=o=o=o=o=o=o=o=o=o=o=o=o=o=o==o=o=o=o=o=o=o=o=o=o=o=o=o=

CHAPTER - V

CONCLUSIONS AND SUGGESTIONS

5:1) INTRODUCTION.

5:2) GENERAL CONCLUSION REGARDING BIDI INDUSTRY IN INDIA.

5:3) CONCLUSIONS AND SUGGESTIONS REGARDING M/S. PISTOL BIDI WORKS PRIVATE LTD., NIPANI.

=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o=o

CHAPTER -V:

CONCLUSIONS AND SUGGESTIONS

5:1) INTROUDCTION:

In this chapter, an attempt has been made to give conclusions and suggestions as follows:

General conclusions regarding Bidi-industry in India: :

i) The Bidi-industry has got a prominent place in the rural area of the country. It is the second largest industrial set up in India in rural area. This incustry provides large-scale employment opportunity to the rural-masses, fetches sizeable amount of Foreign exchange and also a good source of revenue to Government.

ii) The Bidi-manufacturers do not maintain records regarding cost of production of Bidies scientifically and most of Bidi-manufacturers are doing this process with the help of labourers.

iii) After 1978 the unbranded Bidi manufacturers in Bidi market with less amount of fixed capital are competing with branded Bidi-manufacturers as some concessions were given to unbranded Bidi production to certain limit.

iv) There are two broad-cost elements in Bidi-manufacturing i.e. fixed cost and variable cost. Fixed cost comprises interest on debenture and loans, depreciation on fixed assets, administration cost and royalties. Variable cost comprises cost of materials such as cost of Bidi-tobacco, Bidi leaves, papers, yarns, wages for Bidi-rollers, advertising cost etc.

v) The total cost of producing un-branded Bidies is less than the cost of production of branded Bidies because there are some exemptions given to un-branded Bidi-manufacturers who are not required to pay excise duty on such products, upto certain limit.

vi) While calculating the cost of production the variable cost is calculated before selling the Bidies.

The variable cost in the case of both branded and unbranded Bidies comes to Rs.36.06 (including excise-duty) per thousand pieces of Bidies. The Share of wages inclusive of direct wages and other allowances Rs.16.87 (46.78%) and excise duty Rs.4.19 (11.62). In the Bidi-market the un-branded Bidi manufacturers sell their Bidies at lower price as compared with branded Bidies. Such type of analysis of cost would definitely help the manufacturers to reduce the cost of production and to enhance the rate of profit even after keeping the same price and strengthen the competitive power.

vii) The small Bidi-manufacturers are not in a position to store the raw-material on a large-scale due to the financial difficulties. While considering the proposal of long-term financial assistance to bidi-industry the question of security is always passed. In absence of adequate tangible assets the financing can be made against two major assets of the bidi industry namely.

a) The employment potential of any particular unit. This can be based on actual number of bidi rollers employed. A minimum daily production per worker can be prescribed to curb the excess financing.

b) A registered trademark and the goodwill enjoyed by it in market with its standing and reputation should be treated as adequate security for assisting the concern having proprietory rights and interests in the ownership of the trade-mark.

5:2) CONCLUSIONS AND SUGGESTIONS REGARDING M/S. PISTOL-BIDI WORKS PVT. LTD.,NIPANI:

1) The data collected from the factory was for the year 1986 (June to May) shows that:

i) The Material Cost (Tobacco, Tendu leaves, papers, label, Yarn, Excise duty etc.)	Rs.1,25,50,000
2) Wages	Rs. 93,00,000
3) Administration	Rs. 50,00,000
Total	Rs.2,23,50,000

The percentagewise break up of the cost was:

1) Material Cost	56.15%
2) Wages	41.61%
3) Administration	2.24%
Total	100 %

The percentage share of material cost to the total was more than 50% while that of wages and administration less than 50%. The management had definite calculations in mind that 1 kg. of tobacco and 1 kg. of tendu leaves should fetch 5,000 and 1700 Bidies respectively. The management played a very important role in achieving the wanted results. Quality material, good packing and sound management helped not only to remain in the market but to have edge over other brands of bidies.

2) Three brands of Bidies of this factory namely, Pistol, Royal and Special have definite region-wise markets. Pistol has a name in Gokak Taluka, Belgaum Dist and Bijapur District. Royal brand runs in Nipani area, Kolhapur and Miraj while special brand is popular in Sawantwadi, Malwan, Vengurla Kanakavali, etc. of Konkan-region of Maharashtra. This is so because of the smoking testes developed by the people in these areas.

3) The factory is reputed for its prompt and regular payments to the suppliers of the raw-materials. The wages are

paid according to the minimum wages Act. Incentives are given to the workers in form of bonus, free medical check-up, provident Fund etc. This helped the factory to maintain its Goodwill amongst the suppliers of raw-materials, traders, workers and the consumers. It has withstood the stiff competition by the branded Bidies namely, G.S. Bidi, Sambar Bidi, Bawa Bidi, Kothiwale Bidi and Un-branded Bidies.

4) The year 1984 was a bad year for the Pistol Bidi Works Pvt. Ltd. for it made losses. Since then the prices of three brands namely Royal, Special and Pistol were not only enhanced but brought on equal footings.

5) Since 1985 quotas of tobacco and tendu leaves to be supplied to the workers were fixed in order to attain optimum production and avoid wastages. This helped directly reduce the cost of production.

6) Because of the malpractices and foul practices employed by the unbranded bidies such as putting the low quality bidies in the wrappers of Royal, Special and Pistol bidies and selling them at the higher prices, Pistol Bidi Works Pvt. Ltd., Nipani had to change the wrapping material and lablels. This change took place after 1978 When such cases of adulteration and imitation were noticed.

7) Presently the factory worked for major part of the year i.e. 290 days. With the help of the information and data

provided the break even point was calculated as below:

i)	Fixed Cost (Per day)	Rs. 2,000=00
ii)	Variable Cost (Per 1000 bidies)	Rs. 36=06
iii)	Selling Price (per 1000 bidies)	Rs. 40=00

From the above information it followed that the selling price per bidi was 4 paise and the variable cost per bidi 3.6 paise and the total fixed cost per day Rs.2,000/-

Now:

$$\text{The break even point} = \frac{\text{Fixed Cost}}{\text{Selling price per unit - variable cost per unit}}$$

$$= \frac{\text{Rs.}2,000}{\text{Rs.}00.04 - \text{Rs.}00.036}$$

$$= \frac{\text{Rs.}2000}{00.004}$$

$$= \frac{2000}{\frac{4}{1000}}$$

$$= \frac{2000}{1} \times \frac{1000}{4}$$

$$= 5,00,000 \text{ units.}$$

Once the break even point at the production of 5,00,000 units is achieved the price could be lowered and still, profits could be made.

....