

CHAPTER-I

BIDI INDUSTRY IN INDIA

1:1) INTRODUCTION:

The Bidi is not just a variety of cigarette. It is not an alternative to cigar and cigarette. It is something quite unique with a distinct taste unlike other kinds of smoke. It is a very popular smoke among millions of people.

The Bidi-industry plays an important role in Indian economy. The employment generating aspect of the industry has been responsible for significant attention being paid to the industry. Bidi-industry which is a "Cottage-Industry" in its real term provides employment to about 50 lakhs of people basically from the rural area¹. This industry provides spare time employment to men and women, young and old, married and widows, some of whom are women in "parada" who cannot go out for employment due to prevalent social custom. Even the physically handicapped can roll Bidies to earn their livelihood by working at their homes. To roll Bidies is taken as a part time employment by the agricultural workers at off-season time. Thus the industry provides supplementary income to lakhs of rural families and help to make their lives a little more comfortable.

Bidi-making is manual in all its stages. No tools are used except ordinary scissors, winnows and wire-nets. The Bidi-industry is now the biggest rural cottage industry dispersed throughout our country. Two principal raw-materials are used for Bidi-making, Bidi-tobacco and Bidi leaves (Tendu or Kendu leaf). They fit most agreeably with each other for being turned into a Bidi. In the Bidi industry where no foreign exchange, machinery, electric power, skilled labour or any other infrastructure is required, needs just two ingredients, i.e. the right type of tobacco and tendu leaves to wrap the tobacco in. The blended-tobacco and leaves for wrapping are brought from indigenous sources. The instruments of production are only the unskilled female-labour who roll out the Bidies and supplement their family income.

1:2) ROLE OF BIDI-INDUSTRY IN NATIONAL ECONOMY:

Bidi-industry plays multifarious role in the Indian economy. It is mainly rural and labour intensive industry. The most significant contribution of Bidi-industry to the social aspect of Indian-economy is the prevention of influx of agricultural as well as other rural labour to urban townships. Bidi-industry offers gainful home based employment to rural people. This effectively restricts the awfully increasing problems of urbanisation due to migration of rural population to a considerable extent. Another equally

important aspect is that Bidi-smokers belong to the lower socio-economic strata of Indian-society. The tobacco contents of a Bidi, as compared to the tobacco contents of a cigarette are very small. The ill effects of tobacco smoking are thus reduced considerably.

Bidi industry is classified as small scale industry by the Central Government with various industries². As a result of this classification, many other industries derive some monetary benefits and concessions. But the Bidi-industry is an exception. It lacks qualification to reap the benefits due to its peculiar nature and structure. It may be noted that the aims and objects of the classification, to afford facilities and concessions have thus become ineffective in case of the Bidi-industry.

A striking feature of Bidi-industry is that it always finds scope and flourishes in rural and industrially backward areas, where no other avenues of employment are available. It may offer some supplementary source of income in town also. The Bidi industry has therefore maintained its nature and structure as an industry of backward area permanently.

Its economic importance can be briefly stated as under:

- a) The All India production of Bidies is approximately

130 crores pieces every day and the 80,000 M. Tons per year. The tendu leaves consumption is about 3,50,000 M. Tons per year¹.

b) The Central Exchequer earns by way of income tax about Rs.30 crores per year. While the State Exchequer gets about Rs.5 crores per year by way of sales tax on Tendu-leaves. The local authorities also get a substantial revenue by way of octroi duty².

c) The cost of tobacco consumed in Bidi-industry is about Rs.100 crores per year as well as tendu leaves Rs.100 crores per year³.

d) The excise-duty recovered on account of the sales on tobacco consumed in Bidi-industry is about Rs.25 crores. Now it is removed and shifted to Bidi-manufacturing⁴.

e) The Excise-duty recovered on branded Bidies is expected to the tune of Rs.35 crores⁵.

f) The industry gives wagon movement to the tune of 20,000 wagons per year and the Railway-freight paid by the industry is about 8 crores per year⁶.

g) More than 50 lakhs of people from rural areas are directly engaged in the Bidi-industry. This the second largest employment next to agriculture. At the average rate of Rs.13 per 1,000 Bidies the wages paid per year amount to 600 crores⁷.

1:3A) THE DEVELOPMENT OF BIDI-INDUSTRY:

It is difficult to say correctly how Bidi was invented. It is said that nomadic tribals who used to frequent jungles used some kind of a tree-leaf as a wrapper for wrapping broken bits of tobacco-leaf. Naturally it used to be done then in a crude form and the sizes of these products were obviously not uniform. With passing of time some inventory brains discovered a particular type of tree-leaf as most agreeable medium to this kind of smoking. It is this tree-leaf now known as Tendu or Kendu leaf being used as wrapper. Its botanical name is *Diospyros Melanoxylon*⁸.

Way back in the 1880s Bidi made its appearance in modern fashion. With the advent of Swadeshi Movement Bidi smoking gained popularity. The job being very simple and a source of additional income with various advantages rural folks in increasing number took to Bidi making at their hearths and homes. A new cottage industry thus came into being.

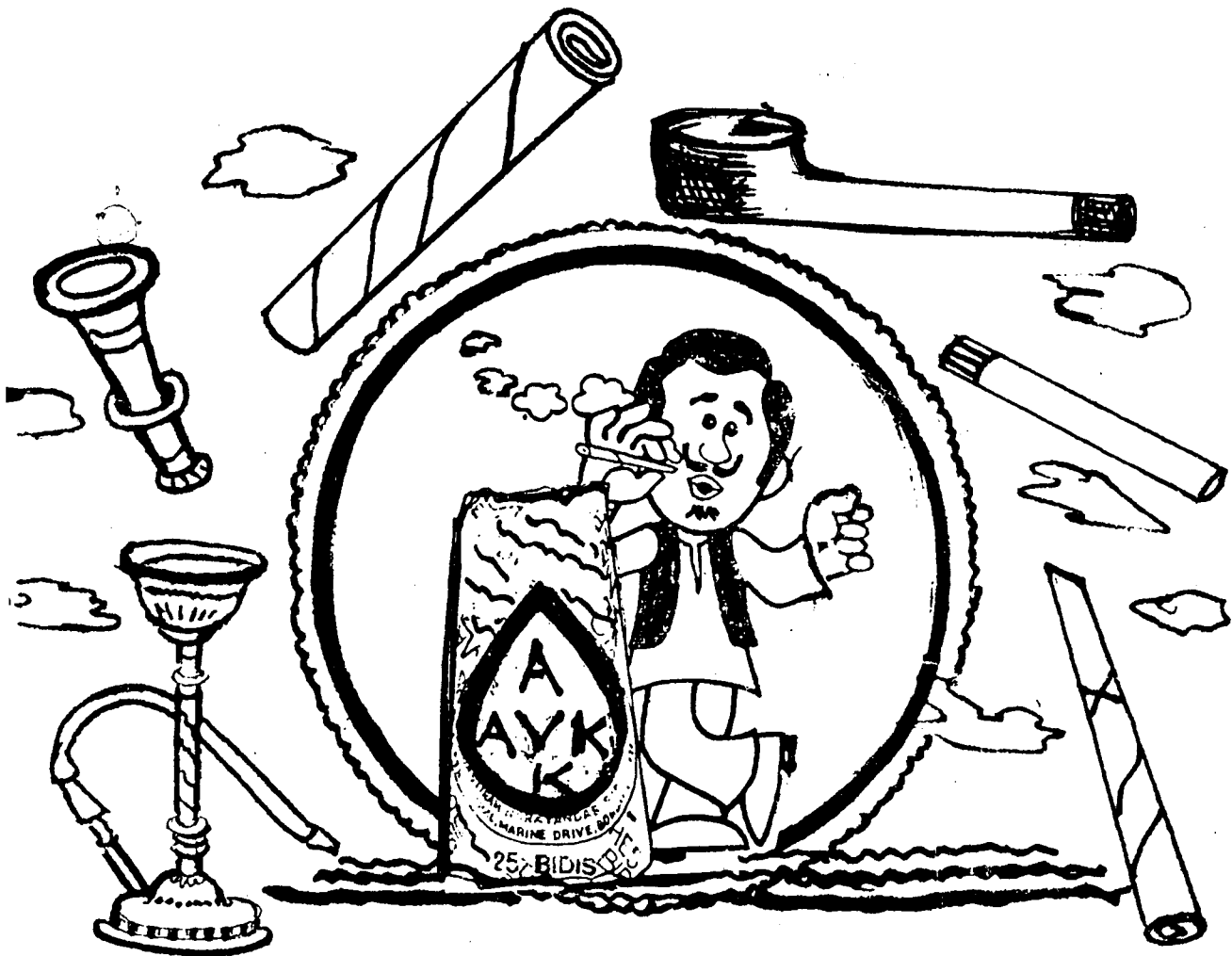
1:3 B) HISTORICAL CHANGES OF SMOKING APPARATUS:

Before Bidi-smoking there were many smoking apparatus used in various forms since its introduction in India. The chief among them were as under;

i) Hookah and Chillum:

The apparatus used for inhaling tobacco smoke through a water pipe is called a "Hookah". It is also known

HISTORICAL CHANGES OF SMOKING APPARATUS.



- HOOKAH
- CHILLUM
- CIGAR
- PIPE
- CIGARETTE
- CHEROOT
- **BIDI** •

as the Anglo-Indian Hubble-Bubble. The pipe was used for smoking purpose. In India it is known as Chillum. Such type of apparatus was used in the Moghal period in India. The hookah-tobacco is mainly grown in Uttar-Pradesh, Bihar and Punjab.

ii) Cheroots:

A Cheroot is like a cigar, made from the tobacco grown in Southern India. The Cheroot-tobacco is produced in Tamilnadu, West Bengal and Orissa.

iii) Cigars:

The word, cigar is derived from the Spanish Cigarro. Indians rolled single leaf or wrapped tobacco in its own leaf. Now machines were used for making-cigars. The machines of cigars were first installed in 1919 at New-York. This is not a product of mass consumption in India.

iv) Cigarettes:

A cigarette is a little cigar. The cigarettes are made with cut tobacco rolled in a paper. The first cigarette-factory/^{was} established in 1906 in Bihar by the Indian-Tobacco-Company Ltd.

v) Kuda Bidi:

The Bidies in Konkan region of Maharashtra are typical in nature. They were produced in Sawantwadi, Vengurla, Kudal,

Malvan, Kankavali and Devagd. The Bidies in this area are rolled in Kuda-leaves which are quite different from those of the tendu-leaves. The leaves are known in this area as Apta-Pan or Orashitri.

vi) Bidies:

Modern Bidies are made by wrapping the tobacco in the leaves of tendu or Khendu or Timru. According to the report of the labour investigation committee (1946) the manufacture of Bidies was introduced in Madya-Pradesh in the first decade of the present century.

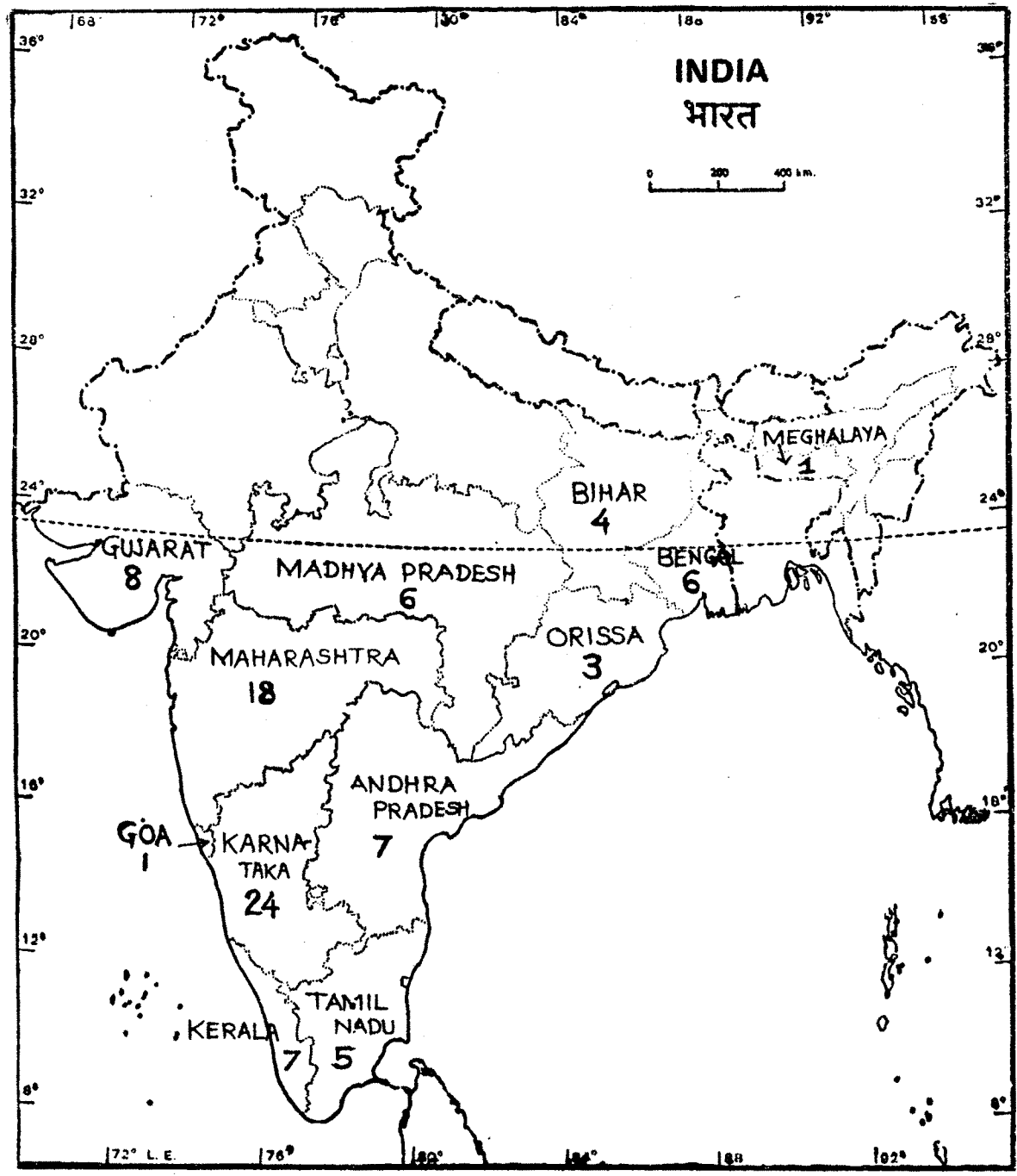
1:3 C) BIDI INDUSTRIAL CENTRES IN INDIA:

Presently there are about 2671 Bidi-Industries in India spread over more than 90 centres⁹. They are as follows as per statewise in India.

i) Karanataka State:

- 1) Mysore, 2) Mangalore, 3) Hubli, 4) Ranibennur,
- 5) Bangalore, 6) Dharwad, 7) Koppal, 8) Ramdurg,
- 9) Budhihal, 10) Hudali, 11) Adi, 12) Ankali,
- 13) Belgaum, 14) Nipani, 15) Jamkhandi,
- 16) Bijapur, 17) Gadag, 18) Pachhapur,
- 19) Hukkeri, 20) Gubbi, 21) Sira, 22) Tumkur,
- 23) Bantval, 24) Savnoor.

BIDI MANUFACTURING CENTRES IN INDIA



THE NUMBER REPRESENTS MANUFACTURING CENTRES

- ii) Maharashtra State:
1) Nagpur, 2) Kamtee, 3) Goudis, 4) Bhandara,
5) Nasik, 6) Sangamner, 7) Sinnar, 8) Poona,
9) Bombay, 10) Kolhapur, 11) Jayasingpur,
12) Solapur, 13) Pandharpur, 14) Sawantwadi,
15) Sangli, 16) Miraj, 17) Dhulia, 18) Wardha,
19) Jalna.
- iii) Gujarat State:
1) Ahmadabad, 2) Surat, 3) Baroda, 4) Petlad,
5) Nadiad, 6) Godhra, 7) Dashrath, 8) Vadod.
- iv) Andra-Pradesh:
1) Nizamabad, 2) Cuddapah, 3) Karim-nagar,
4) Karnool, 5) Hyderabad, 6) Anantpur, 7) Warangal.
- v) Kerala-State:
1) Kochin, 2) Palghat, 3) Coonoor, 4) Kochikodi,
5) Trivendrum, 6) Quilon, 7) Calicut.
- vi) Madhya-Pradesh:
1) Jabalpur, 2) Raipur, 3) Bhopal, 4) Indore,
5) Sangar, 6) Chhatrapur.
- vii) West Bengal:
1) Murshidabad, 2) Calcutta, 3) Siliguri,
4) Darjiling, 5) Ghakardhorpur, 6) Aurangabad.
- viii) Tamil Nadu:
1) Madras, 2) Tirunelveli, 3) Tiruchi, 4) Salem,
5) Vellore.

TABLE-1 (Contd.)

Sl. No.	Particulars	
9)	Movement of wagons per year	: 2½ lakhs.
10)	Railway freight paid per year	: Rs.8 Crores .
11)	People employed directly	: 50 lakhs.
12)	Wages paid per year	: Rs.200 Crores .
13)	Export of Bidies worth	: 1 Crore Rupees.

Source : Prepared from the records of branded and un-branded Bidi Manufacturer units.

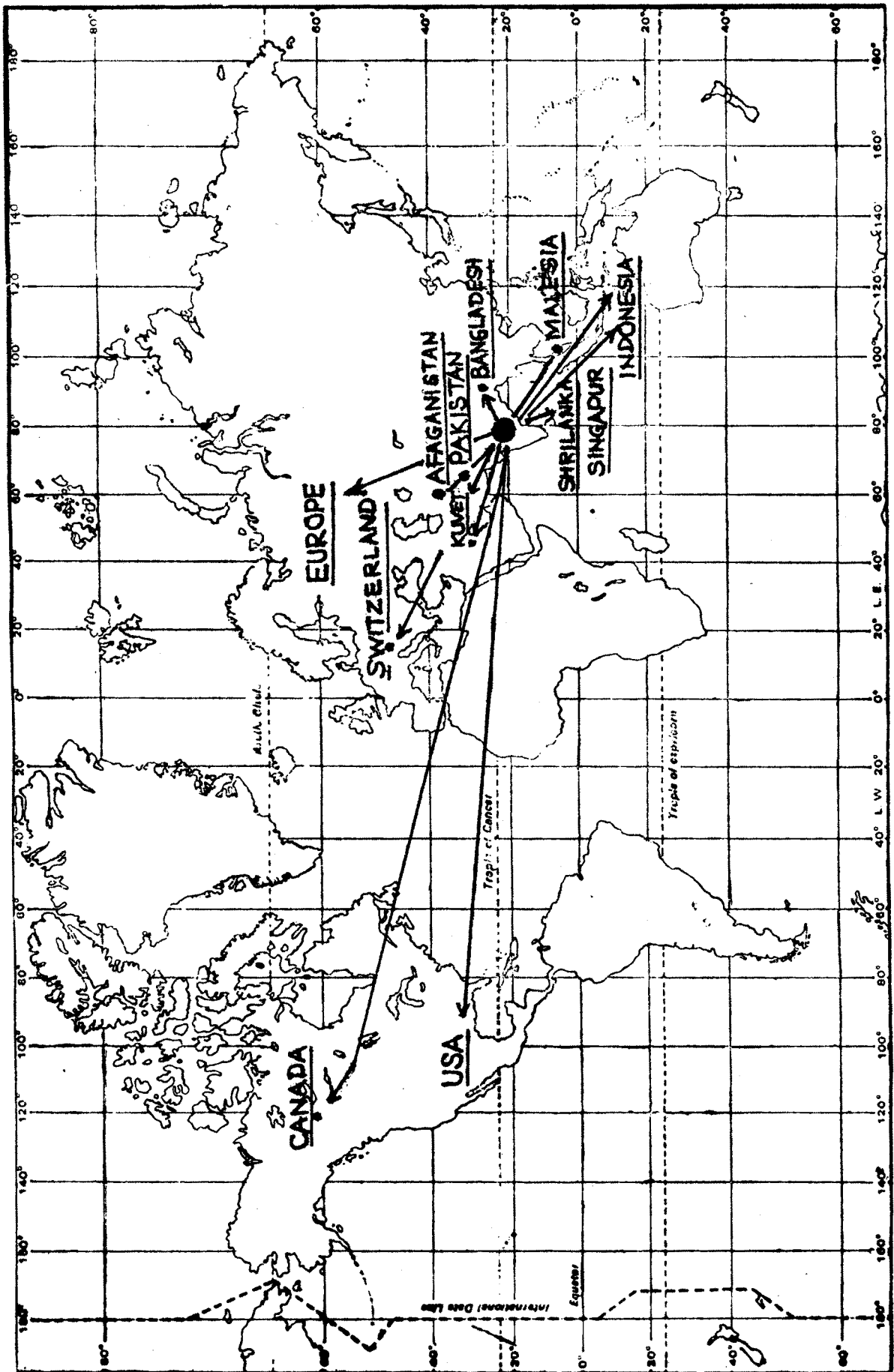
Some 3,000 crores of Rupees are paid annually by this section of trade and industry as wages, salaries and various taxes and freight for production of more or less 120 million kgs. of Bidi-Tobacco, 350 million kgs. of Bidi-leaves and 40,000 Crore piece of Bidies yearly.¹⁰

Consumption of hessian papers, floor, thread, coal etc. is enormous.

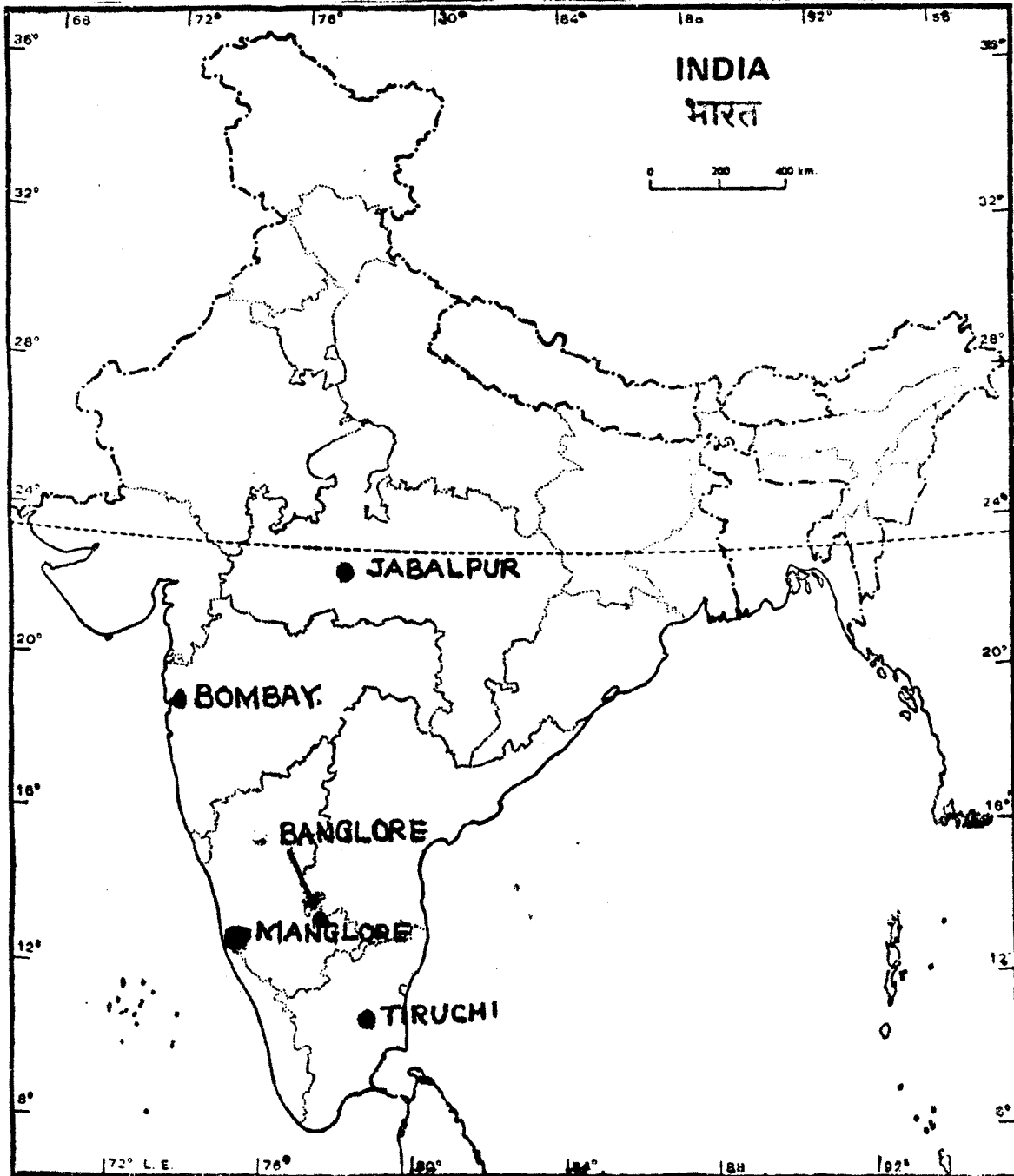
1:3 E) BIDI MARKETS:

The market for Bidies is local as well as foreign. The Bidies in India ^{are} exported to foreign countries viz. United States, Switzerland, Afganistan, Canada, Indonesia, Kuwait, Malaysia, Singapore and other European countries.

BIDI EXPORT MAP



INDIAN EXPORTING CENTRES



The following are some of the export centres in India¹¹.

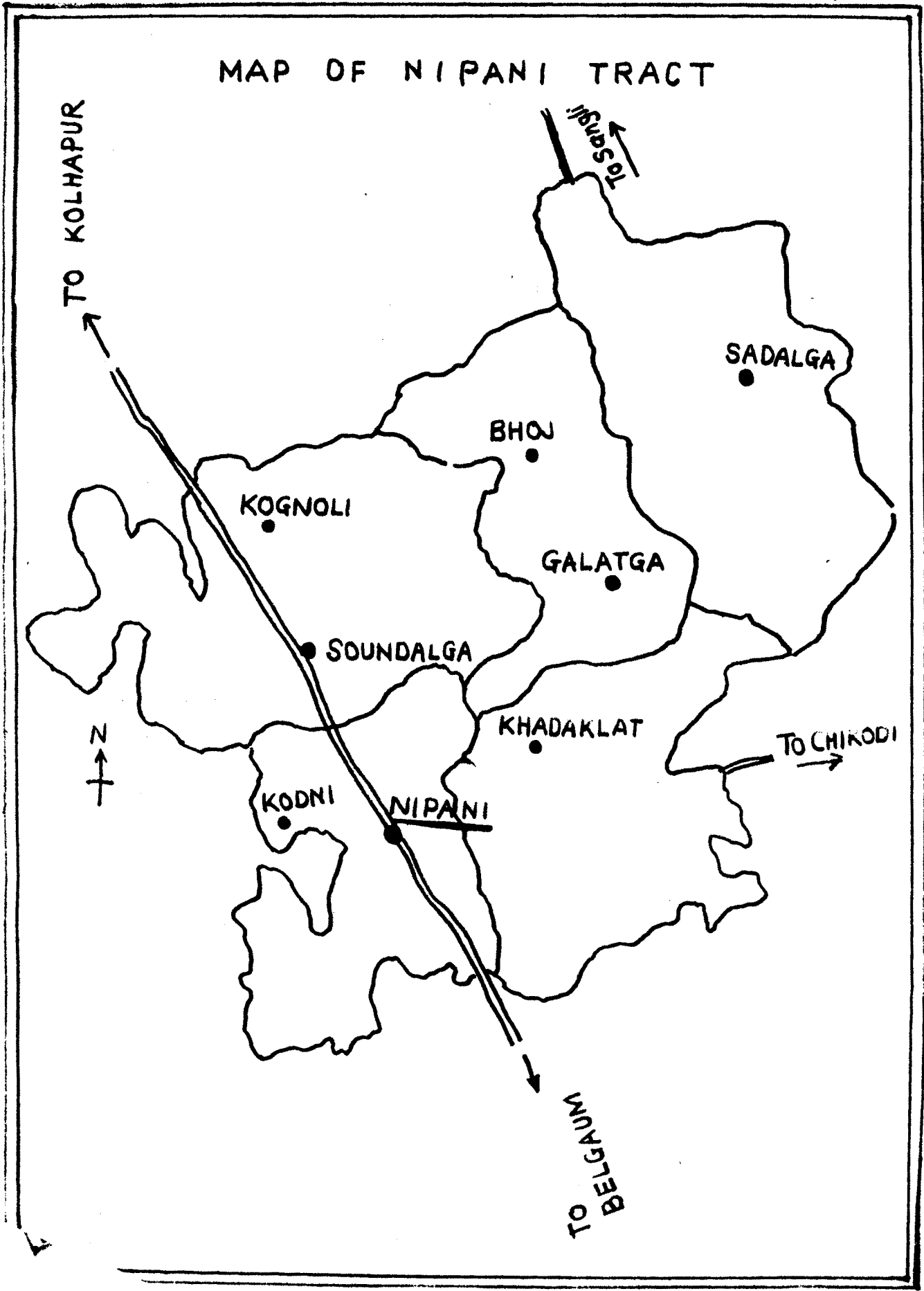
- 1) Jabalpur.
- 2) Tiruchi.
- 3) Bombay.
- 4) Gudiathan.
- 5) Mangalore.
- 6) Bangalore.

1:4) BIDI INDUSTRY IN NIPANI:

Nipani is a well known town situated in the Northern Belgaum District of Karnataka. The geographical latitudinal position of Nipani town is $16^{\circ}-23'$ North and longitudinal position is $74^{\circ}-26'$ East and mean sea level is about 2800 feet. The population of the town is 41783 according to 1981 census. Nipani and its area is well known for growing good quality of Bidi-Tobacco which is necessary for manufacturing Bidies. The tobacco growers sell it out to traders or commission Agents or Bidi-manufacturers. They in turn get it processed into "Jardi" in their own warehouse and later on send it to Bidi-manufacturers.

In Nipani there is availability of a good quality of Bidi-tobacco and skilled-Bidi-rollers, Bidi factories came into existence on their own in this area. At present there are 20 small as well as a big Bidi factories in this area.

MAP OF NIPANI TRACT



1:4) DEVELOPMENT OF BRANDED BIDI FACTORIES IN NIPANI:

1) M/s. Abdul Aziz Momin Bidi Factory:

INTRODUCTION:

Mr. A.A. Momin started this Bidi Factory in 1929 at Kolhapur in Maharashtra.

Mr. A.A. Momin started this factory ^{with} a capital of Rs.30 and a bi-cycle in his shop at Kolhapur. He rolled Bidi's himself and went on the bi-cycle selling them in and around Kolhapur.

PRODUCTION:

To-day M/s. A.A. Momin Bidi Factory, Kolhapur rolls out more than 5,00,000 Bidi's per day. The management has decided the target of 20 lakhs Bidi's per day in the near future.

EMPLOYMENT:

In the beginning Mr. A.A. Momin alone started rolling the Bidi's but due to his sincere efforts and hard work he was able to expand his business on a large scale and employed workers for rolling, warming and packing of Bidi's.

The present position of the organisation is as follows:
The head office is at Kolhapur and a Branch Office at Nipani
The Administrative staff and workers in the Head Office and Branch are as follows:

<u>Sl.No.</u>	<u>Units</u>	<u>Adm. Staff.</u>	<u>Workers</u>
1)	Kolhapur	10	150
2)	Nipani	5	380
		<u>15</u>	<u>530</u>

BIDIES BRAND AND MARKET POSITION:

At present there are three brands of Momin-products in the market. All the brands are popular in the Kolhapur city and they are as (1) Momin Bidi, (2) Lavangi Bidi, (3) No.2 Bidi.

This factory is manufacturing all the brands in Kolhapur Head Office and its branch at Nipani.

This management has captured market in the Kolhapur city. All the brands of their product are popular in Kolhapur. This factory is known in Nipani and Kolhapur as well as set-up organisation doing business with business morality.

The Institute of self defence and National character of Govt. of India has awarded the "Trade Fair Award" to Momin Bidi in the year 1973-74.

Recently the management has started a workers welfare scheme namely "Bhishi". All the workers deposit Rs.5 to Rs.10 per week. The draw is opened every week by that a worker can get a lumpsum amount of Rs.3,000 in his/her hand.

The branch manager is incharge of Nipani-Branch who follows the directions from the head office at Kolhapur.



2) M/s. Vilas Bidi Factory, Nipani:

INTRODUCTION:

Mr. Gangadhar Shivappa Kurbetti and Mr. Ishwarappa Shivappa Kurbetti started a Bidi Factory under the name and style of M/s. Vilas Bidi Factory at Nipani in the year 1946. Mr. Basetti Kurbetti and Mr. Annasaheb Kurbetti used to help their brothers in this Bidi-manufacturing business. With their good efforts they captured a good market for their product. They thus employed a few more workers in order to speed up the rate of production.

PRODUCTION:

To-day M/s. Vilas Bidi Factory, Nipani rolls out more than 5 lakhs Bidi's per day in the Nipani Branch.

Presently the factory has four branches and the head office is at Nipani. They have opened the branches in the following places in Karnataka state

1) Jamkhandi, 2) Ankli, 3) Ramdurg, 4) Raibag.

At present the management has employed 600 workers and 21 administrative staff in branch office and head office.

BIDIES BRAND AND MARKET POSITION:

At present there are three brands of their products in the Bidi-Market. They are (1) Vilas Bidi, (2) Mangal Bidi and (3) G.S. Bidi.

They have captured a very good market for their product in Maharashtra as well as in Karnataka. In Karnataka this factory's products are popular in Bijapur District, Belgaum District, Dharwad District and in Maharashtra, in Kolhapur District and in Sangli District.

3) M/s. Sambar Bidi Factory, Nipani:

INTRODUCTION:

Mr. P.D. Ingale started this Bidi factory in 1938 at Jaysingpur in Kolhapur District.

Mr. P.D. Ingale started this factory with a little amount of capital Rs.500/-. He first started the Jarda Factory at Jaysingpur. The Dilip Jarda and Sambar Bidies captured the market at Sangli, Kolhapur and Nipani. He opened a Branch at Nipani. Now this factory is running the business under the name and style of M/s. Sambar Bidi Factory, Nipani. It is registered according to partnership Act. It is a partnership concern. All the four brothers of Ingale family are the partners of this firm.

PRODUCTION:

To-day M/s. Sambar Bidi Factory, Nipani rolls out more than 2,00,000 Bidies per day. The management has decided the target of 10 lakhs Bidies per day in the near future.

EMPLOYMENT:

In the beginning Mr. Ingale employed 10 workers at Jaysingpur in his factory. The labourers and Bidi-tobacco in Nipani were suitable to this factory so Ingale brothers opened a Branch at Nipani to save the transport cost and other administrative cost. At present management has employed 300 workers and 5 Administrative staff in branch office, Nipani and head office at Jaysingpur.

BIDIES BRAND AND MARKET POSITION:

At present there is only one brand of their products in the Bidi Market. It is Sambar Bidi Brand. This brand has captured a very good market in Nipani and Belgaum District area, Kolhapur District and Sangli, Miraj and Jaysingpur.

In 1977 the Janata Govt. declared the Policy. With that effect the excise duty on tobacco was abolished and it was levied on the branded Bidies. Some concessions were given to un-branded Bidies upto certain limit of production.

In Nipani market many new-un-branded Bidi factories started their production and they have captured the market. There were Bawa un-branded Bidies and Kothiwale un-branded Bidies. There were many un-registered un-branded factories in Nipani. In 1980 some un-branded Bidies were rejected and they started their production with Brand name. Now there are

following important new Branded Bidi Factories in Nipani.

- 1) M/s. Kothiwale Bidi Factory.
- 2) M/s. Bawa Bidi Factory.
- 3) M/s. Maruti Bidi Factory.
- 4) M/s. Sonal Bidi Factory.
- 5) M/s. G.M. Bidi Factory.

PRESENT POSITION OF BIDI FACTORIES IN NIPANI

Name of factory	Type of Organisation	Year of Est.	Production per day	Brand names of Product	Annual working days	No of Workers
1) A.M.Momin	Partnership	1929	2,00,000	i) Momin ii) Lavangi iii) No.2	Average 290	400
2) Vilas Bidi	"	1946	5,00,000	i) Vilas ii) Mangal iii) G.S.	Average 295	600
3) Bawa Bidi	"	1980	50,000	i) Bawa	Average 290	100
4) Sambar Bidi	"	1938	2,00,000	i) Sambar	Average 290	300
5) Kothwale Bidi	"	1980	50,000	i) Kothiwale	Average 290	50
6) D.A. Mahajan	"	1974	30,000	i) S.Special	Average 290	40
7) Star Bidi	"	1980	3,000	i) A-One	Average 200	10
8) Desai Bidi	"	1980	2,00,000	i) G.S.	Average 290	200
9) Sagar Bidi	"	1982	2,000	i) Sagar	Average 290	30

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Name of Factory	Type of Organisation	Year of Est.	Production per day.	Brand names of Product	Annual working days	No. of Work-ers.
10) Kurbetti Bidi	Partnership	1985	2,00,000	i) Sonal ii) B.S.	Average 290	200
11) M. Kadam	"	1985	1,00,000	i) Maruti	Average 290	100
12) M.Y. & Sons	"	1974	15,000	i) No.1	Average 290	40
13) Raj Bros.	"	1960	5,00,000	i) Cabin	Average 290	400
14) Amar Bidi	"	1978	20,000	i) Amar	Average 290	30
15) Kurbetti Unbranded	"	1978	20,000	i) Unbrand	Average 200	50
16) G.M. Hukkerikar*		1985	50,000	i) G.M.	Average 200	50
17) Pistol Bidi Pvt. Ltd.	Pvt.Co.	1928	3,20,000	i) Pistol ii) Royal. iii) Special	Average 295	400

Source : Prepared from the records of branded and un branded Bidi Manufacturing units.

1:5) FRAME WORK OF STUDY:

A) INTRODUCTION:

Bidi industry plays a vital role in Indian economy by providing gainful employment to over 50 lakhs of illiterate people of both rural and urban areas. It is labour intensive and does not require any sophisticated infrastructure. Bidi manufacturing requires the raw materials such as tobacco, tendu leaves, yarn, papers, labels etc. With moderate investment this industry can be started.

ECONOMIC IMPORTANCE:

i) Both the Central Govt. and State Govt. earn sizeable amount of revenue by way of excise duty and sales tax.

ii) In recent years the habit of Bidi-smoking has been developed in western countries and as such quality Bidies are exported to the neighbouring countries.

iii) It is labour intensive, providing gainful employment to rural and urban population.

B) OBJECTIVES:

i) To study the historical development and the achievement of Bidi-industry in India in general and Nipani town in particular.

ii) To study the cost of production of Bidies in Nipani-Bidi factories and the relationship between the cost and price with special reference to Pistol Bidi Works Pvt. Ltd., Nipani.

C) METHODOLOGY:

i) Selection of the problem:

Since 1978 the excise duty on raw-tobacco was abolished and it was being levied on finished Bidies. While imposing duty on Bidies only branded Bidies were considered while duty-free unbranded Bidies were allowed to be manufactured to a certain limit of production per day. This led to the severe competition between branded and unbranded Bidies. Unbranded Bidi manufacturers started entering into the market with the price lower than that of branded Bidies. The Problem before the branded Bidies was how to reduce the cost and face the competition keeping the price untouched. Hence the study of cost of production of Bidies and its prices were taken up.

ii) Sources of Data Collection:

Both primary and secondary data was collected from the Bidi-manufacturers both branded and unbranded in Nipani. An exhaustive questionnaire was prepared to extract the information and data from the Bidi-manufacturers in general and Pistol Bidi Works Pvt. Ltd., Nipani in particular as it has been taken as a case study. Moreover the personal discussions were held

with them from time to time. Secondary data was collected from the records of central excise department Nipani and Agricultural produce market committee Nipani.

Besides these a number of books on Costing, Economics, Commerce and management were used. In addition various articles and periodicals and annual reports on Bidi-factories were used from officers of Tobacco-Research Station Nipani, Bidi-growers traders and Bidi-rollers.

D) Limitations of the study:

The analysis of cost and price structure of Bidi manufacturing is restricted to branded and unbranded Bidi of Bidi factories in Nipani town. As a special interest the case study of Pistol Bidi Works Pvt. Ltd., Nipani has been presented. While eliciting the information and data from the branded and unbranded Bidi-manufacturers some difficulties came up. Some manufacturers were unwilling to furnish the information and data, some had no records, some had manipulated records etc. Efforts were made to gain the accurate information and data by taking them into confidence and explaining them the honest intention of the study.

E) CHAPTER SCHEME:

The entire study has been divided into five chapters:

The first chapter is introductory. It gives overall picture of the Bidi-Industry at glance in general and in particular of Bidi factories in Nipani and the framework of the study.

The concept of cost and price have been discussed in the second chapter.

The third chapter throws light upon the processing of Bidi production and method of costing.

The fourth chapter is the case study of Pistol Bidi Work Pvt. Ltd., Nipani. It highlights the cost analysis and depicts the cost price relationship.

The last chapter contains the conclusion and suggestions with special reference to Pistol Bidi Works Pvt. Ltd., Nipani.

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