CHAPTER III
PROFILE AND GROWTH OF TOBACCO PROCESSING
INDUSTRIAL UNITS

3.1 INTRODUCTION
In order to identify the nature scope of tobacco industrial units run by the private businessman, various questions were included in the questionnaire relating to some of the essential characteristics of the units under study. The chapter analyses the profile and growth of tobacco processing industrial units under study. The profile and growth of tobacco industrial units under this study includes organization structure, types of tobacco processing industrial units working premises, trading process, facilities in tobacco processing units, markets channels of distribution, economic history of tobacco units and Growth and types of tobacco units in India. The main purpose of this chapter is to present more comprehensive profile of tobacco processing units under study.

3.2 PROFILE OF THE TOBACCO PROCESSING UNITS
Tobacco processing units at Jaysingpur are well known Tobacco supplier across the country. These units supplies each and every variety of Tobacco all over the country to different Tobacco industries such as.

a. Bidi Manufacturing industrial units.
b. Gutkha Manufacturing industrial units.
c. Jarda Manufacturing industrial units.
d. Snuff Manufacturing industrial units.
e. Hookha Manufacturing industrial units.
In this all units has nearly 600 female workers. These female workers have to do all the work from putting raw tobacco leaf into machinery then collecting odd size of tobacco and again processing it into cutter machine and then finally collecting finished tobacco. They have to change machinery as per the order of the tobacco consuming industrial units as per inform by production manager. This all female workers are paid wages on weekly basis. All the units an average four skilled male workers permanently employed in their unit. Male workers have to fill the finished Tobacco in gunny bags and then they have to stitch the same bags properly these gunny bags containing. Tobacco has been dispatched in different parts of countries.

Jaysingpur is a small but flourishing town that specialize in tobacco industrial units. It is farming, industrial, co-operative, social, political, educational medical and sports centres.

In early days there was a lot of production of tobacco due to this centralization of tobacco processing industrial units were established at that time there were 300 tobacco processing industrial units. At that time no other industrialization were developed so female workers joined tobacco process work.

Now a day, due to establishment of sugar factories tobacco production decreased and production of sugarcane started to increase.

Now at present there are 35 to 40 tobacco processing industrial units in which there are round about 1050 workers work there.
3.2.1 ORGANIZATION STRUCTURE OF THE TOBACCO PROCESSING UNITS.

This sub section specifies the organized structure of processing units in the area under study.

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OWNERS
     ↓
GENERAL MANAGER
     ↓
PRODUCTION MANAGER
     ↓
[Divanji(Assistant co-ordinators)]
     ↓
MALE WORKER             FEMALE WORKER
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All the units has averagely 1 or 2 office manager who operates all banking transactions of this unit and also informs any requirement to owner. Production manager always remains in the processing unit. His job is to see that the workers are doing their work properly, informing female workers to change neis as per the order of different tobacco industries. Popularly or locally known as Divanji. He is working as co-ordinator between owners and workers.
In this unit putting tobacco in machine, stick separation, tobacco colouring drying of tobacco, filling in the sacks, this all type of easy work made by female workers.

4. Male workers have to fill the finished Tobacco in gunny bags and then they have to stich the same bags properly because these gunny bags containing tobacco.

3.2.2 CONSUMPTION OF TOBACCO

The detailed analysis of the consumption information is presented as follows.

1. After Tobacco is processed it is used by "Bidi manufactures". Tobacco is rolled in Tendu leaf, then Bidi is prepared which is smoked. In India Tobacco is largely consumed by BIDI -Industries West-Bengal and Uttar Pradesh have large number of Bidi-Manufacturing industries. Indian first in Bidi Manufacturing in Asia Continent.

2. "ZARDA MANUFACTURER" This manufacturer choose big size of clean and superior tobacco packed in Tin as well as in paper pouch. This Tobacco is used for chewing purpose. People consume tobacco by mixing it with [lime paste]. They usually keep this mixture in their cheek as between lower lip and gums.

3. Fine and small size of Tobacco is used by "GUTKHA MANUFACTURER". This manufacturer use Tobacco in Gutkha for taste purpose.

4. Tobacco dust is used by "SNOFF-MANUFACTURER " which is locally called as TAPKIR. It is finely ground version of processed. Tobacco it is usually sniffed in to nose.

5. Tobacco Rawal is used by "MISRI-MANUFACTURER" for making
Tobacco powder for cleaning teeth. In rural parts of India people still use Tobacco Powder for cleaning teeth.

6. Tobacco dust is also used as pesticides for killing insects as it contains nicotine, which is poisonous substance and as it is version of processed Tobacco it is spread in farm.

7. Tobacco Rawal is used for preparing Hookha Tobacco which was used by our king and rich people in olden days for smoking purpose.

8. Tobacco is exported to different parts of country.

9. Tobacco which contains nicotine is now days used by Doctors for preparing different types of medicines.

10. People of Andra Pradesh and Bihar also use tobacco stem for chewing purpose Tobacco stems is cut in to small purpose which is mixed with lime paste ad consumed by people.

11. Tobacco with betel nut and lime which we cati 'Pan' is consumed by people of all parts of India. Generally any industrial processing units is established in particular area. This is also applicable to tobacco processing units at Jaysingpur.

3.2.3 DIFFERENT TYPES OF TOBACCO

As tobacco is purchased in form of leaf from farmers it is put in fully automatic machinery where it goes to number of stages and at least different size of tobacco is produced which is required by different tobacco manufacturing industry and Bidi manufacturing industries.

Different size that is produced is consumed by different tobacco manufacturing industries as follows.
a) 3 to 4 number size is produced for chewing purpose it is used by 'Jarda Manufacturing' as it is in big size people consume it by mixing it with lime paste.

b) 5 to 6 number size which is regular size of Tobacco which is produce everywhere in India by different Tobacco processing units, it is consumed by "Bidi Manufacturer" seeing upon their size of bidies. If they are producing big size of Bidies they will consume 6 number size of Tobacco and vice-versa.

c) 8 number size which is small size of Tobacco is produced according to only order as it is small size no other manufacturer can used it. It is only used by "Gutkha Manufacturers" because they use small size of Tobacco.

d) 18 number 25 and 27 number which are very small size of tobacco. They are inform of Rawal which is only used by Hookha manufactures which was consumed by our ancients and kings in older days for smoking purpose and it is also used by snuff-manufacturers.

e) 40 number size, which is very small size of Tobacco like power which is called dust, which is used by farmers in form of pesticides.

3.3 PROFILE OF WORKING PREMISES

Minimum 8000 sq. feet, constructed or more then that is required for the set up of tobacco processing unit. The unit should be well shaded and constructed to protect the raw tobacco and finished tobacco as well as machinery from rain and heat and the area selected to start tobacco processing unit should
be in residential area. It should be situated outside of city, as there is a pollution problem.

All the units have in all 10000 sq. feet unit which proper ventilation, 2000 sq feet space which is kept open for drying the Raw-Tobacco for removing moisture from Tobacco and in 2000 sq.ft. space, Tobacco-machinery are situated for processing Raw-Tobacco into finished tobacco and this unit is situated inside the city, because when this unit was there, there were no houses behind it and Chattrapati Shahu Maharaj and Jaysingpur Merchant Association has declare it as tobacco zone, but as the population increased, many houses were constructed near the unit and today it is an residential area and no new unit can be established here.

3.4 TRADING PROCESS OF TOBACCO INFORMATION REGARDING UNITS

All the units are dealing in Tobacco. The farmers and traders of Andra Pradesh, Madhya Pradesh, Maharashtra and Karanataka States brings tobacco for sale in the month of Feb to April in this units all units deals in two different ways for farmers and Traders. In the treading process traders are provide the various items or products to the customers.

3.4.1 TRADING OF FARMERS GOODS

When the farmers bring tobacco in these all units the owners as in advance pays lorry freight. In one lorry thee is 7 to 8 tons of Tobacco of nearly 5 to 10 farmers having marks on each bags. The owners has to unload at the godown according to the quality of tobacco. Then the farmer is given AVAK No. and notes how many bags he has brought. Rates are fixed according to color and quality of Tobacco. Then owners tallies the sample of tobacco brought in
lorry and total weight of each bag of Tobacco is taken and from that weight of bag is less.

3.4.2 PAYMENT OF FARMERS

Generally the payment of farmers is made in cash while making payment to farmers owners sees the rate at which it is purchased and" weight of each tobacco bags and the calculate the account which comes and from that he deducts as follows.

a. 5% cash discount
b. Weight of gunny bags.
c. It there is moisture in tobacco, 1 kg in each bag is deducted.
d. Advance freight given to lorry owner.
e. If some advances is given to former.
f. From each lot 1 kg is deducted as Kalam Sute
g. If thee is more Kandi or soil mix in tobacco 2 kgs is deducted from each bags as 'Kandi mati sute'

From the total sale bill amount all this charges are deducted and Remaining amount is paid by cash or by Draft. If Draft is given to them, then draft commission is charged on them.

3.4.3 PAYMENT OF TRADERS GOODS

Traders are paid payment in two ways

a. Cash
b. Credit

a. When the dealing in CASH payment traders have to following things to purchaser of Tobacco.
i. Godown delivery of tobacco.
ii. No rate of gunny bags should be added.
iii. One kg extra in each bag of which no rate should be calculated.
iv. 5% cash discount

b. And if payment is made in CREDIT -
   i. Owner have to pay lorry freight.
   ii. Rate of gunny bag is charged.
   iii. 90 days time limit is given after that interest is charged.
   iv. Rates are also high by 3 to 4 Rs. Than cash rate.
   v. No discount as no any deduction of tobacco is given.

3.5 INFORMATION ESSENTIAL MACHINERY REGARDING FOR PROCESSING UNITS

The essential information concerned in tobacco units is presented in this sub-section.

3.5.1 ELECTRICITY

Tobacco processing units are completely depend upon electricity as its total work depends on fully automatic machinery. To start a new tobacco processing unit 5 to 7 HP electric connection is required without electricity complete unit is handicapped. Thus electricity plays very important role in Tobacco processing unit.

3.5.2 TOBACCO HOPPER MACHINE.

Tobacco leaf is purchased from farmers and then it is put into tobacco hopper machine where the tobacco leaf is crushed into small pieces, from which different size of tobacco is prepared, which are again re-processed and
then actually tobacco is ready which is supplied to different tobacco manufacturing industries.

3.5.3 TOBACCO CUTTER MACHINE
As the tobacco leaf is firstly put into tobacco hopper machine where the different size of tobacco is prepared. Then these different big odd size of tobacco is put into tobacco cutter machine, where tobacco leaf is actually cut into proper size which is again reprocessed and then actually tobacco is ready.

3.5.4 TOBACCO KANDI MACHINE
Tobacco leaf when it is processed in tobacco hopper machine and cutter machine, only tobacco is processed where tobacco stem [Kandi] remains as it is then this stem [Kandi] is put into Tobacco Kandi Machine where different size of Kandi is prepared which is coloured and directly mix into finished tobacco.

3.5.5 EXHAUST FAN FOR CLEANING TOBACCO
As the tobacco leaf goes in different procedure from Hopper machine to cutter machine then the actually tobacco is prepared, which is then put in exhaust fan for cleaning tobacco from dust, mud ant etc. Then the total procedure of tobacco is finished and then tobacco is ready which is packed in gunny bags and which is supplied to different tobacco industries.

3.5.6 WATER
As we know that water is very necessary for each and every industries or any unit. Water is also very necessary for tobacco processing unit. Tobacco stem after processed are coloured with coloured powder with the help of water and also worker working in tobacco processing unit requires water for drinking purpose and cleaning their hands and faces after the work is finished.
3.5.7 LABOUR

Labour plays very important role skilled as well as unskilled labours are required in tobacco processing unit.

3.5.8 ACCENTOR

Accentor is very necessary for preparing different size of tobacco which are required by different tobacco industries. Because different size are consumed by different industries.

3.6 TYPES OF PROCESSING THE RAW MATERIAL IN TOBACCO INDUSTRIAL UNITS

3.6.1 RAW TOBACCO

Purchased from fanners is one of the main and important raw material required for this unit. All the units purchases raw tobacco from Sangli district of Maharashtra, Nipani area of Karnataka, Karnool district of Andhra Pradas, Khargon district of Madhya Pradesh and from major parts of Gujarat. These all purchasing is done directly with and from farmers.

3.6.2 TOBACCO UNPROCESSED KANDI

Along with tobacco leaf its steam is also used. This steam is known as "Kandi". This steam was cutted into small pieces and after that it was coloured with coloured powder then mixed in tobacco. Generally all unit does not purchased Kandi separately, it come along with tobacco purchased.

3.6.3 COLOURED POWDER

Coloured powder is also an necessary raw material because it is used to colour processed tobacco and as well as tobacco stem which is known as Kandi. This coloured powder exactly matches with colour of tobacco. All units purchases coloured powder from local market as well as from Kolhapur.
3.6.4 GUNNY BAGS
As tobacco leaf goes into different procedure and at last when tobacco is ready then it is packed in gunny bags and make ready for dispatched sum of the unit purchases gunny bags directly from gunny bags manufacturing industries of Calcutta. As they get best quality and in competitive rates.

3.6.5 JUTE ROPE
It is an important raw material. When the tobacco is processed into finished tobacco it is packed in gunny bags and stitched with jute rope. It is properly stitched with jute rope because tobacco is then dispatched to different parts of country. All units purchased jute rope from local market only, seeing their thickness and quality, because stitching is last and importance procedure on which complete finished tobacco depends.

3.6.7 STAMPING
Stamping is very important after tobacco prepared into finished tobacco it is packed into gunny bags and stamp the type and quality of tobacco on gunny bags, which indicate the variety of tobacco filled in gunny bags.

3.7 MARKET STRUCTURE OF INDUSTRIAL UNITS UNDER STUDIES
Jaysingpur is situated on the bank of Krishna river in Maharashtra state and near to the boundary of Karnataka State. It is having a past history from Chatrapati Shahu Maharaj. The market was inaugurated by Chatrapati Shahu Maharaj for Tobacco. Jaysingpur is having good facility of banking and finance companies because of this facilities the farmers and traders who bring their tobacco Jaysingpur market get cash payments with better rate.
The tobacco production done in Andra Pradesh, Madhya Pradesh, Maharashtra and Karnataka states comes to Jaysingpur because of goods facilities of finance and better rates given to farmers and traders. The storage facility of Jaysingpur is also huge in personal and Govt. Warehouse.

**LIST OF TOBACCO SUPPLIED TO DIFFERENT STATES OF INDIA**

All the units supplies Bidi Tobacco, Gutkha Tobacco, Jardha Tobacco, Hookha tobacco to all parts of Country as follows.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>States</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Maharashtra-</td>
<td>Bidi Tobacco</td>
</tr>
<tr>
<td>2</td>
<td>Uttar Pradesh</td>
<td>Bidi Tobacco</td>
</tr>
<tr>
<td>3</td>
<td>Madhya Pradesh</td>
<td>Gutkha Tobacco</td>
</tr>
<tr>
<td>4</td>
<td>Bihar</td>
<td>Hookha Tobacco</td>
</tr>
<tr>
<td>5</td>
<td>Orrisa</td>
<td>Jarda Tobacco</td>
</tr>
<tr>
<td>6</td>
<td>West Bengal</td>
<td>Bidi Tobacco</td>
</tr>
<tr>
<td>7</td>
<td>Tamilnadu</td>
<td>Bidi Tobacco</td>
</tr>
<tr>
<td>8</td>
<td>Karnataka</td>
<td>Bidi Tobacco</td>
</tr>
<tr>
<td>9</td>
<td>Kerla</td>
<td>Bidi Tobacco</td>
</tr>
<tr>
<td>10</td>
<td>Rajasthan</td>
<td>Hookha and Jarda Tobacco</td>
</tr>
<tr>
<td>11</td>
<td>Gujrat</td>
<td>Gutkha Tobacco</td>
</tr>
<tr>
<td>12</td>
<td>Goa</td>
<td>Jarda Tobacco</td>
</tr>
</tbody>
</table>
3.7.3 CHANNEL OF DISTRIBUTION

Owners purchase Tobacco from farmers process it and supply it to different tobacco manufacturing industries. These manufacturers supply their finished products to their dealers and dealers supplies to wholesaler and retailer. Retailer supplies direct to Tobacco consumers.

CHANNEL OF DISTRIBUTION

```
FARMERS
  ↓
OWNERS
  ↓
MANUFACTURERS
  ↓
DEALER
  ↓
WHOLESELLERS  RETAILERS
  ↓
TOBACCOR CONSUMER
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3.8 PRODUCTION OF TOBACCO IN INDIA

Tobacco occupies a prime place in the Indian economy on account of its considerable contribution to the agricultural, industrial and export sectors. India is the second largest producer of tobacco in the world. China and the USA rank first and third, respectively, in terms of tobacco cultivation. Brazil, Turkey, Zimbabwe, Malawi, Italy and Greece are the other major
tobacco producing countries. Tobacco contributes substantially to the economies of these countries.

Source : whoindia.org

In 2000-2001, the contribution of tobacco to the Indian economy was to the extent of Rs 81,820 million, which accounted for about 12% of the total excise collections. Foreign exchange earnings during the same period were Rs 9030 million, accounting for 4% of India. Total agricultural exports.
Endowed with favourable agro-climatic attributes such as fertile soil, rainfall and ample sunshine, India has the potential of producing different varieties of tobacco with varied flavours. Figure 2.3 shows the locations and varieties of tobacco grown in various Indian states. Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Bihar and Tamil Nadu are the major tobacco producing states in India. Around 65% of India’s production comes from Andhra Pradesh (34%), Gujarat (22%) and Karnataka (11%). Tobacco is also grown in Orissa, Uttar Pradesh and West Bengal. Andhra Pradesh, Gujarat, Karnataka and Uttar Pradesh together account for over 90% of the total tobacco production in the country. Currently, Indian tobacco is exported to more than 80 countries spread over all the continents. A few of the top multinational companies such as British American Tobacco (BAT), Philip Morris, RJ Reynolds, Seita, Imperials, Reemtsma, etc. and many companies with government monopoly import Indian tobacco either directly or indirectly. The Indian market for tobacco products, however, has some characteristics rather different from most other markets. India has a large, highly integrated tobacco industry, which involves the cultivation of several varieties of tobacco, the manufacture of different tobacco products, including unprocessed and chewing tobacco, and an extensive distribution and retail system. Over the years, a combination of strong prices, domestic consumption, good export demand for tobacco and low prices of other crops helped the growth of tobacco from a cash crop to a manufacturing industry linked with commercial considerations. The tobacco industry in India includes the production, distribution and consumption of (i) leaf tobacco, (ii) smoking products such as cigarettes and beedis and (iii) various chewing tobacco products. These factors present
policy-makers with an unenviable dilemma. On the one hand, it is a robust and largely irrigation-independent crop, provides substantial employment, has significant export potential and, most importantly, is a source of ever-growing tax revenues. On the other hand, there are public health concerns about the effects of tobacco use with health advocacy groups and consumer-led lobbies asking for more controls on tobacco. In spite of its proven adverse implications for public health, the industry sustains itself in many quarters on the grounds of its contribution to employment and national production. The organized sector of the industry, dominated by multinational corporations, is at the forefront of canvassing support for the sector. The unorganized sector too exploits its emotive appeal as a mass employer of the poor, especially rural women.

3.9 PRODUCTION OF TOBACCO IS CASH CROP

The immediate and tangible benefits that accrue from tobacco cultivation, manufacture and marketing act as incentives for farmers to grow tobacco and for the government to encourage tobacco cultivation and manufacture. Tobacco has developed from a commodity to which great importance and value were attached (because of its presumed medicinal and evident intoxicant properties), and hence used for barter trade during the sixteenth and seventeenth centuries, to a cash crop in subsequent periods. The following aspects of tobacco can help in understanding why it has developed as a cash crop:

Tobacco has been contributing substantially to the total agricultural income. It yields high net returns per unit of cultivation as compared to other crops.
It provides employment opportunities, both in agriculture and activities involved in the manufacture of tobacco products. It is a major foreign exchange earner. It is an important source of revenue, which can be tapped relatively more easily than many other commodities. In view of its special qualities, a levy on it does not cause marked substitution effects and what the noted fiscal expert, Richard Musgrave terms the spite effects.35 Therefore, in practically every fiscal budget in India, the finance minister proposes raising a levy on tobacco products and justifies it on the ground that tobacco consumption is injurious to health. 6. There is considerable domestic and international demand for tobacco and its products.

3.10 ECONOMIC HISTORY OF TOBACCO PRODUCTION

The historical developments relating to the economic aspects of tobacco in India can be studied in two periods: the colonial era before India became independent in 1947 and the post-Independence period of national governance and policy-making.

Tobacco was initially grown in the Deccan region (South Central India), during 1605, and later spread to other parts. 36 The Virginia variety of tobacco was introduced in India in Andhra Pradesh in 1920 by the British officers of the Indian Leaf Tobacco Development Company (Box 2.3).37.40 Sir Forbes Watson. Cultivation and preparation of tobacco in India (1871), said to be one of the earliest publications on tobacco, tells us more about Indian tobacco. The area under tobacco cultivation increased three times during the period from 1891.
Table 3.1 Area under tobacco cultivation and production in British India\textsuperscript{37,41}

<table>
<thead>
<tr>
<th>Year</th>
<th>Area</th>
<th>Production Million Kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>1891-1892</td>
<td>132.30</td>
<td>-</td>
</tr>
<tr>
<td>1920-1921</td>
<td>425.10</td>
<td>-</td>
</tr>
<tr>
<td>1939-1940</td>
<td>413.36</td>
<td>344.38</td>
</tr>
<tr>
<td>1945-1946</td>
<td>357.49</td>
<td>336.25</td>
</tr>
</tbody>
</table>

Source: Indian Central Tobacco Committee (ICTC) 1960; Sanghvi 1992

Table 3.2 Tobacco trade in British India (Rs in million)\textsuperscript{41}

<table>
<thead>
<tr>
<th>Year</th>
<th>Area</th>
<th>Production Million Kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>1881-1882</td>
<td>1.20</td>
<td>0.63</td>
</tr>
<tr>
<td>1913-1913</td>
<td>3.84</td>
<td>6.94</td>
</tr>
<tr>
<td>1920-1921</td>
<td>7.49</td>
<td>25.59</td>
</tr>
<tr>
<td>1921-1922</td>
<td>7.18</td>
<td>16.51</td>
</tr>
</tbody>
</table>

Source: Sanghvi 1992

Since then, the area under tobacco cultivation has been hovering around four lakh Hectares. The value of imports shown in reveals that there was a great demand for tobacco, particularly cigarettes, by 1920. Since cigarettes were not manufactured in India, imports increased to meet the domestic demand. Revenue from tobacco increased six times, while the value of imports increased 26 times during a period of 40 years\textsuperscript{8}.

**POST INDEPENDENTS PERIOD**

Although tobacco was grown in many parts of India during the 1950s, the best quality crop was grown in Bihar, West Bengal, Tamil Nadu,
Karnataka, Maharashtra, Punjab and Andhra Pradesh. Cultivation of flue-cured Virginia (FCV) tobacco spread to Tamil Nadu (1957,1958), Maharashtra (1961,1962) and West Bengal (1966). Till the 1960s, the cultivation of FCV tobacco was traditionally confined to the black soils in India. However, with increasing demand for light-bodied leaves and low nicotine/tar content, its cultivation was extended to Karnataka’s light soils. Madras (now Chennai) was leading in the area under tobacco cultivation until the formation of Andhra Pradesh in 1953. West Bengal was also one of the leading producers before 1947. Figure and Table give details of tobacco cultivation and consumption, and the revenue derived from it in the post-Independence period. The area under tobacco cultivation increased within the first 20 years of Independence.

Fig 2.4 Trends in area, production and yield (all India)37,41
Source: Indian Central Tobacco Committee (ICTC)1960; Sanghvi 1992
Although there was a steep reduction in the area in 1975-1976, by 1980-1981, the area under cultivation increased by 22%. This increase was the result of initial efforts taken by the Tobacco Board set up in 1975. The reduction in crop area, observed in 2001, was due to a crop holiday observed in Andhra Pradesh. This was in response to an unsold surplus of tobacco produce from the preceding years. These fluctuations have occurred only in the tobacco growing regions of India. Overall, the area under cultivation has been limited to four lakh hectares, because of the non-suitability of the soil for tobacco cultivation in other parts of India. From 1951 to 2001, there was an increase in the production by 130%, in excise revenue by 31,614%, in export revenue by 5823% and in consumption by 92% (Table 2.3). The worldwide trend in the area of tobacco cultivation and production shows that while there has been a relatively modest growth in the area under tobacco cultivation, a steady growth in the production area has taken place, pointing to substantial productivity gains. There has also been a shift in tobacco production from the developed to developing countries. India’s share in the world tobacco production was 10.2% in 2000, while that of China was 36.7%. However, in terms of productivity, India has always remained much below the world average by 20%-40%. An analysis of variety-wise tobacco production reveals that the bulk of total tobacco production in India consists of non-cigarette tobacco products as there is a strong, but unorganized, domestic market for non-cigarette tobacco products. Production of cigarette tobacco, mainly FCV, though increasing, still
Table No 3.3 Tobacco Economy in the post Independence Period

<table>
<thead>
<tr>
<th>Year</th>
<th>Area (X1000 hectare)</th>
<th>Production (milliion kg)</th>
<th>Excise revenue (Rs in million)</th>
<th>Export revenue (Rs in million)</th>
<th>Tobacco Consumption (milliion kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-1951</td>
<td>360</td>
<td>260</td>
<td>258</td>
<td>150</td>
<td>245</td>
</tr>
<tr>
<td>1960-1961</td>
<td>400</td>
<td>310</td>
<td>540</td>
<td>160</td>
<td>328</td>
</tr>
<tr>
<td>1970-1971</td>
<td>450</td>
<td>360</td>
<td>2284</td>
<td>320</td>
<td>367</td>
</tr>
<tr>
<td>1980-1981</td>
<td>450</td>
<td>480</td>
<td>7553</td>
<td>1400</td>
<td>360</td>
</tr>
<tr>
<td>1990-1991</td>
<td>410</td>
<td>560</td>
<td>26957</td>
<td>2630</td>
<td>474</td>
</tr>
<tr>
<td>2000-2001</td>
<td>290</td>
<td>490</td>
<td>81824</td>
<td>9034</td>
<td>470</td>
</tr>
<tr>
<td>2001-2002</td>
<td>-</td>
<td>601</td>
<td>-</td>
<td>8885</td>
<td>-</td>
</tr>
</tbody>
</table>

accounts for only 30% of the total production in the country. This is because of the 200 million tobacco consumers in India, only 13% consume it in the form of cigarettes, while 54% consume it in the form of beedi and the rest in raw/gutka forms.43 Worldwide, 85% of the tobacco cultivated is used in the production of cigarettes. Hence, the tobacco consumption pattern in India markedly differs from the rest of the world in terms of product configuration. Developments in the post-Independence period are listed in Box 2.4.38,40 A special feature of the domestic tobacco production scene in India is the varietal composition of the produce. India is the only country where the bulk of production consists of numerous non-smoking types of tobacco. The presence of a strong domestic demand for beedi, hookah, chewing and snuff tobacco necessitates the cultivation of non-
cigarette types of tobacco to a relatively large extent. An analysis of variety wise production of tobacco shows that during 1997-1998, beedis accounted for 29.6% of the total area under tobacco cultivation and 29.5% of the total production, whereas Virginia tobacco used in cigarettes was grown on 39.1% of the area under tobacco cultivation and accounted for 23.6% of the total production. However, the share of chewing tobacco in India's tobacco production has risen steadily over the years from 11.7% in 1993-1994 to 29.1% in 1997-1998.

3.11 TYPES OF TOBACCO PRODUCTION IN INDIA

Unmanufactured tobacco is either exported, directly consumed as chewing tobacco, or used as an input in the production of manufactured items such as cigarettes, cigars and beedis. Usually, there are seven broad types of unmanufactured tobacco, based on the end-use and curing methods. These are: (i) FCV, (ii) Burley, (iii) Oriental, (iv) dark air/sun-cured, (v) light air-cured, (vi) dark air-cured (cigar) and (vii) dark fire-cured. Currently, India produces 600 million kg (dry weight) of tobacco on an average of this, FCV tobacco accounts for 31% (185 million kg).

Cigarette (FCV), beedi, chewing, hookah, cigar, cheroot, snuff, natu and Burley tobacco are grown in different parts of India. FCV, burley and natu tobacco are the three main varieties of cigarette tobacco. Flue-cured Virginia tobacco is the primary ingredient in the manufacture of cigarettes. It is mainly cultivated in Andhra Pradesh and Karnataka, whereas beedi tobacco is grown in Gujarat. Tobacco used for chewing and hookah are grown in other tobacco producing states of India. Burley and Oriental types are blended with FCV in appropriate.
Proportions to create specific qualities of tobacco for cigarettes to cater to the taste of smokers.

- **Beedi tobacco**: This occupies 30%-35% of the total area under tobacco cultivation and is grown in Gujarat, Karnataka and Maharashtra. Nearly 85% of the world. Beedi tobacco is grown in India. The average yield varies between 1000 and 1700 kg/hectare in Karnataka and Gujarat, respectively.

- **FCV tobacco**: It is grown in Andhra Pradesh and Karnataka. A small quantity of this tobacco is also grown in Orissa (Rayagada) and Maharashtra (Gadchiroli). It is the most remunerative crop due to the demand from domestic cigarette manufacturers and importers. In 2000,2001, the average yield of FCV tobacco was 1710 kg/hectare. Fifty per cent of the FCV grown in India is used by the domestic cigarette industry while the remaining is exported. **Burley tobacco**: This air-cured form of tobacco is used for cigarette blends and is grown in Andhra Pradesh.

- **Hookha tobacco**: (Nicotiana rustica variety) It is used for smoking and is grown in Uttar Pradesh, Bihar, West Bengal and Orissa. **Chewing tobacco**: This is used for gutka, snuff and pipe tobacco. It is grown in Tamil Nadu, Uttar Pradesh, Bihar, West Bengal and Orissa.

- **Natu tobacco**: It is sun-cured and grown in Andhra Pradesh.

- **Cigar tobacco**: This type of tobacco is grown in West Bengal and Tamil Nadu.

- **Cheroot tobacco**: It is grown in Tamil Nadu and Andhra Pradesh.
3.12 EMPLOYMENT STRUCTURE IN TOBACCO INDUSTRY

The structure of employment in the Indian tobacco industry largely reflects the structure of the consumer market for tobacco products in India. Specifically, the effect of the production of beedis dominates employment opportunities within the manufacturing sector of the domestic industry as this is a highly labour-intensive activity and involves much less sophisticated manufacturing techniques compared to those employed by cigarette manufacturers. Within the tobacco industry, there are some important additional characteristics of the structure of employment. The vast majority of positions in the tobacco industry are available either on a part-time or seasonal basis. The main activities in which there is full-time employment are leaf processing, cigarette manufacturing, distribution and retailing. Of course, people involved with the distribution and retailing of tobacco products will derive only part of their livelihoods from the sale of tobacco products. The manufacture of beedis is undertaken by part-time employees only. Seasonal employment dominates in the leaf-growing industry, with relatively small contributions to seasonal employment opportunities also coming from leaf processing and from brokering, auctions and related activities. The magnitude of seasonal employment in leaf growing, where many millions of people are engaged in the industry, emphasizes the importance of the industry in providing an income to these people, and in supporting family members and other people in these regional and rural communities. Other partial employment estimates reinforce the crucial role of the tobacco industry in providing employment opportunities,
especially in leaf growing. The beedi industry in India is labour-intensive. Since beedi rolling is largely considered to be a cottage industry, it generates much more employment at the manufacturing stage. It is estimated from the Annual Survey of Industries (ASI) data that almost 85% of employees of tobacco manufacturing industries are employed in the beedi industry.46 Except the beedi industry, the number of employees in all other sectors of tobacco manufacturing units has declined over the period from 1973-1974 to 1997-1998.

3.13 BRIEF HISTORY BIDI INDUSTRIAL UNITS IN SELECTED STATES

3.13.1 MADHYA PRADESH

Madhya Pradesh is the state with the largest number of bidi workers. According to the Ministry of Labour, the number of bidi workers in Madhya Pradesh in 1995 was 660,000. Within the state, the three districts with the largest number of bidi workers are Sagar, Damoh and Jabalpur, with Sagar district leading in 1994 with 275,000 workers. Perhaps the main reason for this is that Madhya Pradesh is the largest producer of tendu leaves in India, producing more than 65 per cent of the country's tendu leaves. It is also one of the first states where bidi manufacturing began: in 1902 in Jabalpur district. In 1915, Abdul Noor Mohammed established a bidi rolling unit in Sagar. Since 1920, when Bhagwandas Shobhalal Jain (B.S. Jain & Co.) was established, the bidi manufacturing industry has been the main source of employment and revenue of the district after agriculture, and since then the Jains have been
the largest manufacturers in the district bidi was a major source of employment and due to the employment opportunities offered to labour in bidi rolling, wages in agriculture increased\textsuperscript{11}.

\subsection*{3.13.2 ANDHRA PRADESH}
Andhra Pradesh is the largest bidi producer after Madhya Pradesh. It has 625,000 bidi workers (1995) of whom most are in the Telangana region. Out of these, about 421, 000 are in the Nizamabad district alone. Bidi manufacturing in Nizamabad started in 1901. Manufacturers like Bandi Laxami Bai Bidi factory, Shamal Gangaram Bidi Lai Lappa Narayana and Tara Sahab all started manufacturing bidis here in the 1920s. But the total strength of labour of these factories did not exceed 200,000. Prior to 1947, two manufacturers from Gujarat, Messrs\^ Krishan Lai Ram Swaroop and Shah Himmat Lai set up production but their output was also very meagre. Still later, two manufacturers of Char Bhai Bidi Saiyed Lai Bidi and Police Malay Bidi also started production in the same district. After 1952, many came from Gujarat as well as Maharashtra. Heera Lai Prabhu Ram (Gujarat), Sable Wagire (Sambhati Bidi) and Thakur Savreka (Langar Bidi) all started production in 1952. But they were also small manufacturers. Desai Brothers then entered the fray in 1953 and even today is the largest bidi producer here. Since then, every year one or two manufacturers have been setting up businesses in the area, and within a decade 62 WP/Formatted only/2003-01-0011-1.doc/v2 bidi rolling became one of the main occupations after agriculture\textsuperscript{12}. 

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3.13.3 GUJARAT

Gujarat became a major bidi manufacturing state in the 1930s after it began producing tobacco on a large scale. The Kheda district of Gujarat became one of the first districts after Punjab to be totally irrigated by a network of canals. This enabled the local farmers to begin growing cash crops, and they found the most lucrative of these to be bidi tobacco. Today, Gujarat produces 80 per cent of the bidi tobacco of the country. Due to the proximity and easy availability of tobacco, a large number of bidi manufacturers set up factories in Ahmedabad, Patan and Palanpur in North Gujarat and in Surat and Billimora in South Gujarat. However, after the Factory Act was passed in 1948, and after 1952, the Government of Gujarat began to implement the Act and brought the bidi manufacturers under its provisions. Most manufacturers began closing down their factories and relocating them across the border to Rajasthan or Madhya Pradesh. Even today there are 100,000 workers in the Kheda district engaged in tobacco processing.13

3.13.4 KARNATAKA

Karnataka has become one of the leading industrial states in the field of industrial development. About 71% of the people are engaged in agriculture. The main crops are rice, jowar, maize ragi and pulses besides oilseeds and number of cash crops. The principal crop grown here is coffee, cashew, coconut, groundnut, cardamom, chillies, cotton, sugarcane and tobacco are among the other crop.
In Karnataka most of the female workers undertake beedi rolling. The beedi rolling plays an important role in the household economy. This is especially so in the case of women, in whose case beedi rolling is principal employment and income earning activity\textsuperscript{14}. 