CHAPTER VII

CONCLUSIONS AND POLICY RECOMMENDATIONS
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In the foregoing analysis it has been observed that tobacco has its own significance in a variety of ways. It is an important source of income and foreign exchange earnings to the Government. It provides employment to millions of people in rural areas. It is also important in industrial sector from the point of view of tobacco based industries like bidis, cigarettes, etc. Nicotine - a useful chemical - in chemical industries, is extracted from tobacco waste. It is equally important to the poor as well as the rich people. That is why it has been considered as the most democratic luxury for all. Tobacco is the poor-man's comfort and a rich-man's solace. Growth rates of area, production and productivity of tobacco in India, Gujarat and Kheda district as examined in this study indicate that compared to other important crops the performance of tobacco has not been very satisfactory and it needs special attention.

As it is well-known, tobacco is the backbone of the agricultural economy of Kheda district. As such the problems faced by tobacco farmers need a detailed study. Among the different problems, marketing is an important one. Despite the various developments in rural areas, marketing remains an important drawback. Farmers hardly get their due share
in tobacco produce. An inquiry into this aspect is therefore, thought necessary and has been attempted in this study. The present chapter attempts to bring out the important observations and policy implications of the study.

**Basic Features of the Sample Farm Households**

A few important observations obtained in respect of the selected 120 farm households, 60 each of Anand taluka and Thasara taluka of Kheda district are as under:

1. The social class composition of the selected cultivators indicates that Patel and Rajput social groups constitute as the major social groups in both the talukas. The other social groups constitute less than 10 per cent share in the total strength of the selected cultivators.

2. The young farm household heads are low in number in both the talukas. Farm-size group-wise in the marginal and small holding groups, the young farm household heads are low in number as compared to those in the medium and big farm holding groups in both the talukas.

3. Most of the selected household heads are found to be literate in both the talukas. However, a majority of the literate heads do not cross the primary level of education in both the talukas.
More than 50 per cent of the household heads are found to be the members of co-operative societies in both the talukas. Between them, however, the number is large in Anand taluka as compared to that in Thasara taluka. The position thus obtained may be due to the relative backwardness of Thasara taluka.

While examining the land use practices it is observed that the practices such as leasing-in, leasing-out, mortgaged-in and mortgaged-out are not found to be of any significance in both the talukas. As usual the uneven character of distribution of owned as also operated area is observed amongst the selected households of both the talukas.

Availability of irrigation facilities is found to be relatively good in both the talukas, between the two, however, the position is better in Anand taluka. Despite good availability of irrigation facilities, intensities of cropping in general and that in irrigated area is found to be poor in both the talukas.

The value of farm assets per hectare of cropped area works out to Rs.1392 in Anand taluka and Rs.2207 in Thasara taluka. The per household value of these assets works to Rs.4236 in Anand taluka and Rs.10954 in Thasara taluka.
8: Non-foodgrain crops dominate the cropping of the sample households in both the talukas. Among foodgrain crops paddy, wheat and bajari are the important crops while tobacco is the only important crop among non-foodgrain crops.

9: The farm economy of the sample growers indicates that in 1978-79 the per hectare net income was Rs. 3823 in Anand taluka and Rs. 2870 in Thasara taluka. In terms of net income - expenditure ratio also the economy is found to be better in Anand taluka than that in Thasara taluka.

Tobacco Economy

As stated above tobacco is found to be an important non-foodgrain crop of the agricultural economy of Kheda district. The observations with regard to tobacco economy are very much revealing. They are:

1: The local variety is found to be important in Anand taluka, while in Thasara taluka it is the only variety grown by the sample farmers. Thus in the major tobacco growing area of Gujarat, the improved variety is yet to be introduced on large scale.

2: Among the major crops tobacco is found to be more paying in terms of per unit of land as also per rupee of total investment. The expenditure involved,
i.e., investment involved, however, is larger in respect of tobacco than in the other crops.

Over the three year period, viz., 1976-77 to 1978-79, the absolute area under tobacco increased in Anand taluka, the increase in relative share in the GCA (Gross Cropped Area) was marginal. On the other hand, in Thasara taluka, area under tobacco declined, the fall being sharp in relative share in the GCA. Farm-size group-wise consistent pattern did not emerge.

The analysis of a change in area based on the number of farmers indicates that over the three year period some farmers increased their area under tobacco, some farmers reduced it while the other did not change it in both the talukas. On the whole, in both the talukas, the number of farmers who did not change the area was found to be higher than those of the others.

The causes of the observed behaviour are found to be as under. For the farmers who increased the area under tobacco the causes are: (i) failure of the other crops, (ii) relatively higher prices of tobacco in relation to the prices of the other crops, and (iii) relatively high prices of tobacco in the current year as compared to the past. The farmers who reduced the area under tobacco expressed the following reasons for their behaviour: (i) delay in payment, (ii) non-
remunerative prices of tobacco and (iii) relatively high profit in other crops.

The farmers who did not alter the area under tobacco indicated the following reasons for their behaviour: (i) non-availability of high tobacco prices to increase the area under tobacco, (ii) unsuitability of tobacco cultivation in the other plots of land, (iii) land needed for food crops.

As regards the level of yield, the three year period analysis indicated a downward trend in yield in Anand taluka. But the trend was in positive direction in Thasara taluka.

The analysis of prices received for tobacco indicates wide intra farm as also inter farm variations in both the talukas over the three year period. However, over this period there prevailed the tendency of fall in these variations.

The factors noted as responsible for the prevailing variations in prices are: (i) the difference in quantity and quality of production by the different individual farmers, (ii) cultivation of tobacco under irrigated or unirrigated land, (iii) the biased impression of tobacco merchants and dalals towards a particular village and (iv) the relationship between the buyers and the sellers.
tobacco becomes available as flakes for use in bidi making. Rawa and dust are the by-products of processing which are not used for bidi making.

There is no standard system of grading bidi tobacco.

Among the different problems faced by the tobacco growers, high deduction both in weight and cash is very important one, followed by the problems of low prices, delay in payment, lack of proper storage facilities, fluctuations in tobacco prices, lack of easy and adequate finance, absence of established marketing centres, standard code of transaction etc.

Remedial measures to these problems have also been suggested. They are: (a) establishment of regulated markets, (b) assurance of fair price for tobacco by way of support price to the farmers, (c) classification and grading of tobacco by experts, (d) setting-up of the offices of Tobacco Board in the important tobacco growing regions, (e) institutional arrangements like setting up of Tobacco Corporation or Tobacco Growers' Co-operative Federation, (f) introduction of Tobacco Leaf Voucher System for bidi tobacco on the lines of VFC tobacco, (g) creation of storage facilities and (h) carrying out effective research.

For the solution of the ills of tobacco trade, the most important measure is the formulation of tobacco growers'
Co-operatives. The merits of such a co-operative society are: (i) legitimate charges, (ii) timely payment, (iii) availability of reasonable prices, (iv) low deduction in rate, (v) minimization of the risk of losing money and (vi) availability of credit.

The features of such a proposed co-operative society are also revealed by our inquiry. They are: (i) Government supervision on its activities, (ii) educated, honest and competent chairman, (iii) proportionate representation of the farmers of all the farm-size groups in the area, (iv) inclusion of traders in the society.

The ingredients of successful tobacco growers' co-operative are stated to be (a) adequate capital, (b) society's own building, (c) facilities for marketing processed tobacco, (d) expert guidance.

Finally, the constraints in the formulation of such a society can be enumerated as: (i) shortage of capital, (ii) problem of building, (iii) mis-use of the powers by the committee members, (iv) lack of scientific method for fixing tobacco prices.

Market Disposals

The important observations obtained in respect of market disposals and the related issues are: -
In Anand taluka, nearly 28 per cent, 6 per cent and 6 per cent production of paddy, wheat and tobacco (K9f) were respectively sold in the market. In the case of Thasara taluka, the shares of marketed supply in the production of paddy, wheat and tobacco were found to be 40 per cent, 37 per cent and cent per cent respectively. The proportion of the production of two major foodgrain crops marketed was found to be lower in the respect of Anand taluka as compared to that in Thasara taluka.

Farm-size group-wise analysis revealed that marketing of foodgrain crops was found to be positively related to the farm-size in both the talukas. In the case of tobacco, almost the entire production was marketed. The subsistence need seems to be an important factor determining the quantum of foodgrain marketing.

The analysis on sale by marketing centres reveals that in Anand taluka, in the case of wheat and paddy, sale outside the village was more important than the sale in the local village centres. The variations in the relative importance of the two categories of the market centres as between the two talukas can be attributed to the nature of availability of infrastructural facilities.
Period of sale is another important feature in marketing in developing agriculture. Generally the prices of a produce are found to be lower at the time of harvest. However, most of the farmers resort to distress sale for number of reasons. The reasons are: (i) to meet the investment requirement of the next season, (ii) repayment of debt/loans, (iii) lack of storage facilities. For tobacco, immediate sale after harvest is mainly due to the lack of storage facilities.

Farm-size group-wise analysis reveals that marginal and small farmers of both the talukas disposed off most of their produce during March – August. Even the medium and large farmers sold a major part of their produce during this period.

The factors governing the pattern of sale were found to be: (i) payment in time, (ii) certainty of payment, (iii) reasonable prices, (iv) sale on cash terms and (v) reasonable deductions.

Another important and striking feature of a trade in tobacco pertains to the continuity of sale to one or more traders over time. On the part of a good number of tobacco producers, faith in a trader has been the important consideration for selecting a trader. The farmers who continued to sell their tobacco produce to their respective same trading party did
In the context of above the following steps can be recommended for solving these problems:

(i) In order to get rid of the current system of delayed payment, the Tobacco Leaf Purchase Voucher System for bidi tobacco marketing at growers' level as is in Karnataka should be introduced. The Government agency should constitute vigilance cells to rigorously enforce the voucher system.

(ii) In the absence of a proper grading system for tobacco, the farmers are left at the mercy of the traders who judge the quality purely on subjective grounds. There is, therefore, a need for introducing a standard grading system at the earliest. Besides, scientific grading of bidi tobacco is essential for the success of the above stated voucher system and for ensuring a fair deal to the growers - Bidi Tobacco Research Station, Anand can be entrusted to evolve suitable grades for bidi tobacco. Once the system of grading is evolved, it should be made statutory. Moreover, effective education of the farmers in the grading system should be organized.

(iii) Although the Government is aware of the high deductions in weight charged by the tobacco traders and it has fixed the standard weight for deductions, it is hardly
practised in reality. Only the rigorous implementation of this measure can solve the problem of weight. Thus, the same is true with regard to the deductions in cash when payment is made. Payment through banks can solve this problem only if actions are taken to see to it that a part of the final payment is not taken from the producers by the traders before the cheque is issued.

(iv) The problem of scarce storage facilities can be solved only at the institutional level. Such facilities can be developed in all the tobacco growing areas of the state. Tobacco producers can avail of such facilities whenever they need them. Alternatively, such facilities can be used by the agency intervening in the market on behalf of the growers. Agricultural Refinance and Development Corporation should make necessary financial provision for covering tobacco as one of the commodities in its programmes. The scheme of provision of rural godowns should be availed of by such agency. Additional rural godowns should be constructed in the bidi tobacco growing areas. The State Government may be requested to provide land for the cause of this purpose.

(v) To solve the problem of fluctuations in tobacco prices, a judicious regulation should be made so that such fluctuations in the market due to over or under
production of bidi tobacco can be reduced, if not completely eliminated. This requires a reasonable estimation of the demand for bidi tobacco.

(vi) Formation of co-operative of bidi tobacco growers is the most important and feasible alternative which can be taken up to solve the problem of tobacco producers in Kheda district. Such co-operative can be organised on the lines of Kolhapur co-operative which is successfully operating. The State Government should help establish such co-operatives. The co-operative in Kolhapur is successful because of the tie-up arrangements with the bidi industry. Such tie-up arrangements with bidi manufacturers and the other end-users of bidi tobacco may be arranged for the co-operatives to succeed in Gujarat. NAFED should be fully associated with the organization of the co-operatives of bidi tobacco growers.

(vii) The co-operatives and government agency entering bidi tobacco market may avail of the facility for processing the bidi tobacco available with the trade, commission agents, Dalals and sub-dalals. Whenever necessary, these facilities may be created with the assistance of ARDC. These arrangements should be completed well in advance of the commissioning of the purchase programme.
(viii) There is also a need for taking up and implementing insurance for 'tobacco'.

(ix) In order to publicize bidis in and outside the country films and documentaries should be produced. Films must also be produced to educate the growers on cultural practices and bidi tobacco agronomy. These films must be shown to the farmers of villages growing tobacco so that they can improve their cultural practices and can become conscious of increasing production of tobacco.

(x) Plants manufacturing Nicotine Sulphate should also be started at Anand and other taluka level towns of Kheda district as bidi tobacco and its waste are more suitable for nicotine extraction. At present M/s. Urvkunj Nicotine Industries of Dhar maj, Kheda district, the only unit of its type in the whole of the country, manufactures Nicotine Sulphate from tobacco waste and exports it in foreign countries. Establishment of this type of unit at Anand and other towns of Kheda district will not only generate employment but will also earn foreign exchange. Nicotine Sulphate is finding ready market in countries such as Japan, U.S., Switzerland and Italy.

(xi) Bidi industry should also be developed in Kheda district. Bidi industry specially hand-rolled bidi should be developed in all bidi tobacco growing areas of Kheda
district. As this industry is labour-intensive, it will employ so many local persons, thereby reducing the unemployment backlog of the area. Thus, it will be an additional source of income and employment.

(xii) Although, the effective high-yielding variety is available to tobacco producers, the farm level study made here shows that its adoption is very poor. There is therefore a need to effectively propagate the acceptance of this variety at the farm level. The obstacles coming in the way of such adoption should be properly dealt with.