

CHAPTER I

INTRODUCTION

Agriculture sector supports economic development of the countries. The economic history of many developed countries of the world like U.K., U.S.A., Russia, Germany, Japan, etc reveals that agricultural development helped and paved the way for the process of industrial development. Growth in agricultural production and productivity directs to boost in the income of the agricultural peasants. These additional incomes of the rural agricultural community will enable to save the surplus income which can be used for either future development of agriculture or for the establishment and development of non-agricultural occupations and agro based industries.

It was noticed that the entire economy being sustained by agriculture which is considered as the mainstay of the villages of India. Not only the economy, but also every Indian looks up to agriculture for our food too. Agriculture not only provides food and raw material but also employment opportunities to the major portion of our population. Even as agriculture's share in India's economy has gradually declined to 18 percent owing to the high growth rates of the industrial and services sectors, the agriculture sector's significance in India's economic and social fabric goes well beyond this indicator. India is an agricultural country. Over 70% of India's population is supported by agriculture sector. The Government should advance the agricultural sector because developed India is possible with the attainment of growing, advancement of manufacturing and services sector. But prosperous India is possible only with healthy agricultural sector.

The importance of production and marketing of food grain is all the more felt significant in the present situation of India facing challenges from advanced countries. The New Economic Policy, which brought agriculture within its policing frame work, for the first time, is naturally asymmetrical among countries. Its execution has also revealed that India has been unjustly treated by advanced countries not adhere to the rules and regulations of WTO agreement, and also causes danger to the livelihood systems of the economically backward agricultural families.

The four major elements of the WTO agreement in the field of agriculture are market access, domestic supply, export subsidies and Trade Related Intellectual Property Rights. The experience of the last seven years has shown that the expected share of the markets of developed countries is yet to be realized. Market access has been limited both by tariff barriers and sanitary and phyto-sanitary measures. In contrast, our markets have been opened up. Quantitative restrictions on the import of agriculture products are also being gradually removed with effect from April 1, 2001. The extent of domestic support provided by India to farming families is far below the prescribed ceilings. And also India does not provide export subsidies. In contrast total farm support has increased by 8 percent and 363 billion in 1998 in OECD (Organization for Economic Co-operation and Development) countries **(Swaminathan, 2001)**

India has the largest paddy production in the world and also the second major exporter of paddy in the world. Paddy fields are common sight all over India, be the northern genetic plain or southern peninsular upland. Usually paddy is cultivated minimum two times a year in the most parts of India. The paddy cultivation plays a vital role in socio-cultural life of rural areas of India. Several social festivals such as 2

Bihu in Assam, Sankranthi in Andhrapradesh, Thai Pongal in Tamilnadu, Makara Sankranthi in Karnataka, Nabanna in West Bengal celebrates the event of paddy harvesting. In Tamil Nadu Thanjavur is famous for paddy cultivation. Besides it other areas located in Cauvery belt are also famous for paddy cultivation in Tamil Nadu.

1.1 The Past History of Paddy Production

Rice is the main source of food for many countries. Paddy cultivation is considered to have begun simultaneously in many countries over 6500 years ago. Paddy has been produced in China since ancient times. Chinese records the paddy cultivation goes back 4000 years. It was believed that the roots of paddy came from 3000 BC India. Cultivation and cooking methods are thought to have spread to the west rapidly and by medieval times, southern Europe saw the introduction of paddy as a hearty grain. In several Asian languages the words for paddy and food are identical.

In African paddy has been cultivated for 3500 years. In the Middle East and Mediterranean Europe, it started around 800 BC. Paddy cultivation spread throughout Italy and then France, after the middle of the 15th century, later propagating to all the continents during the great age of European exploration. In 1694, paddy arrived in South Carolina, probably originating from Madagascar. The Spanish brought paddy to South America at the beginning of the 18th century. Paddy cultivation has been carried into all regions having the necessary warmth and abundant moisture favourable to its growth, mainly subtropical rather than hot or cold. India is an important center of paddy cultivation. Ancient people consider that while the indica variety of paddy was first domesticated in the area covering the foothills of the Eastern Himalayas (i.e. north-eastern India), stretching through Burma, Thailand, Laos, Vietnam and

Southern chin, the japonica variety was domesticated from wild paddy in southern China which was introduced to India before the time of the Greeks.

The earliest remains of cultivated paddy in the sub-continent have been found in the north and west and date from around 2000BC. Perennial wild paddy still grows in Assam and Nepal. It seems to have appeared around 1400BC in southern India after its domestication in the northern plains. It then spread to all the fertile alluvial plains watered by rivers. Cultivation and cooking methods are thought to have spread to the west rapidly and by medieval times, southern Europe saw the introduction of paddy as a hearty grain. Some say that the word paddy is derived from the Tamil word 'arisi'.

The word paddy is first stated in the Yajur Veda (c. 1500-800 BC) and then it is commonly referred to in Sanskrit texts. In India there is a saying that grains of paddy should be like two brothers, close but not stuck together. Paddy is often directly associated with prosperity and fertility; hence there is the custom of throwing paddy at newlyweds. In India, paddy is always the first food offered to the babies when they start eating solids or to husband by his new bride, to ensure they will have children.

Paddy is a grain belonging to the grass family. It is related to other grass plants such as wheat, oats and barley which produce grain for food and are known as cereals. Paddy refers to two species (*Oryza sativa* and *Oryza glaberrima*) of grass, native to tropical and subtropical south-eastern Asia and to Africa, which together provide more than one-fifth of the calories consumed by humans. The plant, which needs both warmth and moisture to grow, measures 2-6 feet tall and has long, flat, pointy leaves and stalk-bearing flowers which produce the grain known as paddy. Paddy is rich in genetic diversity, with thousands of varieties grown throughout the world.

Throughout history paddy has been one of man's most important foods. Today, this unique grain helps sustain two-thirds of the world's population. It is life for thousands of millions of people. It is deeply embedded in the cultural heritage of their societies. About four-fifths of the world's paddy are produced by small-scale farmers and are consumed locally. Paddy cultivation is the principal activity and source of income for about 100 million households in Asia and Africa.

1.2 The Past History of Paddy in Tamil Nadu

Paddy is the main food sources in Tamil Nadu Paddy and considers for the largest share in the total value of farm production in Tamil Nadu and millions of small farmers and agricultural labourers are engaged with the introduction of high yielding varieties in the mid sixties, paddy production has nearly doubled.

Even with these successes, the rural agricultural families in Tamil Nadu is not in the position to earn fair price for the paddy and paddy cultivation has become in economic over the years, which has been expressed on various plat forms. Such a serious problem that affects the livelihood of three – fourth of the total population in the state has provoked the notice of the researcher to make an attempt to study in this field.

An increase in the marketable surplus (the quantity available for sale after meeting the requirements of home consumption, seed etc,) results in an increase in the farm income. There is a variation in the marketable surplus of paddy across variety seasons and farm size groups, as well as between within the regions. The marketable surplus is also influenced by the government intervention with respect to monopoly procurement. Hence, the estimation of surplus generated by the farmers in different

situations and the identification of factors determining the surplus in the changing situations has become inevitable for the study.

Adequate knowledge of the cost structure of crops is essential for working out alternate crop plans. It provides the basic framework to analyze economic verities of farming and to formulate relevant policy measures benefiting the producers and the consumers.

For a satisfactory market performance the market structure should keep pace with the changes in production, demand costs, and marketing functions. An understanding and knowledge of the market structure is essential for identifying and correcting the imperfections in the performance of the market.

A study on marketing margins and costs are important, for they help in estimating the total cost incurred on the marketing process in relation to the price received by the producer and the price paid by the consumer. The knowledge about the cost incurred by and the share of each agency in different channels would help in formulating and implementing appropriate price and marketing policies.

In this juncture researcher made an attempt to identify the factors influencing the marketable surplus, which play an important part in supplementing the income of the peasants. For find out the social and economic conditions of the paddy cultivators the researcher also analyse the variables related to socio-economic conditions of the farmers in the present study entitled “Production and Marketing of Paddy in Karur District of Tamil Nadu”.

1.2 Research Gap

The following research gaps are identified by the researcher for the present study.

- The production and marketing of paddy pertaining to district level are very few and inadequate.
- Research Study on socio-economic condition of the rural farmers involved in paddy cultivation is insufficient.
- The studies related to the influences of retention of paddy in revenue were not considered in the past studies.
- Research Studies related to the association of production and marketing surplus are also very little.

1.3 The Specific objectives of the Study

The following specific objectives are formulated by the researcher for the present study.

1. To analyse the socio economic status of paddy cultivators in Karur District.
2. To study the costs and returns in production of paddy among the various categories of paddy cultivators.
3. To estimate the marketable surplus of paddy and also examine the factors leading to marketable surplus.
4. To analyse the revenue generated through the paddy cultivation during the study period in the selected area.
5. To study the problems faced by the paddy cultivators in the production and marketing of paddy in Karur district and offer suggestion for the future development of the farmers.

1.4 Hypotheses of the study

Based on the objectives of the present study the researcher formulated the following hypothesis:

- There is no significant difference between the mean production of paddy and the size of farmers
- There was no significant relationship between seasons and marketable surplus.
- There is no significant difference between the varieties of paddy and the marketable surplus.
- There is no significant difference between the benefit and the size of farmers

1.5 Scope of the present study

The present research is related to Karur district in Tamilnadu which was recently bifurcated from the larger Trichy District. Karur district has been selected for the following reasons, Firstly agriculture and allied activities occupies an important place in the economy of the district and as per the 2011 census, and 60 percent of the labour forces are engaged in agriculture and its allied activities. Secondly, it reflects the production and market characteristics of the state. Finally, the researcher's nativity of this district helps him to select the district as the study area.

The present study includes the investigation on production and marketing taking into account of the following; land use pattern inter farm differences in yield, marketable surplus, marketed surplus, mode and time of its disposal, costs and returns market structure, market integration, market costs and price spread.

This study related to the agricultural year 2005-2010 for estimating the marketable surplus and marketed surplus and for estimating the marketing behaviour of paddy producers and traders.

The present research work is a micro level study, which enlighten the prevailing nature of the structure and conduct of paddy production and marketing in Karur district. The present study helps the producers and other intermediaries to take

suitable decision with regard to production and marketing paddy. The present study also enables the government also in formulating policies with regard to improve production and marketing of paddy.

1.7 Limitations of the Study

The following are the limitation of the study. The present study based on primary data. Secondary data are also employed for the cross check.

The present study randomly selects only 400 respondents, which small size small to the total cultivators in Karur district, the findings of the study have restricted generality.

Majority of the selected respondents are uneducated and under educated so they do not have any record of costs and returns and the data was furnished from their memory. So recall bias cannot be ruled out through efforts were taken to minimize it with adequate cross checks. Traders who maintain records of transitive refused access to them and a few refused to co-operate.

CHAPTER DESIGN

The following is the chapter Design of the present research report.

Chapter I: First chapter is allotted for Introduction. It comprises importance of paddy and addy cultivation, objectives of the study scope of the study, Research Gap, Research question, Hypotheses, Limitations and Chapter Design.

Chapter II: Second chapter furnishes the review of literature .

Chapter III: Third Chapter explains the paddy cultivation in world, India and Tamil Nadu.

Chapter IV: Fourth Chapter explains the methodology of the study, concept classification.

Chapter V: Chapter V allotted for the detail explanation about the Profile of the Study Area.

Chapter VI: Sixth chapter allotted for the discussion and analysis of the primary data related to the socio-economic conditions of the paddy cultivators, production and marketing of paddy and cost revenue analysis of paddy cultivation in Karur district.

Chapter VII: Seventh chapter furnishes the summary of results, suggestions and conclusion.