Chapter II
Beedi Industry - Cottage or Small Scale: Areas of Concern

Introduction:

The experience of the other states has clearly reveals that the beedi industry though not making a greater contribution to the modern metaphor-industrial development, it has been an integral part of the life of large number of people. Though, the financial issue was the major concern especially with regard to the wages, the beedi industry survived till this day as large numbers of poor are involved in this industry for making their life.

The technical side of it explains that there are various problems in this industry, both at the level of rollers and the employers. It is now assessed that the problems are due to the undefined status and the unorganized structure of the beedi industry. Thus, the major concern is to attach an identity to the beedi industry so that the major problems of the majority in the beedi industry can be sorted out under the guidance of public policies. It has become necessary to bring the entire industry and also the workers engaged in rolling beedi have to be brought under public policy supervision so as to make the industry protected as well as carried on in the days to come.

1 R.K. Sapru, Development Administration (referred), Deep and Deep publications, New Delhi, 1986.
2 The problems are listed from the perspective of Beedi rollers, especially the problems related to raw materials, fulltime work, health concerns, of late the problems of social status etc. Today, the industry faces the existential problem-to survive or not.
Dakshina Kannada has the distinction of being identified with large number of cottage industries since many years. They fulfilled the local requirement both in terms of supply of goods as well as employment. However, the small scale industries were able to go along the social reality of Dakshina Kannada since their beginning. Introduction of the large industries in recent years have brought about enormous changes at different levels especially in terms of structural change. The earlier industries helped people to live the way lived without much social and economic changes. The contribution of industries irrespective of their nature has been very significant in uniting the society in terms of various roles played by various people. The beedi industry in its position is a combination of varieties of roles played by different people at different stages. The consumer, like any other product ultimately decides the pattern of their industry which is interdependent on a number of people. Indeed, the rate of production, consumption, market, employment and the social change in the context of beedi industry has always been the primary subject of debate in Dakshina Kannada for the last several years. Besides, it has been accepted that the beedi industry as a whole created a network of its own, like growers, marketing, rollers, consumers etc. Inspite of being one of the primary finished goods in market in general and life of many people in particular, the beedi workshop still struggles to get an appropriate
designation. However, the beedi industry has been the area of concern for one or the other reasons, especially on its nature as to whether it is organized or unorganized sector. Indeed, the beedi products takes place both at the level of organized as well as unorganized levels. There are contradictory statements about the extent of beedi produced both in the organized and the unorganized sectors. Keeping its total activities and interactions of the human resources the Beedi making process is called industry. However, it has become common usage to call this as Beedi industry even though it does not fulfill some of the industrial requirements. At present, it is the only cottage industry remained in the rural domains, providing sustainability to its dependants. Varieties of cottage industries of yester years have had played the dominant role in the overall development of the entire village hence have had the support of large number of people on the equation that it supports their life. Some cottage industries which are of special artistry and can withstand the competition from organized industry have had survival or some have eclipsed or bogged down with informal manufacturing and marketing.

Besides, the cottage industries have been too informal that at times they disappeared from the sight owing to the social response.

Cottage industry, therefore survives mainly on the basis of its demand.

on the one hand and the public policy protection on the other. India has
the experience of facing the challenges to the cottage industry on the
fact that people kept changing their priority as there were series of
compulsions and alternatives in the market⁴.

Beedi manufacturing is a traditional, non-mechanized, home
based and technically labour intensive industry. The same became the
integral part of the life of rural poor from different perspectives on the
one hand and the variety of social roles on the other. Beedi industry has
not only provided sustainability but also helped the poor to overcome
the problems of unemployment to a certain extent. There were attempts
to analyze the beedi industry for different purposes especially to
consider its performance. Indeed, the performance of beedi industry
could be analyzed by considering its manufacturing, contracting and
rolling. After the advent of modernization, traditional and village
industries have been languished and it is essential that these should have
been protected including the artisans. However, the only uninteresting
thing about beedi industry is that inspite of modernization and
globalization; it has not been transformed into mechanized work. Hence,
they remained as labour intensive sector.

⁴If the consumers change their tastes the survival of the cottage industry becomes difficult. The
consumers may be attracted to different products from the perspective of modernization as a factor of
change of life. Besides different options to choose different items as it is available in the market also
makes the people to change their tastes easily.
Locating Beedi Industry:

Industry refers to an economic activity that is concerned with production of goods, extraction of minerals or the provision of services. Goods are manufactured not only by organized large scale industries but also produced on a small scale. Small scale production includes (a) Small scale industries and (b) Cottage industries. During 1950’s the role of small scale industries looked doubtfully as it was argued that they were slow and involved with costly method of production. But later its advantages were admitted and encouragement was extended for small scale industries⁵. In the modern economic organizations and liberal market economy the cottage industries have lost their place and have been sidelined due to the entry of mechanized products. However, their importance and role should be seen from their advantages as well as labour perspectives. Indeed, the logic and procedure of dividing the industry or designating the industry in India is depending upon several inter related activities especially in terms of capital and labour force involved.

Large Scale Industry is capital intensive and the purpose is the accumulation of capital. The Large Scale Industries which are organized sectors differ in the scale of production, employment of hired labour and

mechanical power. Evidently, they cater for the national and international markets. The large scale industries being large in their size and reach are wider. They are not only capital oriented but also provide greater opportunities for employment for years. Though the Industries Development and Regulation Act does not distinguish between large and medium units, generally an understanding with more than Rs 50 lakh and less than 5 crores investments is considered as medium industrial undertaking. Industries having an investment of five crores and above are considered as large scale industries⁶. It sustains in its capacity of reaching to every direction of marketing. Large scale industries employ large number of workers. It has also a capacity to cater for different kinds of employment opportunities within the given structure of the industry. It can provide greater stability in the economic life of the country. It can also divert the surplus agricultural population as well as rural population so that too much dependence on agriculture got diluted. Besides, large scale industries may lessen the dependency on foreign countries for the supply of essential goods.

On the other hand, as said earlier, large scale industries are capital intensive and it has demonstrated in urban areas limited labour absorption. It was also felt to focus upon the small scale and cottage

industries as it absorbs labour intensive characters and was able to generate employment. But cottage industries, on the other hand have to struggle as they are unable to survive with the changes in the society. Large scale industries in the urban area emphasize concentration of income and wealth with few people. Though it is governed by the rules and regulation of the Factory Act, still the exploitation of labour and maldistribution of wealth continues to be a common feature.

The small scale, village and cottage industries form an integrated part of the structure of the Indian economy. However, in India industries are further divided into various segments such as Factory sector (Large scale units, Non Small Scale Industries) Factory sector [Small scale units] and the village and small industries sector. Small Scale Industry units are divided on the basis of investment in plant and machinery with upper veilings and no minimum investment is prescribed at lower end. Small Scale Industry covers a wide range of industries and the nature of products, manufactured, techniques used, scale of production, location, marketing etc differs from one another. The Village and Small Scale Industry have further divided into two broad sectors namely, a) Modern small scale industries and b) Traditional industries. Modern Small Scale industries cover both the factory and non factory sectors, small scale industries sector and power loom units. Traditional industries are
handlooms, khadi and village industries, handicrafts, sericulture, silk and coir. Traditional industries are artisan based located mostly in rural, semi urban areas with nominal investments in plant and machinery. Modern Small Scale Industry use power driven machinery and possess power production techniques. It is generally located in close proximity to large industrial centers or urban areas. In the post-independent India, the industrial policy was formed to contribute to the realization of the goals and objectives of the national policy of the independence period in order to remove poverty and attain self reliance during present day by rapid development of agricultural and industrial sectors, expansion of employment opportunities as well as reduction in social and economic disparities. As the Small Scale Industry are able to generate additional employment through low capital investment and in the national economy it offers scope for individual, village or co-operative enterprise development and means for rehabilitation of displaced persons, it has been given a special emphasis since independence. Its role could be realised in better utilization of local resources and for achievements of local self sufficiency. Small Scale Industry sector is a better means to facilitate effective mobilization of income, capital and skill. The government has formulated and introduced a large number of schemes to promote and strengthen Small Scale Industries as its role is significant.

7 Vasant Desai, (2004), op.cit., p.14
in industrialising the rural and backward area, generating employment on a mass scale by restricting the volume of production in the large scale sector by differential taxation and by direct subsidies.

Industrial policies involve incentives of fiscal and infrastructural measures to promote Small Scale Industries and to achieve socio-economic objectivities. The 1948 industrial policy emphasised for the promotion of cottage and small scale industries to rehabilitate displaced person through the establishment of individual or village and co-operative enterprises. Industrial policy resolution 1956 aimed at improving the competitive strength of the Small Scale Industry sector for its role in providing employment opportunities, mobilizing local skills and capital resources and integration with the large scale sector. Industrial policy statement 1977 intended the wider dispersal of cottage and small scale industries into rural areas and small towns. It expanded the reserved list for exclusive production under Small Scale Industries sector and the tiny sector was introduced with financial assistance. The District Industrial Centers were created to meet the requirements of village and small industries under one roof. Industrial policy statement 1980 intended setting up of nucleus plants in the industrially backward districts for spatial dispersal of small and ancillary units and to help Small Scale Industry units to grow faster and ceiling of investments in
plant and machinery was raised. Industrial policy 1990 introduced measures like raising the investment ceilings in plant, land and machinery for Small Scale Industry, export oriented and tiny units, creating subsidy for them in rural and backward areas and assist women entrepreneurs to widen entrepreneurial base. Industrial policy 1991 laid emphasis on promoting and strengthening of small, tiny and village, industries. A new scheme of integrated infrastructure development for Small Scale Industry along with State Government and financial institutions participation was an initiate and a pro active role for Non Governmental Organization Sector was mooted.

According to Industrial Policy Resolution of 1948 in India a unit which was not registered under the Factotry Act of 1948 was deemed 'to be' a small unit. Besides this, units with less than 10 workers with use of power or 20 workers without use of power are small units. Later, another distinction was made between small scale industries, village and cottage industries and tiny industries which are also based on capital investment, power used and number of workers (including family labour) employed. In 1982, service units were included in the small scale sector. The ceiling on plant and machinery was Rs.2 lakhs. It was raised to over Rs.35 lakhs in 1985 and units below Rs.2 lakhs
investments were deemed to be tiny\textsuperscript{8}. Small scale industries as far as its nature is concerned are those industries in which power is used but the number of workers employed does not exceed fifty and the capital invested is also not very high. If power is not used for production, then the number of workers employed in Small Scale Industry should not be more than hundred.

Defining the small scale industries and locating them are very important policy matter, as it identifies the target groups. Further, the operational definition includes all those undertakings having an investment in fixed assets in plant and machinery whether held on ownership terms or by lease or purchase not exceeding Rs.60 lakhs. Ancillary units and tiny units also come under the umbrella of small scale industries. A tiny is one whose investment in fixed assets in plant and machinery does not exceed Rs.5 lakhs. An ancillary undertaking is one whose investment in plant and machinery does not exceed Rs.75 lakhs. This definition is relevant in academic circles and policy decisions to both locate and identity the purpose of the industry\textsuperscript{9}.

The other definition of Small Scale Industry relates to national income accounting. This includes all manufacturing and processing

\textsuperscript{8} Somu Giriappa, \textit{Finance Development of Small Scale Enterprises}, Mohit Publications, New Delhi, 2001, p.3

\textsuperscript{9} Vasant Desai, (2004); op.cit., ppl7-18.
activities including maintenances and repair services undertaken by both household and non household Small Scale Industry manufacturing units which are not registered under the Factories Act\textsuperscript{10}. Staley and Morse used a five types of classification to identify small enterprises which includes subsistence manufacturers, artisans working at home, artisans with workshops and industrial home works paid by wages or paid by piece (putting out system). Thus considering where work is done, how workers are paid and whether they are artisans or industrial labours\textsuperscript{11}.

In the later stage they came to be called as “a unit engaged in manufacturing, servicing, repairing, processing, preservation of goods having an investment in plant and machinery at an original cost not exceeding to 60 lakhs\textsuperscript{12}. According to small enterprise policy of 1991, the investment limit was raised to Rs.60 lakhs and limit of the ancillary units was Rs.75 lakhs and for the tiny units it was less than Rs.5 lakhs. Later, there was standardization in the government definition. Those units with above 100 workers were to be termed as large units, those with 20 to 99 workers as medium, those with 5 to 19 workers as small units and those with less than 5 workers as tiny units. The investment limit was increased to Rs.3 crores. It was subsequently reduced to one

\textsuperscript{10} Ibid. pp17-18.
\textsuperscript{11} Krishnamoorthy, S, Small Scale Industries, Policy, rules and regulations, Orient publishing Co, New Delhi, 2002, p.17
\textsuperscript{12} Vasant Desai, (2004), op.cit., p.17.
crore during March 2000. So Industries whose investment is upto one crore came under the category of Small Scale Industry\(^\text{13}\). Thus at present a small scale industry is an industrial undertaking with investment in fixed assets (plant and machinery), whether held on ownership or on hire purchase does not exceed Rs. one crore. To facilitate technology upgradation, the investment limit for 71 hi-tech/export oriented items in the housing/knit wears, hand tools, drugs, and pharmaceuticals, stationery and sports goods sector has been enhanced to Rs.5 crore. Units with upto Rs.25 lakhs amongst the Small Scale Industry are classified as 'tiny units'. Tiny units include industrial units located in villages and in towns where population does not exceed 50,000 (1981 census) and in which the original investment in machinery and equipment does not exceed Rs 25 lakhs. These units include all industry related services and business enterprises. Village industries have been defined as artisans (irrespective of location) or small industrial activities (viz, manufacturing, processing, preservation and servicing) in village and small towns with a population not exceeding 50,000 (as per 1981 census) and involving utilization of locally available natural resources and/or human skills, where individual credit requirements do not exceed Rs 25,000. A service or business (industry related) enterprise

with investment up to Rs.10 lakhs in fixed assets (excluding land and building) is classified as small scale service and business\textsuperscript{14}.

The conception of Small Scale Industry in India became much more defined and specific when five year plans began to address the same. However, two categories were developed for the purpose of distinguishing the small and cottage industries. First, the small scale industries are established separately in urban centers. Cottage industries are units started as domestic industries in the initial stages, which are later on developed into small scale units so as to serve as feeder units to other industrial units. These are engaged mostly by artisans and skilled craftsmen and are involved in traditional activities such as agriculture, khadi, handlooms, home craft etc. These industries are generally associated with either part time or whole time occupations in rural and semi urban areas, utilizing locally available resources and/or human skills. Cottage industries are generally associated with agriculture and provide subsidiary employment in rural areas. Secondly, small scale industries produce goods with partially or wholly mechanized equipment employing outside labour. On the other hand the cottage

\textsuperscript{14} Research reference and training division (Ed), India 2007, A reference annual Publications division, Ministry of information and broad casting, Government of India, P.581.
industries produce goods mostly by hands which are carried on primarily with the help of the members of the family.\footnote{Kalpana Rajan, (Ed), \textit{Small Scale Industries, Indian Economy}, Spectrum Books Pvt. Ltd, New Delhi, 2004, pp.295-296.}

Small Scale Industry enhances decentralization of industrial activity by preventing large scale concentration of economic power in few individuals or privileged group of persons. It helps in enhancing semi urban and rural areas in articulating local skills, raw materials and resources. Small Scale Industry units are subject to rules and regulations under the Factory Act, commercial establishment act, quota rules of raw materials etc. It encourages better utilization of local resources to achieve self sufficiency. It helps in generating additional employment through low capital investment. It generally requires artistic skill not technical skill. Since Small Scale Industry functions under Factory Act all its rules and regulations prevails and the worker gets all securities and he can not be removed from his work as per the owners wish.

The small scale industry sector in India comprises of more than 123.40 lakhs units spread throughout the country. The sector provides employments to more than 294 lakh persons, and account for 40\% of total industry production. Further, it accounts for 35\% of the country’s total exports. Small Scale Industry units produce more than 7500
items. The industrial policy of 1948 & Five year plans also focused upon the importance of the promotion of cottage and small scale industries for providing rehabilitation of displaced persons through the establishment of individual or co-operative enterprises.

Here is an attempt to see the existence and the important role the cottage industries played in the village economy. Beedi industry is home based and is believed as one of the major cottage industries still existing. From that context, it becomes essential to look into some features of cottage industries. Cottage industry is defined as industries, where no power is used and the production is carried on, generally speaking in the home of artisan himself or herself and if occasionally it is done in karkanas (workshops), the number of worker is less than ten. The goods are produced for a particular class of people; hence, the demand has not been linked to any other factor. Besides cottage worker is assisted by his own family members. It may be a full time work or part time or done during his or her leisure time as a subsidiary occupation. Next to agriculture, cottage industry was the backbone of the Indian Economy owing to its significant role in the rural life. The village life, agriculturists, and all artisans, their socio and economic conditions was inter connected and interdependent. Traditional

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industrial activities were carried out on household basis and primarily family member’s assisted in such activities. Cottage industries are one of the decentralized production processes. It encouraged self employment resulting into reduction in uneven distribution of labour and mal-distribution of wealth. It helped to reduce unemployment problem and helped people to live with minimum fulfillment of their life. Cottage industries are generally associated with agriculture and provide subsidiary employment in rural areas. It involves operational mostly by hands which are carried on primarily with the help of family members\textsuperscript{18}.

After routine crop cultivation, one considers beedi rolling as a major activity for making life. Beedi has helped the rural folk from depending largely upon seasonal agriculture. The rural people have become multi activity labourers because of the existence of cottage and village industries such as khadi and village industries, handloom, beedi-rolling etc.

The role of the cottage industry and the beedi industry in enriching the economy in the rural area was outstanding and can not be overlooked. For instance, the families engaged in beedi industry gets the support of all the family members in one or the other way or directly or

\textsuperscript{18}Kalpana Rajan, (Ed) (2004); op.cit., p.295.
indirectly. This industry provided not only the handful work but also developed the work culture as there is standardization adopted in beedi industry. The beedi industry has also helped in money transaction among the people engaged in the beedi industry. Besides, it has economically strengthened the hands of the women in the rural areas particularly those women who lack educational qualification and any other skill to take up other work.

Due to the social base and social image, the beedi rolling has been traditionally identified with the lower class of the society. Both the rollers and consumers being the biggest numbers in the industry have represented the lower class. Hence, its designation did not become the issue at different levels. The debates and discussions on Beedi industry in the floor of parliament of India have not been very encouraging. However, designating Beedi industry, protecting the interest of people involved in the industry became the subject matters of only the rollers as they are the immediate victims of any damage to the industry as a whole. This as a whole increased the problems of Beedi industry especially in getting a status as to what it should be called or should not be. This can be considered one of the important concerns as far as the beedi industry is concerned.
Thanks to the left politics in India who began to address some of the severe problems of the industry especially the problems related to the beedi rollers. The intervention of the left political parties to a certain extent changed the position of Beedi industry. Hence, the rollers at present get at least minimum benefits as extended to other industrial labourers. The idea of coming together and demanding for certain defined status was primarily the effect of major problems faced by the rollers. Thus, the characterisation of the industry became the central issue. However, the debate on neither small nor cottage industry will not settle the basic definitional problem of beedi industry. It is not that the beedi industry must be considered either as the cottage or Small Scale Industry but to see what the former gains or looses if it is called either as the cottage or the small scale industry.

If the entire activities in beedi industry are seen through the beedi rollers, it looks as if those large numbers of workers are engaged in a kind of work where they get if not considerable reward but a reward in turn. Unlike the skills and craftsmanship required for small scale industries, the beedi industry expects different levels of sheer manual work at the base level. Indeed, rolling beedies also a skilful job, but there is no skill that can be derived from education qualification as elsewhere. By mere practice one gets the skill to roll the way it is
generally rolled. There is hardly any training centre for beedi rollers. The family compulsion and need for making life leads them to undertake this work. Since this work at the base level does not fetch a social status of which is appreciated in society, the response to the rolling speaks about the social class of the people.

In this background, it is important to study the nature of beedi industry and look at the same to perceive whether it is regarded as Small Scale Industry or still remains as a cottage industry. For the labourers unchanged working conditions and life style, uncertainty of work, insecurity in the industry gave rise to such queries about this industry. Besides, the vested interest prevailing worldwide to close down this industry in the name of health undoubtedly creates such apprehension that other industries have no problems. In spite of the debate the conditions of the beedi rollers as a whole remains the same with greater uncertainty.

Beedi Industry: inside view

Beedi industry is organized in three different stages. They are firstly the factory stage. The organized sector of the industry considered of the factory based units. In this system, the manufacturer is the owner of the factory. The rollers have to sit and work in a common place in the factory. These rollers are not allowed to take the raw materials to
their houses. Under this system, the workers are eligible to all the benefits under Factotry Act and as such units are subject to rules and regulations of Factotry Acts. Secondly, the contract system of employment in which the workers are connected to the firm through a 'contractor'. The employers do not have any direct dealings with the actual workers. The contract system can assume the form of either a factory based or a home based system\(^{19}\). In the contract system, the raw materials are supplied through a contractor. The trade mark owner supplies beedi tobacco and leaves to the contractor. The contractor receives the materials and gets the beedi prepared by directly employed labourers or by distributing the raw materials among those who wish to roll it back at their respective homes. The contractor system is commonly found in various parts of India where by and large women roll beedies and children and to some extent male members assist them. The contractors or branch managers carry out this business on a commission basis. The organized firms run on factory based system and also are running their branches through the contractors or branch managers in other states. Under this system there is no direct dealing between the producer and the labourer.

Finally, it is the outwork system, in which the employer shifts the work premises to the homes of the rollers. In this system, the workers may get the raw materials directly from the manufacturers and supply the finished goods directly to them. Pass books are issued to the worker to identify the labourer and his/her work and transactions are recorded. The raw materials are supplied by the firm and the worker has to return the beedies as per norms fixed by the firm which may be different from one firm to the other firms. Some may sell raw materials and buy finished beedies. Outwork system is also called as home based system. Under this system, there are direct relations or dealing between the producer and the labour. The contract and the outwork system are the two home-based systems which form the unorganized sector. Since 1930s or later it became very popular.

The existing contract system is more advantageous to company owners and contractors/subcontractors. They would not have supported the outsource system if it has had adversely affected them. Due to their dominant interest they have not lobbied the policy makers to institutionalize this industry. Even the labourers are happily carrying out this job because of the convenience of doing at home, without deeply thinking about the facilities and benefit they are entitled to get. The whole work is carried out undisturbed starting from providing materials.
by the owners to the contractor/agents who distribute it to the workers. Later the contractors collect the prepared beedies from the workers after testing its quality which will be cross inspected by the inspectors of the company, to decide its quality. If the prepared beedies are not upto the expected standard such beedies will be rejected which may cause deduction in the wage of the workers.

The owners are ready to pay the minimum wages to the workers but they generally avoid providing non wage benefits according to the Factory Act as it does not cover this industry. Besides, if more number of unregistered workers working for his company he is happy to provide them work without providing any benefit. Year after year the number of beedi rollers has been increasing but the owner/contractor never says he can not accommodate them instead he could give the same work to more number of workers which brings no loss to him whereas he would be able to avoid providing statutory facilities to the workers as they are unregistered workers. Thus, the unorganized sector has helped the manufacturers from heavy burden of providing benefits whereas payment of minimum wages will not affect him at all.

The conditions of work are always linked to the degree of organization of the industry. Generally, the nature and system of work itself plays significant role in the analysis of the conditions of labour.
Based on the way how the industry organized the wage and other benefits are determined. The organized sector of the beedi industry consisted factory based unit of the workers cooperatives system which is prevalent in Kerala. In Kerala State, an attempt of institutionalization of beedi industry was done. Kerala was the first state to experiment with Beedi workers industrial co-operative societies and the co-operative movement began as early as sixties. Beedi rolling in the co-operative sector is done in the industrial premises. The wage rates are higher in this system and the bonus for the workers is distributed according to profits.\footnote{S.Giriappa, Beedi Rolling in rural development, Daya Publishing House, New Delhi, 1987, pp 94-95.}

Kerala Government decided to implement The Beedi and Cigar Workers (conditions of employment) Act of 1966, but the private beedi companies which were unwilling to extend the benefits to workers as envisaged in the Act of 1966, closed down their entire business in Kerala and shifted to the neighboring district of Mangalore in Karnataka State\footnote{S.Giriappa, Beedi Rolling in rural development, Daya Publishing House, New Delhi, 1987, pp 94-95.}. The beedi producers were operating under the contract system under which the workers were subjected to different kinds of exploitation. The Act provided statutory benefits to protect the workers from the manufacturer’s exploitation. The shift of private companies in order to evade the statutory provisions of the act resulted in about
12,000 workers employed in beedi units were unemployed. Indeed, the Kerala model has not influenced the working status of coastal Karnataka. The labour force in Karnataka has not fully succeeded in getting the benefits available in Kerala.

The way beedi industry has grown and helped in the development of the rural economy as well as the national economy with its widespread network certainly shows that, it has the potentiality to become the major instrument of social change. This is the only one industry so far which has been providing employment in large scale and given stand to the labourers interms of income and sustainability. Thus, at this juncture the question arises as whether beedi industry can be considered an industry. This has to be looked at two levels; one from the view of labourers and second from the point of view of owners. From the point of view of the workers level, beedi industry has still remained purely a home based industry and can not be designated as either a cottage industry or a small scale industry. Any industry to be called as a cottage or small scale industry should contain all the characteristics of a industry. Beedi industry consists of certain features of a cottage industry which has not helped to consider it fully as cottage industry. Beedi industry has been called as a cottage industry mainly because it is a home based industry. But normally a cottage industry product will
have a local market wherein the workers themselves assume control over the product produced by them. Whereas in the case of beedi industry the beedi roller returns the prepared beedies to the company through the contractor and the manufactured and tested beedies are sold by the company owner in the large scale market. The beedis are also exported to different countries. The beedi roller who is in reality the manufacturer holds no control over the produced beedies. Other cottage industries such as khadi or other home products get the financial support by the government, in terms of loans and subsidies to start the production and other related market activities. On the other hand, the beedi industry with the status of cottage industry cannot claim for such provisions by the government, as the beedi industry is not capital oriented business since it needs no money, power, machine to roll the beedies. The beedi roller does not require any capital to start this work as this work could be started with simple tools like scissors and a small tray. Besides this, the beedi rollers are not consumers themselves as majority are women. Any cottage industry fulfils its requirement of raw materials locally. Added to this, in other home based industry or cottage industry no worker gets the work through recruitment whereas in the beedi industry recruitment is carried out with certain procedure if the roller is a registered beedi worker. Even the non registered rollers also get the work through appointment. Though beedi industry is home based
it does not comprehensively contain the features of a cottage industry but still it is regarded as a cottage industry.

As it becomes inevitable to see the beedi industry from the owners perspective which seems as industry basically, as it shares certain features with other small scale industries. As already stated earlier just like other industrial products even the manufactured beedies have large scale market. The companies decide about its price, and the profit comes from the business straight away goes to the pockets of the owners of the company. Besides, it encompasses the export and import business and has a bigger contribution to the national economy. Beedi industry also contributes to the national exchequer by means of cess, excise tax etc. Apart from this, beedi has even expanded the transportation business as the raw materials like the tendu leaves and tobacco required for the beedi work comes from other states. This has even helped the state government to levy entry tax which brings income to it. Besides, the truck owners are engaged in a positive business not only in getting raw materials but also in terms of the transportation of the manufactured beedies from one place to other. These features have made Beedi industry to carry dual identity in these days. Consequently, the dual characteristics of the beedi industry continue as the nature of the beedi industry and suffer, at the level of locating it specifically.
Should beedi industry be considered as small scale or as cottage industry is being debated at different quarters if not to benefit the labourers but to protect the entire industry.

The situation seems entirely different at the top level which gives such impression that the beedi industry is very extensive, large, profitable and moreover organized. At the manufactures level it looks very systematically organized. Besides, the owners are powerful, wealthy and have bargaining power and are politically strong enough to lobby. The Facotry Act 1948 was applicable to any work undertaken in a factory premises including the beedi work. Under the Factory Act the owners had to provide all the facilities and securities to the workers. The owners were not glad with this and they inorder to avoid the application of the Facotry Act to the beedi industry they encouraged the women to engage the work at home. They were successful in their attempt of changing the factory system into contract system and continue to enjoy the profit as before. Their attempt of changing beedi work into home based system has continued till today as the permanent feature of the beedi industry. In the same period the Trade Unions resisted against the intention of the owners. As the labourers accepted the change for the convenience of working at their own houses, along with their domestic work and with the assistance of their family
members this system continued. Initially, when the beedi industry had factory system only men were working and there were very limited women. But as it was shifted to home based system more and more women took up this work and their number increased while the men were less attracted to the work. This also helped the owners as the women could be easily handled and controlled through the contractors without any sort of opposition.

After beedi industry has been changed into home based, it continued like a cottage industry and as in other cottage industries it involves the whole family members in the work in one or the other way. Beedi rollers will be assisted by their family members who will assist in putting the threads, cutting the leaves or taking the prepared beedies to the depot to return the beedies or to collect the raw materials from the contractor. Beedi has supported them to live against the fear of unemployment. Those children who have assisted their mothers, particularly girls at home learn beedi rolling and when they grow even if they are unemployed they manage to survive as they can depend upon this work. This confidence they draw only because of their involvement and assistance they provide to their elders in the task of beedi rolling when they were very young. Many poor families in the village area even
today feel that if they get beedi work they can lead life otherwise they have to suffer.

Thus, the status of the industry has not been settled with the dual characteristics of it. Because of the indefiniteness regarding its status it has remained as an unorganized sector and the beedi rollers can not obtain the status of a permanent worker. Undefined status of the industry basically causes problem to the rollers more than the owners. Hence, the owners enjoy all the advantages while the working, social and economic conditions of the beedi rollers remains unchanged.