

MIS – MATCHES

(By K.S. Yogalakshmee, Advocate, Swamy Associates)

Sivakasi! Fondly known as mini – Japan of India!!! Headquarters of match and firework industry!! For decades, it had been the biggest employment provider for millions, with the ,notorious distinction of child labour abuse! 15 years back, when 90% of the matches were made by hand about 2 lakhs labourers were employed in and around Sivakasi. But when the wooden box matches were replaced by Cardboard box matches, in 1990's, there had been a substantial reduction of workforce. Later from the year 2000, when the handmade match industry started using machines for operations like Frame Filling and Dipping, it further reduced the workforce. Today, with most the machineries imported from China, 99% of production is done either partly by machines or fully using machines. As a result, today, the total workforce employed in the industry has dropped below 50,000 nos, which is expected to reduce further in future. In other words, today, genuine handmade production is only around 1%.

After mechanization, handmade match industry does not qualify for the Excise exemption. Likewise, though the excise duty on Wax Match duty is Nil as wax match is generally made without power but almost 60% of units use power and still claim as not using power. Today based on the current production levels Excise collection must be around Rs.75 Crores but the actual collection is below Rs.30 Crores. This speak volumes, by itself.

The current status can be summarized as follows:

- 1) The entire industry except about 1% today is mechanized. Even this will disappear soon as no worker is interested in doing this labourious and dangerous job like Frame Filling, Wax Dipping. Total number of operating factories have reduced from 3000 to 600 only.
- 2) With mechanization quality of all matches has improved and hence their competitiveness has enhanced.
- 3) Due to mechanization export has increased and now many factories are involved in exports.
- 4) Cost difference between factories have disappeared.

- 5) More mechanization will take place looking at the shortfall in labour.
- 6) The ex-factory price of a match box containing 60 sticks is around 55 paise (i.e.) less than 1 paise per stick. This includes 8% Excise duty.
- 7) Excise concession has been extended for the last 60 years. The tax revenue today is only Rs.30 Corers.

Looking at the current status, I feel, it is time the Government decides to do away with Excise Duty for the industry as a whole.

Before Parting ...

On record there are about 2000 units more than the 600 units mentioned above. These units were erstwhile Handmade units which are not anymore functioning. They continue to hold Arms Act Licence to procure Potassium Chlorate which are transferred to Machine made Units out of account.