CHAPTER II

REVIEW AND METHODOLOGY
CHAPTER II

SCOPE AND METHODOLOGY

The details of tobacco economy are presented in the first chapter. In this chapter an attempt is made to present the scope, objectives and methodology of the study. The chapter is divided into two sections. Section I deals with the scope and objectives of the study while the methodology of the study is presented in the second section.

SECTION I

SCOPE AND OBJECTIVES OF THE STUDY

With the introduction of modern technology far-reaching changes appear in the field of agriculture. Such changes have a close bearing on the number of associated activities marketing being one of them. The importance of marketing increases particularly due to (i) increase in agricultural production and its increasing diversification (ii) changes and modernization in the processing activities of agricultural products (iii) Changes in the character and structure of demand for agricultural commodities and (iv) increasing urbanisation and industrialization with their specific effects on marketing of agricultural products. In the process of development, therefore, a close integration between producers and consumers becomes increasingly
important. Such an integration in the field of non-foodgrain commodities is more important because of the following important factors (i) the frequent changes in the consumer demand calling for frequent adaptations in the corresponding manufacturing industries, (ii) the commodities undergo considerable extent of processing, mostly using capital-intensive technology and (iii) with the increasing sophistication in processing technology, the raw material requirement becomes more specific making the communication between processor and agricultural producer a pre-requisite for a rapid and successful expansion of these industries.

It is in this context that the importance of agricultural marketing in any economy especially in developing economies has to be looked into. Division of labour and specialization in occupations in the rural field has led to a clear demarcation between production and marketing activities, progressive evolution from self-sufficient forms of production to market-oriented production has fostered the emergence of a group of functionaries which performs the important task of marketing and distribution.

As the major problem analysed here centres around agricultural marketing, the concept may be made clear here. The accepted definition of agricultural marketing is stated as "In its widest sense, agricultural marketing comprises all the operations involved in the movement of food and raw materials from the farm to the final consumers". The concept
thus defined also includes aspects of the organisation of agricultural raw material supply to processing industries and the marketing of processed products, which incorporates an assessment of demand as also policy relating to agricultural marketing.

The importance of marketing can be very well expressed in the words of Prof. Drucker, "marketing is the distinguishing, the unique function of business. It is in marketing that we satisfy individual and social values, needs and works, be it through producing goods, supplying services, fastening innovation for creating satisfaction". Adam Smith puts it as "the end of all production is consumption and that nothing happens in our country until somebody sells something. Hence the selling aspect becomes the nerve centre for all human activities. Marketing is the kingpin that sets the revolving of the economy."

The income of the nation is composed not of money, but of the goods and services which money can buy. Any increase in the efficiency of the marketing process which results in lower costs of distribution and lower prices to consumers really brings about an increase in the national income. Approximately, one third of all persons gainfully employed in the country are engaged in the field of marketing and one-fourth of the money supply which buys the goods and services constituting the national income is earned by marketing profession.
A reduction in the cost of marketing is a direct benefit to the society. Besides, marketing process brings new varieties and quality goods to the consumers. Further, scientific marketing has a stabilising effect on the price level as neither hoarding nor profiteering nor black marketing has a place in it. Scientific marketing also remedies the imbalance in the supply by making available the surpluses to the deficit areas. It also adds to the value of goods by changing their ownership and by changing their time and place of consumption. Patterns of consumption are determined both by the structure of the marketing system which is set up to carry out the flow of goods and services from producers to consumers and use, and by the value added to these goods and services through performance of marketing activities.

Moreover, in a country like India, that is striving to break the age-old bondage of man to misery, want and destitution, marketing is a catalyst for the transmutation of latent resources into actual resources, of desires into accomplishments.

Marketing also brings to the door of peasants useful implements, tools, fertilizers etc. and the benefits of the use of machines and free after sales services makes them modern farmers besides improving their productive efficiency.

Marketing is also essential for full or near full employment. In order to have continuous production there
must be continuous marketing, then only can sustained and high level of business activity be continued. Further, since marketing involves the delivery of goods and services to the whole community, a large number of people are needed for performing various functions and hence large employment — both in production and distributive trade — is available to persons. For example, in India, 78 lakh persons were engaged in distributive activities in 1951. This number increased to 1.44 crores in 1977, which was about 2.6 per cent of the total population. Out of every five persons employed in industry, four are employed in marketing. Marketing, thus, provides these benefits to the nation and society. Moreover, (i) it can change public opinion and create the new norms of behaviour and standards of conduct and new ways of life, (ii) The tools of marketing can be used to implement national policy and (iii) it can serve to expand the home market and thus provide a more secure base for export.

Above, importance of marketing in general is narrated in detail. In the growth process such as the one Indian agriculture undergoes at present, there is a particular need for specific and rapid development in the field of smooth marketing with greater efficiency and effective mobility of agricultural commodities. Although it is difficult to obtain such developments in developing countries the need to attain them cannot be undermined. In short, with the modernisation of agriculture the aspects which need recognition are:
(i) relationship between marketing and production should be better understood, (ii) the important role that marketing must play in agricultural development should be considered and (iii) increased efficiency of marketing, incorporated in terms of low cost of such services and increase in the quantum of services be considered.

Thus, agricultural marketing is very important for the developing countries. Tobacco marketing in India is no exception to it. In the foregoing chapter (i.e. in the first chapter), it has been clearly indicated that tobacco is one of the important crops of Indian agriculture and due to certain peculiar features of the trade in tobacco, there is a need to examine the nature of its marketing and the conditions of growers of tobacco with regard to their earnings and share in the prices of final tobacco products.

Kheda district being an important district from the point of view of area under tobacco and its production, has been selected for the purpose of evaluation of marketing of tobacco.

The objectives of the study are:

(1) To examine the economy of tobacco in a principally tobacco producing district i.e. Kheda district of Gujarat State.

(2) To examine the factors determining the allocation of land to tobacco.
(3) To examine the nature of tobacco market and marketing conditions of raw tobacco.

(4) To examine the shares in price for tobacco producers as also for different marketing agencies working in tobacco trade.

(5) To examine the socio-economic profile of the economy of tobacco growers of Kheda district.

(6) To suggest the policy measures for improving the share of tobacco producers in the final products of tobacco.

**SECTION II**

The discussion that follows Section I, deals with research methodology or sampling design adopted for the study. In order to inquire into the economy of tobacco cultivation and the marketing system of tobacco, the relevant informations were collected from the tobacco growers of Kheda district. As the share of area under tobacco in Kheda district in the total area under tobacco in the State is higher as compared to those for the other tobacco growing districts of the State, Kheda district is purposively selected for the present study. Further, from the district, two talukas viz., Anand and Thasra, have been purposively selected in such a way that they represent the economy of tobacco cultivation and marketing of
relatively advanced area (Anand) and relatively backward area (Thasara). From each of these talukas, 5 tobacco growing villages were selected by adopting the probability proportional sampling method with respect to area under tobacco of a village in the year 1978-79. The villages selected are: Sadanapur, Gopalpura, Lambhvel, Gane and Veora (Khadi) of Anand taluka and Malven, Sandheli, Dabhali, Haripura and Debhazar of Thasara taluka.

To select the sample households, a village-wise list of tobacco growers with their operational holding was prepared by carrying out the census inquiry in each of the selected villages. The selection of the tobacco growers was made in such a way as to represent the farmers of all the categories of operational holdings. The farm households of each selected village were classified into four stratum viz., marginal farmers, small farmers, medium farmers and large (big) farmers comprising of operational area from 0.01 to 1 hectare; 1.01 to 2.00 hectares; 2.01 to 4.00 hectares; and 4.01 hectares and above respectively. This is essential because the farm economy of different farm holdings stratum varies widely in our country, and hence, from each village, a sample of 12 tobacco growers was selected by adopting proportional stratified random sampling, stratum being the size of operational holding. Thus, the present field study, covers 120 tobacco growers from 10 villages of two talukas of Kheda district. The frequency
distribution of the sample tobacco growers by size of farms is presented in Table 2.1. Besides, to inquire into the practice of processing of tobacco, a sample of tobacco processors was selected purposively.

Table 2.1

<table>
<thead>
<tr>
<th>Farm</th>
<th>Anand</th>
<th>Thasara</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginal</td>
<td>16</td>
<td>18</td>
<td>26</td>
</tr>
<tr>
<td>Small</td>
<td>16</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Medium</td>
<td>19</td>
<td>17</td>
<td>36</td>
</tr>
<tr>
<td>Large</td>
<td>9</td>
<td>25</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>60</td>
<td>120</td>
</tr>
</tbody>
</table>

Collection of Data: The present survey was carried out by adopting the formal interviewing techniques. Data were collected by recall method from the heads of the sample households by paying one or more visits in each of the selected villages, for the reference year 1978-79. To collect the necessary information, two types of schedules were prepared viz., a general household cum farm schedule and a schedule pertaining to the tobacco processors. These schedules were designed so as to collect the informations about the socio-
economic profile of the sample farmers, the structure of cost of production of tobacco and other crops, cropping pattern, land-use pattern, marketing practices of tobacco, difficulties in marketing tobacco, marketing margins of different agencies, factors affecting the marketed surplus, working of different marketing agencies, the nature and pace of market disposals etc.

The schedules for tobacco processors were designed in such a way that all the necessary informations about the processing of tobacco can be gathered. These schedules were also canvassed by paying a visit to the selected villages where these tobacco processing units are located.
REFERENCES


7. In Mexico, which has experienced more than a decade of widespread diffusion of the new technology the weakness in the rural marketing infrastructure is still considered to be one of the major problems in the development of the rural sector. See: Montague Yudelma, "The Green Revolution in Agricultural Development in Developing Countries - Comparative Experiences", papers and proceedings of International Seminar held at New Delhi, October 1971, published by the Indian Society of Agricultural Economics, Bombay, 1972, pp. 182-294.