Social Protection and the Informal Labour: A Case Study of Home-Based *Beedi* Workers in India

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Introduction

The growing informal sector of labour, especially in developing countries, has put pressure on states to provide social protection to workers. In India, the informal labour force accounts for 94% (Kapur & Nangia 2015) of the total employment and engages 95.1% of the women employed. Chen (2012) points out that the majority of informally employed women are engaged either in home-based work or as street vendors. After the handloom industry, *Beedi* industry is one of the major employers of women in home-based work. *Beedi*[4] industry is a major small-scale industry in India which is predominately unorganised; a major part of production in the form of *Beedi* rolling has been transformed to home-based work. The home-based labour works outside the regulative control of the state and without any social security. In the last two decades with the economic reforms taking place, there has been a growth in the number of informal labour. Realising the needs of the informal labour force, the Indian welfare state has expanded to provide social protection to this group. Thus, the government of India had introduced the "Unorganised Sector Social Security Act" in 2008 to provide social security coverage to the informal workers. Given the fact that this initiative has been introduced more than a decade ago, in this project, I attempt to find out in how far the Indian state has been successful in providing social security to informal workers. I take the example of *Beedi* workers as a typical case of home-based work in India. My aim is to find out how the home-based female *Beedi* workers deal with their social security needs with a special emphasis on health and housing needs. My guiding questions are how far these workers have access to social security schemes provided by the state and how the workers cope with their health and housing needs in case of non-access to state benefits. To accomplish the research goals, I have followed a qualitative approach with guided interviews and group discussion with female *Beedi* workers in Bihar, India.

Informal Sector Labour

According to the International Labour Conference (Chen 2012), the informal sector refers to the production and employment that takes place in unregistered enterprises without legal and social protection (Chen 2012). The informal sector in developing countries is expanding since the 1980s and so is the share of the workforce in it. This workforce receives low or no work-related social benefits after working for their lifetime. Informalisation and feminisation of the informal workforce have taken place simultaneously (Hassim & Razavi 2006). With the growing informal sector, employers tend to hire more female than male workers as the former agree to work on lower wages and in informal conditions.

Female Workers and Informal Labour

Approximately 37.4 million workers in India are home-based (Homenet South Asia Group 2014) and among them 8-10 million work in the Beedi industry (Mehrotra & Biggeri 2002).

A growing body of literature looking at informal employment from a gender perspective has reached a consensus that women are over-represented in the informal sector (Chen 2001; Fig. 1). In India, only 4.9% of female labourers work under formal regulations being eligible to social security benefits, while the rest is informally employed (Hassim & Razavi 2006). The informally employed female work as unpaid labourers in family enterprises; as outworkers of enterprises or as homeworkers (Lund 2006). Among the informal workers, the condition and social status of women is worse than the one of males of the same socio-economic group (Jhabwala & Sinha 2002, Chen 2005; Lund 2006). The barriers to social protection for informal workers are gender-specific. In most of the societies women are not allowed to leave their homes, which becomes a hindrance to their awareness and access to benefits. Gender-intensified as in most of the employment categories, including the Beedi rolling work, the employers do not give ID cards to female workers, which makes them devoid of social protection benefits.

[4] *Beedis* are a type of low cost cigarette. They are prepared by rolling tobacco in a *tendu* leaf tied with a thread.

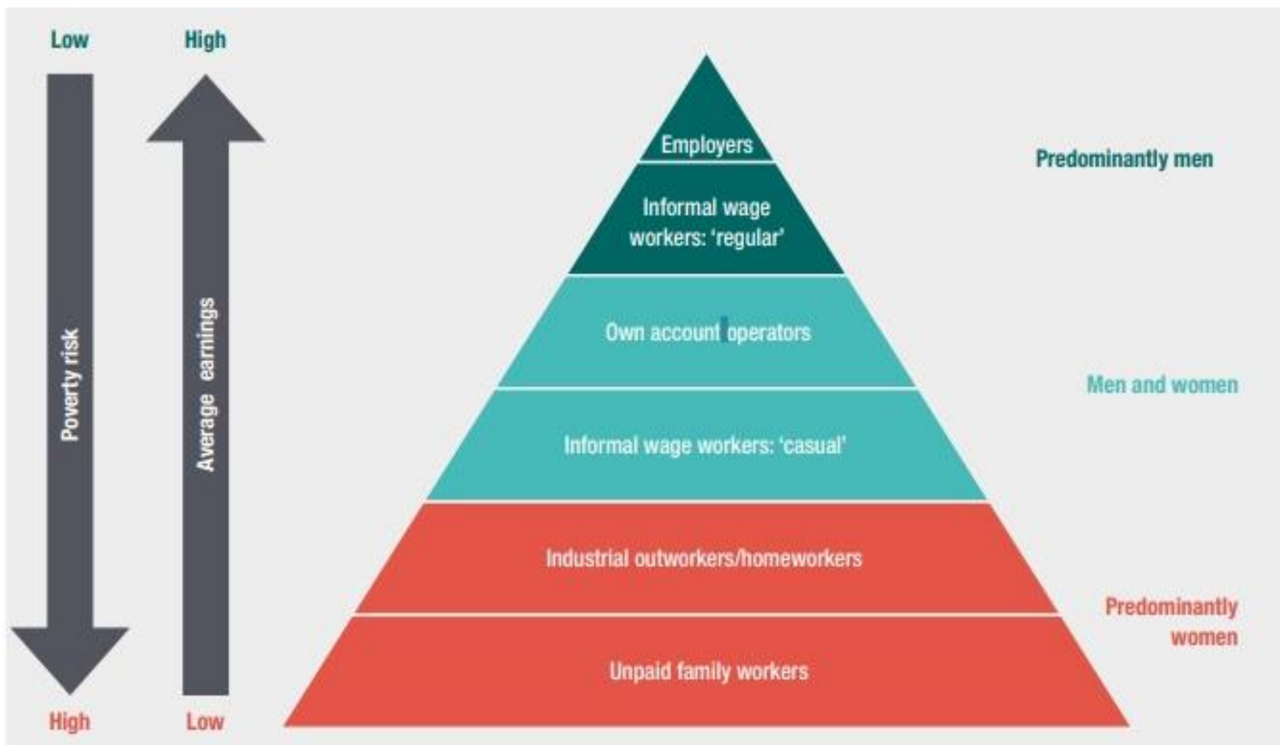

Fig. 1: Informal labour market pyramid segregated by wage and gender (adapted from Chen 2012)

Beedi Industry and Home-based Work

Home-based workers in India account for 17% of the total labour force in non-agricultural activities (Homenet South Asia Group 2014) and it is a growing source of employment for both men and women. In the last 12 years, their number increased by 14% as a product of globalisation and the deregulation of the domestic market (ibid). Home-based workers remain vulnerable to exploitation given their invisible and clandestine nature of work. A wide range of activities are included in home-based production, including piece-rate work in the production of handicraft, *Beedi* and export garments within or outside of sub-contracting systems. *Beedi* industry is an agro-forestry based industry. The contractors in the home-based work are usually from the same community as the workers and in most cases, they are former workers themselves (Fig. 2).

Fig. 2: Home-based worker rolling Beedis (photo: Shri Gorde 2019)

Social Protection in India

The social security regime in India has been divided into the protective regime for the formal sector and the informal security regime for informal labour (Rudra 2007). The protective regime applies to only those working in civil services, military, urban formal sector and salaried workers which constitute 6% of the labour force. Thus, the vast majority of 94% of workers depend on the informal security regime (ibid).

The economic reforms of the 1990s in India consisted of the liberalisation of foreign trade and investment, globalisation and deregulation of domestic markets. These reforms have caused fast economic growth and as a byproduct the expansion of informal labour force. Realising the provision of social security needs to the informal workforce, the government of India has introduced a legislation in 2008. In India, the informal workers have access to state-provided social assistance such as a pension, health insurance and life insurance as a citizen falling below the poverty line, however the amount is rather minimal. It is argued that the social security in India has shifted from a duty-bearing to a right-bearing approach towards citizenship (Niraja Gopal Jayal 2013 cited in Kapur & Nangia 2015). Traditionally, the social security benefits were attached to the employment status, as for those working, however, since 1990s social security has been extended to citizens falling Below Poverty Line (BPL). The actors to provide welfare to the informal labour force have shifted from employers to the state , as a provider of citizenship-based social protection, as claimed by the informal workers. (Agarwala 2006). However, until

today the welfare state in India is still under development. There are initiatives that have been taken to provide social security provisions to informal workers. Some of the main areas of concern are health, housing, pension and improvement in basic standards of living. As this project mainly focuses on health security and housing, the schemes under investigation are discussed below.

Informal Female Worker and Social Protection

Class, caste, language, religion and ethnicity are factors regulating the wellbeing of informal workers and play a decisive role in effectively being able to get the right to work and to access social security schemes. These inequalities are intensified when the above mentioned factors intersect with the factor of gender, especially when women pursue home-based work. In case of home-based workers there are structural barriers to their access to social protection programs. One of the barriers is the limited mobility outside the house for women from a minority group or scheduled caste which causes the lack of awareness about social schemes.

Why the choice of health and housing security?

A study claims that informal workers prioritise healthcare as their most pressing need in the working age, as good health can ensure a continuous flow of income (Ginneken 1999) and at the same time can reduce out-of-pocket expenditures. In the absence of proper health insurance for informal workers, even a small or routine issue can have economic consequences due to unexpected cost for treatment. The situation is especially difficult for women facing lifecycle risks such as pregnancy and childbirth. Continuing to work during pregnancy affects the health of the mother and the child and can be potentially leading to a vicious cycle of chronical diseases and income deficiencies. For people living below the poverty line, illnesses can result in a debt trap for the whole family.

Health Security Schemes under Investigation

Within the frame of this project, I study two health security schemes namely "*Rashtriya Swasthya Bima Yojna*" (RSBY) and "*Ayushman Bharat* Program" (ABP). The RSBY is a social health insurance scheme for the families in the informal sector who fall under the category of citizens who live below the poverty line. The scheme served to improve the access of these citizens to the health system without any financial burden. The objective was to provide financial protection to poor families against financial crises arising from health shocks that involve hospitalization. The insurance coverage under RSBY was INR. 30,000 (US$470) for up to a five members family per annum.

ABP aims to increase availability, accessibility, and affordability of health care services at the primary, secondary and tertiary in India. ABP has two components:- the first one aims at building primary healthcare infrastructure while the second one aims at providing financial protection for secondary and tertiary level hospitalization coverage of up to Indian INR. 5000,000 (US$ 7700) per family per year. It was stated that after the launch, it would subsume the beneficiaries of RSBY.

First Results

My study area is Begusarai District in the state of Bihar in northeastern India bordering Nepal. Begusarai district has 40,000 registered *Beedi* workers. Bihar is typical for how *Beedi* rolling works in India.

On the website[5] of RSBY, it is mentioned that this program has been able to reach more than 70% of the target population in terms of the distribution of smart health cards[6]. However, on the field, there were several discrepancies in the implementation of the scheme. Most of the cards issued to people were non-functional. The cards were issued on the basis of poverty status and not employment status. One family had multiple cards on the name of the head of the HH. Workers were frustrated as their cards were not functional and there could be multiple reasons behind it that need further exploration. There were cases of misuse of benefits by the smart card holders as well as the doctors that need further investigation during upcoming fieldwork.

Outlook

This project is in its initial stage and further fieldwork will conducted to answer open questions and explore other health insurance related processes on various scales, such as the implementation of ABP through expert interviews with the stakeholders engaged at the district level and interviews with *Beedi* workers as beneficiaries. I attempt to find out if the government has been successful in providing social security coverage to informal workers or if it has failed. This project aims at contributing to the empirical and theoretical knowledge about the nature of and access to current social security schemes for the informal workers in India with the aim to formulate towards policy recommendations.

[5] www.rsby.gov.in

[6] Smart cards are a type of health insurance cards given to the beneficiary of RSBY after their enrolment in the program. The beneficiaries are expected to bring the cards to hospital while treatment.

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