

INTERNATIONAL LABOUR ORGANISATION

Beedi Sector in India: A Note

The beedi manufacturing is a traditional agro-forest based industry in India. It is highly labour intensive, predominantly unorganised and involves three major categories of workers:

- forest based tribal workers who collect tendu/kendu leaves;
- tobacco growing farmers;
- beedi rolling home based workers, most of whom are women.

Beedi rolling is done in almost all major states of India and it takes place mainly in the home-based unorganised sector, with sub-contractors playing the main role for the principal beedi manufacturers. There are about 300 major manufacturers of branded beedis but there are thousands of small-scale manufacturers cum contractors who account for the bulk of the beedi production in India¹. Government estimates of the total number of beedi workers is about 4.5 million², majority of who are home based women workers. Trade unions claim that there could be about 7-8 million beedi workers in the country, especially if those engaged in beedi trade and the tendu leaf collection are also taken into account.

Over the years, many efforts have been made to improve the working and living conditions of workers and their families involved in the beedi industry. Besides the general labour laws applicable (such as Minimum Wages Act and the Provident Funds 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.

In April, 1992, a Group Insurance Scheme for the Beedi Workers was also introduced under the social security scheme of Life Insurance Corporation (LIC) of India. This provides insurance cover of Rs. 5000/- in case of natural death and Rs. 25,000/- in case of accidental death to those beedi workers who have identity cards.

The Beedi Workers Welfare Fund (BWFF) 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

¹ S.K. Das, former DGLW, Min. of Labour in his report – A Better Deal for Beedi Workers.

² Ministry of Labour, Annual Report 1999-2000, page 109.

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 3.8 million workers are currently covered under the BWWF. However, this leaves uncovered a large number of beedi workers, a problem recognised by the authorities.

The beedi sector employers are responsible for issuing the identity cards to the beedi workers according to law. Since many employers do not fulfill this responsibility, the Labour Welfare Organisation under the Ministry of Labour also issues ID cards to the beedi workers through the Welfare Commissioners. This job is done mainly by the Medical Officers of the dispensaries in the field under the BWWF. Trades Unions however claim that majority of the beedi workers do not have the identity cards. Moreover the practice is to issue identity card to one member of the family even though 3-4 members of the family roll beedis.



The beedi industry came under the influence of the trade unions as early as 1920-30s. 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 at one time was providing employment to over 32,000 workers).

Despite these efforts, the coverage of welfare policies and the degree of organisation are still weak (only about 15% of the beedi workers are organised in the unions currently). 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. The average actual earnings in the beedi rolling work vary widely from state to state (from Rs. 25 to 45 for rolling 1000 beedis) and even within the state. Even the official minimum wages vary significantly from state to state (from Rs. 29 to Rs. 64.80)³. The low fixed capital required and the high wage sensitivity of the beedi industry has also meant that beedi manufacturers have been able to quickly shift production when ever workers became too well organised and started raising demands that the manufacturers did not want to concede. The cooperatives too have not succeeded (except in Kerala) due to absence of support to cooperatives and marketing difficulties.

There are also occupational health hazards associated with this work. Some of the common ailments that the beedi women complain about are -

³ Source: Report by Mr. S.K. Das, DG, Labour Welfare, Ministry of Labour, report prepared for ILO, October 2000.

Postural problems (neck and low back pains), abdominal pains, eye problems, burning sensation in the throat, cough, asthma, T.B., bronchitis, excessive bleeding during menstruation, irregular and painful menstrual cycles, leucorrhea, anemia, anemic body aches, dizziness from constant exposure to tobacco dust.

The lack of alternative skills, little or no access to credit and other means of livelihood force many women to persist in this occupation. It appears that the beedi contractors operate mainly in the poverty-ridden areas where there are no other means of livelihood for the workers.

Employment of Children:

While strictly speaking, the main beedi manufacturers do not formally employ children to roll beedis, the system of sub-contracting to home based workers and the logic of the piece rate system of payment (the more you produce, the more you will earn) leads 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). There are more girls than boys engaged in the beedi industry. There is however 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.



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 have difficulties in taking any action against the employers/contractors who claim that they have given work to only the adult members.

Challenges before the beedi 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 sector employers also point out 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 Bidi 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)⁴. While this was introduced by the government to

⁴ Memorandum submitted to the Prime Minister by Sh. Rajnikant P. Patel, President, All India Bidi Industry Federation, 5/11/98.

protect the employment in the beedi sector, it also discourages employers from mechanising their beedi rolling operations (trade unions vehemently 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 (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 (in Sagar, Mangalore and Vellore for instance).

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 trade unions and the NGOs in India advocate support for survival of the beedi industry in the medium term, improving the conditions of work, provision of work-sheds and access to the facilities under the Welfare Fund and plan for a changeover to alternative occupations and income generation activities for workers in the longer run. ILO's pilot project for promoting employment and income opportunities for beedi rolling women workers is an attempt towards addressing these issues.

Major Issues relating to the beedi workers:

1. The systematic identification of beedi workers, especially home based workers; this is important if the benefits under the Beedi Workers Welfare Fund (BWFF) are to be availed. The access to and improvement of benefits under the BWFF needs to be ensured.
2. 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 work in the beedi industry.
3. Arbitrary rejection of finished beedis on the ground of quality, which leads to the shortchanging of the home based women workers. [Recommendation of the Government: wage loss due to rejection should not be more than 2.5%; earlier limit was 5%. Contractors often do not adhere to this]
4. Issue of poor quality and inadequate quantities of raw material (such as tendu leaves, tobacco and thread) by the contractors/manufacturers/agents, which adversely affects workers'

earnings. [Recommended standards for rolling 1000 standard size beedis: 800 gms of tendu leaf and 300 gms of tobacco]

5. Lack of information on the provisions of the Beedi Acts among workers, majority of who are poor, from backward castes and illiterate. Need for education and training programmes.
6. Occupational health problems and inadequate health care services. Need to expand the health services under the BWWF and involve the primary health care centres of the state governments.
7. Low level of organisation of the beedi workers and high dependency on the middlemen.
8. The system of subcontracting of production and labour to intermediaries/ contractors and the non-implementation of the labour laws by the contractors. The contract system needs to be regulated to ensure application of basic labour standards.
9. Shifting of beedi production to low wage areas and lack of alternative employment opportunities for women workers left job less.
10. Lack of credit facilities for beedi workers to take up self-employment ventures.
11. Changes needed in the Excise duty structure and levying of cess on all beedi manufacturers irrespective of the number of beedis produced.
12. Need for alternative employment and income opportunities.

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