schools

Dimension of exploitation of children has been difficult to analyze in the absence of adequate research. One case study<sup>55</sup> of beedi industry in Kerala published in 1980 reports that “child workers in beedi industry, particularly those who are bonded labourers are ruthlessly exploited by the employers. They are not only made to work for less pay but also used as slaves by the employers to do their personal work like carry water from a well situated at the far end of the village etc. beating or oral abuse of the children for minor mistakes.” On the basis of suspicion of the use of child labour in this industry has been the primary reason for the publicity in connection with a recent detention order by the US government against import of beedis from Mangalore Ganesh Beedi Works.

### *Reduction of Work*

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 a day. Earlier when work was in abundance and one worker was getting it for all seven days this figure was

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<sup>55</sup> Shampa Bhattacharya, Manas Bhattacharya

higher.<sup>56</sup> In meetings with beedi women in South Canara many women reported only getting two days worth of work currently and obtaining six days of work in the past.

### **The Need for Alternatives**

Given the health problems, the exploitative conditions, lack of regulations for the vast majority of beedi workers and the nature of the industry being home based, serious consideration needs to be paid to the conditions of the workers. The health considerations for women and children who dominate the industry requires serious redressal of the methods of production. Issues related to shifting production out of the homes into work sheds to solve the health concerns raises other issues such as the need for child care and the flexibility afforded by home based work.

The potential of stricter state regulations, increasing health care awareness, reducing the role of middle men as solutions does not take away the larger problem of the survival of this industry itself and the need to proactively search for alternatives in light of this uncertainty. The additional health problems caused by tobacco smoking and tobacco related diseases raises further concern emphasizing the need for diversification of activities and the search for alternative employment to shift the current beedi workforce.

#### *The Kerala Cooperative Experiment...*

**The Kerala Dinesh Beedi (KDB) Worker's Central Co-operative Society and 22 Primary Societies were established in 1969. The KDB Cooperative was set up to rehabilitate beedi workers who were rendered jobless due to the sudden closure of private beedi companies which were unwilling to extend the benefits to workers as envisaged in the Beedi & Cigar Workers (Condition of Employment) Act 1966. This cooperative experiment succeeded quite well and at one time was providing employment to about 42,000 workers. From 1991 onwards beedi industry went into recession due to various reasons and it still continues. The KDB Management decided in 1996 to diversify the activities into other areas of food processing, information technology and manufacture of consumer items to find out meaningful avenues of employment and to save the beedi workers societies from further weakening. In this diversification process, the management sought technical assistance from institutions like Central Food Technological Research Institute (CFTRI), Mysore, Regional Research Laboratory (RRL), Trivandrum, Electronic Research and Development Centre of India and Kerala Agriculture University, Trichur. Experimental Production was done in the beginning followed by commercial production in 1998.**

#### *Diversification Plans.<sup>57</sup>*

**The KDB society has recently launched a pilot project of coconut cream manufacturing as part of its diversification plans with the technical co-operation of**

<sup>56</sup> Renana Jhabvala, Neelam Gupta and Nita Mishra (2000)

<sup>57</sup> Indian Express (1997).

**the Regional Research Laboratory (RRL). The KDB planned to launch a second unit, manufacturing pickles with the technological support of the Mysore-based Central Food Technological Research Institute (CFTRI). Depending on the success of the two pilot projects, the society will widen its manufacturing base into new areas such as mushroom cultivation and processing, cashew apple juice, cashew processing, goat farming, vegetable cultivation and floriculture. The diversification projects are aimed at rehabilitating 42,000 beedi workers registered in the society due to the fast declining market for beedis. The total assets of the co-operative amounts to Rs 25 crore. Dinesh Beedi workers are at present the highest paid in the country's beedi industry.**

Finally the most important factor in the need for alternatives lies in what beedi women in South Kanara themselves are saying, namely that the amount of beedi work they have access to has declined and there is a felt need for alternative employment.

## Chapter V: The ILO Beedi Sector Program

### 5.1. Problems of Beedi Workers in South Canara

Beedi rolling is a major occupation for the women in South Canara area (Mangalore and Udupi districts) even though the availability of work has been going down in recent times. This area accounts for as much 50 percent of the total beedi production of the Karnataka state. Children make a contribution in the beedi rolling households even though most of them may also be going to schools.

Employers say that the market for beedis is not expanding, the costs are going up and they are facing competition from unregistered and small (excise exempt) beedi manufacturers in the region as also from other beedi manufacturers from the northern states (such as U.P., Bihar and West Bengal who have lower transport costs as well as labour costs). The trend is that the registered manufacturing of beedis is going down while the unregistered manufacturing is going up – which implies, among other things, that the beedi workers do not get any welfare facilities under the law. Beedi is also facing competition from mini-cigarettes and *gutka* which are being preferred by the smokers.

**A major beedi manufacturer like Mangalore Ganesh Beedi has started production in the eastern state of Orissa where the costs are lower. Other major manufacturers are also likely to shift operations in times ahead. Another beedi manufacturer – SADHU Beedis – has closed down manufacturing of beedis, diversified into making biscuits under the brand name SADHU Biscuits and plans to start making sandal wood products. In another major beedi manufacturing house BHARAT Beedis the generational change is likely to lead to selling-out/phasing out of the old beedi business and diversification into new businesses.**

Women beedi workers from Mangalore stated their concerns which reflected these shifts in the industry:

- *Not enough work*: Work available was now only two days a week as a result of which they make approximately 100 rupees a week. A woman can roll about 1000 beedis a day after her housework if her day starts at 4 in the morning and ends at 11 at night.
- *Poor Quality of Raw Material*: During the rainy season fewer leaves are given and the plastic covering is also included in the weight. The quality of leaves is bad so the beedis rolled are not good as a result they are rejected and money is cut. One woman said that she was fined 15 rupees if she did not produce the right number of beedis.
- *No Access to Facilities*: In the passbook, only two days of work is recorded. If more work is given it is not recorded in the passbook and the beedis are made for unbranded companies, which are not recorded in the passbook. The women get bonus only based on work recorded in the passbook. Often the bonus is not given and even when it is the contractors take their cut from the bonus. Other facilities such as scholarship for children are difficult to access. There is no insurance for beedi women like in other sectors. Some contractors give work to only those with passbooks while others give work to those who do not have passbooks.

Other issues facing the workers include:

- non payment of minimum wages.
- non issuance of identity cards by contractors.
- Harassment.
- health problems of beedi women.
- lack of social security (such as Provident Fund) for most beedi rolling women workers.
- lack of alternatives means of livelihood.

Unions in South Canara also advocate that there should be a uniform nationwide minimum wages for the beedi industry. This would help both the workers and the registered beedi industry, which faces competition from the lower wage, unregistered manufacturers. Government should also remove the excise duty exemption which is available to small producers (that is those who make less than 20,00,000 beedis). This promotes on-paper fragmentation of beedi units and encourages excise duty exemption, harming the interests of the government, workers and the large beedi manufacturers.

## **5.2. The Pilot Programme Planned**

Since there are millions of workers engaged in tobacco and tobacco related industry, any move towards the banning of tobacco products and discouraging tobacco use must begin with finding and promoting alternatives for workers involved in this industry. The failure to do so would not only create social problems but will also be an infringement on the right to livelihood of these workers

**Beedi rolling is a major occupation for the women in South Canara. This area accounts for as much 50 per cent of the total beedi production of the Karnataka State with 36 beedi companies, and 2500 beedi contractors. However, due to competition and the shifting nature of this sector, availability of work has declined to a third of the original volume. Competition has risen in the form of unregistered and small (excise exempt) beedi manufacturers in the region, beedi manufacturers from northern states and mini-cigarettes. The range of women employed by the sector varies from 2,00,000 officially to unofficial estimates of 7,00,000 workers. Children make a significant contribution in the beedi rolling households.**

The Beedi Workers Welfare Fund has been set up to provide access to health care, scholarships, education of children and housing. This access is based on identification cards and passbooks issued to beedi women workers. While registered manufacturing of beedis is going down, unregistered manufacturing is on the rise resulting in fewer beedi workers having access to any welfare facilities.

Due to competition and the shifting nature of this sector, availability of work has declined to a third of the original volume to two days of work per week per woman. In light of this fact preliminary meetings were held at Mangalore during which a clear need for economic alternatives were stated and an draft action plan was put together.

A planning meeting held on November 14-15<sup>th</sup> 2000 brought together NGOs, women beedi rollers, government, bank officials, social work colleges and training institutions in the region to discuss issues related to the beedi sector and to explore the idea of alternatives. Based on this the following objectives were collectively framed by the NGOs in the area. In this meeting the overall goal of promotion of alternative income and employment opportunities for women beedi workers was redefined in the context of local women's self help groups as: A movement for women's self reliance through acquiring and controlling the means and mode of production by women collectively.

Related goals that emerged in the context of this broader vision include:

- Building an independent organization of women's groups where women develop the capacity to articulate and negotiate their needs themselves.
- Creating a space for learning and critical reflection for NGOs and women's groups to begin income generation through a collective participatory process.
- Creating a model for alternate productivity with a vision on women's self-reliance.

**The focus of the planning meeting was the objective of creating economic alternatives linked to a strategy of forming self-help groups (SHGs) among women beedi workers. It must be noted here that among the beedi rollers, majority are women. Hence the strategy to build women's SHGs. A simultaneous meeting with trade unions addressed the second objective of improving working conditions for women beedi workers.**

Towards these goals dialogue sessions were held on:

- Local situation of beedi rollers.
- Experiments and support systems from within and outside South Canara, including potential linkages to government agencies and financial institutions.
- Economic alternatives with potential partners and women beedi workers.
- Support (research, education and training) needed to promote income generation

The basic plan was to design a one to two year programme where organizations could begin small experiments on a pilot basis to begin income generation. The pilot project is small and of limited duration. The hope however was that in the first year awareness and training programmes could lead towards the SHGs beginning income generation followed by building links between SHGs and on going government schemes and financial institutions such that by the second or third year the groups would be self-sustaining. It must be kept in mind that while the NGOs present had vast experience in training and organizing women, actual income generation had not yet begun with their groups. Therefore capacity building of both NGOs and SHGs on thrift and credit, participatory rural appraisal (PRA) and income generation was identified as the very first step needed in the pilot.

At a follow up meeting held in Mangalore on November 21<sup>st</sup> 2000 about four to five NGOs expressed an interest in taking up the project towards the search for economic

alternatives. The exact plan of action, details of activities and outcomes would emerge from future proposals submitted by these organizations and further meetings.

### **5.3. Expected Outcomes**

Timeframes for creating economic alternatives can only be broadly specified since unlike other parts of Karnataka, agro-based activities funded by the government may not be possible here. The long history of beedi and the nature of the industry makes it hard to assess what economic activities people were engaged in earlier and may require a longer period of time for women to make the transition away from beedi. Finally the NGO partners themselves will need time to build up the capacities of their own staff and the SHGs to facilitate income generation. This context specific to Mangalore must be kept in mind in setting the time frame for the expected outcomes listed below:

- Production by women's self help groups within one-two years.
- A research and development unit should continuously bring out documents based on local resources, eco-friendly and local needs of women. Such a unit would be useful in providing feedback to the pilot SHGs and NGOs as well as lead the process for new NGOs interested in doing income generation in D.K. area.
- A mobile training unit which trains women's groups on capacity building, EDP and social responsibility, and gender justice.
- A marketing unit to create linkages and conduct advertisement
- Evolving principles for ethical production, inculcating those values in all SHGs and wide dissemination of information on these new business ethics to serve as an alternative model.
- Creation of linkages in the second and third years with government agencies and banks for future sustainability.

With the above outcomes in mind the NGOs are finalizing their own action plans and requirements which they felt need a month to finalize in consultation with women's self help groups.

Another outcome that was followed up included sourcing a resource institution experienced in income generation, PRA and EDP techniques to build capacities of NGOs and SHGs in Mangalore and walk them through the process of initiating income generation. Here it was strongly felt that resource institution should adopt a training of trainers' methodology for capacity building and future sustainability of NGOs and SHGs participation in income generation.

In light of the concept of creating and building a permanent revolving fund that small SHGs could use to leverage resources from banks and other funding institutions for income generation, a capacity building strategy is vital. This fund to be managed by SHGs themselves would allow them the flexibility to experiment and refine their products which banks and government rarely provide funds for. Since it is envisioned that these funds would be returned by the women to the revolving fund, and enhanced by thrift and credit and matching funds from banks, it would thus serve to spin off many



more SHGs in the future. Thus it is envisioned that the pilot itself will create a firm foundation on which future groups can move away from beedi towards new alternatives.