



The Role of Informal Support System during Health Needs: A Qualitative Study of Home-Based Beedi Workers in India

PRIYA SINGH

PRIYA@BIGSSS.UNI-BREMEN.DE

KEYWORDS: BEEDI, INFORMAL SECTOR, HEALTH, INFORMAL SECURITY

111

Introduction

The labour market around the world is shifting from formal to more informal jobs, which lack legal and social protection. The increasing informality of work excludes a major chunk of the workforce from the purview of social security legislation either due to the informal nature of the enterprise or the nature of the job itself (such as casual, part-time or home-based self-employment) (Jha & Mishra 2022). The growing size of the informal sector implies that the number of jobs with a lack of (written) employer-employee relationships is increasing. As per the periodic labour force survey, during 2018-19, 90.1 per cent of the workforce was engaged in informal employment in India, while the share of formal employment was only 9.9 per cent (Accountability Initiative 2020, 9).

This large group of informal workers are either not covered under social protection or is inadequately covered (ibid). The higher level of informality in developing countries is associated with a greater prevalence of unsafe and unhealthy working conditions, lower productivity, irregular incomes, and vulnerability to shocks (Jha & Mishra 2022). Thus, social protection is a most pressing need for the vast majority of the informal sector in developing countries.



The health security of informal workers is crucial among various other forms of social security. However, ensuring health security for informal workers is one of the most common and complex challenges in developing countries. In a developing country like India, where over 90 per cent of the workforce is engaged in the informal sector, ensuring social protection for this vast majority is of prime importance. Health shocks have been identified as the most common household crisis among informal worker households. Even minor health issues can have severe economic consequences without health security, resulting in out-of-pocket expenditure that perpetuate the poverty trap. As per a 2014 report of the National Sample Survey, only 12 per cent of the urban and 13 per cent of the rural population in India were covered under any health insurance scheme (Prinja et al. 2017, 2).

Furthermore, 26 per cent of the healthcare spending by rural households was borne by borrowing or selling assets (ibid.). Healthcare expenditure in India is a major factor pushing a large number of households below the poverty line each year. Nearly two-thirds of the total healthcare spending in India comes from out-of-pocket expenditures. The majority of the total health expenditure is contributed by individual households through out-of-pocket spending at the time of illness, which has been a major cause pushing households below the poverty line. In addition, 3.5 per cent to 6.2 per cent of India's population is pushed below the poverty line due to out-of-pocket health expenditure (Garg & Karan 2009, 120; Berman et al. 2010, 66).

India initiated a number of health insurance programs in 2008 in order to improve access to healthcare by the poor (Sriram & Khan 2020, 2). Thus, considering the importance of health security for the informal workers, it was chosen for investigation for this project. As a significant shift in the healthcare regime, the government of India identified health insurance as a way to protect poor households against the risk of health spending leading to poverty. The Rashtriya Swasthya Bima Yojna (RSBY) ("National Health Insurance Scheme") was introduced in India in 2008 to provide health insurance coverage for the Below Poverty Line (BPL) families.

Among the informal workers, I choose home-based beedi workers as a case to investigate their access to health security. Within the informal sector, the beedi industry is one of the major employers of informal workers in India. The number of home-based workers in India in 2017-18¹ is estimated at 41.85 million, accounting for 17 per cent of non-agricultural employment (Raveendran 2020, 1). Within this group, 8-10 million are involved in the beedi industry (Mehrotra & Biggeri 2002, 2). These workers are vulnerable to exploitation due to the clandestine



nature of their work. Home-based workers, as a part of the value chain, are mostly hired through contractors and sub-contractors, which blurs the relationship between employers and employees. Thus, employers escape the responsibility of providing social security to these workers.

Health security is crucial for beedi workers as they are exposed to occupational health hazards due to the nature of their work. The workers face various health problems, such as asthma and TB, due to continuous exposure to tobacco dust and hazardous chemicals. Home-based beedi workers are in a significantly adverse situation as dealing with tobacco at home leads to additional health problems for both the workers and their family members. For this study, I have conceptually categorised the options of security for the beedi workers into formal security and informal security. Formal security comprises employment-based and citizenship-based security, while informal security comprises informal means of protection through social capital or informal security regimes.

In the absence of access to formal security, the informal workers turn to their informal security measures. The underlying assumption is that the informal security measures are used either as a choice over the state measures or as a backup in case of the absence of state-provided measures. There are two main options available for coping with the (in) security needs. One is the existence of the social capital of the individuals, and the other is the informal security regime existing in developing countries for the poor people in the form of social relationships that people use in times of crisis. Nevertheless, both of these concepts are useful in explaining people's choices about access to state benefits and their fallback mechanism in case of non-access to state support. In combining both of these concepts, I will use the term informal security to explore worker's actions in case they are unable to access formal security.

Methodology

Study design

For this study, I utilised a qualitative methodological approach to explore how home-based beedi workers choose ways to deal with their health security needs. I aim to explore the choices of the beedi workers in terms of formal or informal security. Further, I explore the sources of the informal credit available for the beedi workers. Within the qualitative methodological approach, I used an interpretative paradigm to reflect upon the narratives provided by the respondents. An interpretative paradigm focuses on understanding phenomena through the meanings people bring to them (Creswell 2016).

*Participants, sampling and recruitment*

For this study, the participants were selected based on the following inclusion criteria: home-based beedi worker with an ID card, aged 18 years and above, and the experience of illness or injury (work-related or not) in the past six months to a year. From among the eligible participants, the selection of participants for inclusion in the study was made purposively for information-rich and heterogenous cases (Patton 2014). Participants included in the study were between 21 and 70 years of age. The education qualifications of the respondents varied according to their gender. The male respondents had a varied education, starting from primary to secondary. In contrast, female respondents varied from being illiterate to having a primary education. The family income of the respondents ranges from 8000 INR- 16000 INR/month. As the beedi industry employs mostly women workers, the number of female respondents was higher than the number of male respondents. The interviews of the beedi workers took place individually or in groups, depending on the needs and comfort of the respondents.

Data collection

As this study aimed at understanding the choices and ways of dealing with health security needs, including sensitive information (e.g. income, sickness, personal family lives), a semi-structured in-depth interview approach was applied to provide ample time and space for each respondent to share their choice and experience. The interview questions were informed by the literature and the pilot fieldwork conducted before the final data collection. For the interview guide, I used a combination of questions and probes to achieve the breadth of coverage across the following key topics such as work-related experiences, illness injury (work-related or not), the utilisation of formal or informal security, ways of informal security and experience with utilising the formal or informal security.

The interviews were audio-recorded, for which permission was taken by the respondents in advance. Extensive notes were taken during interviews where the respondents did not agree to be recorded. For each interview, oral informed consent was taken from the respondents before the interview started. I transcribed the interviews verbatim from Hindi to English to the best of my knowledge. In places where the real meaning was not coming from, I mentioned the Hindi text in parenthesis. After each interview, detailed field notes were taken, whether recording or not, to describe the encounters, including the researcher's reflection on the interview on context and the analytic insights.

*Data analysis: Thematic narrative analytic approach*

As this study aims to understand the choices and ways of dealing with health security by the beedi workers, I chose the thematic narrative analysis approach by Riessman (2008). This approach is well suited for the context of this study as it focuses on 'what content a narrative communicates (what is told or spoken), rather than precisely how a narrative is structured to make points' (ibid, 81). The analysis began as early as transcription of the interviews. I used MAXQDA, 2020, to transcribe and analyse the data. Several steps involved in the data analysis include transcription of interviews, reviewing transcripts multiple times, developing a codebook, and identifying themes and sub-themes. A codebook was prepared using a deductive and inductive approach during the data analysis process. Codes helped me reflect on the overall pattern in the data and identify the common themes and relationships between the themes. The analysis resulted in two main themes: the choice of type of security and the sources of (informal) credit for the workers. I will discuss them below.

Findings

The respondent's choice of security is a complex interplay of various factors. For instance, a successful past experience can be a strong motivator to apply for a new welfare program. Conversely, an unsuccessful attempt can be a significant deterrent. In addition, informal workers often grapple with time poverty; the time-consuming application process can be a demotivating factor, especially when they already have an established network to rely on in times of need. However, the absence of a well-established network can motivate the respondent to apply for government benefits despite the uncertainty of the application's success. However, it is interesting to understand the reasons behind an individual's weaker or absent social network. Gender dynamics also come into play. Women's lack of decision-making power and social norms can influence their choice of formal security. In many cases, the access and availability of credit is the responsibility of the male member of the household, leaving women with little say in the choice of security. In this study, most female respondents expressed a willingness to apply for government welfare benefits if they were given decision-making power.

Formal over informal

The choice of formal security was based mainly on the idea that the government benefit is a "free benefit". All respondents expressed that they were willing to apply for government welfare benefits, except a few



FORUM

respondents who mentioned corruption and lengthy bureaucratic processes as demotivating factors. Except for the respondents who were demotivated to apply for formal security, other respondents had a particular view on corruption. These respondents believed that corruption is committed by the intermediaries involved in the implementation process, not by the state itself. Thus, as corruption is a demotivating factor for many respondents in applying for government welfare benefits, they did not blame the state for it. They firmly believed that the bureaucrats, officials and the intermediary exploit the poor population and not the state itself. This view mainly belongs to the group of respondents who successfully got the benefits of the welfare programme by paying bribes. Alternatively, those workers who were unsuccessful in getting benefits despite paying bribes or who chose not to enrol in the programme due to corruption had a contrary view.

The state (Sarkar) is not asking for this money. It is the middlemen who are asking us for money to get our work done. The state wants to provide us with the benefits, and that is why they introduce the programmes. (R30)

Furthermore, the respondent worker group seeks protection from the state based on their vote for the political party ruling at the centre rather than their economic contribution.

116

Why will I not ask the government? I voted for them; they are responsible for providing benefits to us. If they don't give us benefits, we will vote for another political party in the next elections. (R17)

When asked about their right to protection from their employers, there was a difference of opinion among the male and female beedi workers.

Perception of employment-based security	
Male respondent	Female respondent
'I am satisfied that the big company is at least providing us employment and the PF benefits. If they don't provide health benefits, we can ask the government for them.' (R16)	'The contractor himself is poor; how can he give us any benefits? He is from among us only. So how could we ask him to provide us with any benefit? He is giving us work, and that is enough' (R18)

Table 1: Perception of Employment-based Security; Source: Primary data collection



Table 1 shows the typical attitude of the female and male beedi workers towards employment-based security. The female beedi workers were unaware of their actual employer and considered the contractor their principal employer. In most cases, the contractors are the previous beedi rollers and belong to a socio-economic category similar to the beedi workers. Some beedi workers (predominantly male) managed to access some capital and shifted to becoming contractors, hiring beedi workers (predominantly female) for beedi rolling. In most cases, the family members of the contractors are also the beedi rollers. Thus, the female beedi rollers do not wish to seek support from the contractors based on their economic status.

The male respondents, who have been rolling beedis for the company, are satisfied with higher wages (compared to the local beedi rollers) and the provision of provident funds which they receive after retirement. They do not want to ask for security from their employers as they fear losing their employment and the added benefit of provident funds. Additionally, the male respondents seek benefits from the government welfare programmes for their other security needs, such as health and pension.

A beedi worker who was successful in getting benefits of two welfare programs of the government shared their experience:

117

I am happy that I did not need to ask for money from anyone in recent years, as I received benefits from two government welfare programs (Health and housing). Before this, I had to ask for money from moneylenders who would charge a huge interest rate. In addition, they always called me for all kinds of pity work to be done for free as a return favour for the financial help. (R23)

The respondents were happy to succeed in gaining access to the government welfare program as it saved them from the exploitation of the moneylenders. Thus, these reasons combined make the respondent choose formal security over informal security. However, the uncertainty of success in formal programmes and the strength, certainty, and reliability of informal security forces workers to maintain their informal arrangements in case formal security does not work for them.

Informal over formal

This is the group of respondents who chose informal security over formal security due to their inability to enrol in formal security programs or their informed decision to deal with health security needs through informal security. The reasons behind not applying for the health insu-



rance programme include short enrolment drive, unavailability of required documents, programme design being exclusionary to women, low perceived value of benefits, distrust in the government schemes and time constraints.

The choice of informal security over formal security is due to the uncertainty of the success of the application for formal security and the trust and reliability of the informal security. The distribution of government welfare programme benefits is uneven and scarce, which generates trust issues among the intended beneficiaries for their success. Thus, despite applying for formal security, the respondents want to maintain their informal security network and build relationships with the informal security providers. This is to ensure a safety net in case of the absence of formal security. As R20 described:

I have heard from many people in the village that they could not utilise the hospital's smart card (RSBY) benefits. I, too, have a smart card, but listening to other's stories scares me. God forbid if I have a health emergency, I will ask my relatives before going to the hospital. If the smart card doesn't work at the hospital, my relatives will help me.

Generally, people in the villages are aware of the stories of others from their neighbourhoods and villages. The unsuccessful experiences of other people in getting the benefits of the welfare programme force others to maintain their informal network.

Failure to access formal security

The short enrolment drive is the reason for the inability to access formal security through RSBY. The enrolment drive for RSBY was conducted on short notice for a short period. Thus, those who were available in their hometown at the time of enrolment got themselves enrolled in the programme, while others who were not present or could not come on short notice were left out of the programme. Respondents share reasons behind the non-access to formal security, which lies in the programme planning and implementation:

My husband and I were in Delhi at that time [...] I had to go through surgery [...] We could not come back [...] By the time we returned, the enrolment was over [...]. (R31)

The respondents who did not have the required documents (ration card) at the time of enrollment could not enroll in the programme, as preparing the documents on such short notice was not possible. Thus, the respondents were left out of the programme.



FORUM

It was required to show the ration card during the enrolment [...] I don't have a ration card [...] As an alternate solution, I was asked to get a letter signed by Mukhiya (Village headman) [...] I don't have a good relationship with Mukhiya [...]. So, I could not enrol in the programme [...]. (R16)

The unavailability of the required documents was another reason behind the inability to access formal security. The application to formal security required a number of documents. The respondents who could not arrange these documents on time were left out of the formal security, which is why they had to rely on informal security. Moreover, the enrollment drive for the health security programme (RSBY) was short; thus, those respondents who could not manage the ID document on short notice were left out of the enrolment process. In some cases, the unavailability of the documents was due to a weak social network. A stronger social network in the form of recommendations could have sped up the documentation process. However, the lack of it resulted in exclusion from formal security.

Program design is exclusionary for women

The RSBY used the family membership model in the programme, where the male is the head of the household by default, while the female and children from the household were to be included under the programme as dependents. Enrolment of dependent women from the household in the absence of the male head of the household was not possible. The only exceptions to this rule were for the destitute category of female-headed households without a male household member. Moreover, migrant households had another problem. As Bihar is one of the states in India with the highest outmigration, most male workers migrate to other states for work. The enrolment drive was conducted at short notice. Thus, the migrant male workers could not return at such short notice, and the females from those households were excluded from the programme due to the absence of the male household member. As described by R14:

I went to the enrolment station, but they asked me to come with my husband [...]. I told them my husband is working in Delhi, but they said they cannot enrol me without my husband [...].

In addition, another exclusionary factor for women is the patriarchal society, which gives the decision-making power to the male of the household. Thus, the social structure combined with the programme design did not allow women to decide whether they wanted to enrol in the programme. Respondent 42 describes her inability to enrolment in the program as: 'My husband did not want to enrol in the programme



[...] so how could I enrol without his permission [...].’ (R42). In the households where the male chose not to enrol in the programme for a number of reasons, the women did not have a choice to enrol in the programme, and thus, this beedi worker household was left out of the programme.

Low perceived value of program benefits:

The respondents chose not to apply for the programme as they believed the benefits were inadequate or would not be fulfilled. The programme design only allowed male members to decide on the enrolment, while women’s role in the household’s enrolment in the programme remained limited to being the facilitator. The respondent assumes that there will not be real benefits under the programme or that this programme will also remain sparse in nature like their previous counterparts. Also, the respondents are apprehensive about the nature of the programme in terms of granting benefits and the need for this benefit presently or not.

This card can only be used for surgery, and no one from my family needs surgery at the moment, so we did not enrol for it [...]. My neighbour applied for it, and he had to get surgery, but he could not utilise the smart card and had to pay for the surgery by himself. So, what is the difference between him and me [...]. (R34)

Past experience in dealing with the government welfare programme is one-factor determining participation in the new welfare programme. If the respondents have a bad past experience dealing with the welfare programme, they will have a lower perceived value of the program benefits.

Do not trust government schemes

Respondents distrusted the government welfare programme, and thus, they chose not to enroll in the programme. These choices are based on previous experience in dealing with another welfare programme of the government, involvement of corruption, and the government not meeting their promises.

All these government schemes are fraud [...]. In the beginning, they say it will be all free. Later, they ask for money to get the benefit [...]. Previously, I had applied for the housing scheme for beedi workers [...] Initially, it was to be applied for free; later, the officials told me that I needed to deposit 5000 INR first to get the benefit [...]. So I withdrew my application [...]. Today, they are saying 5000 INR; tomorrow, they will ask for 10000 INR [...]. (R42)



Another respondent, R34, adds:

These schemes are the government's election policy. As there are elections shortly, the government has created this new toy for the people so they can ask for votes in its name [...].

The lack of trust in the government welfare programmes made the respondents stay out of the health security programmes. The male household member decided to stay out of the program, and the female member followed this decision. The patriarchal norms guide women's decisions to be based on the decisions of the male members of the household.

Differential treatment with the programme beneficiaries

The government welfare programmes are targeted at the poor, destitute and vulnerable population of the country. Thus, there is a higher chance of discrimination and differential treatment for health insurance card holders in government programmes than in others. The respondents discussed experiencing being treated poorly at the medical institution, the government programme, and health insurance card holders having secondary status at the hospitals. R7 shared their experience of facing differential treatment by the staff of the medical institution:

Because we are poor and illiterate, we were mistreated [...]. In the middle of the night, my daughter woke up from pain [...]. I went to the reception to inform them, and they said to go to your room. I am coming [...]. I kept waiting and then asked him multiple times to come and have a look [...]. When he came to our room, he started shouting at us, saying you illiterate people don't know how this hospital functions [...] You came here because of this card; otherwise, you couldn't have afforded this hospital [...].

The respondents stated that they were given secondary priority in the hospitals as beneficiaries of the government welfare programmes in comparison to the non-beneficiaries who were paying in cash by themselves. There have been incidents of unruly and rude behaviour by the medical staff towards the government health insurance program cardholders.

Time poverty as a deterrent for formal security

The informal workers suffer from poverty in its multidimensional nature. The nature of informal work is such that the majority of the employment does not have fixed monthly wages. The workers are paid as much as they work, primarily in occupations such as beedi-making and embroidery workers, who are paid on a piece-rate² basis. The casual workers are



FORUM

paid daily wages for the work done. For the informal workforce, a day off work is the loss of wages. Thus, these workers consider the time required for a particular activity to be a major part of deciding for or against it. In many health cases, workers keep delaying getting treatment until complications occur due to the fear of loss of work, resulting in loss of wages.

The complicated application process and the time required for the application are the decisive factors for applying to formal security. At times, this decision is also based on the Beedi worker's lack of understanding of the functioning of the programmes. An application for a government welfare programme requires time to understand the programme's functioning, followed by the time invested in the tedious application process with an uncertainty of success.

The aspect of time constraint differs depending on the nature of the programme – for instance, a housing programme with a hectic application process requires longer time in the pre-planning process. In contrast, a health programme of the nature of RSBY requires time to understand the programme's functioning and utilisation of its benefits. For example, health needs requiring surgical procedures are usually urgent, and there is a lack of time to explore the programme's functioning at that moment. Thus, due to a lack of understanding of the programme's functioning, the workers rely on their established informal mechanism, which does not require any preparation, and access is available immediately most of the time.

122

As you can see, I have Falaria (Lymphatic Filariasis) for many years. The medicine for it is to be given to the patients for free. But I need to go to the city hospital for this medicine. The doctor there gave me medicine only for ten days, saying they did not have a stock of medicine available at the moment. I cannot afford to go to the city three times a month for this medicine. It is expensive to go to the city; it costs almost INR 100 to go and come back a day, plus I could not work that day. So, I don't take this medicine regularly. If it worsens, I buy medicine on my own from a local pharmacy. (R27)

The benefits of the welfare programme and the public sector in terms of health are uneven. At times, the public facilities are low on drugs that are to be given for free to a population group belonging to a particular socio-economic category, forcing people to either discontinue the treatment or buy from the private pharmacy. In addition, the location of these centres is far away, and there is a lack of medicine in the public facilities. In the case of respondent 27, it will cost her a loss of approximately 600 INR a month to get medicine for her health condition from the public institution, which is supposed to be free for her.



Ironically, the beedi worker has to spend a huge amount of money to get the medicine for free, which she can access at less than half the price from the local pharmacy. These conditions force the workers to either discontinue the treatment or buy medicine on their own. Therefore, these provisions are not able to provide the intended benefits to the needy population. Overall, the factors leading to the choice of informal security are varied in nature, such as accessibility or trust and reliability in the informal networks over the formal programmes.

Sources of informal credit for beedi workers

In case of urgent need for credit, some options are mentioned by the beedi workers, which they employ as their coping mechanism. These sources of credit include moneylenders with high interest rates, credit from relatives (with or without the interest rate), using savings, selling of assets, loans from Self Help Group (SHG) and mortgages (land or jewellery). Figure 1 provides an estimate of the sources of credit discussed by the beedi workers. The data below include information on the total number of sources of credit discussed by the beedi workers.

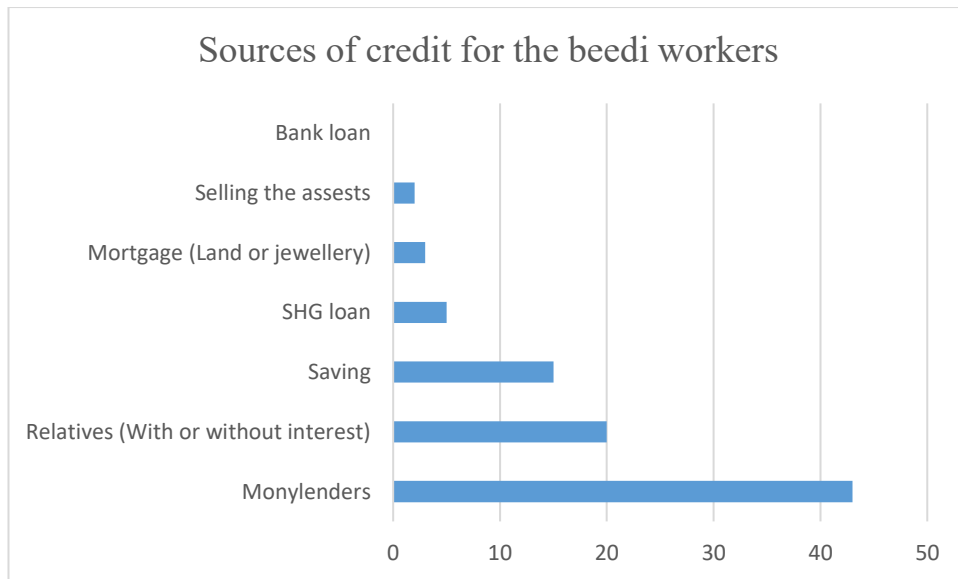


Figure 1: Sources of Credit for Beedi Workers; Source: Primary data collection

Figure 1 shows that the beedi workers discussed the most significant source of credit as the moneylenders, followed by borrowing from relatives, using their savings, and borrowing loans from Self-Help Group (SHG). Mortgage of land and jewellery and selling assets were also discussed as the last resort options for those who own any asset, land or jewellery or those who could not resort to the abovementioned options.

*Loans from moneylenders³*

Borrowing money from the moneylenders, a common practice in the village, is not without its challenges. The money lenders, acting as the informal financial institutions in the villages, charge exorbitant interest rates due to the lack of regulation. This often leaves the poor, who need cash urgently, in a difficult situation. In the beedi worker villages, the moneylenders generally belong to the upper caste people. Beedi workers borrow money from the moneylenders in the absence of other means of financial support. The reasons mentioned by the beedi workers when they need to borrow money involve health emergencies, building a house, marriage of daughters, etc.

The most extensive dependence of the beedi workers on the moneylenders is due to the aspect that the moneylenders always have credit available to lend to poor people at high interest rates, which is not the case in other sources of credit apart from SHG. However, the SHGs do not exist in all the villages of the district yet. A female respondent shared her dealing with the urgent health needs of her husband:

My husband had a brain haemorrhage in an accident. We had to take him to a private hospital in Begusarai district immediately. The treatment was very expensive; I had to borrow INR 150,000 for his treatment just for five days. Still, I could not save my husband. Now, I have to repay this loan with such high interest rates. I can only pay interest rates for two months, and I do not know how I will repay this loan. (R5)

Moneylenders in the villages are well-known to everyone in the community. Information about them spreads primarily through word of mouth. When someone takes a loan from a moneylender, they tend to share this information within their network of friends and relatives. There are many moneylenders in the villages and many options for the beedi workers to seek credit. If one moneylender denies the beedi workers, go to another one. There are strategies used to get credit support. For example, in the case of a big credit requirement, a beedi worker lends smaller amounts of money from multiple moneylenders, as it is possible that one moneylender might not agree to lend a big amount of money.

Like the moneylenders, borrowers also use different techniques to fulfil their credit requirements. Participants discuss the following instances:

In case of need, I first use my savings, but if it is not enough, I need to borrow money from the moneylenders. I always go to the same moneylender as he knows me, and I have a record of loan repayment. So, I go to him, and I immediately get credit.



Similarly, R 12 shares:

As I always go to the same moneylender, sometimes I try to bargain on the interest rate, but if I would go to a new moneylender, I would not be able to bargain on the interest rate.

The network between the beedi worker and the moneylender is built over time on trust. Beedi workers usually go to the same moneylender unless they have doubts about cheating by their current moneylender. In case of a suspicion of cheating, the beedi worker will go to another moneylender in case of credit requirement.

In other cases, where the relationship between the beedi worker and the moneylender is trustworthy, the worker goes to the same moneylender. In this case, the beedi worker sometimes gets the rate of interest reduced by one percent through bargaining with the moneylender. It is a profitable case for the beedi worker and the moneylender as they receive credit at a cheaper rate. In contrast, the moneylender gets a trustworthy borrower. It is sometimes difficult to find a moneylender; getting the money is tedious. It might require multiple visits to the moneylenders and a lot of convincing for them to agree to lend the money. It takes days for the moneylenders to agree to lend; sometimes, they ask the borrower to come the next day with their request. The process of borrowing from a moneylender is complex, as, at times, despite agreeing to the higher interest rate, convincing a moneylender and assuring them of the repayment becomes difficult. Sometimes, a third-person or reference credit is required to persuade the moneylender to lend. In such situations, those with good social networks can access credit more quickly than others without it.

There is a specific period to repay the loans to the moneylenders, despite payment of interest rate for the time the repayment is delayed. In some cases, the moneylenders ask the borrower to repay the money within a specific time. In such cases, the respondents use various ways of repayment, such as:

If there is a moneylender who wants the repayment sooner, I take a loan from another moneylender to repay the first. Then, I start repayment to the second one. (R13)

The lending of money is built on trust. The lender and borrower know each other from the same village or nearby village, so repayment can be enforced. In cases where a moneylender asks for a quick repayment, the borrower lends money from another moneylender to repay the first one. This way, the borrower had built trust with the first moneylender. It is a common practice among the beedi workers to rotate credit among



the lenders and develop trust building. In addition, this process of repayment to one moneylender by borrowing from another also happens in case the first one is charging a higher interest rate, and later, the respondent could find a moneylender willing to lend at a lower interest rate. In such cases, the respondent lends to the lower-interest-rate moneylender and repays to the moneylender with a higher interest rate.

In cases where the moneylenders do not know the borrower personally, they ask for a mortgage, which can be used to repay loans. This practice of mortgage of land or jewellery mainly occurs with moneylenders from the city who have little to no credit from the borrower. In this case, beedi worker mortgages their land or jewellery to the moneylender and borrow money. In this case, in addition to the mortgage on the principal amount, a rate of interest has to be paid by the borrower. This process of moneylending functions without the involvement of the formal financial institution. Hence, there are no rules for lending money.

The rules entirely depend on the lender in power in this relationship. Respondent 4 shares her ordeal of getting treatment for her husband through credit from the moneylenders:

My husband had a paralysis attack. The doctors said he needed to be admitted to the hospital for a long time. The treatment was expensive, so I lent money from the village. In the beginning, I received some credit, but soon, the money lender stopped giving me credit, saying I was the only earning member of the family and they were not sure about the repayment. I mortgaged my jewellery to a jeweller in the city and got money for my husband's treatment. However, it was not enough, so we discontinued the treatment, and now my husband is at home. (R4)

The moneylenders from the village who lend money without any mortgage know the borrower and their family's condition. In the case of the earning male member of the household, getting credit is more accessible compared to a female-headed household or household with a non-earning male member.

Gender and access to credit

The literature discusses women's lower access to credit than their male counterparts (Woolcock & Narayan 2000; Sarmistha 2015). It has been argued that women have abundant bonding social capital while lacking bridging social capital. Also, the nature of home-based work limits women's movement outside their homes and social norms; it impacts the formation of bridging social capital for women. This situation directly impacts women's access to (informal) credit as they tend to have a small social network comprised of their relatives and neighbours. Additionally,



FORUM

for a female member from a migrant household, accessing credit and getting credit on favourable terms is difficult. However, these days, with the service of mobile phones, the male migrant member of the household requests the moneylender for credit on the promise of repayment. So, women from the migrant worker household can access urgent credit.

Women visiting moneylenders without accompanying a male member are further vulnerable to exploitation by the moneylenders as there is an assumption that either these women do not have a male member in the household or the woman had come to the moneylender without the knowledge of the male member of the household. Examining the vulnerability of women, the moneylenders charge a higher rate of interest and, in most cases, do not provide any written document for the mortgage of the jewellery. These women do not have any written proof of mortgaging their jewellery to the moneylenders. Thus, the moneylenders can deny accepting women's jewellery after the repayment of the loan and at the time of return of the mortgage jewellery.

I know a woman from this village who had mortgaged her jewellery to a jeweller in the city to take a loan of INR 200,000. The rate of interest was very high, so it took her 7-8 years to repay the loan to the jeweller. After the loan repayment, when she asked to return the jewellery, the jeweller completely denied accepting the jewellery in the first place [...]. They asked her to show written proof, but she did not have it [...]. She requested them a lot, but they did not entertain her request. The poor woman had no choice but to return home with an empty hand. Since then, no one from this village has gone to that jeweller. (R44)

127

Incidents of being cheated by the moneylenders have been a common phenomenon. Cheating mostly happens when calculating the principal amount, the rate of interest, and the repayment of the amount. As the borrowers usually have low to no education, the moneylenders take it as an opportunity to exploit them. This is especially the case with the women borrowers who are argued to have miscalculated their repayment. In case of distrust, the moneylenders are in the privileged position, whereas the borrower has to pay more in case of miscalculation with the repayment. In other instances of mortgage borrowing, the borrower loses the mortgage.

The loss of the moneylender is in the form of the people's trust, which others would not want to borrow from that moneylender. As this relationship is built on trust, there is no legal enforcement; however, if the borrower wants, they can file a legal case at the moneylender for cheating and fraud. These cases can take years and years to come to a result. The negative impact of this would be on the borrower, and the



other moneylenders would not want to lend to them in the future. Thus, to continue having credit options open in the future, the borrower chooses not to file a complaint against the moneylenders. This is how the cycle of exploitative relationships continues.

Some beedi workers in the villages have a bad reputation for delay or non-repayment of loans and have difficulty finding a moneylender. These beedi workers have difficulty finding a money lender in urgent cases. These beedi workers have mortgaged their assets to get credit. The low-risk-taking moneylenders would not want to lend them money even with a mortgage. These beedi workers would only be left with a few moneylenders for borrowing who are ready to take high risks and are powerful enough to enforce the repayment for the possession of the asset mortgaged to them.

In addition to the high rate of interest and the cases of cheating and exploitation by the moneylenders, there is another negative aspect of borrowing through the moneylenders. It relates to the clientelist relationship between the lender and the borrower. As soon as this relationship begins with the money lending, the borrower feels obliged to the moneylenders. The moneylenders take the borrowers for granted and use them for their pity works. The borrower is not in a position to deny the proposition of the moneylenders as it might result in the instant breaking of the relationship and force them to return the money that has been spent. Thus, the borrower continues to follow the moneylenders and does pity work for them. Respondent 23 shares that:

Unless urgent, I do not want to borrow money from the moneylenders. After I get money from them on interest, they will ask me to do pity work for them anytime, and they won't even pay for those workers. It is very bad, but we have no option.

The borrowers are considered free labour by the moneylenders obliged to perform tasks for them in return for financial help. These additional tasks performed for the moneylenders remain unpaid and are seen as a favour for acceptance of any delay in the repayment. The borrowers are not in a position to deny these pity works such as garden cleaning, farm work or household work. This additional work sometimes causes a loss of income for the borrowers as they have to find time from their other employment for this work. This free work system does not end with the repayment of the loan, as the borrower wants to continue maintaining a cordial relationship with the lender to ensure future credit availability.

Relatives (with or without interest rate)

In case of a medical condition, the respondent borrows money from the



moneylenders for the surgical procedure; however, there are additional expenses in the form of medicine, repeated diagnosis and visits to medical facilities, and household expenses. During illness, the household's income stops while expenses increase exponentially. As the respondents could not borrow money for their daily expenses at a higher interest rate, they sought support from their friends and family during these times. Friends and family either support without the expectation of the return of the money or support without charging a rate of interest. The beedi workers seek support from their well-off relatives to help at times of need. The support system is based on a mutual relationship where people help each other in need. Respondent 34 stated that:

I have a friend whom I always ask for credit when needed. And then I also help him when he is in need. So, we have a mutual connection, and we help each other. However, as we are both poor people, if one of us requires a big credit that the other cannot fulfil, then we seek support from outside.

The respondents mentioned loans from relatives as a source of credit, which they rely on in times of need. The loans from relatives are mainly discussed in three forms: one is the help from a well-off relative, which does not need to be returned. This is primarily the case for very close relatives. In other cases, the form of support from the relatives in the form of a loan is either with or without interest. In this case, the interest rate is per the market standard and is not exploitative, as in the case of the moneylenders. In addition, there is no urgency for the return of the loan, which can be returned at the borrower's convenience. The beedi workers mentioned that this has been a trustworthy source of credit for them in the past. However, it came only after the moneylenders, as not all the respondents had well-off relatives. For others, their relatives are more or less in similar economic conditions and cannot help each other despite their willingness. Thus, in times of need, the respondents contact their relatives and friends first. They will start looking for other options if their relatives and friends cannot help them.

Savings

Savings as a source of credit was mainly discussed by the beedi workers who have migrant members in the household. The migrants send remittances to their families for their household expenses. The female respondents managed to save some money from those remittances. The respondents tend to use their savings first in case of an emergency, and only if the savings are insufficient do they seek help from other sources. The majority of the respondents did not have any savings. The reason is the low income, which is hardly enough to cover daily expenses. Apart



from the beedi rolling work, the households with an additional income managed to do some savings. The beedi workers, where the primary occupation of the household is beedi rolling work, had difficulty saving from the small income. Thus, these households depended on other sources of credit.

Self-Help Group (SHG) Loan

SHG is a measure under the microfinance scheme focusing on poverty reduction and women's empowerment through financial protection. The SHG initiative has not reached all the villages yet; however, in the villages where the SHGs are functioning, they serve as a source of credit for the respondents. The existence of the SHG reduces the dependence on the moneylenders and the need to seek credit at high interest rates. Under SHGs, the group members save a certain amount each month, which can be used by the group members in need at a minimal interest rate. Respondent shares her experience of using SHG as a source of credit:

I built my house by taking a loan from the SHG. It was much cheaper than the market rate. In the market, they charge INR 10 for every INR 100. In the SHG, they charge INR 2 for each INR 100. (R14)

130

These microfinance initiatives, mainly focusing on women's empowerment, are a viable source of credit for women. Considering small interest rates, they are developing financial awareness among the group members as well as providing financial independence among the group members. These SHGs are also seen as a medium of awareness generation among women on several programs and benefits. However, these microfinance initiatives have not reached all the villages, and in other villages, the respondents were still dependent on exploitative credit sources.

Mortgage/Selling of assets

Mortgage of assets is related to credit through the moneylenders, whereas social credit between the lender and borrower does not exist. In that case, the lender asks for the borrower's asset mortgage to ensure repayment. The mortgage could often be land, jewellery, vehicles, and cattle. The mortgage depends on the amount of credit; if there is a need for a large amount, then the moneylender would ask the borrower to mortgage either the land or jewellery. In the case of small loans, cattle or vehicles are mortgaged.



As discussed above, a mortgage is an exploitative system. Since these sources of credit operate in an informal environment, there is hardly any documentation of the exchange involved. These are verbal exchanges in most cases. Hence, the borrower has to face several challenges despite loan repayment to return their mortgaged asset from the lender. The borrower does not have solid legal ground without a written exchange document. In addition, a legal step will only block their way of receiving informal credit in times of need.

Furthermore, in times of need, poor people have to sell their assets to meet the urgent need for credit. This situation arises in cases where other sources of credit are not available for various reasons. For instance, the moneylenders are unwilling to provide credit due to bad previous experiences, such as the non-payment of the last credit or the absence of a mortgage (for poor and landless). This situation forces the respondents to sell their assets.

Most respondents had their homestead land and bicycle in the name of asset. In urgent cases, the respondents sell these assets to meet their needs. The selling of assets at ordinary times can provide good returns to the sellers, but the same assets sold in times of need provide lower returns. The seller is also ready to accept low value due to the urgency of the need for credit.

Discussion & conclusion

Formal social protection measures help deal with the risks and vulnerabilities arising for people employed in the formal sector. However, for the workers in the informal sector, either the welfare programmes or the informal safety nets in the form of social capital come to the rescue when dealing with security needs. For poor people, it is the immediate safety net as friends and family they contact for support (Woolcock 2002).

The beedi worker's choice of formal security depends on several factors, such as their past experience, corruption, time poverty, and the time-consuming application process. In addition to these factors, the absence of a strong social network motivates the respondents to apply for formal security despite the uncertainty of the application's success. For female beedi workers, gender dynamics also play a part. Women's lack of decision-making power, combined with social norms, influence their choice of security. Further, the respondents do not consider their worker's rights while demanding security from the state; instead, they base their demands for protection from the state on their voting rights for the particular political party existing at the centre.



FORUM

The beedi workers who chose informal security over formal security were the workers who were either unable to enroll in formal security programmes or chose informal security. The reasons behind the inability to enrol in formal security lie in several factors such as short enrollment drive, unavailability of required documents, programme design being exclusionary to women, low perceived value of benefits, distrust in the government schemes and time constraints. The choice of informal security over formal security is due to the uncertainty in the success of the application for formal security and the trust and reliability of the informal security. Beedi workers with stronger social networks find it easier to rely on their informal security at times of need rather than follow the procedure of formal security with chances of low to no success.

The primary sources of informal credit identified by the beedi workers include moneylenders, help from relatives, savings, SHG loans, mortgages and selling assets. The credit from the moneylenders has been one of the main sources of informal credit for the beedi workers, followed by the credit from the relatives (with or without interest). The beedi workers tend to contact their relatives first in case they need credit. However, most of the relatives of the beedi workers belong to a similar economic status. Thus, the relatives support each other for small help, while for bigger needs of credit, the respondents turn to the moneylenders for help and support.

132

The informal credit from the moneylenders comes with its own set of challenges and exploitation for the beedi workers. As it is an informal source of credit, no rules guide the transaction. The lenders make and amend the rules, and the borrowers have little to no power to make them. Moreover, certain situations like urgent credit or big credit further reduce the power from the hands of the borrower and give in the hands of the lenders. Access to credit from the moneylenders at times requires a strong social network, which can function as a guarantor for the borrower. Otherwise, the borrower will need to mortgage their assets against the credit.

Apart from these two main sources of credit, savings and loans from SHG were the other sources of credit identified by the beedi workers. These two sources of credit, which are similar and are based on savings, are promising modes of credit. However, beedi workers have very small savings, which can only be utilised for small needs. SHG is preferable over savings as it is a model where a group of women save a small amount at regular intervals, and the group members can use this amount at a small interest rate. Thus, it is preferable as there is a bigger credit availability due to group savings as SHG over individual savings of the household.



Mortgage and selling of the assets are the adverse coping strategies used by the beedi workers and are the last options for informal credit for the beedi workers. These options are used only if any other source of credit is not feasible for the beedi workers. The reasons behind these lie in the poor social network of the individual, who can access credit from informal sources such as moneylenders or relatives. These individuals do not have other forms of informal credit, such as moneylenders and relatives, due to the bad past experience of non-repaying loans. Thus, this group of workers had to sell or mortgage assets to meet their credit needs. Overall, this chapter discusses the factors responsible for the choice of the beedi workers regarding formal or informal security and outlines various sources of informal security.

The field of social protection for informal workers has largely ignored the strength of informal security in terms of dealing with insecurities. Further, the regime's shift towards covering the poor and vulnerable citizens (including the informal workers) points towards the need to understand the choices of these groups of population in accessing formal security. This study finds that in the absence of formal security and further due to the unreliability of formal security, the workers tend to continue and maintain their informal networks. Microfinance institutions can be strengthened in the village to chain the exploitative system of credit availability through the moneylenders. In addition, it can also be used as a tool to strengthen the community and spread awareness among them regarding various welfare programs and their functioning.

Endnotes

¹ This data is based on the Periodic labour force Survey conducted by the National Sample Survey Organisation in India.

² Under the piece-rate category of wages, the workers are paid on the basis of the produce rather than the amount of time involved in the produce. In the beedi industry, the workers are paid wages for rolling 1000 beedis. A male worker can roll 1000 beedis a day while a female beedi worker can hardly roll 400 beedis a day. This means the male beedi worker can earn INR 120 (1.44\$) a day while it takes 2-2.5 days for the female beedi worker to earn INR 120.

³ As per the United Nations Economic and Social Commission for Western Asia, 'a moneylender is a person who typically offers small personal loans at high interest rates. The high interest rates are justified in many cases by the risk involved'.

(<https://archive.unescwa.org/moneylenders#:~:text=A%20moneylender%20is%20a%20person,ca ses%20by%20the%20risk%20involved.>)

**Bibliography**

- Accountability Initiative. 2020. *A comprehensive overview: Defining and measuring informality in India's labour market*. New Delhi: Centre for Policy Research.
- Berman, Peter, Rajeev Ahuja & Laveesh Bhandari. 2021. "The impoverishing effect of healthcare payments in India: New methodology and findings." *Economic and Political Weekly* 45 (16): 65-71.
- Creswell, John W. & Cheryl N. Poth. 2016. *Qualitative inquiry and research design: Choosing among five approaches*. Thousand Oaks a.o.: SAGE Publications, Inc.
- Garg, Charu C. & Anup K. Karan. 2009. "Reducing out-of-pocket expenditures to reduce poverty: A disaggregated analysis at rural-urban and state level in India." *Health Policy and Planning* 24 (2): 116-128.
- Homenet South Asia Group. 2014. *10 Key facts: Home-based workers in South Asia*. Ahmedabad / St. Paul: HNSA.
- Jha, Praveen & Preksha Mishra. 2022. *Social security and informal workers: A comparative study of Brazil, China, Germany and India*. New Delhi: ActionAid Association (India).
- Mehrotra, Santosh & Mario Biggeri. 2002. *Social protection in the informal economy: Home based women workers and outsourced manufacturing in Asia*. Florence: UNICEF Innocenti Research Center.
- Patton, Michael Quinn. 2014. *Qualitative research & evaluation methods: Integrating theory and practice*. Thousand Oaks a.o.: SAGE Publications, Inc.
- Prinja, Shankar, Akashdeep Singh Chauhan, Anup Karan, Gunjeet Kaur & Rajesh Kumar. 2017. "Impact of publicly financed health insurance schemes on healthcare utilization and financial risk protection in India: A systematic review." *PloS ONE* 12 (2): e0170996.
- Raveendran, Govindan. 2020. "Home-based workers in India: A statistical profile." *WIEGO Statistical Briefs* 23: 1-11.
- Riessman, Catherine Kohler. 2008. *Narrative methods for the human sciences*. Thousand Oaks a.o.: SAGE Publications, Inc.
- Sarmistha, Uma. 2015. "Rural handloom textile industry in Bihar: A case of rural informal sector." *Social change* 45 (1): 107-117.



- Sriram, Shyamkumar & M. Mahmud Khan. 2020. "Effect of health insurance program for the poor on out-of-pocket inpatient care cost in India: Evidence from a nationally representative cross-sectional survey." *BMC Health Services Research* 20: 1-21.
- Woolcock, Michael. 2002. "Social capital in theory and practice: Where do we stand." In *Social capital and economic development: Well-being in developing countries*, edited by Jonathan Isham, Thomas Kelly & Sunder Ramaswamy, 18-39. Cheltenham: Edward Elgar Publishing.
- Woolcock, Michael & Deepa Narayan. 2000. "Social capital: Implications for development theory, research, and policy." *The World Bank Research Observer* 1 (2): 225-249.

Funding Acknowledgement

This project was funded by the EU COFUND Scheme and received funding from the European Union's Horizon 2020 Research and Innovation program under grant agreement No. 713639.