



## Opportunities and Challenges of Tobacco Farming in India

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### ABSTRACT

*The present paper is an attempt to study opportunities and challenges of tobacco farming in India. The present paper is based on secondary data and its analyzed statistical methods by tables and graphs. Tobacco is important commercial crop grown in India and world's 2<sup>nd</sup> largest producer of tobacco with an estimated annual production of 800 million kgs (2013). Tobacco occupies a meagre 0.24% of the country's total arable land area. It is grown largely in semi-arid and rain-fed areas where the cultivation of alternative crops is economically unviable. India having great opportunities of tobacco farming i.e. contributed for economic development, production, export and consumption. And challenges of tobacco farming is lack of laborers, increasing labor cost, child laborer, commission agents strategy, Pressure of anti-tobacco lobby, increase in cost of production, lack of a tobacco board etc. The main beneficiaries are the small and marginal farmers, rural women, tribal youth and weaker sections of the society. Annually, tobacco contributes 4,400/- crores towards foreign exchange earnings accounting for 4% of the country's total agri-exports and 14,000 crores to excise revenue which is more than 10% of the total excise revenue collection from all sources. But it is found that the contribution of tobacco trend is decreasing. The Government with a view to help farmer's supply of improved farm implements machines, exclusive training programmes should be arranged.*

**Keywords:** Indian economy, commercial crop, Tobacco farming, Tobacco products.

### INTRODUCTION

Agriculture has been the main source of employment in India for thousands of years, with more than about 67% of the people depends upon agriculture & more than 75% live on it in villages. When it comes to the Indian economy, agriculture has always been the prominent sector, playing a major role in determining the country's sustainability and growth. Agriculture is the largest & most important sector of Indian economy. Tobacco is one of the most economically significant agricultural crops in the India. The Indian government has supported growth in the tobacco farming and tobacco industry.

### OBJECTIVES

1. To study the opportunities and challenges of tobacco Farming.
2. To study the contribution of tobacco agriculture to economic development.

### RESEARCH METHODOLOGY

The present investigation will be based on secondary data. The secondary data will be collected through various websites. As the entire study the collected data will be analyzed by statistical methods and such data presented by tables and graphs.

### DISTRIBUTION AND PRODUCTION OF TOBACCO CROP

Tobacco is an important commercial crop grown in India. It occupies the second position in the world with an annual production of about 800 million kgs(2013) of the different type's grown, flue-cured tobacco, country tobacco, burley, bidi, rustica and chewing tobacco are considered important. India, as an exporter of tobacco ranks sixth in the world

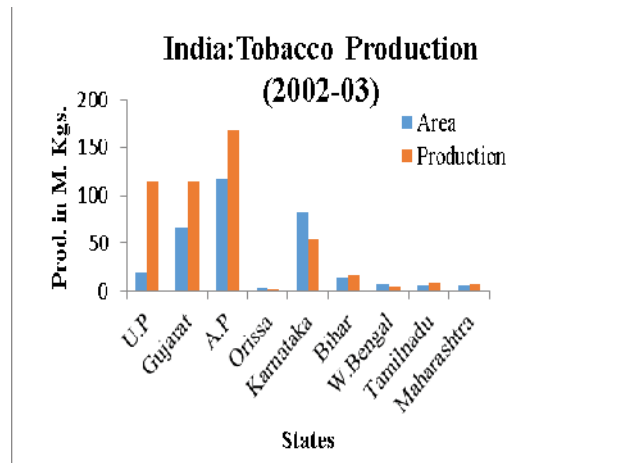
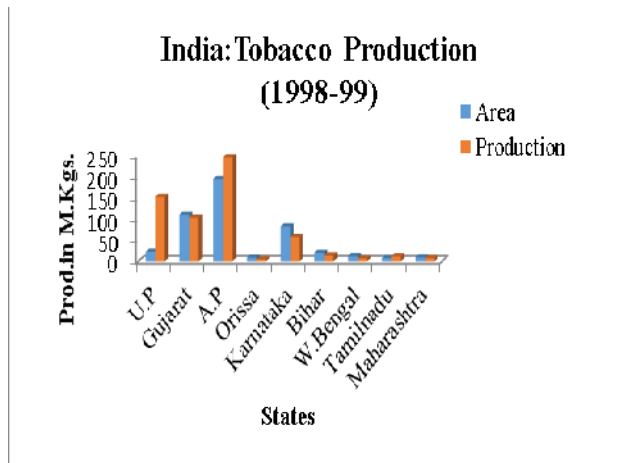
next to Brazil, China, USA, Malawi and Italy. Furthermore, tobacco is a source of gainful employment. Annually, tobacco contributes 4,400/- crores towards foreign exchange earnings accounting for 4% of the country’s total agri-exports and 14,000 crores to excise revenue which is more than 10% of the total excise revenue collection from all sources.

Tobacco was initially grown in the Deccan region (South Central India), during 1605 and spread to other parts. The Virginia variety of tobacco was introduced in India Andhra Pradesh in 1920 by the British officers of the Indian leaf tobacco development company. 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. Flue-Cured Virginia (FCV), bidi, hookag, chewing, cigar, wrapper, cheroot, burley, oriental, HDBRG, lanka, naku etc. are the different types of tobacco grown in the country. FCV and Burley tobaccos are the primary ingredient in the manufacture of cigarettes. It is mainly cultivated in Andhra Pradesh and Karnataka.

**ALL INDIA ESTIMATES OF STATE-WISE AREA AND PRODUCTION OF TOBACCO FROM 1998-98 TO 2002-2003 A: Area 000 Ha. Production: Million Kgs.**

STATE	1998-99		1999-00		2000-01		2001-02		2002-03	
	Area	Pro.	A	P	A	P	A	P	A	P
U.P	22.1	151.7	18.1	126.5	1.1	4.6	18.8	129.3	19.6	113.7
Gujarat	110.6	103.7	110.6	103.7	87.8	148.6	85.5	145.3	66.4	114.7
A.P	193.0	246.0	171.4	193.5	52.0	88.0	127.3	168.6	117.0	168.0
Orissa	8.6	4.4	7.4	4.6	4.0	2.0	5.7	3.6	4.1	2.2
Karnataka	83.7	59.0	75.4	44.5	70.5	52.1	72.4	58.6	82.0	54.0
Bihar	19.5	13.4	17.4	17.6	15.4	17.9	13.7	15.1	14.3	15.9
W.Bengal	11.8	6.7	11.5	6.7	10.5	5.7	9.7	5.3	7.7	4.2
Tamilnadu	7.5	11.5	7.7	11.9	8.3	12.6	6.0	9.0	6.2	8.9
Maharashtra	9.1	7.7	9.2	11.0	8.1	9.3	6.0	7.0	6.0	7.0
Others	42.2	132.1	3.9	4.0	3.8	3.9	3.4	3.7	3.3	3.1
All India	508.1	736.2	432.6	524.0	261.5	344.7	348.5	545.5	326.6	491.7

Directorate of Economics & Statistics, GOI, DAC, Krishi Bhavan, New Delhi.



## **Contribution of Tobacco Agriculture to Economic development-**

Tobacco agriculture has contributed a lot for the Economic development of India. In brief it is summarized as follows:

**1 Production-** India tobacco farming occupies 10% of the area and 9% of the total production. With annual production of 800 million kgs(2013), India ranked second in the world after China. In India Tobacco also called Golden Leaf is one of the important commercial crops of India and being so it is vital to the economy. It provides employment directly and indirectly to 36 millions of people and contributes as much as Rs.10271.55 crores (as on 2007-08) as excise duty and Rs.2022.78 crores in terms of foreign exchange to the national exchequer.

**2 Consumption-** India is one of the biggest tobacco markets in the world, ranking third in total tobacco consumption behind one the markets of China and United states. However the per capita consumption in the country is 0.9kg compare to the world average of 1.8kg. Tobacco usage in India is contrary to world trends since chewing tobacco and bidi are the dominant forms of tobacco consumption, whereas internationally, cigarette is the dominant form of tobacco use.

**3 Export -**India has tobacco trade with more than 100 countries. It appears that exports have determined the production of FCV tobacco in India. In 2009 Tobacco contributes around Rs 1,713 crores towards foreign exchange accounting for 4% Indian total agri-exports and Rs 9,100 crores to excise revenue which is more than 10% of total excise revenue.

**4 Employment-** Recent survey reveals about 6 million farmer and 20 millions farm labour are engaged in tobacco farming spread over 15 states. Biding rolling provides employment to 4.4 million people in addition to 2.2 million tribals involved in tendu leaf collection. Nearly 4 million people are engaged in the trade and related activities. The main beneficiaries are the small and marginal farmers, rural women and tribal youth.

### **Challenges of Tobacco Farmers-**

**1 Lack of laborers-** Tobacco farming is very labor intensive. The 90% farmers of sample said that they didn't get the laborer in time. It may affect adversely on the production of Tobacco.

**2 Increasing labor cost. –** Day by day the wage rate is increasing. The prevailing are per day for women is Rs 200/ and for men Rs 300/. It is not possible for the farmers to meet the cost of labors, as they didn't get the reasonable rate for the tobacco as compared to the wage rate.

**3 Child laborer-** The most child-laborers work in agriculture and 50 % of the farmers agreed with this.

**4 Commission agents strategy-**The agent's claim that this year the quality of the tobacco is bad, and prices they can pay are low. The 80 % of sample farmers said that this is a strategy to lower prices. A large percent of the profits from tobacco production go to agents rather than local tobacco farmers.

**5 Secrecy in price agreement-** Majority of the sample farmers said that many a times the final price agreement of tobacco with each tobacco farmer is done secretly, covering the hands under a white towel and using a code. So it is hard for the tobacco farmers to define a common strategy.



**6 Pressure of anti-tobacco lobby-** Pressure from anti-tobacco lobby and stringent regulations being enforced by governments in different countries, including India, creates a problem before tobacco farmers.

**7 Increase in cost of production-** Increase in cost of production day-by-day and competition from China due to its low cost of production are likely to influence tobacco exports from the country. Tobacco cultivation may be forced out of traditional areas due to high value competitive crops and high labor cost.

**8 Lack of a tobacco board-** Bidi tobacco is not regulated by any governmental institution and prices are controlled only by dealers. The lack of a Tobacco Board makes the market unregulated and no organization provides financial support to farmers in years when erratic rain can reduce production said the 95% of the selected farmers.

**9 Environment-** Tobacco production requires the use of a large amount of pesticides, tobacco companies recommend up to 16 separate applications of pesticides just in the period between planting the seeds in greenhouses and transplanting the young plants to the field. Pesticide use has been worsened by the desire to produce bigger crops in less time because of the decreasing market value of tobacco. 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 up in the soil, the waterway and the food chain. Coupled with child labor, pesticides pose an even greater threat. Early exposure to pesticides may increase a child's life long cancer risk as well as harm his or her nervous and immune systems.

## CONCLUSION AND RECOMMENDATIONS-

Considering the above mentioned opportunities and challenges of tobacco farming it can be concluded that the contribution of tobacco to Indian economic development is reducing. Therefore to overcome the challenges of tobacco farmers are the recommendations made by the researcher.

Now days, tobacco farmers are increasingly finding labour shortages in many areas. Therefore, the government with a view to help farmers supply of improved farm implements machines like Bullock drawn ridger, power weeder cum-intercultivator, transplanting machines, etc. Micro-irrigation equipment for irrigating tobacco seedbeds and drip irrigation equipments for irrigating main fields. PVC pipes for drawing water from long distances for irrigating tobacco crops. I-tech Sprayers for proper spray of pesticides in seedbeds and main field. Popularizing leaf stitching machines among growers. Curometers, electronic devices in the barn for proper curing of tobacco. Audio-visual publicity in villages on good agricultural practices during grower's meetings. Screening of short-films on good agricultural Practices and latest improved technology through cable network. Exclusive training programmes should be arranged in tobacco farming.

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