

ECONOMIC ANALYSIS AND SOCIO-ECONOMIC CONDITIONS OF FCV

TOBACCO GROWERS IN ANDHRA PRADESH

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ABSTRACT

In India, FCV (Flue Cured Virginia) Tobacco is cultivated mainly in the states of AP & Karnataka followed by Orissa & Maharashtra in small areas in various soil zones under varied rainfall conditions. The Tobacco Board has introduced electronic auction system (e-Auction System) in place of manual auctions from 2nd November, 2012 in Periyapatna in Karnataka state. In the past one year, the Tobacco Board has taken various initiatives relating to extension activities, Good Agricultural Practices (GAP), elimination of Non-Tobacco Related Material (NTRM) and elimination of pesticide residues and initiated a series of measures for achieving sustainability in the sector. The implementation of Electronic Auction (E-Auction) system to ensure transparency and accountability in sale of tobacco leaves across the 30 auction platforms in Andhra Pradesh and Karnataka. Other associated reforms initiated by the Board have caught the attention of global customers and organizers; Tobacco also called "Golden Leaf is one of the important commercial crops of India and being so it is vital to the economy. Tobacco is grown as a monsoon crop during south west monsoon period. It provides employment directly and indirectly to 36 Millions of people and contributed as much as Rs.22737.07 Crore as excise duty and Rs.5959.92 Crore and 889.66 MUS Sin terms of foreign exchange to the national exchequer, during 2019-20. India has a prominent place in the production of tobacco in the world due to varied agro-climatic conditions and different types of tobacco it produces. Important among them, in terms of exports, is the flue-cured Virginia tobacco (FCV), India produces different styles of FCV tobacco, which vary in their physical and chemical characteristics. This diversity of product has enabled the country to export this commodity to over 100 countries across the globe. India stands third in production of tobacco, where as China and Brazil occupy the first and second positions respectively. Due to varied agro-climatic zones, India is able to produce different types of tobacco ranging from low nicotine and low tar tobacco to high nicotine and high tar tobacco for various end users.

INTRODUCTION

The information available on the origin and history of tobacco suffers generally from ambiguity and contradictions. According to one source, tobacco had been existence in Asia even since the 12th century, when it is not known elsewhere. It was not only used as an intoxicant but also as a cure for all kinds of ills and paying homage to deities. However, it was Christopher Columbus discovered the narcotic qualities of tobacco by an accident in the course of his American voyage in 1492. On landing in the islands of Tobag, Columbus and his men were taken by surprise to find the natives either using its snuff made up powdered dry leaf with evident pleasure or smoking roughly made roll of dried-up leaves. On trying these on themselves, Columbus and his men were satisfied with the desired effect intoxicant produced. They took along with them some number of dried leaves as well as seeds of tobacco and that was how tobacco was introduced in Europe.

The Red Indians according to another version, used tobacco for both medical and ceremonial purposes. They used to inhale its smoke coming from burning leaf through the nostrils by means of a hollow forked cane and the name of the instrument was given to the plant which came to be known as Tobacco' in English. The plant was first introduced into Europe in the year 1560 by a Spanish physician from Mexico. About this time Jean Nicot, the French Ambassador to Portugal in Lisbon came to know of tobacco and its intoxicant qualities and introduced it to the French Court. The botanical name of the plant Nicotiana and the word nicotine had been derived from his French Ambassador name. The habit of smoking spread in several countries during the 17th century. Tobacco is said to have been introduced into India at the beginning of last century. As elsewhere in the world, it has thrived well in spite of considerable neglect and social disapproval.

Tobacco is an important cash crop. Tobacco is grown for its leaves which are used as a curative purpose. It is smoked as in pipe, cigar, cigarette or hookah, used as taken powder called snuff or chewed as a quid in many forms. India ranks third in the world tobacco production and second in flue-cured tobacco exports. It earns about Rs.10271.55 crores by way of excise revenue and Rs.2022.78 crores as foreign exchange through sale or export of tobacco products. Besides, it provides employment to about 35 millions of people annually in cultivation, curing, grading, factories and cottage industries. An industrial product of considerable importance is nicotine sulphate, which is prepared from tobacco for use as an insecticide as well.

Virginia tobacco was first introduced in 1920 by the India Leaf Tobacco Company Ltd., on an experimental basis in Andhra Pradesh. It spread rapidly in all the coastal districts-Guntur, Prakasam, Nellore, Krishna, East Godavari, West Godavari and Khammam. White Burly is grown in black soils of Guntur district

and in the light soils of Telangana region and agency areas of East Godavari districts. Lanka (river island) tobacco is mainly grown on islands and on the banks of the Godavari.

Tobacco considered the 'golden leaf of Andhra Pradesh'⁴, just like jute is considered the 'golden fibre of Bengal', hi India tobacco is said to have been introduced by the Portuguese at the beginning of the seventeenth century. Its cultivation now extends to parts of the country. It is said that a Spanish physician sent to Mexico first introduced the plant to Europe in 1560. About that time, Jean Nicot, the French Ambassador in Portugal named the plant. Nicotine and the word nicotine named after him.

ORIGIN AND DEVELOPMENT OF THE FLUE- CURED TOBACCO INDUSTRY

Flue-cured tobacco is a comparatively new type, although in origin it passed through a rather long period of evolution from the original dark fire-cured type of Virginia. As the onward progress of tobacco culture in Virginia reached the light, gray lands in the central border countries of this state and North Carolina, the type of tobacco became much lighter in color, and sweeter and finer in texture. This modified type became very popular for domestics manufacture. Moreover, after the war of 1812 an important export demand for the lighter-colored "spangled" leaf had developed and the process of curing was modified to meet with this demand. The vigor, as well as the period of firing, was greatly reduced, and, finally, charcoal came to be used as fuel

So as to further reduce the quantity of smoke introduced into the barn. It appears that charcoal in curing was first employed in this area about 1830.

Flues for supplying heat without allowing the tobacco came into contact with the smoke were tried as early as 1829 but their use did not become general until after the Civil War. his the meanwhile, the use of charcoal in curing, combined with the selection of typically light, sandy, and comparatively infertile soils for growing the tobacco crop, led to the production of a bright, orange-yellow, sweeter tobacco admirably adapted for smoking and chewing purposes. Culture of this type developed first in Caswell Country, North Carolina, and Pittsylvania and Halifax Countries, Virginia. The Civil War, of course, greatly checked tobacco growing in this region but after the war the industry was soon revived and spread in to adjoining countries. During the last decade of the century there was a remarkable development of the flue-cured or bright tobacco industry in the portion of North Carolina east of Warren and Wake Countries and in eastern South Carolina.

REVIEW OF LITERATURE

The Government of India (1953) brought out a brochure on "Marketing of Tobacco in India". The brochure mostly concentrated on the marketing of tobacco in national and international trade. A brief reference was made on trends in area and production of tobacco in the country.

T.V.S. Rao's Study entitled "Marketing of Tobacco in Guntur District" (1955) covers the marketing problems of different varieties of tobacco viz., FCV, Sun cured Virginia, Sun cured country and lanka produced in Guntur District.

Suryanarayanamurthy (1956) in his study for the period 1954-1955, observed that the cost of production of Virginia tobacco per acre is about Rs.489.18. Out of this Rs.177.45, (36.27 per cent) constituted as rent. Human labour and bullock labour cost works out to Rs.115.65 forming 23.65 per cent. The other direct and indirect expenses i.e., seed, manure, fertilizers, implement etc., worked to Rs. 196.04 forming 40.08 per cent of the total cost. The study belongs to earlier period. The study has not classified the farmers in to different groups.

A Report of Marketing of Tobacco in Andhra Pradesh' prepared by the Directorate of Marketing, (1975) Government of Andhra Pradesh made a reference to world production and trade, trends in area and production of different varieties of tobacco in Andhra Pradesh, supply and demand, price and quality, factors determining trends in prices, preparation for market, assembling and distribution, grading and standardization, storage and package, marketing costs, margins and price spread and manufacture of tobacco.

A report on "Virginia Flue Cured Tobacco Survey" in India by EEC Delegation,(1978) studied world flue cured market situation. Indian flue cured tobacco production in different soils, leaf characteristics and fertilization in different soils, cultural practices, tobacco grading cost price market position.

A journal on "World Tobacco"(2008) discusses Russia's smoking image, packaging and design, world tobacco Latin America^ smoke less special. The future filters, tougher times continue for tobacco.

The Tobacco Board Year Book (2009) analysed on the recent trends in the Domestic and International of FCV tobacco market, India cigarette production by

2007-08. The sales of cigarettes in the present fiscal year, Estimated domestic consumption of tobacco, year-wise balance of carryover stocks form 2001-2002 to

2008-2009. This book also cored performance of FCV exports various region and countries, world cigarette

production, compound annual growth rate in world cigarette production excluding China during 2002-07, Expected international consumption of FCV tobacco 2008-09

IMPORTANCE OF TOBACCO INDUSTRY

Peter F. Drucker strongly believes that if marketing aspect is neglected the country cannot be developed. Substantial economic growth depends on a larger extent on marketing activities, for it is through marketing that demand for goods and services is stimulated which in turn leads to higher production. Production is important but not all that important. It must be backed with follow up action which is known as marketing. Products must not only be produced but they must be distributed and sold in order to fulfill the functional and end users intended. The role of marketing in economic development is well recognized.

It has been recognized that Tobacco is one of the principal commercial crops that is being marketed in the national and international markets. The number of farmers has been increasing the crop and area under tobacco since 1930. As a result the tobacco curing barns have also been established in large numbers, providing employment to skilled and unskilled workers particularly in rural areas. Further, Andhra Pradesh State has been the largest tobacco producing and marketing States in the country. The Central Tobacco Board was established in 1975 and is located at Guntur. The significant portion of tobacco produced in the state is being exported to other countries for earning foreign exchange.

More important is the domination of Prakasam and Godavari districts in the production and marketing of tobacco in the State and perhaps in the country. Tobacco growing and marketing activities are remunerative to the small and marginal farmers providing employment to a sizable group of workers in one of the drought prone and backward districts in the state.

In view of these considerations and large scale financial transactions in the tobacco marketing operations because of the various problems involved in the marketing of tobacco, the present study proves relevant as it presents remedial measures to the problems of tobacco traders and suggests the means and ways to promote the efficiency of marketing mechanism.

PRODUCTION IN TOBACCO INDUSTRY

Nearly one-third of the country's total production comprises F.C.V. tobacco which is utilized in the manufacture of cigarettes. It is the principal export-oriented variety and as much as 50 per cent of total production of this tobacco is exported to foreign countries. Among the states growing this tobacco, Andhra Pradesh occupies the first place accounting for more than 70 per cent of the production in the country. In Andhra Pradesh its

cultivation is concentrated in the district of Guntur, Prakasam, Nellore, East Godavari and West Godavari, Krishna. In the traditional areas, the tobacco is cultivated on heavy black cotton soils. In recent times, the cultivation of the tobacco is being extended to new light soil areas not only in Andhra Pradesh but also in Karnataka and Gujarat. In addition to F.C.V. tobacco, sun-cured country or "Natu" tobacco used in the manufacture of cheap cigarettes as well as pipe mixtures, white burly tobacco used as blends in the manufactures of cigarattes and Lanka tobacco used in the manufacture of country cheroots is also grown in Andhra Pradesh.

Flue-Cured Virginia tobacco is the principal type grown in the state of Andhra Pradesh and Karnataka under varied agro-climatic conditions. It is grown in the light soils of Karnataka as rain fed crop and in the heavy soils of Andhra Pradesh under conserved moisture in the aftermath of Southwest monsoon rains. The crop is grown under irrigated conditions in the Northern light soils (N.L.S.) of A.P. and Eastern light soils (E.L.S.) of Orissa and as a semi-monsoon crop in Southern light soils (S.L.S.) of Andhra Pradesh. Thus, India is endowed with a vast potential to produce different types of tobacco so as to satisfy the discerning customers.

Flue-Cured Virginia (FCV) tobacco is the major variety of the tobacco in the world. It is having importance in the International trade also. Many studies were conducted towards tobacco cultivation and marketing, and structure and functioning of the organized tobacco. There were no specific studies with regard to marketing of FCV tobacco. Therefore, the present study has been taken up relating to Marketing of FCV Tobacco.

CONCLUSION

The habit of smoking blow-out in several countries during the 17th century. Tobacco is said to have been make known to into India at the commencement of last century. As elsewhere in the world, it has flourished well in spite of substantial neglect and social condemnation. Tobacco is an significant cash crop. Tobacco is full-grown for its leaves which are used as a curative purpose. It is smoked as in pipe, cigar, cigarette or hookah, used as taken powder called extinguish or chewed as a quid in lots of forms. India ranks third in the world tobacco manufacture and second in flue-cured tobacco exports. It receives about Rs.10271.55 crores by technique of excise revenue and Rs.2022.78 crores as foreign exchange through sale or export of tobacco products.

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