CHAPTER – I

INTRODUCTION
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1.1 Background

The first chapter represents the introduction of the study and it includes background of the present study, statement of the problem, objectives of the study, hypotheses and research methodology. Agriculture in India continues to be game of natural hazards. The monsoon is highly erratic and the rainfall is concentrated for two or three months of the year. The remaining part of the year remains almost dry. The failure of monsoon or un-timely rains cause widespread distress. It is no exaggeration to say that Indian economy revolves around the pivot of south west monsoon. In spite of these natural handicaps, interested and progressive farmers encouraged by the agricultural scientists have managed to increase the agricultural production in several folds. The production of food grains during the post-independence period has more than doubled. The country which was largely deficit in food grains has become self reliant. The demand for food grains and other agriculture commodities is, increasing at a rapid pace due to rapid increase in population; hence continuous efforts are necessary to increase agricultural production at a rate as possible to maintain comfortable supply of food grains in the country. India liberalized economy in 1991, leading to considerably increase the integration of the Indian economy in the global economy. Meanwhile the share of the agricultural trade in the country’s Gross Domestic Product.

As part of reforms the New Agricultural policy, emphasized diversification of agriculture and promotion of farm exports. In this context, the production and export potential of plantation crops, especially tobacco
was highly emphasized. But, due to changing the government policy towards tobacco cultivation influenced by the global factors like tobacco cultivation, consumption and also ban on tobacco cultivation have made the tobacco growers of India to shift their cultivation from tobacco to alternative crops.

Although the official history of the development of tobacco on commercial scale in the country dates back to the advent of Portuguese in the early seventeenth century, large number of references to tobacco in ‘Puranic tales’ and the ‘Ayurveda’ shows that tobacco was known to India from time immemorial.

1.2 Tobacco Cultivation in India

India is a second largest producer of tobacco in the world, China and USA Rank First and third respectively. India ranks fourth in the world tobacco exports, after Brazil, Zimbabwe and U.S.A. Tobacco is a drought resistant crop mainly grown in unirrigated lands in the country. Its normal cropping season is from June to December. All the major types of tobacco grown in the world can be found in India because of favorable agro-climatic conditions it enjoys, which is suitable for the cultivation of tobacco. Two species of tobacco are cultivated in India – Nicotina tabaccum and Nicotina rustica. About ninety percent of the total area under tobacco is accounted by Nicotina tabaccum and of this, ninety percent of area is in peninsular India.

Tobacco is an important commercial non-food crop in India. It occupies a prime place in the Indian economy as it considerable, contributes to agriculture farm income, employment and industrial sector. Besides, it is important source revenue to the government through central excise and exports. In India, tobacco is produced and consumed both in the form of
manufactured and unmanufactured products. Andhra Pradesh, Gujarat, Karnataka and Uttar Pradesh are the major tobacco cultivation states in the country accounting for over ninety percent of the area and output of tobacco in the country. The crop is cultivated practically in all parts of the country. The cultivation of tobacco has now extended to Bihar, Maharashtra, Orissa, Tamil Nadu and West Bengal respectively. The various types of tobacco grown in India are Flue cured Virginia, Bidi, Chewing, Natu, Hookah, Cigar, Cherrot and Snuff. Indian tobacco scenario is wholly characterized by fluctuations in the total area under tobacco cultivation and levels of production.

The production of tobacco is more than requirement, why means the illegal producers are more in number when compared to the legal producers. This illegal producers are producing tobacco without having license and not taken any kind of permission from the respective authorities.

1.3 Tobacco Cultivation in Karnataka

Bidi, FCV and Chewing are the important types of tobacco grown in Karnataka. The FCV tobacco grown in transitional zone has a great demand due to its superior quality and low nicotine content. The main area of producing FCV tobacco in Mysore district, which includes Hunsur, H.D. Kote, Periyapatna, Nanjangud and K.R. Nagar taluks respectively and also some parts of Hassan and Chamarajanagar districts. The bidi tobacco grown in light soil area of Nippani area in Belgaum district and to a small extent in Raichur and Bellary has got demand even outside the state due to its quality and aroma. The chewing tobacco is cultivated mainly in Tumkur, Dharwad and Chitradurga districts in small area.
1.4 Alternative Crops are Economically viable when compare to Tobacco

Tobacco is a commercial crop, having very high financial returns with very less cost of cultivation compared to other crops. For example, the commercial crops such as ginger, turmeric, sugarcane, banana, potato and others in comparison of tobacco need more capital, labour, time and involvement of high rate of risk. This crop having low investment of capital, but its high yield in non irrigated and arid land and it is a better crop among the commercial crops. But the government policies have made the farmers to reduce the cultivation of tobacco and also health hazards, ban of tobacco selling and consumption in public places, deforestation, environmental destruction have made the cultivators to switch over to the alternative crops from tobacco.

1.5 Conceptual Framework

Tobacco Production is an important source of income for India’s farmers. While alternative crops are available in terms of agronomic suitability, in general a move away from tobacco production would result in reduced income and food security for a considerable number of farmers. Tobacco cultivation is also a source of employment and hence of income for a large number of people. Thus any attempts to control the use of tobacco would need to take into account the economic impact on these sectors.

Farmers may keep themselves to grow tobacco, while the others switch to alternate crops or combine these crops: The first category farmers. Could be encouraged by the relatively high income from tobacco farming compared to alternate crops. The second category farmers, of the other
hand, could be pushed by the improved profitability of other crops. Meanwhile, the third category farmers could be enhanced by income stability reason. In sum whether farmers keep growing of exit from tobacco farming is dependent upon the relative profitability of tobacco compared to alternate crops.

Tobacco in India, as in many others countries, yields higher net returns per unit of land than most other cash crops and substantially more than food crops. The economics of alternative crops in generally, based on experiments carried out generally based on experiments carried out on a limited area at research stations under optimal conditions. These alternative crops also require high levels of irrigation. Tobacco in preferred due to its draught rescinded and suitability for growing under rained conditions. It in worthwhile comparing rates of return from tobacco with competing crops such as groundout or cotton

According to research conducted by CTRI in 1999, no alternative crop tested under mono-crop gives returns comparable to tobacco. Under crop or double crop returns were equaled to mono-crop tobacco. Field experiments on inter-cropping conducted by CTRI’s station in Pusa, Bihar, from 1990 to 1997, showed that mixed cropping was more profitable than tobacco mono cropping. Tobacco plus garlic: tobacco plus red kidney bean: and tobacco plus potato all showed potential to provide better returns than tobacco alone.

Bigger –scale farmers tended to adopt tobacco cultivation more than others. In rural areas, a large number of households depend largely on tobacco for theirs cash income, especially in the three major tobacco growing states. Most of the marginal and small-scale farmers practice
tobacco monoculture and rely mainly on this crop for their livelihood. They have to buy staple grains and other essential items for family consumption.

1.6 Why did need to Alternatives

Recently, World Health Organization has come up with an idea to bring control on production and manufacturing of Tobacco due to various social and environmental issues across the world. The Initiatives of WHO Framework Convention on Tobacco with the objective of:

- Summarizing the uptake of existing economically viable alternatives for tobacco workers, growers and, as the case may be, individual sellers;
- Recommending to the Conference of the Parties mechanisms to assess the impact overtime of the tobacco companies' practices;
- Reporting on initiatives being taken at national level in accordance with Article 17; and (d) recommending cost-effective diversification initiatives

Government of Brazil also has been putting its efforts by making various study groups to recognize scientific evidence, tobacco-growing specific aspects, the time span in view of demand trend, aspects of economically sustainable alternatives in crop diversification measures as an alternative to tobacco crops, and possibilities of alternative livelihoods. Pesticides often harm tobacco farmers because they are unaware of the health effects and the proper safety protocol for working with pesticides. These pesticides as well as fertilizers, end of in the soil, the waterway and the food chain. Coupled with child labor, pesticides pose and even greater threat. Early exposure to pesticides may increase a child’s life cancer risk as
well as harm his or her nervous and immune system. Tobacco is a crop that
leeches nutrients. Such as phosphorus, Nitrogen and potassium, from the
soil at a rate higher than any other major crop. This leads to dependence on
fertilizers.

Furthermore, the wood for the curing of tobacco, leads to
deforestation. While some big tobacco producers such as China and the
United States have access to petroleum. Coal and natural gas, which can be
used as alternatives to wood, most developing countries still rely on wood
in the curing process. Brazil alone uses the wood of 60 million trees per
year for curing, packaging and rolling cigarettes. Deforestation is a factor in
flooding, decreased soil productivity and general climate change.

1.7 Statement of the Problem

The particular case of research problem is chosen due to its
importance and present relevance. Finding the economic viability of
alternative crops to tobacco a study of Mysore district is going to be of
much importance for further upliftment of farmers through alternative crops
and also to find out the real problems faced by the farmers and respective
authorities. So far no scholar has attempted to undertake this problem for a
detailed study. It makes me to choose this aspect for a detailed study.

1.8 Objectives of the Study

The study is based on the following objectives;

1. To study the Economics of cultivation of FCV tobacco in relation
to other crops with reference to costs, returns, incomes and
associated risk in farming in India in general and in Karnataka in
particular.
2. To measure the trends in farmers income among tobacco and other crops over a period of time.

3. To identify the cropping pattern in the study area

4. To examine the economic viability of alternative crops to tobacco

5. To assess the social cost of tobacco cultivation.

1.9 Hypotheses

The following hypotheses have been framed in the study

1. Tobacco is relatively profitable compared with other commercial crops.

2. As a commercial crop, tobacco is shaping livelihood security of farmers.

3. The economic position of tobacco growers is high compared to non-tobacco growers in the study area

1.10 Methodology

The study is based on both primary and secondary source of data. The primary data and information has been collected from the field survey i.e., from Mysore district. For the primary information 300 sample respondents (150 Tobacco and 150 Non-tobacco growers) have been chosen in Mysore district especially from Periyapatna, Hunsur and H.D.Kote taluks on simple random sampling basis. The concentration of tobacco growers are more in theses taluks compared to other taluks in the district. The study is confined to 2005-06 to 2015-16 and appropriate statistical tools are used in the study.
1.11 Sources of Data

The secondary data and information has been collected from the following sources;

- Annual Reports of Tobacco Board, GOI
- Annual Reports of Department of Agriculture, GOK.
- District Statistical Office, Mysore.
- Learned Journals on Agriculture, Tobacco farming
- Periodicals
- Books and internet source.

1.12 Chapter Scheme

The study is presented in six chapters. Following is the chapter scheme of the present study.

Chapter – I Introduction

The first chapter represents the introduction. The analysis starts with brief introduction to tobacco cultivation in India in general and Karnataka in particular. It also includes statement of the problem, objectives of the study, hypotheses used, research methodology, sources of data and chapter scheme of the study.

Chapter – II Theoretical Framework and Review of Literature

The second chapter analyses the brief theoretical framework and empirical studies on the subject. The previous studies on tobacco and alternative crops to tobacco in India and globe are reviewed and finally research gap is identified.
Chapter – III The Economics of Tobacco and Alternative Crops in India – An Analysis

The third chapter deals with the economics of tobacco and alternative crops to tobacco in India. It includes the origin and importance of tobacco in Indian economy and the alternative crops in India. A detailed state wise and year wise analysis of economics of tobacco and its alternative crops are presented in this chapter.

Chapter – IV Production of Tobacco and Alternative Crops in Karnataka – An Overview

The fourth chapter concentrates on the production of tobacco and alternative crops in the state of Karnataka. The district wise and year wise analysis of the production trends in tobacco and alternative crops are presented in this chapter.

Chapter – V Case Study Analysis – Mysore District

Chapter fifth is the core chapter of the presented study. This chapter is devoted to present the field survey analysis. A detailed field survey analysis is presented in this chapter.

Chapter – VI Summary of Major Findings of the Study and Suggestions

The last chapter is devoted to present the summary of major findings of the study and on the basis of the major findings of the study an appropriate suggestions are made. Finally the directions for further study are also presented.
References


