17

STANDING COMMITTEE ON LABOUR

(2010-11)

(FIFTEENTH LOK SABHA)

MINISTRY OF LABOUR AND EMPLOYMENT

WELFARE OF BEEDI WORKERS

LOK SABHA SECRETARIAT

NEW DELHI

SEVENTEENTH REPORT

March, 2011/Chaitra, 1933 (Saka)

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Presented to Lok Sabha on 24th March, 2011 Laid in Rajya Sabha on 24th March, 2011



LOK SABHA SECRETARIAT

NEW DELHI

March, 2011/Chaitra, 1933 (Saka)

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<u>COMPOSITION OF THE STANDING COMMITTEE ON LABOUR</u> (2010-11)

SHRI HEMANAND BISWAL - CHAIRMAN

- 2. Shri M. Anandan
- 3. Shri Raj Babbar
- 4. Dr. Shafiqur Rahman Barq
- **5. Shri Sudarshan Bhagat
 - 6. Dr. Kakoli Ghosh Dastidar
 - 7. Shri Paban Singh Ghatowar
 - 8. Shri Hassan Khan
 - 9. Shri Kaushalendra Kumar
 - 10. Shri P. Lingam
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 - 14. Smt. Mausam Noor
 - 15. Shri S. Pakkirappa
 - 16. Dr. P.L. Punia
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 - 18. Shri Mahendra Kumar Roy
 - 19. Shri Chandu Lal Sahu
 - 20. Shri Murarilal Singh
- ***21. Dr. Virendra Kumar

RAJYA SABHA

- 22. Shri Aayanur Manjunatha
- 23. Dr. E.M. Sudarsana Natchiappan
- 24. Shri Rudra Narayan Pany
- 25. Smt. Renubala Pradhan
- 26. Shri Rajaram
- 27. Shri Praveen Rashtrapal
- *28. Shri Swapan Sadhan Bose
- *29. Shri G.N. Ratanpuri
- *30. Shri Ranbir Singh Parjapati
- 31. Vacant

SECRETARIAT

- 1. Shri Devender Singh
 - Joint SecretaryDirector
- Shri B.S. Dahiya
 Shri Ashok Sajwan
 - Director
- 4. Smt.Archana Srivastava
- Additional Director
 - Committee Officer
- Nominated <u>w.e.f</u> 21st September, 2010
 Change in nomination from Committee on Labour to Committee on Petroleum and Natural Gas w.e.f 8th December, 2010
- *** Nominated *w.e.f* 8th December, 2010

INTRODUCTION

I, the Chairman of the Standing Committee on Labour (2010-11) having been authorized by the Committee to submit the Report on their behalf, present this Seventeenth Report on 'Welfare of Beedi workers.'

2. The Committee selected this subject for detailed examination for the year 2009-10 and continued it in 2010-11. The Beedi industry coexists, on one side, with factory based manufacturing and, on the other, with large number of unregistered and home-based enterprises. The beedi industry employs more than 55 lakh workers spreading over 16 States. Women constitute more than 50% of the beedi workforce. Children are also engaged in beedi rolling by their parents to supplement their daily earning. Beedi workers across the country work in filthy conditions. They are forced to breathe in tobacco fumes due to which they easily become prey to asthma, bronchitis and TB. Though there are many welfare schemes for the beedi workers yet these schemes have not yielded the desired results and have not succeeded to ameliorate the conditions of these workers. The Committee found that the welfare schemes meant for beedi workers do not reach them in the absence of awareness and ignorance on their part as these workers are largely poor, illiterate and unskilled. Though there are prescribed minimum wages by respective State Governments to be paid by the contractors to these beedi workers, however, the contractors blatantly flout the norms in paying the minimum wages, in the absence of any checks on them. The Committee even found that some of the State Governments themselves are not adhering to the minimum wages prescribed by them. Taking advantage of this, the contractors exploit these poor workers on many scores and unabated. The Committee also

conducted a study visit to West Bengal to see the real plight being faced by the workers engaged in this industry and heard some of them. The Committee observed that implementation machinery of the welfare schemes for these workers is weak.

3. The Committee wish to express their thanks to the representatives of the Ministry Labour and Employment for placing before them their views and also for providing detailed written notes and information on the subject.

4. The Committee would also like to place on record their deep sense of appreciation for the valuable assistance rendered to them at every stage of examination of the subject by the officials of the Lok Sabha Secretariat attached to the Committee.

5. The Committee considered and adopted the draft Report at their sitting held on 22.3.2011.

6. For facility of reference and convenience, the observations/recommendations of the Committee have been printed in bold type in the body of the Report and have also been reproduced in a consolidated form in Appendix of the Report.

New Delhi, <u>22nd March, 2011</u>, Chaitra 1, 1933 (Saka) HEMANAND BISWAL,

CHAIRMAN, STANDING COMMITTEE ON LABOUR

REPORT

Chapter I

Introduction

Beedi Rolling

Beedi rolling is essentially a rural and home-based labour intensive industry, which provides employment to about 55 lakh workers mainly in the States of Andhra Pradesh, Bihar, Chhatisgarh, Karnataka. Kerala. Gujarat. Jharkhand, Madhva Pradesh. Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. Children comprise 15-25% of the total employment in the beedi industry. There are about 300 manufacturers of major beedi brands and thousands of small scale contractors and manufacturers involved in bulk production in India. In the beedi industry, a large number of unregistered and home-based enterprises co-exist with factory based manufacturing enterprises. Beedi workers are largely poor, illiterate Although beedi rolling has been identified as a and unskilled. 'hazardous occupation' by labour authorities, the health and working conditions of beedi workers has not been in the forefront of public One of the reasons for this could be the lack of consciousness. mobilization among beedi workers themselves. Beedi workers eke out a living like helpless puppets amid unspeakable poverty, unemployment and hunger, unable to raise their voices. The Beedi Workers Welfare Fund Act, 1976 meant to provide basic benefits such as healthcare, housing assistance, education, insurance, social security, scholarships and drinking water supplies to beedi workers and their family members and provides 7 hospitals and 204 dispensaries across the country.

Cess

1.2 The Beedi Workers' Welfare Fund Act 1976 was enacted to collect taxes by way of cess or by imposing excise duty on manufactured beedies so as to fund the measures to promote the welfare of persons engaged in beedi establishments. The welfare schemes for beedi workers are being run through the collection of cess only. The expenditure on the ongoing various welfare schemes is restricted due to less collection of cess.

1.3 Presently the cess is collected @ 0.5% per thousand beedis manufactured. On the issue of revision of cess and the percentage of enhancement to fund a wider coverage of activities through the Welfare Fund, the Ministry informed as under :-

As per the Section 3 of the Beedi Workers Welfare Cess Act, 1976, a duty of excise on manufactured beedi as such rate which shall [not be less than 50 paise or more than Rs.5/-], this provision was substituted by an Act of 1998, Section 2, for "not be less than 10 paise or more than 50 paise" (w.e.f. 20.10.1998"

w.e.f.	Rate of cess
01.01.1982	10 paise
01.03.1987	30 paise
17.10.1995	50 paise
20.10.1998	Re.1/-
28.06.2000	Rs.2/-
01.04.2005	Rs.4/-
01.04.2006	Rs.5/-

TABLE -1

1.4 The expenditure under the Welfare Fund for the last four years is as under :-

Table - 2

(Rs. in Crores)

Year	Opening	Income	Expenditure	Closing	
	Balance			Balance	
1999-2000	-0.50	40.57	36.46	3.61	
2000-2001	3.61	53.78	52.03	5.36	
2001-2002	5.36	81.93	55.36	31.93	
2002-2003	31.93	84.15	65.82	50.26	
2003-2004	50.26	85.83	81.30	54.79	
2004-2005	54.79	72.39	89.15	38.03	
2005-2006	38.03	125.79	132.58	31.24	
2006-2007	31.24	127.51	134.15	24.24	
2007-2008	24.24	184.62	232.94	-24.08	
2008-2009	-24.08	187.24	228.14	-64.98	

As may be seen from the table above, there was surplus fund upto 2006-07 and the fund position started showing deficit from 2007-08. The deficit was met through additional budgetary allocation.'

1.5 Regarding the revision of rate of cess in the absence of any fixed policy of time period and the need to revise the rate in consonance with the rise in prices etc. and also with a view to increasing the collection of cess so that crunch of funds does not become hindrance in executing the activities of welfare fund, the Ministry in their written reply stated as under :-

As per Section 3 of the Beedi Workers Welfare Cess Act, 1976, a duty of excise on manufactured beedi at such rate which not less than 50 paise or more than Rs.5/- per shall thousand manufactured beedi, as the Central Government may, from time to time, fix by notification in the Official Gazette. As such, the levy of cess has been fixed to Rs.5/- per manufactured thousand beedis in 2006. which is the maximum amount could be levied as cess. There is no further scope of revision of cess.'

1.6 As regards, the reasons for less collection of cess year after year whereas the number of beedi workers as well as production of beedi is increasing, the Ministry stated as under :-

'Under Section 3A of the Beedi Workers Welfare Cess Act, 1976, the exemption is granted to the manufacturers who manufacture less than 20 lakh unbranded beedis. The beedi manufacturers and contractors are taking advantage of this provision and appointing number of contractors for getting exemption under the above provision...there is certainly need to enhance our funding for health services because that is critical to beedi workers, but our funding is dependent on the amount of collected. In fact, we cess that is are in negotiation and discussion with the Ministry of Finance to see how this cess collection can go up. As per the existing dispensation, unbranded beedis upto 20 lakh production are exempt from excise duty and cess. We have taken up this issue with the Ministry of Finance that this exemption should go because even the larger manufacturers are splitting their manufacturing facility to get this exemption. Our Advisory Committee as well as another Committee is of the view that this exemption should be done away with. It will enhance our cess collection and give us sufficient funds to focus on providing adequate health service.'

1.7 When asked to comment on the alternate source of funding or generation of funds for boosting the various welfare activities of beedi workers and the manner in which the Government propose to ensure that funds do not become any deterrent as far as welfare of beedi workers is concerned, the Ministry informed as under :-

'Under the BWWF Cess Act, 1976, the maximum amount of cess could be levied as cess is Rs.5/- per thousand manufactured beedis. The present rate of cess is Rs.5/- per thousand manufactured beedis, which is applicable from 1.4.2006. In the last meeting of CAC held on 10.12.2009, the Members unanimously recommended to remove the clause containing the exemption of cess on 20 lakhs manufactured beedis in a year. Accordingly, the Ministry of Labour has submitted a proposal to Ministry of Finance for its consideration.'

1.8 Regarding the response of the Ministry of Finance to the recommendation made by the Central Advisory Committee to remove the clause containing the exemption of cess on 20 lakh manufactured beed is in a year, the Ministry replied as under :-

The Department of Revenue informed that they are not in favour of withdrawal of threshold exemption currently available in respect of cess to beedi manufactures. The cess is currently levied and collected as a duty of excise by the Central Excise There is a parallel exemption from basic excise Department. duty also available to such manufacturers. The main reason for granting these exemptions is that there is a very large number of small, unorganized beedi manufacturers. The proposed withdrawal shall put a big administrative burden on the Central Excise Department to collect the cess from a large number of small manufactures who would also be put to hardship. Hence. Department of Revenue would not be able to collect the cess alone large number of small/tiny manufacturers. In another from a communication, the Department of Revenue has informed that once the GST is introduced the existing cesses and surcharges are to be subsumed in GST. In view of this, Ministry of Finance declined to consider proposals relating to removal of cess exemption.'

1.9 On a specific query regarding any request made to the Ministry of Finance for budgetary support to the Welfare Fund, the Ministry informed that a request had been made to the Ministry of Finance to allocate additional funds. The Ministry of Finance allocated Rs.40.05 crore during Revised Estimates for the year 2009-10.

1.10 When asked whether the Ministry had sought/received additional budgetary allocation during the preceding years, the Ministry replied in negative.

Identity Cards

1.11 Under the law, employers of beedi workers are required to issue identity cards to their employees to enable them to receive welfare benefits. However, as many employers do not issue the Identity Cards, the responsibility has been shifted to the Labour Welfare Organisation through the Welfare Commissioner. However, surveys/special campaigns have also been conducted by some State Governments for identification of beedi workers in their respective States.

1.12 The identified beedi workers working as on 30.6.2010 State-wise are as under :-

TABLE-3

S. No.	Region	Name of the State	No. of Identified beedi workers
1.	Undershad	Andhra Pradesh	3,65,208
1.	Hyderabad	Tamilnadu	5,65,538
		West Bengal	14,01,778
2.	Kolkata	Assam	7,062
		Tripura	11,648
3.	Nagpur	Maharashtra	2,45,696
4.	Ajmer	Rajasthan	39,362
4.	ЛЛЕГ	Gujarat	47,434
5.	Karma	Jharkhand	1,06,786
5.	Karma	Bihar	2,55,533
6.	Allahabad	Uttar Pradesh	4,07,661
7.	Icholmun	Madhya Pradesh	8,09,319
1.	Jabalpur	Chhattisgarh	20,809
8.	Dongoloro	Karnataka	4,08,418
0.	Bangalore	Kerala	79,658
9.	Bhubaneswar	Orissa	2,18,158
	TOTAL		49,90,068

In a written communication the Ministry stated that 49, 82, 917 employees have been issued identity cards as on December, 2009. Region-wise/State-wise details as provided by the Ministry are given below:

TABLE-4

Sl.No. Name of the Region		Name of the State	I. Cards issued upto December, 2009		
1.	Allahabad	Uttar Pradesh	4,00,999		
2.	Ajmer	Rajasthan	39,198		
		Gujarat	47,370		
3.	Bangalore	Karnataka	2,44,146		
		Kerala	96,329		
4.	Bhubaneshwar	Orissa	2,13,166		
5.	Hyderabad	Andhra Pradesh	3,34,883		
		Tamil Nadu	6,20,042		
6.	Jabalpur	Madhya Pradesh	10,01,265		
		Chhattisgarh	20,782		
7.	Kolkata	West Bengal	13,40,632		
		Tripura	11,005		
8.	Karma	Jharkhand	1,03,655		
		Bihar	2,46,101		
9.	Nagpur	Maharashtra	2,56,282		
		TOTAL	49,82,917		

1.13 As regards, the number of beedi workers, who have been issued identity cards vis-à-vis workers yet to be issued identity cards and the time by which the remaining workers are likely to be issued these cards, the Ministry informed as under :-

`The issue of issuing identity cards is an ongoing process. Hence, it may not be possible to indicate a time line.'

1.14 A sample survey was conducted by Shri Sri Ram Centre for Industrial Relations and Human Resources in Malda and Murshidabad districts of West Bengal to find out obsolete, fictitious and duplicate identity cards. Regarding the cases of obsolete, fictitious and duplicate identity cards that came to notice and the action taken thereon alongwith the broad suggestions made by SRC, the Ministry in their written reply informed as under:-

Shri Sri Ram Centre of Industrial Relations and Human Resources conducted a study to ascertain and estimate the proportion of fictitious and duplicate identity cards, causes of emergence of these cards and to suggest remedial measures, Shri Ram Centre conducted a sample survey of the blocks, Kaliachak-I, Kaliachak-III in Malda District and Aurangabad, Farakka, Samserganj in Murshidabad district.

Shri Ram Centre submitted its report in January, 2010 and found 24.08% cards are of questionable validity. The identity cards suffer from one or more infirmities are; beedi workers having more than one cards in their name, other family members also possess cards in their name with same family details, none beedi workers holding identity cards, workers' beedi/switched dies/stopped rolling over to other professions/occupations continued to hold the cards, I-cards do not bear the seal/signature of the issuing authority, cards issued by the unauthorized functionaries. married daughters/son-in-law and their children included in the cards, etc.

On the receipt of study report, the State Government was also requested to hold back the campaign for issuing cards to beedi workers for some time till the matter is under examination.'

Welfare Schemes for Beedi Workers

1.15 The Beedi Workers' Welfare Fund Act, 1976 was enacted to provide for financing of measures to promote the welfare of workers engaged in beedi industry. The objective of the Fund is to provide financial assistance to the persons engaged in this profession.

1.16 Under the Beedi Workers Welfare Fund there are four schemes viz.(i) Health; (ii) Education; (iii) Recreation and (iv) Housing. As regards, budget allocation *vis-a-vis* Expenditure incurred on each of these schemes during the last four years, the Ministry furnished the following statement:

TABLE-5

Budget Estimates and Expenditure for the four years w.e.f. 2006-2007 to 2009-2010 in respect of Beedi Workers Welfare Fund

(Rs. In thousands)

Major Head	2006-2007		2007-2008		2008-2009		2009-2010	
	Alloc.	Exp.	Alloc.	Exp.	Alloc.	Exp.	Alloc.	Exp.
Health	337250	327410	416954	356567	454037	490536	673693	619604
Education	400000	420105	785309	834193	1065985	1023785	955130	1311750
Recreation	1650	1109	1845	1283	1886	1825	2198	2143
Housing	559100	567194	876324	909149	770134	516980	610017	595391
TOTAL MH- 2230	1340000		2126100		2340800		2314000	
MH-3601	25000	0	240000	186800	30000	0	300	0
MH-4250	0		0		13100	6911	11800	3765
TOTAL	1365000	1351120	2366100	2330318	2383900	2094621	2326100	2604451

1.17 Regarding the evaluation of the performance of these schemes and the outcome thereof, the Ministry stated that "an evaluative study is being conducted on the working of hospitals and housing scheme."

1.18 The Committee note that the Beedi Workers Welfare Fund Act, (1976) (BWWF) is an important legislation enacted by Parliament for the benefit of beedi workers. The Beedi Workers Welfare Fund, set up under the said Act, is financed through a levy of cess by the way of excise duty on manufactured beedis. The Committee find that the cess so collected is the only source of finance of welfare schemes for beedi workers under BWWF. Till the year 2006-07, the BWWF had surplus funds and from the year 2007-08, the corpus of BWWF plummeted, went in deficit and continues to be in deficit. At Present, the cess is collected @ 0.5%per thousand beed is manufactured w.e.f. 01 April, 2006. The Committee note that the expenditure on the welfare schemes is increasing every year and due to paucity of funds, the Ministry is finding itself handcuffed to run smoothly even the ongoing schemes. The Committee further note that during 2009-10, the Ministry of Finance allocated an additional sum of Rs. 40.05 crore as budgetary support to fund the backlog of scholarships given to the children of beedi workers under the Welfare Fund. The Committee strongly feel that there is an urgent need to amend the Beedi Workers Cess Act, 1976, which was last amended in 1998 and under which the rate of cess cannot be increased beyond Rs.5/- per

thousand manufactured beedis. The Committee feel that since the cost of living has gone up considerably, the rate of cess too needs revision. <u>The Committee, therefore, recommend that a suitable</u> proposal be mooted to the Ministry of Finance *de-novo*, specifically expressing the serious concern of the Committee, for amending the Beedi Workers Welfare Cess Act, 1976 to enhance the rate of cess with provision of periodic revision. The Committee also recommend that in the meantime, till the Cess Act is amended, additional budgetary support be obtained from the Ministry of Finance for funding the Beedi Workers Welfare Fund so that welfare activities of beedi workers are not impeded.

1.19 The Committee note that under Section 3A of the Beedi Workers Cess Act, 1976, exemption in cess is granted to the manufacturers of less than 20 lakh unbranded beedis in a year. Taking advantage of this provision, a number of unscrupulous manufacturers are splitting their business into smaller units to enjoy the exemption limit and escape payment of cess. According to the Ministry, its proposal to the Ministry of Finance to withdraw the exemption was not agreed to on the ground that withdrawal of exemption shall put a big administrative burden on the Central

Excise Department to collect the cess from a large number of small manufacturers who would also be put to hardship. Since all the welfare activities of the beedi workers are financed through the cess collection only, the Committee dismiss the argument of apprehended administrative burden of the Ministry of Finance being untenable as withdrawal of such an exemption will not only bring in funds to the depleted corpus of the BWWF but also tax the profits of those beedi manufacturers who are thriving at the cost of poor beedi labourers. The Committee, therefore, recommend that the Ministry move a fresh proposal to the Ministry of Finance emphasizing the considered view of this Committee so that the exemption given to beed imanufacturers of less than 20 lakh unbranded beedis in a year is done away with.

1.20 The Committee note that about 6 lakh beedi workers have not been issued identity cards till date which is depriving them to have access to the welfare fund and availing benefits under the schemes meant for them. On the other hand, the Committee are perturbed to note that about 24.8% identity cards were of questionable validity in Malda and Murshidabad districts of West Bengal as revealed by the sample survey conducted by Shri Ram Centre of Industrial Relations and Human Resources, New Delhi in the year 2009. In the view of the Committee, if this is the position of only two districts of one State, then the percentage of fake/duplicate identity cards might be, obviously, far more had the survey traversed other States too where beedi rolling is a profession. The Committee attribute it to the fact that multiple agencies are involved in the issuance of identity cards. The Committee, therefore, recommend that the work of issuance of identity cards be allocated block / district wise to only one agency so as to avoid duplicity and stringent action be taken against the unauthorized agencies found issuing the fictitious identity cards. The Committee note that issuance of identity cards is an ongoing process but certainly it cannot remain infinitely so and vigorous efforts must be made to complete it within the year 2011 atleast to cover the identified beedi workers. The Committee would like to be informed of the progress achieved in the matter before June, 2011.

1.21 The Committee note that there are a number of players running illegal beedi companies through contractors and subcontractors. These employers show in their records a very small number of people working under them whereas a large number of people are actually working under them through their contractors and sub-contractors. Resultantly, these workers are not registered in the main employers' muster roll and are, therefore, not directly linked with a particular employer. Eventually, in the absence of their registration with any employer these workers are deprived of all the benefits under the Beedi Workers Welfare Fund. The Committee, therefore, recommend that the Government initiate immediate steps to bring awareness amongst these workers engaged in beedi rolling about their legitimate rights and all beedi workers be issued Identity Cards irrespective of the fact whether they are registered with any contractor or sub-contractor.

1.22 The Committee further note that as per the estimation of the Ministry, there are around 55 lakh workers all over the country engaged in beedi rolling by the registered companies. This figure might go beyond one crore if unregistered small companies too are taken into account. <u>The Committee, therefore, recommend that a</u> proper mapping should be done for identifying the beedi workers <u>engaged by these unregistered small companies and also under</u> <u>contractors and sub-contractors for issuance of Identity Cards so</u> that they are able to avail the welfare schemes meant for them.

The Committee find that no evaluative study has been 1.23 undertaken by the Ministry in the recent past to assess the performance of various schemes under BWWF. According to the Ministry, an evaluative study in respect of only two of the welfare schemes, viz., hospitals and housing was being conducted. The Committee feel that all the schemes under BWWF are vital and need periodic evaluation so that not only their impact and the shortcomings be known but also these could be restructured suitably to ensure decent standard of life and enjoyment of leisure by the beedi workers and their families. The Committee, therefore, recommend that evaluation studies of all the schemes under BWWF be conducted within a definite timeline and their reports furnished to the Committee along with the action taken by the Government thereon. The Committee would also like to be apprised of the outcome of the evaluation study being conducted in respect of housing and hospitals for the beedi workers.

<u>Chapter II</u>

<u>Health</u>

One of the major activities performed under the Welfare Fund is healthcare which is provided to the beedi workers and their dependents through 7 hospitals and 204 dispensaries all over the country. In addition, liberal reimbursements for medical expenditure on treatment of serious diseases like heart ailments, kidney transplantation and cancer etc. incurred in recognized hospitals are available.

2.2 During the recent past a study conducted by the 'Voluntary Health Association of India (VHAI)' reports that 75% of the beedi workers in the country suffer from multiple illnesses due to continuous exposure to tobacco and other hazardous substances. The workers spent atleast 12 hours rolling beedis and faced the risks of contracting TB and developing chronic bronchitis, asthma, skin and spinal problems among others. The study also claimed that almost all workers worked under 'dehumanizing conditions' as the industry openly flouted provisions of labour laws and without any basic rights which are legally entitled to the workforce.

2.3 On the question of adequacy of hospitals catering to about 55 lakh beedi workers spread over 16 States, the Ministry in their written reply informed as under :-

The seven hospitals are catering the health care needs of the beedi workers. The hospitals and dispensaries are established on the requirement of the beedi workers as per the provisions laid down under rules. The proposal is to be recommended by the State Advisory Committee of the concerned State. It is felt that existing hospitals are not sufficient to provide requisite healthcare to the beedi workers. However, as and when the proposal is received from the field offices, they are examined and put up for consideration to Government.' 2.4 To a query whether the Ministry have ever tried to persuade the State Governments for opening of at least one hospital exclusively for beedi workers in the States where beedi rolling is a profession, the Ministry in their written reply stated as under :-

`All the hospitals for beedi workers have been set up by the Central Government, because it falls within the domain of Central Government. Hence, the State Governments have not been asked to set up such hospitals.'

2.5 As per the information furnished by the Ministry in regard to the sanctioned and actual strength in medical, para-medical and supporting staff in each hospital and the steps taken to fill up those vacancies, the Ministry stated that "vacant posts of Specialist Medical Officers/Medical Officers are filled by Ministry of Health & Family Welfare. For the rest of the vacant posts, efforts are on to fill them up".

2.6 Regarding the consultations with the ESI Corporation for extending the healthcare facilities to the beedi workers also on payment of charges as the Corporation has already agreed in principle to extend the facilities to Rashtriya Swasthya Bima Yojna (RSBY) beneficiaries, the Ministry stated that "the matter is under active consideration. The mapping of such hospitals as can be considered has already been done".

2.7 Elaborating on the point, the representative of the Ministry informed as under:-

The Parliament passed the ESI (Amendment) Act and in that Act, now we have a general saving provision that we can develop schemes for various category of workers other than the insured persons which are normally covered. So, we can develop schemes and we do not need to do any further amendment of the Act. We can develop schemes for the mine workers; we can develop schemes for the beedi workers wherever required and cover them with the existing Act with the amendment as already passed by the Parliament.'

2.8 Regarding the use of the existing parallel infrastructure, viz. ESI rather than creating a fresh structure, the Ministry in written reply informed that "the ESI hospitals are located in the industrial population. In most of the cases, the hospitals may be far off from the beedi workers concentrated area. The tie up with the ESI hospitals is possible where the beedi workers and the industrial population are in the same area and the ESI hospitals have surplus capacity".

2.9 Regarding the coverage of beedi workers under the Rashtriya Swasthya Bima Yojna (RSBY) or Aam Admi Bima Yojna, the Ministry informed that "beedi workers which are in the BPL category are eligible to get the benefits of RSBY and if a beedi worker is a rural landless labourer, he can get the benefit of Aam Admi Bima Yojna".

2.10 Group Insurance Scheme is being run for beedi workers wherein, benefit of Rs.10,000/- for natural death and Rs.25,000/- for accidental death is payable. The premium is paid from the Welfare Fund to Life Insurance Corporation of India (LIC). On a query on the cases received during the last three years and the status of their settlement, the Ministry furnished the following information:-

S.N	Region	2007-08		2008-09		2009-10	
о.							
		Received	Settled	Received	Settled	Received	Settled
1	Ajmer	224	181	114	97	115	100
2	Allahabad	198	158	239	180	301	082
3	Bangalore	05	05	-	-	35	32
4	Bhubaneswar	259	99	109	177	263	390
5	Hyderabad	84	84	151	151	80	12
6	Jabalpur	857	915	821	795	863	476
7	Karma	104	104	105	33	214	136
8	Kolkata	625	625	485	485	220	220
9	Nagpur	116	82	66	36	52	27
Total		2472	2253	2090	1954	2143	1475

TABLE-6

2.11 The Committee note that the medical facilities are being provided to 55 lakh identified beedi workers through 7 hospitals and 204 dispensaries all over the country. The Ministry have admitted that these hospitals are inadequate to cater to the needs of the beedi workers. Still worse, most of these hospitals are located at far off places and beyond the access of beedi workers due to which they are not in a position to avail the medical facilities. The Committee find that common problems associated with beedi rolling are respiratory, asthma, body ache, headaches, eyestrain, tuberculosis and spondilitis. These affect the beedi rollers and others involved in the manufacturing of beedis too. The Committee, strongly feel that these workers need specialized, accessible, affordable and regular medicare. The Committee, therefore, desire that some alternative arrangements be made urgently for extending specialized medical treatment to the beedi workers who suffer from these ailments. Besides, arrangements also be made to ferry these workers to the hospitals as often they cannot afford to go to the hospitals for treatment for want of money.

2.12 The Committee note that the accommodation in all the seven hospitals, meant for beedi workers, is not commensurate with their population. Not only this, even these hospitals are also not well-equipped to cater to the medical requirements of the beedi workers and there is an acute shortage of medical and para-medical staff in these hospitals. A 30 bedded hospital at Bihar Sharif which was constructed long back but is still not operational for want of medical staff. Such an apathy and indifference speaks volumes about the Ministry's concern for the health and well-being of beedi workers. The Committee, therefore, recommend that vacancies of medical and para-medical staff in all the hospitals be filled up by December, 2011 positively and the Committee apprised.

2.13 The Committee note that after the amendment in the Employees State Insurance (Amendment) Bill, the ESI Corporation has agreed in principle to extend the medical benefits to the Rashtriya Swasthya Bima Yojna (RSBY) beneficiaries. The spare capacity of ESIC hospitals is also being utilized for the persons willing to avail such services on payment basis. The Committee recommend that in view of the financial crunch in the BWWF, possibilities be explored and negotiations made with the ESIC to utilize their extant healthcare infrastructure for beedi workers too rather than opening new hospitals for them in the areas covered by the ESIC.

The Government is running flagship programmes like 2.14 Rashtriya Swasthya Bima Yojna (RSBY) and Aam Admi Bima Yojna (AABY) in the health sector. Beedi workers who are in the BPL category are eligible for coverage under the RSBY and the rural landless worker can get coverage under the Aam Admi Bima Yojna. The Committee are of the considered view that almost all the beedi workers can well be covered under either of these schemes. Hence, the hospitals earmarked for the beneficiaries of these schemes can also be utilized for the medical needs of the beedi workers. The Committee, therefore, desire that beedi workers particularly those in rural areas be made aware of these facilities so that they need not necessarily depend only on those hospitals meant for them and which are far off/inaccessible.

2.15 The Committee find that an amount of Rs.10,000/- for natural death and Rs.25,000/- for accidental death is being paid to the heirs of the beedi workers. The premium is paid from the Beedi workers Welfare Fund to the Life Insurance Corporation of India (LIC). As the compensation is very low and keeping in view the limited funds, this amount cannot be enhanced as it would entail enhanced premium, the Committee are of the view that once the arrangements are made with the ESIC and other hospitals for the beedi workers as suggested in para 2.14 above, the funds so saved can well be utilized to enhance the amount atleast to Rs.50.000/for natural death and Rs.1,00,000/- for accidental death.

Chapter III

Education to children of beedi workers

Scholarships are given to children of beedi workers studying in class I and above in recognized institutions ranging from Rs.250/- for class I to Rs.8,000/- for Professional Degree courses per child per annum, under the Education Scheme.

3.2 During the briefing of the Committee, Director General (LW) conceded that all schools have been closed down and the money is being spent on providing the scholarships to the students. About the criteria adopted for disbursement of scholarships, the Ministry intimated as under :-

The following criteria are adopted for disbursement of scholarships:

Either of the parents of the students should be a beedi worker with minimum six months continuous service. This would also include workers engaged by the contractor. Total familv income of the parents of the students should not exceed Rs.10,000/- per month and the students must have passed the qualifying examination. The students are eligible to get scholarship only if they study in Government Educational Institutions or Educational Institutions recognised by the Central or State Governments. The students who receive scholarship from any other authorities shall not be eligible for financial assistance under the scheme.'

3.3 Regarding the justification for giving an amount of Rs.8,000/- for professional degree courses in view of the expenditure involved in such courses and the need for its enhancement, the Ministry in their written reply submitted as under :-

'The amount of Rs.8000/- for professional degree courses is not sufficient. However, any decision in this regard will be meaningful only if there is an overall availability of additional funds.'

3.4 There are variations in the wages of beedi workers from State to State, it is obvious that the entire family must work for the whole day to meet the target of 1000 beedis to secure full day wage. In such cases, children forego their education to support their family. Regarding ensuring the elementary education in such circumstances, to the children of beedi workers, the Ministry in their written reply informed as under :-

`There is an incentive by way of scholarships under beedi workers' welfare scheme. During the year 2008-09, 936558 children of beedi workers have been benefited.'

3.5 The Committee note that scholarships are given to the wards of beedi workers studying in various classes starting from 1^{st} standard and also undergoing professional courses. The scholarship per child per annum ranges from Rs.250 to Rs.8,000. The Ministry confessed that "the amount of Rs.8,000/- for professional degree course is not justified." Accordingly to the Ministry, the flagship programme of Sarva Shiksha Abhiyan (SSA) of the Central Government has become so popular that all schools

running for the wards of beedi workers have been closed down due to this Sarva Shiksha Abhiyan and the funds are now being utilized for disbursement of scholarships. <u>The Committee, therefore, desire</u> <u>that the Ministry step up the amount of scholarships</u> <u>commensurately so that the wards of the beedi workers could</u> <u>pursue the professional degree courses.</u>

3.6 The Committee note that the entire family of a beedi worker must work for the whole day to meet the target of rolling 1000 beedis to secure full day wage. In such a pernicious circumstance, children forego per force their education to supplement their family income. <u>The Committee, therefore, desire</u> <u>that a suitable mechanism be evolved and awareness campaign</u> <u>launched so that the children of beedi workers could get at least</u> <u>the elementary education under the Sarva Shiksha Abhiyan.</u>

Chapter IV

Housing

A Revised Integrated Housing Scheme (RIHS), 2007 has been introduced from 1st April, 2007, wherein a uniform central subsidy of Rs.40,000/- per tenement per worker is granted for construction of a house by the beedi worker himself/herself. The worker's contribution of Rs.5,000/- would be deposited only after the administrative approval granted by the Ministry and not at the time of submitting the application as was the provision earlier. This contribution of the worker is returned back to him at the time of the release of the second installment.

4.2 On the question of present status of the Scheme, the Ministry in their written reply informed as under :-

The Revised Integrated Housing Scheme, 2005 (RIHS 2005) amended as Revised Integrated Housing Scheme, 2007 (RIHS, 2007) is being implemented w.e.f. 1^{st} April, 2007. An uniform subsidy @ Rs.40,000/- per tenement per worker is granted to a Beedi worker who has completed at least one year in Beedi making, having a plot of at least 60 Sq. yards in his name or jointly/severally with other members of the family. A Beedi worker, whose monthly income do not exceed Rs.6,500/- can avail benefits under the scheme provided the cost of house do not exceed Rs.1.00 lakh.'

4.3 Elaborating the modus-operandi of scheme further, during the course of oral evidence, the representative of the Ministry informed as under:-

There are two-three procedures which have to be followed. After the first installment for housing is released, an actual physical verification is conducted by the officers prior to the release of the second one. We at times get the study conducted after the construction of houses to see whether work had been completed or not. In some cases the Houses may have not been constructed as per our report the houses have been constructed on all the sites for which the funds The State Government and Central have been released. Government separately keep a vigil on the agency. However, if hon'ble members have some suggestions in this regard, we will definitely implement them, but in our opinion there is a provision of audit after the construction work of houses is over. It is duly verified whether the funds have been utilized properly or not. The same procedure is followed in respect of the scholarship also. Certificates are obtained from the schools and once the Principals issue certificates, then the beneficiaries are provided money through bank cheques. Efforts are made that the amount of money reaches to the right person. If you happen to notice any such case where the amount does not reach to the right person action will definitely be taken against the persons concerned.'

4.4 Regarding the number of houses constructed and the quality of those houses, the Ministry in their written reply submitted as under :-

*The State-wise number of houses constructed during last three years is given below:

		2007-08	2008-09	2009-10
S.	NAME OF THE	No. of	No. of	No. of
NO.	STATE	houses	houses	houses
		constructe	construct	construct
		d	ed	ed
1.	Andhra	2098	3879	-

TABLE-7

	TOTAL	2098	9022	12725
14.	Jharkhand	-	55	32
13.	Bihar	-	48	556
12.	West Bengal	-	212	6789
11.	Uttar Pradesh	-	119	365
10.	Tamilnadu	-	2091	131
9.	Rajasthan	-	156	145
8.	Orissa	-	1142	2013
7.	Maharashtra	-	520	530
	Pradesh			
6.	Madhya	-	165	1147
5.	Kerala	-	224	980
4.	Karnataka	-	411	22
3.	Gujarat	-	-	15
2.	Chhattisgarh	-	_	-
	Pradesh			

In terms of the scheme, 100% inspection of houses is conducted either by Welfare Commissioner of the concerned regions or by the inspecting agency of the State concerned. Random checks/inspections are also conducted by the Ministrv and/or Welfare Commissioner of the region concerned. The 2nd instalment of subsidy, together with worker contribution of Rs.5,000/- each worker is released on of inspection receipt report from the concerned Welfare Commissioners State or authorities of the State concerned on recommendation of Welfare Commissioner of the region concerned.'

4.5 Regarding to the need for reviewing the Scheme in view of the escalation in the cost of construction, the Ministry replied as under:-

Study/evaluation of the existing "Revised Integrated Housing Scheme, 2007" is being done by an External Agency from March 2010. Various Teams of the External Agency are conducting Evaluation/Study of the scheme in various concerned States and the report of the external agency will be submitted to the Ministry after completion of field visits and study of the scheme. The findings of the external agency will be placed before Central Advisory Committee for Beedi Workers Welfare Fund, as decided in its 26th meeting held on 28th June, 2010.'

4.6 While granting approval to the Revised Integrated Housing Scheme, the Ministry of Finance, Department of Expenditure, instructed that the Scheme be evaluated from the external agency. Accordingly, an evaluation of the Scheme by an external agency viz. "Society for Regional Research and Analysis, Gurgaon" was initiated by the Ministry. Regarding the present status and the time frame given for submission of the evaluation report, the Ministry informed as under :-

The agency has made field visits and conducted study in few states and various teams are conducting field visits/study of the scheme in remaining states wherein houses were sanctioned under RIHS, 2005 amended as RIHS, 2007.

There is stipulated period of 6 months within which the external agency is to conduct study and submit its firsts reports to the Ministry.'

4.7 The Committee find that under the Revised Integrated Housing Scheme (RIHS), a uniform subsidy of Rs. 40,000/- is provided to the beedi workers who have atleast completed one year of service and who have approx of 60 sq. yard of land. In order to avail the subsidy, the worker has to deposit an amount of Rs.5,000/- which is released to him alongwith the 2^{nd} instalment. The Central Advisory Committee (CAC), in one of their recommendations, advocated the need to waive of the workers' contribution of Rs.5000. The Committee find that often it is very difficult for a poor beedi worker to arrange even Rs.5000 and failing which he would be deprived of the subsidy of Rs.40,000 under the RIHS. The Committee endorse the recommendation of the CAC that necessary steps be taken to do away with this stipulation of depositing Rs.5000 by the beedi worker for grant of subsidy.

4.8 The Committee note that an evaluation study of the existing RIHS is being conducted by an external agency. The agency was given a time frame of six months for submission of its report. The Committee desire to know the current status of the evaluation study and likely time of submission of the report by the agency. The Committee also desire that they may also be apprised of the recommendations made by the agency.

<u>Chapter V</u>

<u>The Beedi and Cigar Workers (Conditions of Employment) Act,</u> <u>1966.</u>

Initially, beedi manufacturing was covered under the Factories Act, 1948, which stipulated a minimum level of employment in an establishment for registration under the Act. Since the beedi industry had a large number of small-size units, these units could not be registered under that Act. To overcome this problem, the Beedi and Cigar Workers (Conditions of Employment) Act, 1966, was enacted, requiring compulsory licensing of beedi manufacturing on industrial premises, or wherever any manufacturing process connected with the production of beedi operated. The provisions of the Act were comprehensive enough and were applicable to home-workers as well. The Supreme Court upheld the Act when the employers challenged its validity.

5.2 The Act fixed norms covering daily hours of work, weekly rest, leave with wages, maternity benefits, etc., as well as welfare amenities such as drinking water, toilet facilities, canteens, etc. The beedi manufacturing industry was included in the official list of Scheduled Employment. Minimum wages were fixed by the State Governments and were revised from time to time. However, it was observed that such provisions were only partially implemented on industrial premises and in factory sheds, but had scarcely any impact on home-workers. The employers switched over from a factory-based system of manufacturing to an organization of work based on intermediation of contractors or relocated to those states where workers were either less organized or in too distressed and helpless a situation to press for better working conditions or higher wages. 5.3 The other method of circumventing the labour laws adopted by the employers was to introduce manipulative innovation in the employeremployee relationship. The relationship was disguised as a seller-buyer relationship known as a 'purchase sales system'. According to this system, an employer sold raw materials (tobacco, tendu leaves, etc.) to the workers and bought back the finished beed is to sell to the firm.

5.4 Another system of flouting legal obligations, practiced to deprive home-workers of their benefits, is manipulation in the passbook given to the workers to record transaction details of raw materials, rolled beedis, wages paid, etc. As per law, a contractor is required to maintain a passbook for each worker separately but such requirement goes unheeded. Instead, he maintains two registers: one with the proper details relating to fewer workers and another with the names of all the workers. The names of child workers are not maintained in the registers. Moreover, the names on the registers are frequently changed to show lack of permanency of works so that those workers cannot lay any claims to benefit as per law from the contractors.

5.5 The Beedi and Cigar Workers (Conditions of Employment) Act, 1966, explicitly incorporates provisions encompassing obligations of contractors and subcontractors in respect of home-workers, effective implementation is lacking. However, the responsibility for implementing the Beedi and Cigar Workers (Conditions of Employment) Act, 1966, rest with the State Governments.

<u>Wages</u>

5.6 As per the Payment of Wages Act, 1936, every employer shall be responsible for the payment to persons employed by him of all wages required to be paid under this Act.

5.7 During the study visit of the Committee to Kolkata, the Committee heard the grievances of the beedi workers. They informed that the contractors exploit them on many scores like payment of wages per day or per thousand beedi rolled, no social security available under the beedi workers welfare fund, wages paid are lower than the those prescribed by the State Government and over all the contractor usually discards the beedies rolled by them to escape from paying the full wages. The workers also stated that they were even not aware of the facilities, the employer, was supposed to provide to them under the Act.

5.8 On a specific query as to how the Ministry propose to tackle these malpractices without shifting the responsibility on the State Government, the Ministry in their written reply informed as under :-

'In the last CAC meeting held on 26.6.2010, such issues were discussed and the CAC felt that V.V.Giri National Labour Institute should study and suggest the amendments to the Beedi and Cigar Workers Act, 1966. Accordingly, VVG NLI has been requested to undertake a study.'

5.9 On the issue of fixing and ensuring minimum wages by the State Governments, the representative of the Ministry further informed as under:-

We have that document and we would also like to share it with the esteemed committee that the wage which has been fixed by a State Government is less than the minimum wage. As it is a very sensitive issue, I do not say that such amount of money would be provided on one thousand beedis. All of us know that it is very difficult to make one thousand of beedis in a day, so to this effect, it comes to be even less than that of minimum wage. I will provide a copy of that to the Committee. I would not like to discuss it officially. We know it very well but as the minimum wage is a state subject, so, it is not proper for me to comment in this regard as an officer.' 5.10 Regarding the minimum wages prescribed per thousand manufactured beedis, and the wages prescribed under the Minimum Wages Act, State wise, the Ministry informed as under :-

The minimum wage fixed by the State Government

(Information collected in August 2010)

~		
S.No.	1	Total Wages (in Rs.)
1	Andhra Pradesh	74.85 (per 1000 beedies)
		Zone-I
		74.35 (per 1000 beedies)
		Zone-II
2	Arunachal Pradesh	55.00 (Area-I) p.d.
		57.00 (Area-II) p.d.
3	Assam	77.00 (for 1000 Beedies)
4	Bihar	110.00 (for 1000 Beedies)
5	Chhattisgarh	41.31 (for 1000 Beedis)
6	Dadra & Nagar Haveli	91.00 p.d.
7	Daman & Diu	87.00 p.d
8	Gujarat	132.50+22.22=154.70 (for
		1000 Beedies)Zone-I
		132.00+22.20=154.20 (for
		1000 Beedies)- Zone-II
9	Jharkhand	99.00(for 1000 Beedies)
10	Karnataka	74.33 (Per 1000 Beedies)
11	Kerala	97.20 (per 900 Beedies)
12	Madhya Pradesh	45.64(per 1000 Beedis)
13	Maharashtra	50.00+47.90 Spl. Allowance
		(for 1000 Beedies)Zone-I
		48.00+47.90 Spl. Allowance
		(for 1000 Beedies)Zone-II
14	Orissa	63.28 (for 1000 Beedies).
15	Rajasthan	46.86+16.37= 59.23(for

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		1000 Beedies)
16	Tripuno	65 00(for 1000 Deadion)
	Tripura	65.00(for 1000 Beedies)
17	Tamil Nadu	85.82 (per 1000 Beedies)
18	Uttar Pradesh	60.00 (per 1000 Beedies)
19	West Bengal	137.58(for 1000 Beedies)
	Calcutta	
	Howrah & Hooghly	122.54(for 1000 Beedies)
	Other Districts	113.97 (for 1000 Beedies)

5.11 The matter of rejection of beedi rolled during a particular day by the agents, just to escape the payment to the workers also came to light of the Committee during their interaction with the beedi workers. Regarding the check on the contractors who reject beedis rolled by the workers on one pretext or the other, the Ministry in their written reply informed as under :-

"Implementation of the Beedi & Cigar Workers (Conditions of Employment) Act, 1966 falls under the domain of State Governments. Instructions have been issued to the State Governments in this regard from time to time."

5.12 An amount of Rs.5,000/- each is granted to widow/widower of beedi workers for conducting marriage of first two daughters. In regard to the adequacy of amount paid for conducting a marriage and whether there is any proposal to enhance this amount, the Ministry informed that "given the limitation of funds, the amount appears to be sufficient. Owing to paucity of funds, there is no proposal to enhance this amount."

During their study visit to Kolkata in June, 2010, the 5.13 Committee were anguished to find rampant exploitation of beedi workers on a multiple of scores like under payment of wages on per thousand beedis rolled by them, rejection of beedis rolled on one pretext or the other, denial of social security benefits/schemes, avoidance of full payment and denial of other statutory amenities/facilities. The Committee deplore that the Ministry instead of finding a concrete way out to ensure that the contractors do not debunk and mock at the statutory protections, replied that the implementation of the Beedi and Cigar Workers (Conditions of Employment) Act, 1966 fell under the domain the State Governments. Such a specious argument is not acceptable and the Union Government cannot be allowed to shirk their responsibility of upholding the laws of the republic intended to safeguard the vital interest and well being of poor beedi workers. The Committee, therefore, recommend that Government undertake comprehensive review of all the labour laws in order that statutory protections to the poor workers including beedi workers do not remain *pious platitudes* but enforced substantially in accord with the legislative intent.

The Committee were also informed by the Ministry that 'as per the decision of CAC, V. V. Giri National Labour Institute has been requested to undertake a study and suggest amendments to the Beedi and Cigar Workers Act, 1966'. The Committee are of the view mere amendments to the Act will not vield the desired results as implementation/execution of the provisions of the Act would still rest with the State Governments. The Committee also find Labour Commissioners that Deputy and Regional Labour Commissioners merely act as conciliation machinery and have no prosecution powers at present due to which implementation of the Act becomes more or less ineffective. The Committee, therefore, strongly feel that the office of the Chief Labour Commissioner be given adequate statutory powers to ensure proper implementation of the labour laws through its enforcement machinery, i.e. the Deputy Labour Commissioners (C), Regional Labour Commissioners and Assistant Labour Commissioners positioned in different States. The Committee further recommend that it must be made mandatory for all RLCs and ALCs in the States to make regular field visits and conduct surprise checks every month to detect any violation of the labour laws by the beedi manufacturers and submit their reports to the Chief Labour Commissioner for suitable action against the guilty manufacturers. The Committee would also like that the Government place annually a review on the implementation of statutory protections given to the labour under each enactment.

5.14 During their study visit to Kolkata, they also came across glaring instance of the Minimum Wages Act. The Committee are appalled to note that the workers are getting merely Rs.41/- per thousand beed is rolled on the basis of bi-partite agreement reached in the year 2005 between the Employers' Association and the Workers' Union notwithstanding the fact that State Government of West Bengal has fixed Rs.113.97 (the minimum in the State of West Bengal) as minimum wages for per 1000 beedis rolled or Rs.113.02 The Committee are disconcerted to day. note that per unscrupulous employers are exploiting the poor workers by making a mockery of the Minimum Wages Act. The Committee, therefore, desire that the State Governments be vigorously persuaded to adopt atleast the Minimum Floor Level Wages besides framing stricter norms against the beedi manufacturers/contractors who indulge in such wanton malpractices.

5.15 The Committee observe that an amount of Rs.5,000/each is granted to widow/widower of beedi worker for solemnizing the marriages of first two daughters. <u>The Committee find this</u> <u>amount rather too paltry to solemnize a marriage. The Committee,</u> <u>therefore, recommend that this amount be enhanced atleast to</u> <u>Rs.25,000/-.</u>

New Delhi;

HEMANAND BISWAL CHAIRMAN STANDING COMMITTEE ON LABOUR

<u>22nd March, 2011</u> Chaitra 1, 1933 (Saka)

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON 28TH JANUARY, 2010.

The Committee met from 1500 hrs. to 1700 hrs in Committee Room 'D', Parliament House Annexe, New Delhi to have briefing by the representatives of the Ministry of Labour and Employment on the subjects `Welfare of Beedi Workers'; and 'Ongoing strike in Jute Mills in West Bengal'.

PRESENT

Shri Hemanand Biswal – CHAIRMAN

MEMBERS LOK SABHA

- 2. Shri M. Anandan
- 3. Shri Sudarshan Bhagat
- 4. Shri Hassan Khan
- 5. Shri Kaushalendra Kumar
- 6. Shri Hari Manjhi
- 7. Shri Ramkishun

RAJYA SABHA

- 8. Shri G. Sanjeeva Reddy
- 9. Shri Rajaram
- 10. Smt. Renubala Pradhan
- 11. Shri G.N. Ratanpuri

SECRETARIAT

- 1. Shri Devender Singh -
- 2. Shri B.S. Dahiya
- 3. Shri Ashok Sajwan
- Joint Secretary
 - Director
 - Additional Director

Witnesses Ministry of Labour & Employment

1.	Sh. Prabhat Chandra Chaturvedi	Secretary		
2.	Shri S.K. Srivastava	Additional Secretary		
3.	Dr. C.S. Kedar	Director General, ESIC		
4.	Shri Sharda Prasad	JS & Director General		
5.	Shri S.K. Dev Verman	Employment & Training Joint Secretary		
6.	Shri Anil Swarup	JS & Director General		
7.	Shri N.K. Prasad	Labour Welfare Deputy Chief Labour Commissioner (C)		
8.	Shri Suraj Bhan	Economic Advisor		
9.	Shri B.K. Sanwaria	Welfare Commissioner (HQ)		

2. At the outset, the Chairman welcomed Shri P.C. Chaturvedi, Secretary and other officers of the Ministry of Labour and Employment and invited their attention to the provisions contained in Direction 55 (1) of the Directions by the Speaker, Lok Sabha. The Chairman expressed concern of the Committee on the 'ongoing strike in 52 jute mills in West

Bengal'. The Chairman then informed that the Committee has also taken 'welfare of beedi workers' as a subject for detailed examination and report considering the gross inadequacy of the welfare schemes run by the Government for ameliorating the conditions of the beedi workers. The Chairman then asked the Secretary to brief the Committee on `ongoing strike in jute mills in West Bengal' first and the steps taken by the Ministry of Labour and Employment in resolving the problem.

 3. XX
 XX
 XX

 4. XX
 XX
 XX

5. The Secretary then briefed the Committee on the subject 'welfare of beedi workers' and also made a power point presentation highlighting various facts and the schemes for the welfare of beedi workers and steps taken/proposed to be taken by the Government for their welfare.

6. The Chairman and other members of the Committee, thereafter, sought clarifications on several points which were replied to by the representatives of the Ministry.

7. The Chairman thanked the representatives of Ministry for giving free and frank replies on the subject. The Chairman also directed the Secretary to furnish written replies to the queries raised by the members which could not be replied during the meeting and also to the List of Points handed over to him during the meeting, at the earliest.

8. XX XX XX

Verbatim proceedings of the sitting was kept for record.

{The witnesses then withdrew}

The Committee then adjourned.

XX Not pertain to this report.

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON 15TH JULY, 2010.

The Committee met from 1430 hrs. to 1600 hrs in Committee Room `D', Parliament House Annexe, New Delhi to take evidence of the representatives of the Ministry of Labour and Employment on `Welfare of Beedi Workers'.

PRESENT

Shri Hemanand Biswal – CHAIRMAN

MEMBERS LOK SABHA

- 2. Shri K. Murugesan Anandan
- 3. Shri P. Balram
- 4. Shri Shafiqur Rahman Barq
- 5. Shri Sudarshan Bhagat
- 6. Shri Hassan Khan
- 7. Shri Kaushalendra Kumar
- 8. Shri Hari Manjhi
- 9. Shri P.R. Natarajan
- 10. Shri S. Pakkirappa
- 11. Shri Ramkishun
- 12. Shri Mahendra Kumar Roy
- 13. Shri Chandu Lal Sahu
- 14. Dr. Kakoli Ghosh Dastidar

RAJYA SABHA

- 15. Shri G.Sanjeeva Reddy
- 16. Shri Rudra Narayan Pany
- 17. Smt. Renubala Pradhan
- 18. Shri G.N. Ratanpuri
- 19. Shri Praveen Rashtrapal

SECRETARIAT

1.	Shri Devender Singh	-	Joint S
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- 2. Shri B.S. Dahiya
- Joint Secretary
- Director

<u>REPRESENTATIVES OF THE MINISTRY OF LABOUR AND</u> <u>EMPLOYMENT</u>

S1 .	Name of the Officer	
No.		Designation
1.	Shri S.K. Srivastava	Additional Secretary
2.	Shri Anil Swarup	Director General
3.	Shri Naresh Chandra	Welfare Commissioner, Kolkata
4.	Shri Suraj Bhan	Economic Adviser

At the outset, the Chairman welcomed the Members to the sitting of the Committee and the representatives of the Ministry of Labour and Employment. He recalled that after the Committee was briefed by the representatives of the Ministry on 28th January, 2010, the Committee had an opportunity to interact with some of the beedi workers and their representatives during their study visit to Kolkata in June 2010. The Chairman observed that the welfare schemes being run by the Government were not helping the workers in their overall development. He asked the representatives of the Ministry to explain in detail and precisely how effectively welfare schemes meant for beedi workers were being implemented and monitored.

2. Thereafter, the Additional Secretary briefed the Committee on the subject.

3. The Members raised the following issues and concerns, among others:-

- (i) Identification and issuance of I-cards to beedi workers expeditiously;
- (ii) Provision of maternity, childcare and Healthcare(MCH) and the reimbursement of expenditure to the beneficiaries without delay;
- (iii) Job security to the beedi workers and the need for preventive health care;
- (iv) Maintaining the operational efficiency of hospitals meant for beedi workers and examining the feasibility of extension of the facility of ESIC hospitals to beedi

workers to avoid duplication, and optimum utilization of health infrastructure;

- (v) Filling up of vacancies of medical staff in hospitals;
- (vi) Need for additional allocation from the Ministry ofFinance to support the welfare fund; and
- (vii) Revision in the rate of cess etc.

4. The Chairman thanked the representatives of the Ministry for their free and frank replies. The Chairman also directed the representatives to furnish written replies to the queries raised by the members which could not be replied during the meeting and also to the supplementary list of points handed over to him during the meeting, within a week's time.

{The witnesses then withdrew}

The verbatim proceedings of the sitting was kept for record.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON 22ND MARCH, 2011.

The Committee met from 1500 hrs. to 1600 hrs in Committee Room `B', Parliament House Annexe, New Delhi to consider and adopt the draft Report on 'Welfare of Beedi Workers' of the Ministry of Labour and Employment.

PRESENT

Shri Hemanand Biswal – CHAIRMAN

MEMBERS LOK SABHA

- 2. Shri Raj Babbar
- 3. Shri Shafiqur Rahman Barq
- 4. Shri Hassan Khan
- 5. Shri Kaushalendra Kumar
- 6. Shri Hari Manjhi
- 7. Shri P. Balram Naik
- 8. Shri P.R. Natarajan
- 9. Shri Mahendra Kumar Roy

RAJYA SABHA

- 10. Dr. E.M. Sudarsana Natchiappan
- 11. Shri Rudra Narayan Pany
- 12. Smt. Renubala Pradhan
- 13. Shri Praveen Rashtrapal
- 14. Shri G.N. Ratanpuri

SECRETARIAT

- 1. Shri Devender Singh
- 2. Shri Ashok Sajwan
- Joint Secretary
 - Additional Director

2. At the outset, the Chairman welcomed the Members and apprised them about the draft Report on 'Welfare of Beedi Workers' of the Ministry of Labour and Employment.

3. The Committee took up the draft Report for consideration. The Members expressed their views. The Committee, after detailed deliberations, adopted the same with minor modifications.

4. The Committee then authorized the Chairman to present the same to both the Houses of Parliament.

5.	XX	XX	XX
6.	XX	XX	XX

The Committee then adjourned.

XX Not pertain to this report.

STATEMENT OF RECOMMENDATION/OBSERVATIONS

S1.	Para	Recommendations/Observations
No.	No.	
1.	1.18	The Committee note that the Beedi Workers
		Welfare Fund Act, (1976) (BWWF) is an important
		legislation enacted by Parliament for the benefit of
		beedi workers. The Beedi Workers Welfare Fund, set
		up under the said Act, is financed through a levy of
		cess by the way of excise duty on manufactured
		beedis. The Committee find that the cess so
		collected is the only source of finance of welfare
		schemes for beedi workers under BWWF. Till the
		year 2006-07, the BWWF had surplus funds and
		from the year 2007-08, the corpus of BWWF
		plummeted, went in deficit and continues to be in
		deficit. At Present, the cess is collected @ 0.5% per
		thousand beedis manufactured w.e.f. 01 April,
		2006. The Committee note that the expenditure on
		the welfare schemes is increasing every year and

due to paucity of funds, the Ministry is finding itself handcuffed to run smoothly even the ongoing schemes. The Committee further note that during 2009-10, the Ministry of Finance allocated an additional sum of Rs. 40.05 crore as budgetary support to fund the backlog of scholarships given to the children of beedi workers under the Welfare Fund. The Committee strongly feel that there is an urgent need to amend the Beedi Workers Cess Act, 1976, which was last amended in 1998 and under which the rate of cess cannot be increased beyond Rs.5/- per thousand manufactured beedis. The Committee feel that since the cost of living has gone up considerably, the rate of cess too needs revision. The Committee, therefore, recommend that a suitable proposal be mooted to the Ministry of Finance *de-novo*, specifically expressing the serious concern of the Committee, for amending the Beedi Workers Welfare Cess Act, 1976 to enhance the rate of cess with provision of periodic revision. The Committee also recommend that in

		the meantime, till the Cess Act is amended,
		additional budgetary support be obtained from the
		Ministry of Finance for funding the Beedi Workers
		Welfare Fund so that welfare activities of beedi
		workers are not impeded.
2.	1.19	The Committee note that under Section 3A of the
		Beedi Workers Cess Act, 1976, exemption in cess is
		granted to the manufacturers of less than 20 lakh
		unbranded beedis in a year. Taking advantage of
		this provision, a number of unscrupulous
		manufacturers are splitting their business into
		smaller units to enjoy the exemption limit and
		escape payment of cess. According to the Ministry,
		its proposal to the Ministry of Finance to withdraw
		the exemption was not agreed to on the ground that
		withdrawal of exemption shall put a big
		administrative burden on the Central Excise
		Department to collect the cess from a large number
		of small manufacturers who would also be put to
		hardship. Since all the welfare activities of the
		beedi workers are financed through the cess

		collection only, the Committee dismiss the argument of apprehended administrative burden of the Ministry of Finance being untenable as withdrawal of such an exemption will not only bring in funds to the depleted corpus of the BWWF but also tax the profits of those beedi manufacturers who are thriving at the cost of poor beedi labourers. The Committee, therefore, recommend that the Ministry move a fresh proposal to the Ministry of Finance emphasizing the considered view of this Committee so that the exemption given to beedi manufacturers of less than 20 lakh unbranded beedis in a year is done away with.
3.	1.20	The Committee note that about 6 lakh beedi workers have not been issued identity cards till date which is depriving them to have access to the welfare fund and availing benefits under the schemes meant for them. On the other hand, the Committee are perturbed to note that about 24.8% identity cards were of questionable validity in Malda and Murshidabad districts of West Bengal as

revealed by the sample survey conducted by Shri Ram Centre of Industrial Relations and Human Resources, New Delhi in the year 2009. In the view of the Committee, if this is the position of only two districts of one State, then the percentage of fake/duplicate identity cards might be, obviously, far more had the survey traversed other States too where beedi rolling is a profession. The Committee attribute it to the fact that multiple agencies are involved in the issuance of identity cards. The Committee, therefore, recommend that the work of issuance of identity cards be allocated block / district wise to only one agency so as to avoid duplicity and stringent action be taken against the unauthorized agencies found issuing the fictitious identity cards. The Committee note that issuance of identity cards is an ongoing process but certainly it cannot remain infinitely so and vigorous efforts must be made to complete it within the year 2011 atleast to cover the identified beedi workers. The Committee would like to be informed of the

		progress achieved in the matter before June, 2011.
4.	1.21	The Committee note that there are a number of
		players running illegal beedi companies through
		contractors and sub-contractors. These employers
		show in their records a very small number of people
		working under them whereas a large number of
		people are actually working under them through
		their contractors and sub-contractors. Resultantly,
		these workers are not registered in the main
		employers' muster roll and are, therefore, not
		directly linked with a particular employer.
		Eventually, in the absence of their registration with
		any employer these workers are deprived of all the
		benefits under the Beedi Workers Welfare Fund.
		The Committee, therefore, recommend that the
		Government initiate immediate steps to bring
		awareness amongst these workers engaged in beedi
		rolling about their legitimate rights and all beedi
		workers be issued Identity Cards irrespective of
		the fact whether they are registered with any

		contractor or sub-contractor.
5.	1.22	The Committee further note that as per the
		estimation of the Ministry, there are around 55
		lakh workers all over the country engaged in beedi
		rolling by the registered companies. This figure
		might go beyond one crore if unregistered small
		companies too are taken into account. <u>The</u>
		Committee, therefore, recommend that a proper
		mapping should be done for identifying the beedi
		workers engaged by these unregistered small
		companies and also under contractors and sub-
		contractors for issuance of Identity Cards so that
		they are able to avail the welfare schemes meant
		<u>for them.</u>
6.	1.23	The Committee find that no evaluative study has
		been undertaken by the Ministry in the recent past
		to assess the performance of various schemes
		under BWWF. According to the Ministry, an
		evaluative study in respect of only two of the
		welfare schemes, viz., hospitals and housing was

		being conducted. The Committee feel that all the
		schemes under BWWF are vital and need periodic
		evaluation so that not only their impact and the
		shortcomings be known but also these could be
		restructured suitably to ensure decent standard of
		life and enjoyment of leisure by the beedi workers
		and their families. <u>The Committee, therefore,</u>
		recommend that evaluation studies of all the
		schemes under BWWF be conducted within a
		definite timeline and their reports furnished to the
		Committee along with the action taken by the
		Government thereon. The Committee would also
		like to be apprised of the outcome of the evaluation
		study being conducted in respect of housing and
		hospitals for the beedi workers.
7.	2.11	The Committee note that the medical facilities are
		being provided to 55 lakh identified beedi workers
		through 7 hospitals and 204 dispensaries all over
		the country. The Ministry have admitted that
		these hospitals are inadequate to cater to the needs
		of the beedi workers. Still worse, most of these

hospitals are located at far off places and beyond the access of beedi workers due to which they are not in a position to avail the medical facilities. The Committee find that common problems associated with beedi rolling are respiratory, asthma, body headaches, eyestrain, tuberculosis ache. and These affect the beedi rollers and spondilitis. others involved in the manufacturing of beedis too. The Committee, strongly feel that these workers need specialized, accessible, affordable and regular medicare. The Committee, therefore, desire that some alternative arrangements be made urgently for extending specialized medical treatment to the beedi workers who suffer from these ailments. Besides, arrangements also be made to ferry these workers to the hospitals as often they cannot afford to go to the hospitals for treatment for want of money.

8.	2.12	The Committee note that the accommodation in all
		the seven hospitals, meant for beedi workers, is not
		commensurate with their population. Not only this,
		even these hospitals are also not well-equipped to
		cater to the medical requirements of the beedi
		workers and there is an acute shortage of medical
		and para-medical staff in these hospitals. A 30
		bedded hospital at Bihar Sharif which was
		constructed long back but is still not operational
		for want of medical staff. Such an apathy and
		indifference speaks volumes about the Ministry's
		concern for the health and well-being of beedi
		workers. The Committee, therefore, recommend
		that vacancies of medical and para-medical staff in
		all the hospitals be filled up by December, 2011
		positively and the Committee apprised.
9.	2.13	The Committee note that after the amendment in
		the Employees State Insurance (Amendment) Bill,
		the ESI Corporation has agreed in principle to
		extend the medical benefits to the Rashtriya
		Swasthya Bima Yojna (RSBY) beneficiaries. The

	spare capacity of ESIC hospitals is also being
	utilized for the persons willing to avail such
	services on payment basis. The Committee
	recommend that in view of the financial crunch in
	the BWWF, possibilities be explored and
	negotiations made with the ESIC to utilize their
	extant healthcare infrastructure for beedi workers
	too rather than opening new hospitals for them in
	the areas covered by the ESIC.
10. 2.14	The Government is running flagship programmes
	like Rashtriya Swasthya Bima Yojna (RSBY) and
	Aam Admi Bima Yojna (AABY) in the health sector.
	Beedi workers who are in the BPL category are
	eligible for coverage under the RSBY and the rural
	landless worker can get coverage under the Aam
	Admi Bima Yojna. The Committee are of the
	considered view that almost all the beedi workers
	can well be covered under either of these schemes.
	Hence, the hospitals earmarked for the
	beneficiaries of these schemes can also be utilized

		Committee, therefore, desire that beedi workers
		particularly those in rural areas be made aware of
		these facilities so that they need not necessarily
		depend only on those hospitals meant for them and
		which are far off/inaccessible.
11.	2.15	The Committee find that an amount of Rs.10,000/-
		for natural death and Rs.25,000/- for accidental
		for natural death and RS.25,000/- for accidental
		death is being paid to the heirs of the beedi
		workers. The premium is paid from the Beedi
		workers Welfare Fund to the Life Insurance
		Corporation of India (LIC). As the compensation is
		very low and keeping in view the limited funds, this
		amount cannot be enhanced as it would entail
		enhanced premium, the Committee are of the view
		that once the arrangements are made with the ESIC
		and other hospitals for the beedi workers as
		suggested in para 2.14 above, the funds so saved
		can well be utilized to enhance the amount atleast
		to Rs.50.000/- for natural death and Rs.1,00,000/-
		for accidental death.

12.	3.5	The Committee note that scholarships are given to
		the wards of beedi workers studying in various
		classes starting from 1 st standard and also
		undergoing professional courses. The scholarship
		per child per annum ranges from Rs.250 to
		Rs.8,000. The Ministry confessed that "the amount
		of Rs.8,000/- for professional degree course is not
		justified." Accordingly to the Ministry, the flagship
		programme of Sarva Shiksha Abhiyan (SSA) of the
		Central Government has become so popular that all
		schools running for the wards of beedi workers have
		been closed down due to this Sarva Shiksha
		Abhiyan and the funds are now being utilized for
		disbursement of scholarships. <u>The Committee</u> ,
		therefore, desire that the Ministry step up the
		amount of scholarships commensurately so that the
		wards of the beedi workers could pursue the
		professional degree courses.

13.	3.6	The Committee note that the entire family of a
		beedi worker must work for the whole day to meet
		the target of rolling 1000 beedis to secure full day
		wage. In such a pernicious circumstance, children
		forego per force their education to supplement
		their family income. <u>The Committee, therefore,</u>
		desire that a suitable mechanism be evolved and
		awareness campaign launched so that the children
		of beedi workers could get at least the elementary
		education under the Sarva Shiksha Abhiyan.
14.	4.7	The Committee find that under the Revised
		Integrated Housing Scheme (RIHS), a uniform
		subsidy of Rs. 40,000/- is provided to the beedi
		workers who have atleast completed one year of
		service and who have approx of 60 sq. yard of land.
		In order to avail the subsidy, the worker has to
		deposit an amount of Rs.5,000/- which is released
		to him alongwith the 2^{nd} instalment. The Central
		Advisory Committee (CAC), in one of their
		recommendations, advocated the need to waive of
		the workers' contribution of Rs.5000. The

		Committee find that often it is very difficult for a poor beedi worker to arrange even Rs.5000 and failing which he would be deprived of the subsidy of Rs.40,000 under the RIHS. The Committee endorse the recommendation of the CAC that necessary steps be taken to do away with this stipulation of depositing Rs.5000 by the beedi worker for grant of subsidy.
15.	4.8	The Committee note that an evaluation study of the existing RIHS is being conducted by an external agency. The agency was given a time frame of six months for submission of its report. The Committee desire to know the current status of the evaluation study and likely time of submission of the report by the agency. The Committee also desire that they may also be apprised of the recommendations made by the agency.

16.	5.13	During their study visit to Kolkata in June, 2010,
		the Committee were anguished to find rampant
		exploitation of beedi workers on a multiple of
		scores like under payment of wages on per
		thousand beedis rolled by them, rejection of beedis
		rolled on one pretext or the other, denial of social
		security benefits/schemes, avoidance of full
		payment and denial of other statutory
		amenities/facilities. The Committee deplore that
		the Ministry instead of finding a concrete way out
		to ensure that the contractors do not debunk and
		mock at the statutory protections, replied that the
		implementation of the Beedi and Cigar Workers
		(Conditions of Employment) Act, 1966 fell under
		the domain the State Governments. Such a
		specious argument is not acceptable and the Union
		Government cannot be allowed to shirk their
		responsibility of upholding the laws of the republic
		intended to safeguard the vital interest and well
		being of poor beedi workers. The Committee,
		therefore, recommend that Government undertake

comprehensive review of all the labour laws in order that statutory protections to the poor workers including beedi workers do not remain *pious platitudes* but enforced substantially in accord with the legislative intent.

The Committee were also informed by the Ministry that 'as per the decision of CAC, V. V. Giri National Labour Institute has been requested to undertake a study and suggest amendments to the Beedi and Cigar Workers Act, 1966'. The Committee are of the view mere amendments to the Act will not yield the desired results as implementation/execution of the provisions of the Act would still rest with the State Governments. The Committee also find that **Deputy Labour Commissioners and Regional Labour** Commissioners merely act as conciliation machinery and have no prosecution powers at present due to which implementation of the Act becomes more or less ineffective. The Committee, therefore, strongly feel that the office of the Chief Labour Commissioner be given adequate statutory

powers to ensure proper implementation of the labour laws through its enforcement machinery, i.e. the Deputy Labour Commissioners (C), Regional **Commissioners and Assistant Labour** Labour Commissioners positioned in different States. The Committee further recommend that it must be made mandatory for all RLCs and ALCs in the States to make regular field visits and conduct surprise checks every month to detect any violation of the labour laws by the beedi manufacturers and submit their reports to the Chief Labour Commissioner for suitable action against the guilty manufacturers. The Committee would also like that the Government place annually a review on the implementation of statutory protections given to the labour under each enactment.

17. 5.14	During their study visit to Kolkata, they also came
	across glaring instance of the Minimum Wages Act.
	The Committee are appalled to note that the
	workers are getting merely Rs.41/- per thousand
	beedis rolled on the basis of bi-partite agreement
	reached in the year 2005 between the Employers'
	Association and the Workers' Union
	notwithstanding the fact that State Government of
	West Bengal has fixed Rs.113.97 (the minimum in
	the State of West Bengal) as minimum wages for per
	1000 beedis rolled or Rs.113.02 per day. The
	Committee are disconcerted to note that
	unscrupulous employers are exploiting the poor
	workers by making a mockery of the Minimum
	Wages Act. <u>The Committee, therefore, desire that</u>
	the State Governments be vigorously persuaded to
	adopt atleast the Minimum Floor Level Wages
	besides framing stricter norms against the beedi
	manufacturers/contractors who indulge in such
	wanton malpractices.

18.	5.15	The Committee observe that an amount of
		Rs.5,000/- each is granted to widow/widower of
		beedi worker for solemnizing the marriages of first
		two daughters. <u>The Committee find this amount</u>
		rather too paltry to solemnize a marriage. The
		Committee, therefore, recommend that this
		amount be enhanced atleast to Rs.25,000/