Chapter III
Introduction:

The retrospective view of the beedi industry in Dakshina Kannada in any way will not discourage the academic interest as it has been always an integral part of the economic activities in India. Beedi industry may not have attracted the attention more considerably but it has contributed very significantly to the broader economic activities. The post independent experience in India also reveals that the respective governments at the central level considered beedi industry as an important economic activity. As a result, number of public policies were introduced and attempted to implement them at their best.

The following are some of the important factors that influenced the government of India not only to think of public policies but also to protect the interest of different categories of people involved in the beedi industry.

Firstly, the beedi industry has enormous capacity to employ people and guide them to lead a life with minimum facilities. It is this contribution of the beedi industry towards social development, encouraged the policy makers to think in favour of certain policies that
helped to design number of public policies concerned with beedi industry.

Secondly, the contribution of the beedi industry to rural economic development is another area that attracted the policy makers very seriously. As it was clear from the agenda of the government of India that it is committed for rural development, the cottage industry was picked up as one of the solutions to the rural development in general and the beedi industry in particular. Though it became a very difficult exercise to define as to what we mean by the rural economic development, it is made clear through beedi industry that the rural economic development means that every individual became economically independent and contribute his/her own way to the national economic development.

The third factor that influenced the public policy makers to think in terms of beedi industry is its direct involvement in the cultivation of commercial crops especially the tobacco. If one looks at the record of agricultural performance over the years one may find that there are good number of policies established for the protection of agricultural activities especially the commercial crops. In the beginning, the policy makers realised that establishing relationship between the agricultural products and the industries established complement to each other in the
course of achieving economic development. As a result of it, commercial crops were encouraged at different levels from the beginning in India. Tobacco, being one of the commercial crops fulfilled the local requirements especially the beedi industry made policy makers to have an extra allegiance to it. That is to argue, supporting tobacco cultivation is also supporting the beedi industry as a whole.

Fourthly, the ability of the beedi industry to take over the market and economic transactions is another factor that compelled the policy makers to think of the rural based industries much more seriously in the beginning. The number of workers involved directly or indirectly, the amount of beedi consumed, the extent of tobacco grown, the extent of academic input provided and the social movement it has put up together not only encouraged, but also helped policy makers to make policy towards beedi industry and to make beedi industry very competitive.

Finally, the working class movement with the help of its international network began to speak the language of protecting the interest of working class and looking at the economic development from the perspective of working class. Demand for better wages, improvement in the working conditions and equal payment were some of the primary demands with which beedi rollers began to attract the attention of policy makers in a major way. Thus, this is the primary
factor as to why the public policies were made to protect the interest of working class in general especially the beedi rollers in particular.

The Structure:

In this chapter, an attempt is made to study and analyse the public policies that are made in relation to cottage industries in general and the beedi industry in particular. This chapter also attempts to develop the relationship between the performance of the beedi industry on one hand and the policy measures introduced periodically for the sake of protecting its interest thereafter. It also tries to deal with those public policies enacted and implemented on beedi industry and also the social securities provided for the beedi rollers intended to extend security and protection to enhance their life conditions. In its capacity to take large number of poor people together and provide them certain opportunities to live like human beings, the beedi industry is a matter to reckon with. When other industrial areas of different nature are being stressed after and sometimes more than the actual requirement, the beedi industry has remained silent. It is always easy to guess why? Being an unorganised sector specifically at the level of rollers/ makers, the industry has in a great deal strengthened the hands of the owners of the companies who control the supply and marketing part. It is clear, that this industry is organized at the top level and gets the maximum benefit, but is
completely unorganized at the bottom, for the rollers are like any other labourers who suffer from all kinds of injuries, specially the economic one.

The present changes in the economy due to globalization and the policy of liberalization has led to jobless growth in the country. Result of this is a rising growth in poverty, vulnerability, deprivation and marginalization of labour. It has also given scope for the process of informalisation or casualisation of the Indian workforce. People, for their sustainability, work in one or the other unorganized sector. The number of workers in the unorganized sector is growing every year in India, but their mobilization remains a difficult task. In 1971, the unorganized sector comprised 89% of the workforce; in 1995 it was 92.5%. There were 336 million unorganized workers in the unorganized sector and around 26 million unorganized workers in the organized sector giving a total of 363 million workers as on 1999-2000 (At present the unorganized labour account for 93% of the country’s 402 million strong workforce). In 2001, this sector constituted the overwhelming bulk of the workforce accounts for over 93% of the total

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Moreover women in majority, take up the job in the unorganized sector with 96% of all the female workers who belong to this sector. Besides this, the unorganized sector is the major contributor to the gross national product of the country contributing about 63% of the country’s national income in 1994-1995. In India, the existing social security provisions enjoy legal backing only in the case of those employed in the formal sector of the economy that were estimated at 9% of the total workforce as on 2000. However, larger workforce in the unorganized sector lack work security which is required to most of the people. The government has to provide security and protection. But the policies of the government frighten the home based workers like beedi rollers from loosing their work itself. Instead of enhancing work security, the economic policies are creating insecurity for the self employed and the home based workers rather it favours the large scale and multi national companies. Though the role of the state has been diminishing in providing the social security the real fact is that the state is the most important institutional mechanism to deliver social protection along with the markets and the civil society.

Social security is a major aspect of public policy. There is a need for social security programmes for neutralising the negative

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consequences of the liberalization reforms. The state has a role in helping the poor in times of insecurity and in ensuring minimum security for those who are unable to gain from the post-liberalisation economic growth process\(^6\). The term social security is used in a much broader sense in the developing countries than the developed countries. The concept of social security was evolved out of the economic depression in 1930 and the term social security has been coined in United States of America. This concept is based on the ideals of human dignity and social justice. According to Shri V.V.Giri the concept of social security is one of the dynamic concepts of the modern age which influences social and economic policy. Regarding the social security the International Labour Organisation in 1984 provided a definition which does not include promotional measures and duly it was narrow in its outlook as promotional measures are as important as protective measures in developing countries. In 1989 the International Labour Organisation proposed for comprehensive definition of Social security as “The protection which society provides for its members, through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction in earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death, the provision of medical care and the

provision of subsidies for families with children"7. According to Dreze and Sen (1991) "the basic idea of social security is to use social means to prevent deprivation and vulnerability to deprivation"8. They had developed a broader concept of social security or social protection. They distinguished the two different aspects of social security called ‘protection’ and ‘promotion’9. Where as Getubig (1992) views social security as “any kind of collective measures or activities designed to ensure that members of society meet their basic needs (such as adequate nutrition, shelter, health care and clear water supply), as well as being protected from contingencies (such as illness, disability, death, unemployment and old age), to enable them to maintain a standard of living consistent with social norms”10. The above specified definitions as well as the concept of social security in India encompasses both protective and promotional measures. Protection is concerned with preventing a decline in living standards in general and in the basic conditions of life which is important in dealing with sudden economic crisis, famines and sharp recessions. The objective of promotional social security is “enhancing the normal life conditions and dealing with

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7Siddhartha Sarkar and Anil Bhujimali. (Ed); *Disadvantaged women in informal sector*, Abbijjeet publications, Delhi, 2005, p14.
9S.Mahendra Dev; (2005), op.cit., p10.
regular often persistent deprivation\textsuperscript{11}. Protective type programmes such as old age pension, widow pension and survivor benefits provide a certain degree of support to persons facing certain specified adverse contingencies. India relies on promotional measures such as self employment and wage employment programmes, general health and education. In India's case social security should encompass protective, preventive and promotional measures.

Constitutional Status of Social Security in India:

Under the directive principles of state policy of the constitution, the states have been empowered to enact legislation to regulate and give the management on labour problems. It embraces principles and policies pertaining to social security measures that the state should follow and legislate for working class in the country. The concept of social security has been implied in Article 38 which ensures that the state shall strive to promote the welfare of the people by securing and protecting a social order in which justice-social, economic and political shall inform all the institutions of national life. In the same chapter, social security charter has been provided in Articles such as Article 41, 42, 43, 45, 47 etc. Article 41 directs the state to ensure the people within the limit of its economic capacity and development (a) employment (b) education (c)

public assistance in cases of unemployment, old age, sickness and disablement and in other cases of undeserved want. Thus the constitution has specifically made provisions for social securities to the vulnerable and working class.

Social Security System in India:

In India the social security measures was introduced only after independence in a planned manner. The social security measures adopted during the British rule was inadequate. The first labour law was framed by the British rulers in 1881. After the First World War, with the establishment of Madras Labour union, the labour movement was started in 1918. The beginning of social security was made in 1923 when Workers Compensation Act was made which provided the worker, with financial compensation in case of an accident during the course of the work. Later, some of the Acts like Employees State Insurance Act 1948, Provident Fund Miscellaneous Provisions Act 1952, Maternity Benefit Act 1961, Payment of Gratuity Act 1971 were enacted to benefit certain occupational groups who work in factories, mines and plantations on regular basis and purely organized sector.

On the other hand, in the recent years there has been a growing importance as well as needs of social security provisions for the unorganized sector, because of its importance both economically and
politically as it is a major contributor to the national product with 63% of the national income in 1994-1995\textsuperscript{12}. In 1995 a social security in the form of National Social Assistance Programme was introduced. The National commission for enterprises in the unorganized sector was set up by the United Progressive Alliance government under the chairmanship of Arjun Senguptha in Sept 2004. The commission prepared two draft bill: (a) The unorganized sector workers social security bill 2005, (b) Unorganised sector workers (conditions of work and livelihood promotion) bill 2005. The Unorganized sector social security bill 2006 prepared by National Commissom for Enterprises in the Unorganised Sector is a modified version of previous bill. This bill attempts to provide social security for the unorganized sector. Both the central government and the state governments have responsibilities to provide social security to all the workers in the unorganized sector with a monthly income of Rs.5000/- and below. This category includes self employed workers, wage workers and home based workers. As estimated, around thirty crore workers are eligible under this scheme\textsuperscript{13}. Every unorganized worker is eligible for registration. The registered worker will get a unique social security card. The existing welfare programmes will continue. A National social security fund will be created with the contribution divided between the central and the state

\textsuperscript{13} R.Mahendra Dev. The Hindu, 2005, op.cit., p.10.
governments. To determine the eligibility for registration in the proposed National Security Scheme, the commission deducts those workers in the unorganised sector having social security provided by the employer, unpaid family workers and farmer’s marginal and small ones. Accordingly out of 363 million, 263 million workers were eligible in 1999-2000 and in 2005-2006 about 294 million workers were eligible. This has been rounded to 300 million\textsuperscript{14}.

Thus, an attempt has been done by the government from time to time to reconceptualise the social security for the unorganised sector workers by paying attention to the issues of the workers particularly during the period of globalisation. The need is to extend more people and a more widespread system at the national level to meet the needs of such workers like beedi rollers.

Relevance of public policies and social securities to the beedi rollers

Beedi industry is confined to the unorganized sector which has been paid less attention and the labourers are not well organized, but perhaps the industry requires more protection and securities as it generates large number of poor and vulnerable sections. Since independence, the government of India has enacted several legislations to protect the workers and implemented social security schemes to

\textsuperscript{14} K.P.Kannan. 2006, op.cit., p.15-18.
improve their life conditions. All this was possible due to the strong labour movement after 1930 and the effective support by the Trade Unions to the labourers in every step of their struggle in obtaining facilities legitimately.

The enactment of various acts in the last decade of the 19th century began with the first Indian Factory Act which was passed in 1881 (Act xv of 1881)\(^{15}\). With this, an attempt was made to provide protection to the labourers in the industry against the exploitation of the employers. As this act was practically ineffective the government of India had to pass the Factory Act of 1891 which came into force in 1892 and continued till the new factories bill which was passed in 1911 duly came into force in July 1912. The World War I led to the expansion of industries resulting into increase of manufacture and profits. However, labour remained inarticulate, unorganized and enjoying no benefits. Consequently, the Act of 1911 was amended and the Indian Factories (amendment) Act, 1922 was brought into the statute. The same Act was further amended in 1923, 1926 and 1931 and the defect in the Act was tried to set right but nothing improved, amidst the intensive agitation to improve the conditions of labour. The result was in 1928, a Royal Commission on labour was appointed which submitted its report in 1931.

and as per its recommendation, the Factory Act of 1934 was passed. This Act was amended almost nine times and finally it was replaced by the Factories Act 1948.

Relevance of Factory Act 1948 to Beedi Industry:

Beedi industry, as per the documents, initially emerged as an organized sector and the production was carried out in the factory premises involving mostly the male workers. As a result of deliberate intention of the manufacturers, it became largely unorganized sector since the early 1950s. The manufacturers encouraged outsourcing the work as they realized that availing benefits to labourers would be a heavy burden on them. In order to avoid implementation of the provisions to the beedi labourers working in the factories under the Factory Act 1948, the whole industry was purposefully shifted into purely contract or home based system by the manufacturers. Therefore, in between 1948 to 1952 within five years the factory system disappeared and the contract system became a universal system. With these changes the labourers of the beedi industries does not come under the Factory Act of 1948 to access any benefits. It is difficult to determine the origin of this industry precisely. It can be traced back to 1906 in Dakshina Kannada, though the doubt prevails as it started even earlier than this date. When we look into the history of labour movement
particularly in Dakshina Kannada, there were protests by Dakshina Kannada Beedi Workers Federation and Trade Unions like Centre for Indian Trade Unions\textsuperscript{16} as well as All India Trade Union Congress\textsuperscript{17} in support for abolition of contract system. In spite of the protest, the contract system prevails till this date. This is mainly because after 1980 except in 1984, protests against contract system hardly took place in Dakshina Kannada. As a result of this, the home based beedi rollers do not enjoy any benefits as their right under the Factory Act 1948. Therefore, due to the government policies on stringent law relating to the organized sector and tax concessions to unorganized sector, the shift from the organized to the unorganized has been taken place. So the major production is done through contract system and hardly 10\% beedi manufacturing takes place in the organized sector.

The Factories Act 1948 was passed on 28\textsuperscript{th} August 1948 and came into force from 1\textsuperscript{st} April 1949 and for the first time held responsible of the employer to ensure health, safety and welfare of the worker while employing him or her on any manufacturing process. This Act contained various benefits and welfare measures for the beedi workers in different sections and clauses which can be claimed as rights as other factory


\textsuperscript{17} Kembavuta. October, 28, 1984, p1.
workers, but obviously it was provided only for those beedi workers who are employed in the industrial premises.

The manufacturing process has been defined in section 2 clause (k) of the Factories Act 1948. In 1976, this definition has been amended inorder to cover certain other processes which were not covered in the definition before this amendment. Beedi making was a manufacturing process as the verdict given by the Supreme Court18. Making beedies is a simple process. The beedi worker takes leaves and makes beedies; making or packing is done with a view to its use, sale, transport, delivery or disposal. Therefore, beedi making must be held to be a manufacturing process within the meaning of section 2(k) of the Act19. Under the manufacturing process the process of collecting, processing and storing and transporting the sun cured tobacco leaves and the process of moisturing, stripping, packing, binding and putting tobacco leaves in gunny bags and the process of making beedies20 and the packing finished goods products are all found in the list of manufacturing process.

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19 Ibid. p.156.
The Factories Act 1948 under Section 2 (1) explains worker as a person employed directly or through any agency with or without the knowledge of the principal employer for remuneration or not in any manufacturing process. Section 2(m) specifies factory means any premises including the precincts there of Section 2(K) explains manufacturing process means making, finishing, packing etc with a view to its use, sale, transport, delivery or disposal21. Whether a person is worker or not was said by the fact that a person was employed in the factory as per section 103 of the Factories Act. In the case of beedi manufacture the workmen who rolled beedies had to work at the factory and not at their house. Their attendance was noted in the factory and they had to work within the factory hours, though they were not bound to work for the entire period and they commute at their convenience. But if they attended after midday, they were not supplied with tobacco and thus not allowed to work in the factory. They could be removed from the service if they were absent for eight days. Payment was made on piece rates according to the amount of work done. If the beedies did not come up to the proper standard it would be rejected. On these facts the workers were workmen under the Factories Act and were not independent contractors.

The concept of employment in the Factory Act involves employer, employee and the contract of employment. The employment is the contract of service, between the employer and the employee under which the employee agrees to serve the employer subject to his control and supervision. The persons engaged in beedi rolling on a certain premises were workers defined in the Factories Act. But, the beedi rollers who work at home are paid by piece work and could take their work home and the conditions were not in consistent with the relationship of master and servant as they do not fulfil the facts of the meaning of worker under the Factory Act. Such workers are not covered under the Factory Act. As per the Act, the worker was a person, employed by the management and there must be a contract of service, the relationship of master and servant and the control and supervision over the workers. With the masters right of superintendence and control over the method of doing the work the test of the relationship could be examined. But when the same is applied to the work of rolling beedies, it was found that the rollers were employees of independent contractors and not the workers within the meaning of Section 2(l) of the Factory Act. With regard to the contract of service, relationship of master and servant in beedi rolling work, there is absence of such aspects and such relationship do not exist. The employer does not exercise the right to direct what work was to be done and also to control the manner in which
it was to be done. As the nature and extent of such control varying in
different industries is different from the nature of work as in beedies, so
it is incapable to define precisely. Looking into the nature of the beedi
work it can be hardly said that there can be supervision at the time when
beedies are prepared and there can be no directions to the manner of
work. But only at the end of the day the control of the manner in which
the work is done is exercised by method of rejecting the beedies which
are substandard. As per the conditions of the Factory Act, the home
based beedi rollers do not have any feature of the factory worker.
Hence, the persons working in rolling cigars could not be held workers
as defined in Section (1) of the Factories Act 1948. But they should be
taken as being employed within the meaning of Section 2(1) of Factories
Act based on the fact that though there was absence of contract of
service, control or supervision between the owner and the workers. It
should be noted that muster rolls were maintained for marking their
presence and cards issued, there were fixed hours of work, late
attendance was noted, the owner directed the work and controlled
manner of doing the work and the workers were not free to work in any
manner but they had to turn out the work in accordance with the
requirements of the owner. Therefore they should be taken as being
employed. But when persons engaged by the contractor in the
manufacturing process they do not come within the meaning of Section
2(1) of the Factories Act as they are not employed by the owner where the work was entrusted under a contract over which the owner had no control over the employees. Thus, the workers engaged by the contractors for rolling beedies do not fulfill the conditions of the Factories Act 1948, as they were not workers. The element of freedom of work is more in beedi as beedi roller could work as much time he liked or not and had freedom to go to the factory at his convenience and put up any minimum quantity of work.

All the above aspects clearly indicates that there is no necessary element like the actual and direct relationship between the owner and the employee and no actual supervision and control over the roller during the work since he performs his work at home. Piece rate workers were part time workers within the definition of ‘worker’ in the Act but the beedi rollers were not regular workers, so the whole concept of service is missing. As the rollers could be recruited by the independent contractors they are not be considered as workers within the definition in Section 2(1) of the provision of Factories Act 1948. On the other hand, the provision of act could be fully applied on those workers who were appointed to work within the factory premises fulfilling all the conditions under the Act.
Even after implementation of 1948 Act the working conditions prevailing in the beedi establishment was unsatisfactory. Since all the employers' inorder to avoid giving provisions under the act, split their concerns into smaller units, so the Factories Act could not be applicable to beedi industry. The Government of India has provided suitable legislation from time to time to protect the interest of the workers but without providing attention to the beedi workers. To see the problems of the beedi rollers the Government of Madras appointed a court of enquiry in 1947 to probe into the labour conditions in beedi and cigar industries and a separate Act known as the Madras Non Power Factories Act was passed in 1947. In 1958 the Madras government also passed the "Madras Beedi Industrial Premises (Regulations of conditions of work) Act 1958 and was enforced in 1959. Other states like Kerala and Mysore also passed legislation relating to beedi and cigar factories. But the condition of beedi workers remained the same. Ultimately the central government, keeping in view the interests of the workers employed in beedi establishments, it enacted Beedi and Cigar Workers (conditions of Employment) Act 1966.

This Act has been enacted to regulate the conditions of work and to provide welfare to the beedi rollers. But like the previous Factories Act 1948, even this Act has limited coverage as it also specifies that
certain measures have been provided to improve the conditions of those beedi rollers confined to work in the industrial premises. It does not cover the home based workers. Probably because of this, home beedi workers did not get any benefit under this Act. In Dakshina Kannada and Udupi, by the time this Act was enacted and implemented, the factory system which was the base of this industry was discretely dismantled by the owners to avoid adherence to the Act and changed into totally home based or contract system. Therefore, in this district all the beedi rollers were changed as home workers and these rollers have been deprived of various benefits under 1966 Act.

The Act known as the Beedi and cigar workers (conditions of employment) Act 1966 extends to the whole of India except Jammu and Kashmir. It applies to all establishments which are manufacturing beedies. License is compulsory under this Act for industrial premises. The provisions and benefits provided under this Act are mainly applicable to the industrial workers. But as a special feature in this district, manufacturing of beedies takes place through contract system and the work is done in the rollers dwelling houses. Employer-employee relationship is not well defined. Due to these factors the application of the Factories Act and even 1966 Act has met with difficulties.
This Act in section 2(f) explains employee as a person employed directly or through any agency for wages or not, in any establishment to do any work skilled, unskilled, manual or clerical. It includes any labour who collects raw material from an employer or a contractor for being made into beedi, cigar or both, at home and a person employed by an employer or a contractor but working with the permission or agreement with the employer or contract or both. Section 2 (g) explained ‘employer’ means the principal employer in relation to contract labour or other labour who has the ultimate control over the affairs of any establishment, supply of goods and entrusts the affairs of the establishment to such person called managing agent, manager, superintendent etc.

As per 2 (h) establishment means any place or premises and precincts in which manufacturing process of beedi or cigar is carried on and includes an industrial premises. 2(k) explains about the manufacturing process means any process for making, finishing or packing to use, sale, transport, delivery or disposal as beedi or cigar. Beedi making is a manufacturing process. Section 2(n) explains “private dwelling house” as a house in which persons engaged in the manufacture of beedi or cigar.
The definition of employee under section 2(f) is very wide which also recognises the home worker who is given raw material for processing beedi at home. It also recognises 'contract labour' through contractor and any person who is given material by an employer or a contractor is an employee. But the court held that independent contractors were only name lenders and the workers employed by them were employees within meaning of Section 2(f) of the act 1966. The beedi workers could not claim the Privileges under the Factory Act as there was no agreement or contract of service between the owner of the establishment and the beedi rollers. The beedi roller need not go to the factory or do the work for any fixed hours. The beedi roller could be absent from work any day but if he is absent for more than ten days he has to inform his willingness to continue in the work to the contractor. Since he/she performs his/her beedi work at home there was no actual supervision of the work. The roller is paid on the piece rate system on the quantity of beedies turned out. Beedi leaves were supplied to the roller by the contractor whereas the tobacco was supplied at the factory. Rollers under the permission of the owner could take the materials outside and used to deliver the beedies at the close of the day. The days work was ascertained from the work register. The rollers do not work under contract of employment. They were employed by the contractors and were not workmen of the management as defined in Section 2 (1) of
the Factories Act 1948. But seeing the system of beedi manufacture as it is carried out through the contractors who were indigent persons who performed no special duties except to take the raw materials from the manufacturer to the workers and collect the manufactured beedies. The contractors themselves were mere employees or were functioning as branch managers of various factories. Their remuneration or commission being dependent upon the work turned out. Because of which the beedi rollers can not be considered as the employees of the contractors but they become the employees of the beedi manufacturers. Based on the agreement between the contractor and the management, the management furnishes tobacco and leaves to the contractor to supply it to the rollers recruited by him. The contractor pays to the rollers on piece rate basis and the rates were so fixed to leave a slight margin for the contractors after meeting all the expenses. The contractor’s role in these cases was they are merely branch managers appointed by the management and the relationship of employer and employee subsisted. As per the provisions of Act the worker need not be employed directly by the principal employer. He can be employed by or through any agency by a contractor with or without the knowledge of the principal employer for remuneration or not. Due to all these explanations, there are certain provisions available to the home workers such as annual leave with wages, maternity benefit, protection against dismissal, non
payment of wages, defective supply of raw materials and arbitrary rejection of beedies called chaat. But all these provisions are available to the workers of industrial premises. Those beedi industry workers are entitled for leave with wages, health and welfare and also regulated working hours. Penalties are prescribed under the Act for violations\(^22\).

The Beedi and cigar workers (conditions of employment) Karnataka Rules, 1969 applies to the whole of Karnataka. The industry has to maintain important registers such as (a) leave with wages in form VI and VII (Home workers) (b) Muster of roll of employees in form XIII (c) Home workers log book in form XIV (d) Monthly return in form XI and (e) Annual return in form XII. The state government has by notification in the official Gazette, made rules- for carrying out the purposes of this Act.

The Act of 1966 was provided to rectify the problems of not covering the beedi rollers in 1948 Factories Act particularly the home workers. Even the 1966 though contained large parts of provisions as well as facilities for the rollers on the other hand, it meant only to the rollers working in industrial premises. But it failed to provide major facilities to the home workers and to improve their working conditions.

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Hesitance of identifying beedi industry as an industry under the Factory Act 1948 as the owners power played important role to shift beedi into home based has deprived the beedi rollers from obtaining any facilities and securities like their counterparts who are working in other industries. The same error was continued by the government even under the Beedi and cigar workers condition Act 1966. Due to this, the home beedi workers lack work security. Hence, there was no statutory law to provide any protection to the home based beedi rollers until the beedi workers welfare fund Act 1976 was enacted.

Beedi Workers Welfare Fund Act 1976 and Beedi Workers Welfare Cess Act 1976:

The Government of India has set up welfare funds for workers of six classes. It includes mines and beedi workers, cine workers, dock workers, building and construction workers. The welfare funds is an important measure legislated by the Government of India. Beedi workers welfare fund has been constituted to provide welfare facilities to the beedi rollers. In these context two Acts namely Beedi Workers Welfare Cess Act, 1976 and Beedi Workers Welfare Fund Act 1976 have been enforced with effect from February 1977. The rules framed
under Beedi Workers Welfare Fund Act 1976 came into force in 1978 and the rules under Beedi Workers Welfare Cess Act, 1976 came into force in 1977. These Acts are enacted to provide for the financing of measures to promote the welfare of persons engaged in beedi establishments.

Labour Welfare Administration:

The Ministry of labour, Government of India and departments of labour in the state government administer the legislations pertaining to labour policy and labour welfare. The organisation of the Ministry of Labour is assisted by four attached offices. The Ministry is responsible for the administration of welfare funds in respect of workers in the beedi industry. Attached offices are i) Director General of employment and training (ii) office of the Chief labour commissioner (central) iii) Directorate general of factory advice service and labour institutes iv) Directorate of Labour Bureau. The union ministry of Labour administers the funds through the nine regional offices covering fourteen states and union territories in the country. In the state level, the labour welfare organization administers the fund. The headquarters of the labour welfare organization is located at Bangalore which looks after the affairs of the states of Karnataka, Kerala and Lakshadweep. The head of labour welfare organization is the Director General of labour welfare in the
Ministry of labour, New Delhi. The Labour welfare organization not only administers the welfare fund of the workers but also deals with matters related to policy and legislation. Beedi workers welfare fund is constituted from the levied cess and collected by way of excise duty on the manufactured beedies from the registered companies. The central government may, by notification in the official gazette, make rules for carrying out the provisions of the Act. In each region labour welfare organization has been placed under the charge of a welfare commissioner who has been assisted by Deputy Welfare Commissioner and assistant welfare commissioner. Different schemes have been introduced for providing welfare measures to the beedi workers such as (a) setting up static and static-cum-mobile medical units (b) build your own house scheme (c) Housing scheme for economically weaker section of beedi workers (d) Grant of scholarships to children of beedi workers (e) Reservation of beds in Tuberculosis hospitals (f) Grant of financial Assistance to co-operative societies of beedi workers for construction of sheds and godowns. The Beedi Workers Welfare Cess Act provides for levying duty of excise by way of cess on manufactured beedi. For financing the welfare activities of the fund, the Beedi Workers Welfare Cess (Amendment) Act 1981 has been enacted and cess has been levied as a duty of excise on manufactured beedies. This Act provides for levying cess on manufactured beedies at the rate of not less than 10
paisa or more than 50 paisa per 1000 manufactured beedies. The proceeds are being utilized to finance the welfare fund for the beedi workers. The Finance Act, 1979-80 exempted unmanufactured tobacco from the levy of Central excise duty and licensing of warehouses was discontinued. After Beedi Workers Welfare Cess (amendment) Act 1981 has been enacted, cess has been levied on manufactured beedies. Initially cess has been levied at 10 paisa per 1000 manufactured beedies with effect from January 1982.\(^{23}\)

Since 1\(^{st}\) March 1987 the cess has been collected at the rate of 30 paisa per 1000 beedies inorder to meet the increasing cost administering various welfare measures under the fund. Subsequently, it was increased to 50 paisa per thousand manufactured beedies from 17\(^{th}\) October 1995. The Beedi Workers Welfare Cess Act 1976 has further been amended in 1998 so as to increase the minimum rate from 10 paisa to 50 paisa and maximum rate of cess from 50 paisa to Rs.5 per 1000 manufactured beedies and w.e.f 20\(^{th}\) June 2000 it was increased from Rs1/- to Rs 2/- per 1000 beedies.\(^{24}\)


Table 1: The cess collected and spent since 1995 (National Level)

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<thead>
<tr>
<th>Year</th>
<th>Cess collected (in crores)</th>
<th>Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-1996</td>
<td>14.70</td>
<td>25.34</td>
</tr>
<tr>
<td>1996-1997</td>
<td>21.20</td>
<td>23.76</td>
</tr>
<tr>
<td>1997-1998</td>
<td>21.90</td>
<td>26.15</td>
</tr>
<tr>
<td>1998-1999</td>
<td>25.07</td>
<td>31.41</td>
</tr>
<tr>
<td>1999-2000</td>
<td>40.00</td>
<td>37.84</td>
</tr>
<tr>
<td>2000-2001</td>
<td>57.07</td>
<td>53.02</td>
</tr>
</tbody>
</table>

Source: ISEC Report and Nagarika Seva Trust Magazine (2005)

The above table shows the total cess collected and spent at the national level. This has been collected from the registered companies manufacturing more than 20 lakhs beedies per annum.

In the state level the total amount of cess collected in different years has been given in the following table. This cess has been levied upon all the registered companies manufacturing more than 20 lakh beedies per annum.

Table 2: Total cess collected in Karnataka under Beedi Workers Welfare Fund Act (Rs in crores)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Amount (Rs in crores) of cess collected</th>
<th>Amount of cess spent on various welfare measures</th>
<th>Amount spent to amount collected %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>5.21</td>
<td>5.05</td>
<td>96.9</td>
</tr>
<tr>
<td>2000-2001</td>
<td>8.57</td>
<td>6.09</td>
<td>71.1</td>
</tr>
<tr>
<td>2001 -2002</td>
<td>9.33</td>
<td>8.69</td>
<td>93.1</td>
</tr>
<tr>
<td>2002 -2003</td>
<td>9.43</td>
<td>9.71</td>
<td>103</td>
</tr>
<tr>
<td>2003 -20 04</td>
<td>9.08</td>
<td>11.67</td>
<td>128.5</td>
</tr>
</tbody>
</table>

This table shows the total cess collected at the state level and the amount collected in various years shows it has been increasing every year.

**Table 3: The table below shows the expenditure of cess on various purposes.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Health (%)</th>
<th>Education (%)</th>
<th>Housing (%)</th>
<th>Administration</th>
<th>Total (Rs. In crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>63.5</td>
<td>31.8</td>
<td>0.1</td>
<td>4.6</td>
<td>5.05</td>
</tr>
<tr>
<td>2000-2001</td>
<td>54.5</td>
<td>41.8</td>
<td>0.0</td>
<td>3.7</td>
<td>6.09</td>
</tr>
<tr>
<td>2001-2002</td>
<td>36.1</td>
<td>60.8</td>
<td>0.1</td>
<td>3.0</td>
<td>8.69</td>
</tr>
<tr>
<td>2002-2003</td>
<td>35.9</td>
<td>55.3</td>
<td>6.1</td>
<td>2.7</td>
<td>9.71</td>
</tr>
<tr>
<td>2003-2004</td>
<td>32.9</td>
<td>55</td>
<td>9.5</td>
<td>2.6</td>
<td>11.67</td>
</tr>
</tbody>
</table>

Source: ISEC Report, Bangalore (2005)

The above table indicates that the proportion of the amount spent towards health benefits declined, whereas amount spent on educational benefits has consistently increased. Though housing benefit provisions have been increased, its distribution is not very satisfactory.
Table 4: The below table shows the cess collected in Dakshina Kannada from 2002-2003 to 2007-2008.

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Year</th>
<th>Quantity (in 000s) manufactured</th>
<th>Quantity (in 000s) Cleared</th>
<th>Cess (in lakhs)</th>
<th>Total duty (lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2002-2003</td>
<td>3,86,06,691</td>
<td>3,68,27,193</td>
<td>779.69</td>
<td>3,312.84</td>
</tr>
<tr>
<td>2</td>
<td>2003-2004</td>
<td>3,56,34,592</td>
<td>3,52,50,931</td>
<td>732.40</td>
<td>3,128.35</td>
</tr>
<tr>
<td>3</td>
<td>2004-2005</td>
<td>3,69,61,592</td>
<td>3,68,30,563</td>
<td>754.23</td>
<td>3,251.26</td>
</tr>
<tr>
<td>4</td>
<td>2005-2006</td>
<td>3,97,47,908</td>
<td>3,80,36,658</td>
<td>1,520.45</td>
<td>4,002.56</td>
</tr>
<tr>
<td>5</td>
<td>2006-2007</td>
<td>4,29,53,288</td>
<td>3,77,22,816</td>
<td>1,944.96</td>
<td>4,686.50</td>
</tr>
<tr>
<td>6</td>
<td>2007-2008</td>
<td>3,80,86,080</td>
<td>3,43,16,858</td>
<td>1,880.47</td>
<td>5,193.54</td>
</tr>
</tbody>
</table>


This table clearly shows that the proportion amount of cess and excise duty collected has consistently increased. The prevailing excise duty of Rs.12.24 for 1000 beedies was increased to Rs.16.48 in the recent year. As per the table, it is clear that even today beedi establishment in Dakshina Kannada has not fallen back to contribute to the national exchequer.

The fund for the Beedi workers was constituted in 1976 and the same became operative with effect from 15.2.1977. For this the managements of the beedi industry have to contribute a cess which has been collected as a duty of excise on manufactured beedies. Beedi Workers Welfare Fund is one which has been constituted for the welfare of the beedi workers. Under this scheme, the beedi labourers can avail the facilities such as health, social security, housing, educational and

25 'Beedi VAT raddathige Agrahisi C.Mge Manavi', Published in Udayavani, on 14.04.2007, p.11.
recreational facilities through the labour welfare organization. To avail these facilities the annual income of the beedi workers should be within Rs.10000/- whereas previously the limitation of income was Rs.3500.

Various health benefits for the beedi workers:

The labour welfare organization has set up hospitals and dispensaries to provide free health care to beedi workers and their dependents under various health schemes. These hospitals and dispensaries are funded exclusively by Beedi workers welfare fund. As said earlier, Ministry of labour administers the fund at the state level through labour welfare organizations. In Karnataka, Bangalore is the headquarters of the labour welfare organization. Following are the various health benefits available for the beedi labourers.

Free medical treatment through departmental hospitals and dispensaries for workers and their dependents:

Under this scheme, the beedi workers and their dependents get free health care as well as family welfare measures in all the hospitals and dispensaries established by the labour welfare organization. The labour welfare organisation at present is running 13 hospitals, have the capacity of 513 beds and 276 dispensaries at different places in our
In Karnataka there is only one central hospital located at Mysore with fifty beds meant for the beedi workers. In the initial stage of its establishment in 1990, it contained only thirty beds and later in 1996 it has been extended to 50. The hospital is well equipped, but it is not functioning properly. Besides this, there are nearly thirty dispensaries in different parts of Karnataka State. In Dakshina kannada and Udupi district, there are twelve dispensaries which are established in different parts of the districts. They are as follows:

1. Mobile dispensary in Padil, Mangalore, D.K.
2. Static and Mobile dispensary in Tumbay, D.K
3. Static and Mobile dispensary in Moodabidri, D.K
4. Static and Mobile dispensary in Katipalla, D.K
5. Static and Mobile dispensary in Deralakatte, D.K
6. Static and Mobile dispensary in Puttur, D.K
7. Static and Mobile dispensary in Vamadapadav, D.K
8. Static and Mobile dispensary in Udupi
9. Static and Mobile dispensary in Karkala
10. Static and Mobile dispensary in Uppinagady, D.K
11. Static and Mobile dispensary in Kemral Haleangady, D.K
12. Static and Mobile dispensary in Kalladka, D.K

There are different schemes relating to medical assistance provided to certain ailments. Most of these schemes were started in 1980s. To get these benefits, a person should have been a worker for minimum period of 6 months inorder to get free treatment for a number of diseases.

Treatment of Cancer:

Under this scheme, for reimbursement of expenditure of treatment of cancer, the beedi worker must have completed at least 6 months service in order to get this benefit for both himself and his/her dependents at home. This facility has been provided since 1984. Under this scheme, the actual expenditure for treatment, medicinal charges incurred by the workers or his dependents, will be reimbursed irrespective of any income limit provided the treatment has been obtained in any hospitals recognised by the government. During the course of treatment, the worker will get substance allowance at the rate of Rs.600-750 per month. This amount is given only to the worker who can also claim conveyance allowances, provided the worker produces the certificate, certified duly by the concerned doctor. To avail this facility the beedi worker requires to obtain permission of the welfare commissioner.
Treatment for Tuberculosis:

The beedi rollers or their dependents who suffer form Tuberculosis can avail free treatment. The worker should have minimum six months service in beedi rolling so that he/she and their dependents will get free treatment for Tuberculosis. The facility available under this scheme is reservation of beds in Tuberculosis hospitals/Sanatoria and domiciliary treatment of Tuberculosis for beedi workers and their dependents. This facility is available since 1978. For buying medicines Rs.50 and subsistence allowance of Rs.600-750 during the course of treatment is given but this is available only for the workers. In Karnataka nine Tuberculosis hospitals have been established and 24 beds are reserved in the hospitals. In Dakshina Kannada one Tuberculosis hospital at Moodushedde was established and five beds are reserved for the beedi workers. This facility was in a kind of encouragement to take up and continue with the beedi work. Some of the hospitals which have reserved beds for the benefits of the beedi rollers are as follows:
<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of hospitals and place</th>
<th>No. of beds reserved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>P.K. Tuberculosis Hospital Mysore</td>
<td>02</td>
</tr>
<tr>
<td>2</td>
<td>MGM Tuberculosis Hospital Mandya</td>
<td>02</td>
</tr>
<tr>
<td>3</td>
<td>MGM Tuberculosis Hospital Gadag</td>
<td>02</td>
</tr>
<tr>
<td>4</td>
<td>Government Tuberculosis Hospital Mudushedde. DK. District</td>
<td>05</td>
</tr>
<tr>
<td>5</td>
<td>Government Tuberculosis Hospital Bangalore</td>
<td>02</td>
</tr>
<tr>
<td>6</td>
<td>Wellesely Tuberculosis Hospital Bellary</td>
<td>06</td>
</tr>
<tr>
<td>7</td>
<td>Government Tuberculosis Hospital Bijapur</td>
<td>02</td>
</tr>
<tr>
<td>8</td>
<td>Government Tuberculosis Hospital Gulbarga</td>
<td>02</td>
</tr>
<tr>
<td>9</td>
<td>Government Tuberculosis Hospital Kolar</td>
<td>01</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>24</strong></td>
</tr>
<tr>
<td>10</td>
<td>Sanatorium for chest diseases, Pulayanarkottaia, Kerala</td>
<td>05</td>
</tr>
<tr>
<td>11</td>
<td>Sanatorium for chest diseases Periyaram, Kannur district Kerala</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>20</strong></td>
</tr>
</tbody>
</table>

Treatment for leprosy:

Beedi workers with minimum six months service and their dependents can avail this facility. Free treatment is available to such patients in leprosy control centers. During the period of treatment only the workers get Rs.200 to 300 as subsistence allowance. Prior permission of the welfare commissioner is required to obtain this
facility, which was made available since 1986. However, since 2006 the subsistence allowance has been increased to Rs.600-750.27

Heart disease treatment:

For the treatment of beedi rollers suffering from heart diseases the reimbursement of expenditure scheme was launched. This scheme was crystallized since 1984. To avail this facility, the worker should have put up minimum three years of service. With the prior permission of the welfare commissioner the patient (the beedi roller) could undergo treatment in government recognized hospitals. This scheme is also available to the dependents of beedi rollers. Financial expenditure of maximum Rs.1,30,000 or 50% of the actual cost (whichever is less) is reimbursed along with the subsistence allowance of Rs.750-1000 per month and conveyance charges will be paid.

Kidney transplantation treatment:

Beedi rollers and their dependents get financial assistance for kidney transplantation provided the beedi roller has put in three years length of service. This scheme was started in 1992. The worker with kidney problem has to undergo treatment in government recognized hospital with the prior permission of the welfare commissioner. Financial assistance upto maximum Rs.2 lakhs or 50% of actual

27 Source: Office of Labour department, Bendoorwell, Mangalore.
expenditure (whichever is less) is made available for the concerned person. In addition to this, the subsistence allowance of Rs.750 –1000 per month and conveyance charges will be reimbursed. There are no governmental hospitals exclusively for this.

Family Planning Scheme:

The beedi worker and the spouse will get the benefit of monetary compensation for sterilization under this fund. The beedi worker should have 6 months service. This scheme was started in 1988. A worker with two children or less than two; either the worker or the spouse undergoes family planning operation, an amount of Rs.200/- as incentive is paid to the worker or the spouse on producing the doctor’s certificate. Since 2007 it has been increased to Rs.50028.

Maternity Benefit:

Since 1988, the female Beedi worker is extended with the maternity benefit. A female beedi worker with at least continuous six months service would get this benefit but only twice in her career. For this, the female beedi worker is required to submit certificate from the competent doctor. A total amount of Rs.1000/- is given for the first two deliveries and she is also eligible to avail maternity leave.

Financial help to purchase spectacles:

28 Source: Office of Labour Department, Bendoorwell, Mangalore.
Beedi workers suffering from eye conjunctivitis will be provided financial assistance to purchase spectacles. This scheme is provided only for the beedi rollers and not to their dependents. It was started in 1984. The beedi worker is required to have put in five years continuous service to avail this policy benefit. The worker will be given Rs.150/- for the purchase of spectacles and Rs.70/- for replacement of the lens. Welfare commissioner permission is not obligatory. However, the amount has been increased to Rs.300 since 2007\textsuperscript{29}.

Mental disease treatment:

The beedi worker or dependents can avail facilities of free treatment for mental illness. This scheme was introduced on 1987. The worker with continuous six months service is eligible and will be given free treatment in any government mental hospitals and the amount of Rs.180-900 per month is paid to the mental hospital till the treatment goes on. As subsistence allowance Rs.600-750 per month is paid for nine months. The permission of the welfare commissioner is required by the patient to claim this facility.

\textsuperscript{29} Source: Office of Labour Department, Bendoorwell, Mangalore.
Financial assistance for Hernia, ulcer, appendicitis, gynaecological and prostrate diseases:

A beedi worker or his/her dependants suffering from any such diseases like hernia, ulcer, appendicitis, gynaecological and prostrate diseases will be helped under this scheme. This facility is in action since 2003. As per the condition fixed, the worker must have three years continuous service as beedi roller. He can get treatment in a recognized hospital for which Rs.30,000/- will be paid, provided he or she has obtained prior permission of the welfare commissioner.

This is how the Beedi Workers Welfare Fund Act and Beedi Workers Welfare Cess Act, various policy decisions were taken to and schemes were introduced for the benefit of beedi workers. However, all these facilities were extended to those who are in possession of identity card and pass book issued by the company to which they work. Thus, only the registered beedi workers get all these benefits and those who have not registered and do not have pass book are denied of these facilities.

Along with health facilities provided through several public policy programmes the government has also extended other benefits like housing schemes. Under this scheme, the beedi workers get financial
assistance for the construction of houses. Indeed, this scheme was commenced in 1978. The housing assistance is provided in two forms.

Firstly, integrated housing scheme 2004 for beedi workers:

This scheme for beedi workers came into effect in 2004. It has been devised by integrating the earlier schemes, namely (1) Build your own house scheme for beedi workers, (2) Housing scheme for beedi workers of economically weaker section and (3) group housing scheme. It is applicable to the home based beedi workers or employee of any establishment. A worker engaged in this industry for more than one year with monthly income not exceeding Rs.3,500 is eligible for the scheme. This income limitation has been raised to Rs.6, 500/- at present. Similarly an amount of Rs.20, 000 which was provided to a beedi worker as financial assistance for construction of his own house has been enhanced to Rs.40,000/- at present.\(^\text{30}\)

The procedures involved in availing this benefit is similar to that of all other nationalized banks except for the kind of subsidy provided.

Subsidy: Subsidy at the uniform rate of Rs.40,000 per worker or 50% of the actual cost of the construction per tenement (whichever is

\(^{30}\) As per the order No.M-11011/1/2000, w.111, dated July, 24.2004, by Ministry of Labour and employment, New Delhi, the above said changes has been done.
less) is paid. The applicant beedi worker or his/her spouse or any of the dependants should not have already availed of the facility of subsidy under this scheme or any other of erstwhile housing scheme under labour welfare fund.

Secondly, subsidy for Repair/Renovation/Alteration:

A subsidy of Rs.5,000 or the cost of repair/renovation/alteration whichever is less paid to the beedi rollers. Application for subsidy shall be entertained by the concerned welfare commissioner only after 15 years of construction of the house for which subsidy for repair has been applied for. The applications should be scrutinized by the concerned welfare commissioner. Subsidy shall be restricted to only repair of pucca house of atleast 15 years after the completion of construction or due to damage caused by natural calamities. However, there is a lengthy official procedures involved in sanctioning of the financial benefits.

Educational benefit:

The Government of India and Ministry of labour through labour Welfare Organization have formulated a number of measures relating to the provisions of educational benefits to the children of beedi rollers. There are different schemes which aim at providing financial assistance to beedi rollers for their wards education and Beedi Workers Welfare

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Fund provide fund for this. The children of such beedi rollers having at least six months service would get these benefits. The following benefits are available to the eligible children of beedi rollers which are divided into four types.

Firstly, financial Assistance to purchase slates/books and uniform: Annual financial assistance of Rs.250 to each child from I to IV to purchase one set of uniform, book, states etc is provided under this scheme.

Secondly award of scholarship: Annual assistance is provided in terms of scholarship to children to enable them to pursue school and college education.

Table 5:-The following table specifies the recent document available with regard to the amount of scholarship distributed to the wards of beedi rollers belonging to different classes

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Class/Standard</th>
<th>Amount of benefit</th>
<th>Boys</th>
<th>Girls</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I to IV</td>
<td></td>
<td>Rs.250</td>
<td>Rs.250</td>
</tr>
<tr>
<td>2</td>
<td>V to VIII</td>
<td></td>
<td>Rs.500</td>
<td>Rs.940</td>
</tr>
<tr>
<td>3</td>
<td>IX</td>
<td></td>
<td>Rs.700</td>
<td>Rs.1140</td>
</tr>
<tr>
<td>4</td>
<td>X</td>
<td></td>
<td>Rs.1400</td>
<td>Rs.1840</td>
</tr>
<tr>
<td>5</td>
<td>XI,XII,PUC I and II</td>
<td></td>
<td>Rs.2000</td>
<td>Rs.2440</td>
</tr>
<tr>
<td>6</td>
<td>3 yrs technical/degree and post graduation</td>
<td></td>
<td>Rs.3000</td>
<td>Rs.3000</td>
</tr>
<tr>
<td>7</td>
<td>Professional degree-BSC(Agri), M.B.B.S and B.E</td>
<td></td>
<td>Rs.8000</td>
<td>Rs.8000</td>
</tr>
</tbody>
</table>

Thirdly, incentives on the basis of attendance for girls: Financial incentive of Rs.440/- per annum is provided to female students studying and attending the school and college. This incentive is provided to girls studying in 5th standard upto pre-university courses as Rs.2/- per attendance.

Fourthly, incentive on the basis of percentage of marks obtained: The wards of beedi rollers would also get incentives on the basis of percentage of marks obtained in the final exams. The incentive amount varies from different classes to classes on the basis of marks scored.

Table 6:- The below table shows the incentive amount provided to the students of different classes

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Class/Standard</th>
<th>I class 60% and above</th>
<th>II Class 50% and above</th>
<th>III class below 50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Xth standard</td>
<td>Rs.1,000/-</td>
<td>Rs.700/-</td>
<td>Rs.500/-</td>
</tr>
<tr>
<td>2</td>
<td>II PUC/TCH/ITC etc</td>
<td>Rs.1,500</td>
<td>Rs.1,000</td>
<td>Rs.700</td>
</tr>
<tr>
<td>3</td>
<td>Graduates/Three years diploma</td>
<td>Rs.2,000</td>
<td>Rs.1,500</td>
<td>Rs.1,000</td>
</tr>
<tr>
<td>4</td>
<td>Professional courses</td>
<td>Rs.4,000</td>
<td>Rs.3,000</td>
<td>Rs.2,000</td>
</tr>
</tbody>
</table>


The Karnataka government provides reasonable and maximum financial assistance to children of beedi rollers with the intention of encouraging the children to attend classes and continue their education.
With regard to the first scheme the number of beneficiaries in the year 1999-2000, were 6000 and the amount spent was Rs.7,50,000 as Rs.125 per student. In 2000-2001, and 2001-2002 and 2003-2004 the number of beneficiaries were 6000 and the total amount was 15,00,000 as per Rs.250 per student. In 2002-2003 the number of beneficiaries were 7,500 and the total amount spent was 18,75,000.

With these public policy protections the beedi rollers were encouraged in a big way. However, with the wages Act coming to the scene the workers found the beedi work more meaningful and reliable.

Minimum Wages Act 1948: This Bill provides for fixation of minimum wages by the provincial governments for employment covered by schedule of the bill. The items in the schedule are those where sweated labour is more prevalent or where there is a big chance of exploitation of labour\textsuperscript{32}. The Minimum wages for the beedi workers are fixed under the Minimum Wages Act 1948 by respective state governments. The rate of wages is also revised by the state government from time to time. It provides for periodical revision of wages fixed. Section 3 of the Act empowers the appropriate government to fix the minimum rate of wages and to alter the existing legal condition between

the employer and employee which is not commensurate with the provisions of the Act. Section 17, provides that every employer shall maintain registers and provide particulars of employees employed by him, the work performed by them, the wages paid to them, receipts given by them as prescribed. In the case of outworkers in a factory, workshop or place for giving outwork to them, notice in the prescribed form containing prescribed particular should be made. It also provides that the appropriate government may by rules, provide for the issue of wage books or wage slips to employees employed in any scheduled employment in respect of which minimum rates of wages have been fixed. It prescribed that the entries shall be made by the employer or his agent in the prescribed manner. This Act provides that every employer including a contractor who engages labours for others, who owes the establishment or factory is bound by the provisions of the Act, to comply with the requirement of maintaining registers. As provided by the Act, the beedi making work has been mentioned in the schedule of the Act. In Section 2 (g) and 27 Part I of the schedule the employment in any tobacco (including beedi making) manufacturing has been specified for fixing minimum rates of wages.

The Minimum wages Act 1948 has been undergone amendment in 1951, 1954, 1957, 1961, 1970 and 1986. In 1970 central labour law was extended to Jammu and Kashmir and in 1986 the child labours Prohibition and regulation Act was brought out. The rate of wages is revised by the state governments from time to time. Indeed, in the case of Karnataka, the rate of wages for rolling of 1000 beedies at the rate of Rs.7.40 was revised and fixed on 1-1-1982 as was decided at a meeting of labour ministers of some state in 1981. In 1990 though the shanthappa committee recommended fixing Rs.23.80 wages and Rs.3.50 Variable Dearness Allowance for every point, the government fixed only Rs.19.65 and 2 paisa Variable Dearness Allowance per point after 908 points.

The minimum wages for beedi workers has been determined by the tripartite committee consisting of the representatives of the companies, government as well as Trade Unions. Generally once in five years wages are revised. But, as the case related to the minimum wages for beedi workers has been pending in the court, the existing rate has been fixed according to the agreement made by the Trade Unions and the company owners. It has been fixed for all the categories of workers involved in the beedi making process such as labelling workers,

34 Zaheeruddin. 1985, op.cit., p.111
checkers, drivers and beedi rollers. Till recently beedi rollers were getting wages as Rs.55.25, though the wages has been fixed at the rate of Rs.74.60. However, the Trade Unions had pressurized the government to fix the wage at the rate of 62.

Karnataka gazette order dated 24.10.1996 specifies as per the Minimum wages Act, the wages should not be less than Rs.36.85. Against this, the owners filed petition in the High Court and were able to bring stay to implant this. In 1991 the wage rate was 25.67, was increased to Rs.70.70 in 2003. The workers were actually paid Rs.55.25 excluding other benefits. On 16.4.1997 the petitioners were asked to pay Variable Dearness Allowance at 2.5 paisa, over and above 1,513 points. The wage rate was Rs.40 for Variable Dearness Allowance upto 1,836 point settled between the employers and unions which was in force from 1.4.1997 to 31.3.2000. As per the demand in 1.4.2003 the beedi companies though agreed to pay Rs.55.25 per 1000 beedies including increased Variable Dearness Allowance RS.1.23 but the companies did not fulfill this promise. In between Trade Unions appealed against High Court order dated 9.09.99, which dismissed the order dated 24.10.1996. But the Karnataka High Court Single judge sitting cancelled the order dated 09.09.99 in its decision on 03.06.2003 and notification of 24.10.1996 was upheld. Contrary to this, the beedi
owners have filed a special writ in the supreme court against the
decision dated on 03.06.2003 and the supreme court as per the order on
18.11.2005 it has accepted the appeal for further enquiry and it is still
pending in the supreme court for its final investigation and judgement.

In the meantime, the state government as per Minimum wages
Act 1948 Section 5(1) (b) clause reviewed the wages of the beedi rollers
and released the order dated 25.06.2002. Since the Minimum wages
advisory committee delays to provide its recommendation to the government,
the wages of the labourers have not been revised, since 1996. The
demand made by the beedi Workers and Trade Unions in a meeting held
on May 2006 under the chairmanship of Karnataka labour minister and
minister for minority, a special committee was decided to be formed to
recommend the revised rate for the workers. Later Karnataka
government repealed the order dated 25.06.2002. As per the
recommendation of the special committee which was formulated on
June 2006 to recommend wage revision reported on Sept 2006 and
accordingly the wages of the beedi workers was revised with an
immediate effect. Hence, on Oct 2006 onwards the wages of the beedi
workers has been raised to Rs.60 for 1000 beedies. This has
incorporated the consumer Price Index and in Karnataka total Consumer Price Index is 2967 points\textsuperscript{36}.

Bonus Benefit:

The bonus is paid to the beedi rollers, particularly for permanent and pass book holders and also the part time rollers once in a year. It is paid according to the Payment of Bonus Act 1965 which is an act to provide for the payment of bonus to persons employed in certain establishment on the basis of profits or on the basis of production or productivity and for matters connected therewith\textsuperscript{37}. Beedi rollers had to fight for obtaining bonus as it was not an easy way. As a result of an agreement somewhere in 1974 after labour movement, the owners agreed to pay bonus to their workers. Although beedi industry at present is under pressure but what is sure is that beedi industry was definitely a profitable business. At present the beedi rollers get their bonus under the provisions of the Act, as fixed in 1979, every accounting year a minimum bonus which shall be 8.33\% of the gross salary or wage earned by the employee. The beedi rollers annual bonus is calculated at the percentage of their wage. Hence, the beedi rollers get 16.43\% of the total annual wage on the bonus day and it is divided

\textsuperscript{36} Sathpal Pulisni. "The list of scheduled employments Minimum wages fixed along with basic pay and variable Dearness Allowances (1-4-2007 to 31-3-2008)", Karnataka Law Journal Publications, Bangalore, 2007, pp.4, 17.

\textsuperscript{37} Universal labour and Industrial law manual, (2002), op.cit., p.687.
as follows. As bonus the rollers get 8.33%, Leave wage 5%, feast holiday wage 3.1%, altogether they get total 16.34% of their total wage annually.

Along with the raise in the minimum wages in Oct 2006 even the Variable Dearness Allowance has been raised. Recently an agreement was initiated by the beedi workers union, was signed with beedi manufacturers to increase Dearness Allowance and also to pay the arrears of variable Dearness Allowance. Accordingly Dearness Allowance has been raised by one paisa per point (to be paid from April 1, 2008) and the arrears of the past ten years amounting to Rs.4500 for each worker should be paid in lump sum. At Present it has been fixed as one point means 2.5 has been inserted in the minimum wage since 1.4.2001. The pending Dearness Allowance which has been agreed to be paid by the owners is still under confusion. After it has been promised by the owners the owners broke their promise and the rollers of Dakshina Kannada had to fight back for obtaining this. The rollers even threatened to file a case against the owners. Besides this, there are also some incidents where the owners tried to pay half the amount and receive signature on the receipt. But the beedi workers union, Trade Unions warned against such double cross action of the owners and

38 Divya Gandhi. "Increase in DA for beedi workers", The Hindu, Thursday, 1.02.2007, p.3.
conditioned the workers not to agree to receive such amount. After series of fight the owners have agreed to pay the arrears.

Scheme providing for financial help of Rs.5, 000/- to a widow of the beedi worker, to meet the wedding expenditure of her daughter, is another interesting policy that went to the extent of helping the poor and dependent woman. The scheme envisages financial assistance of Rs.5000 to the widow of eligible beedi/mines/cine workers to meet expenditure for the marriage of first two daughters. The conditions for eligibility is that widow of a beedi worker who has completed six months service in the beedi establishment and in case of gharkhata beedi worker who is in the trade for the last six months at the time of his death and covered under section 2(b) of the Beedi Workers Welfare Act -1976. The welfare Commissioner on receipt of an application as prescribed from the widow of the deceased beedi worker and the payment will be made in the form of demand draft in favour of the applicant.

Social Security Schemes:

The parliament with an objective of providing social security to the working class in the organized and unorganized sectors has

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39 Source: Labour commissioner's office, Bendoorwell, Mangalore.
introduced these schemes\textsuperscript{40}. These schemes are applicable to the workers in the unorganized sector who have low earning, poor working conditions and lack social security protection. Even it is applicable to all the beedi rollers as they are unorganized workers whose levels of earning is quite low and among them larger section of the workers live below the poverty line. These workers require minimum security protection and it is the responsibility of the central and the state governments to provide protection to such workers. The following schemes have been extended to the beedi workers as measures of providing protection at various levels.

1. Employees Provident Fund:

This provides social security to the working class in the organized as well as unorganized sector. The parliament enacted the Employees provident Funds and Miscellaneous Provisions Act 1952 with the focus on protecting the interest of the employees. Under this Act, three schemes were framed namely, Employees Provident Scheme 1952, Employees Deposit Linked Insurance scheme 1976 and Employees Pension Scheme 1995. These schemes are an extensive and major social security programmes.

\textsuperscript{40} Leaflet provided by employees provident Fund organization, Mangalore, (Ministry of Labour, Govt. of India) p.2.
These programs provide protection to the workers in the form of old age and survival benefits, long term protections and security in the form of pension to these employees and their families in case of employees death and short term benefits in the form of advances to meet certain contingencies. Employees Provident Fund and Miscellaneous provisions Act 1952 is applicable to any establishment on voluntary basis that if the employer and majority of employees wishes. Under this Act all permanent, part time, temporary, casual, piece rated employees either get engaged directly or through the contractor are required to be compulsorily enrolled to the Provident fund, from day one of their employment. For this fund both the employer and the employee should pay the rate of contribution as fixed. The rate of contribution payable is 12% on the basic wages, Dearness Allowance and retaining allowance payable to the employees. Initially the employer also has to contribute on behalf of the employees together with his own matching contribution. The contribution paid on behalf of the employee can be recovered from the wages payable to them for the relevant period. In the case of Beedi along with Jute, brick, coir etc, the rate of contribution payable is only 10%. If the member wishes to contribute at a higher rate he can do so on a specific request but it is obligatory that the employer has to pay such higher contribution.
The main provision under the Provident Fund Scheme 1952 was to provide social security to the workers and to imbibe in them a spirit of saving, so that the employees will get a substantial amount at the time of retirement. Under this scheme full money will be repaid to the worker without any delay if the worker retires after 55 years, or in case of retrenchment, discharge on medical ground, (ill health) or on permanent settlement abroad. The worker can withdraw full amount provided that the member has not been employed in any other establishment within a period of 2 months after leaving service of the establishment. In case of the death of the worker his Provident Fund amount is payable to his nominee. In the absence of nomination the amount will be paid to the family of the deceased member. The Provident fund amount of the worker contain substantial amount of his own contribution and employers contribution with interest. The interest at the rate approved by the central government is given to member’s account on monthly running balance. The Employee’s deposit linked insurance scheme of 1976 and Employee’s pension scheme of 1995 were of the beneficial schemes looked at the security issues. All these schemes were introduced for the benefit of the employees in general and the beedi rollers in particular.
2. Group Insurance Scheme: Beedi workers between 18 to 60 years are being brought under this scheme with a difference. This scheme came into existence in 1992 with the objective to provide insurance to beedi workers, who are not subscribers to employee's provident fund, and possessing identity card. The annual premium of Rs.30.00 per worker is shared equally by the Beedi Workers Welfare Fund and social security fund of government of India. Under this scheme, a fixed amount as 'compensation' has been provided in the case of natural and accidental death and permanent and partial disability of the beedi workers. Insurance cover upto Rs.10,000 has been provided for natural death and Rs.25,000 for accidental death as follows:–

   a. Death due to accident - Rs.25,000/-
   b. Permanent disability due to accident - Rs.25,000/-
   c. Loss of 2 eye or 2 limbs in accident - Rs.25,000/-
   d. Loss of on eye or one lump in accident - Rs.12,500/-

To claim the amount, the workers have to submit original identity card and death certificate after death/disability of the worker. These claims will be forwarded to the Life Insurance Corporation for payment.\[41\]

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41 Leaflet about Employees' Provident fund is provided by Public Relation Officer, EPF Organization, Mangalore, 2008.
The Maternity Benefit Act, 1961: This act regulates the employment of women for certain period before and after child birth and provides for maternity and certain other benefits. The Act empowers the state government to extend this provision to any establishment or class of establishments. Based on the recommendation and request made by the committee on statutes for women, the state government extended this provision of the act to home workers also and accordingly the beedi rollers can access this benefit. Maternity benefit was extended to the beedi rollers since 1988. The act requires that the women beedi roller should have put in minimum 6 months service to avail this provision. The women roller would get a total of Rs.1000 for the first two deliveries\(^42\). This policy facility has helped the women beedi rollers to take up the employment seriously as there are procedures involved in it and make use of the benefits without fail to attach the meaning to the policy.

Industrial Disputes Act 1947:- 2(K) defines “Industrial dispute” means any dispute or difference between employer and employees, or between employer and workmen, or between workmen and workmen, which is connected with the employment or non employment or the terms of employment or with the conditions of labour or any persons.

\(^42\) Source: Office of the Labour commissioner, Bendoorwell, Mangalore.
Section 31 of the Beedi and Cigar Workers Act 1966 provides that no employer shall dispense with the services of an employee who has been employed for a period of six months or more except for a reasonable cause and without giving such employee at least one month's notice or wages in lieu of such notice. It also provides that such notice is not necessary if the services are dispensed with charge of misconduct supported by satisfactory evidence recorded at an enquiry. It also provides in subsection (2) (a) that the employee discharged, dismissed or retrenched may appeal to such authority and within such time as may be prescribed on the ground that there was no reasonable cause or that he had not been guilty of misconduct as held by the contractor or that such a punishment of dismissal or discharge was severe. Section 2(b) provides that the appellate authority may dismiss the reinstatement of the employee with or without wages for the period during which he was kept out of employment or direct payment of compensation without retrenchment or grant such other relief as it deems fit in the circumstances of the case. The decision of the appellate authority is final and binding on both the parties. As per 31 Section 2(A) while trying a suit the appellate authority shall have the powers in matters of enforcing the attendance of any person and examining him on oath and compelling the production of documents and national objects.
As the labour court held that the home workers can not appeal the provisions of the industrial act for the redressal in the case of Mumtaz Gaffar Mulla and others Vs Vilas beedi factory (1988 11 LLJ 128) when the home workers proclaimed for computation of leave wages and the national and festival allowances. The home workers argued beedi manufacturing being an industry, any dispute between employer and employee should be adjudicated by the labour court as it falls under Section 2(K) of the Industrial Dispute Act. The Karnataka High Court upheld the argument of the home workers and stated that they are also workmen as defined in Section 2(S) and dispute regarding their service conditions would be a dispute as defined in Section 2(K) of the Industrial dispute Act and its policy is to protect the workmen as a class of unfair labour practice43.

Besides this, Section 39 of the Beedi and Cigar workers (conditions of employment) Act 1966 provides that the provisions of the industrial disputes act, 1947, shall apply to matters arising in respect of every industrial premises. But in sub section (2) of Section 39 provides that a dispute between an employer and employee relating to the issue of distribution of raw materials by the employers to the employees, the rejection of beedi or cigar or both made by an employee, the payment of

wages for the beedi or cigar both rejected by the employer, shall be settled by such authority and in such summary manner as the state government may by rules specify in this regard. Under Section 39 sub section (3) it is provided that any person aggrieved by a settlement made by the authority specified under subsection (2) may prefer an appeal to such authority and within such time as the state government may, by notification in the official gazette sub section (4) specifies that the decision of the authority specified under sub section (3) shall be final.

However, the Industrial Disputes Act have been amended in 1982 in which section 2 (e) and clause (j) has been amended. It shall substitute as industry means any systematic activity carried on by co-operation between an employer and his workmen (whether such workmen are employed by such employer directly or through any agency, including a contractor) for the production, supply or distribution of goods or services with a view to satisfy human wants or wishes (not being wants or wishes which are merely spiritual or religious in nature).

Registration or identification of beedi workers:

Rule 40 2(a) of the beedi workers welfare fund Rules 1978 provides that each executive authority of any local body such as Municipality, District Board, Panchayat boards, Block development units in any state or union territory where persons are engaged in the
manufacture of beedies, shall prepare register of beedi workers residing within the jurisdiction of the authority. The state governments have been requested to issue necessary instruction to their local bodies for maintenance of registers. Under this, welfare commissions have been requested to contact the local bodies within their jurisdiction to obtain particulars of the beedi manufacturers and workers engaged by them. This provision has been made inorder to sort out the problem in identifying the home based beedi workers for providing welfare facilities by welfare commissioner.

The rule 41 of the beedi workers welfare fund provide that the owner of an establishment, factory or contractor engaged in the manufacture of beedi shall issue to every employer an identity card in Form E on which a photograph of the worker would also be affixed. Thus the manufacturers or employers and contractors as per law have to issue identity cards to beedi workers. But employers or contractors do not fulfill this condition. To overcome this problem, the welfare commissioners have also been requested to issue identity cards to beedi workers after collecting particulars of the workers from the concerned authorities. As per the rule, the employers are required to issue photo identity cards to all the workers. If they fail to issue the identity cards they will be fined up to Rs.2000. Still as the employers did not fulfill
this condition, the government declared that the identity cards issued by the local authorities, welfare commissioner or other officers who implement the beedi workers welfare fund, would be valid for eligibility to welfare schemes. The labour welfare organization under the ministry of labour issues identity cards through the welfare commissioners. Under the Beedi Workers Welfare Fund the medical Officer of the dispensaries does this work. A large portion of beedi rollers have been kept out from this policy decision so that they could be avoided in the extension of facilities. It is generally found, that even in a family although three or four members of the family roll beedies the practice is to issue the identity card to one member of the family. As there are pass book holders and non pass book holders there are some beedi rollers as Provident Fund card holders and non Provident Fund card holders. The Provident Fund cards are issued as per the Act and such workers are entitled to get provident Fund, bonus and also all the benefits of the government. Therefore the workers as per the Act either should possess identity cards or Provident Fund cards to access all the welfare benefits.

Section 40 (3) of Beedi workers Welfare Fund Rules 1978, provides that any owner of an establishment or factory or contractor

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45 ISEC reports, (2005), op.cit., pp.11-12.
engaged in the manufacture of beedies, who without reasonable excuse fails to furnish the statistics or other information required under sub rule(1) and under sub rule(2) who without reasonable excuse, fails to prepare a register as required shall be punishable with fine which may exceed Rs.500.  

Tax Policy:

Beedi industry in Dakshina Kannada has a great contribution to the national exchequer. With the uninterrupted regularity, the tax was being paid to government by the industry. During 1991 its contribution to foreign exchange was about Rs10 crores by exporting beedies. The Beedi industry inspite of being employment potential cottage industry, it contributed immensely to the National exchequer. There are different taxes or duties collected from the beedi industry. Central government as argued earns Rs. 2.5 crores as beedi cess from undivided Dakshina Kannada per annum and the central excise duty paid by the industry in the region was 28.7 crores. The region also contributes Rs. 6.25 crore per year to the national fund and in addition, Rs 2 crore to education cess. Thus in this region beedi industry is one of the giant industries which contributes large amount to the national capital.

Central excise on beedies:

The central government has started levying excise duty on beedies from 1975 onwards. In the initial stage a meager amount of Rs.1 per thousand beedies excise duty was levied which was increased to Rs.7 later. The small beedi manufacturers in the unorganized sector manufacturing 20 lakh beedies per annum are exempted from the excise duty. This has given rise to the deployment of mushroom growth of small and unregistered companies. But this exemption notification lacks any mechanism to ascertain whether such manufacturers who avails the exemption is really manufacturing beedies within the exempted limit or much more. Originally the exemption was given them is to make the small producers with very limited resources to survive. But the exemption to the small producers has intum posed a great threat to the beedi industry. During 1996-2000 the central government increased the central excise duty from Rs.5.50 to Rs.7.00 on 1000 beedies. By this, collection of revenue in the state was increased by Rs. 25 crores per annum. This structure of central excise duty has been changed since 1998 April\textsuperscript{47}.

When central excise was levied only on tobacco, there were 3 types of licenses required for the manufacture of beedies like L2, L4,

\textsuperscript{47} At present in the organized sector the beedi manufacturers are subjected to pay central excise duty at the rate of Rs. 8/- cess Rs. 5/- National calamity fund Rs.1/- and education cess a Higher education cess 2% (28 paisa) and secondary education cess 1% (14 paisa) and total of Rs. 14.42. This information was provided by Rajaram Natekar Manager, P.V.S. Beedies, Mangalore, 15-11-2008.
and L5. Later L5 was withdrawn as the central excise duty was shifted from tobacco to beedies. Hence requirement of L5 was not necessary. Only L2 and L4 were enforced. L2 was for the acquisition of tobacco at its source and mode of acquisition. Later L2 was withdrawn. This compelled small manufacturers to acquire tobacco from the available source. Further issue of L4 was done liberally which proved blessing to the small manufacturers. Thus liberalisation licensing has benefited the beedi manufacturers. The existing license in this district is Registration Licence\textsuperscript{48}. But only a fraction of manufacturers are genuine who strictly follow central excise rules.

Entry Tax:

The Karnataka government laid Karnataka tax on entry of goods into local areas for consumption, use and sale under Act 1979 and levied entry tax on tobacco and its products. It came into effect from 1980. Almost all the raw materials required for the manufacture of beedies was brought under this act. Later even more items was included when Karnataka government issued another notification NFD 76CET 84 in which amendment was made to the schedule w.e.f.1.4.1983 and entry tax was introduced on beedies also. In 1985, the act was again amended

\textsuperscript{48} With regard to the above said licences L\textsubscript{2} means duty paid tobacco dealer licence, L\textsubscript{4} means manufacturers Licence, L\textsubscript{5} means warehouse Licence a non paid duty good. These licences system was prevailing till 1993. Since 1993 only registration licence is required; this has been informed by Parashu Ram – C.A from Mangalore through personal contact.
and beedi was excluded from the burden of entry tax. Again one more notification was issued by the state government NO.FD 84 CET 84 19.06.1985 through which it excluded tobacco and agricultural product from the list of raw materials. Manufacturers claimed exemption from the payment of entry tax on tendu leaves as they are grown in the forest of Madhya Pradesh, Orissa, Mahararastra and Gujarat as they are agricultural products.

Above this, during 1999-2000 budget, it was decided to shift beedi leaves from the agricultural production list and consider as industrial product. Karnataka Government amended Section 2(1) (A) of the Entry tax Act in 1999 and inserted beedi leaves in the 1985 notification and as per amendment act, levied entry tax on the beedi leaves since w.e.f. 01.09.1999. The beedi manufacturers had to pay arrears of entry tax on beedi leaves not only from the date of issue of notification, but from 1992-1993. In the Karnataka budget 2001-2002 on 26th March 2001, it was proposed to levy entry tax at the rate of 2% on beedies.49

The commercial taxes department of Karnataka has interpreted as when beedi leaves are brought for manufacture of beedies 2% entry tax was levied on it. Till recently separate entry tax was payable on each

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49 ISEC Report, (2005), op.cit., p.66.
and every raw material like yarn, fuel, packing materials such as empty gunnies or paper products, labels, wrappers etc. Assessment of 2% of tax is made on raw beedies after it has been brought to the local area which was collected by the contractor from the workers and was to be transported to the factories\(^{50}\). At present there is no entry tax on raw beedies and raw materials as it has been cancelled since 2006. The value added tax is not applied to beedi industry since April 2008. So the manufacturers are relaxed from entry tax\(^{51}\).

The manufacturers complain that because of the cost of production is high in Karnataka they had to increase the selling price of beedies. This has resulted in the manufacturers of Dakshina Kannada loosing competitive capacity and it has effected the market of beedi. Accordingly they blame the tax structure saying that it has forced the manufacturers to cut down the production drastically. These taxes are to be borne by the manufactures and not the employees as a whole.

Thus, the central government and the state governments had come out with various policies, schemes and welfare funds for the beedi workers for their benefits. But the coverage has been uneven, small and benefits are negligible. Though, the above discussed policies, welfare


\(^{51}\) Information provided by Rajaram Natekar, Manager, P.V.S beedies on 15-11-2008.
programmes and social security measures have been specifically designed for the welfare of the beedi workers, only the identity card holders are eligible to access these benefits. Hence, the non identity card home based rollers have no access to them. This has created a confusion relating to the actual number of rollers involved in the beedi work. Besides, though the welfare measures are varied, it has not been implemented properly. As estimated, nearly 50% of the rollers are not able to reach to those facilities. The lack of effective machinery and institution is one reason for the failure to implement and enforce these acts comprehensively.

Indeed, these policy measures introduced in different context tell us that they have visualized the conditions of the beedi rollers and their dependents in toto. They have been designed and about which series of debates were held at different levels also tell us that they were primarily goal oriented. Their analysis must be made not only on the basis of the way they were designed and introduced, but also on the basis the way they were implemented. However, they help us as a broad frame work to get into the details of the entire activities as well the conditions existing at the rollers level.