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Title: Regarding problems of safety match manufacturing units in Kovilpatti, Tamil Nadu -laid.

SHRI J.J.T. NATTERJEE (THOOTHUKUDI): The safety match manufacturing industry, a mainstay of the economy in Kovilpatti, finds the going tough in the wake of Goods and Services Tax (GST) implementation. There are three types of safety match production. In the hand-made style, dipping of matches in wax, box filling, labelling and packaging are all done manually. In the second category, it is partially mechanized manufacturing where the dipping is done by machines and the box filling, label pasting and packaging are all done manually. The third category is fully mechanized manufacturing.

Ten years ago, there were nearly 10,000 safety match factories employing nearly 7.50 lakh people. The total production was around 800 lakh bundles with revenue of Rs 2,000 crore per year. This has now dropped to nearly 1,000 units. There is an acute shortage of workers in this handmade sector forcing the industry to go in for modernization by importing old machines from China.

The rate of GST on Handmade safety matches fixed by GST Council at the introduction of GST in July, 2017 was 5%. Handmade safety matches fall under GST HSN code number 3605 00 10. There is an urgent need for exemption of GST on this cottage industry. Otherwise in few years, the Hand-made Match industries will be a specimen in Museum only. The 18% GST on matches has increased the production cost. A higher GST rate has resulted in 30 to 40% loss. With the high GST rate, the semi- mechanized units can hardly compete with fully mechanized units.

Therefore, I urge the Government to provide GST exemption for handmade match industries and reduce GST for semi-mechanized match industries from 12% to 5% and fully mechanized match industries from 18% to 12% to save the life of 4 lakh workers of the safety match industries of Kovilpatti and surrounding areas.