

CHAPTER ONE

INTRODUCTION

TOBACCO MAP OF INDIA

India is the third largest producer of tobacco in the world, next only to the U.S.A. and China. In 1976 the world tobacco production was 5,572 million kgs. Out of this the U.S.A., China and India produced 971 million kgs., 970 million kgs., and 350 million kgs. respectively. In 1982 the world tobacco production was 6,569.8 million kgs. Out of this China, U.S.A. and India produced 2,000 million kgs., 862.6 million kgs. and 525.3 million kgs. respectively.¹ Thus, between 1976 and 1982 the share of China and India in the total increased while that of the U.S.A. decreased. At present China leads the rest. Tobacco and tobacco products are important sources of revenue to the Government of India in the form of central excise. The revenue realised by the Government of India from tobacco and tobacco products was Rs. 119.2 crores in 1966-67 which went up to Rs. 750 crores in 1981-82.² India occupies fourth place in the world exports and Indian tobacco, as a foreign exchange earner, occupies the eighth place. In 1981-82 India exported unmanufactured tobacco and tobacco products to the tune of 1,17,141 tons valued Rs. 21,452.54 lakhs.³

PRODUCTION

India produces almost all types of tobacco, namely, bidi tobacco, virginia, chewing tobacco, hookah tobacco, natu and others like burley, turkish etc., cigar, cheroot and snuff.

All these different varieties of tobacco fall under two species, namely, NICOTIANA TABACUM (N.T.) and NICOTIANA RUSTICA (N.R.). By far the largest area is under N.T. variety which is grown all over the country. Since N.R. variety requires a cool climate its cultivation is confined mainly to the northern and north-eastern states, i.e., Punjab, Uttar Pradesh, West Bengal, Bihar and Assam. N.R. variety is used only for hookah, chewing and snuff, while N.T. variety is used for almost all purposes - cigarettes, cigars, cheroots, bidi, hookah, chewing and snuff. Among the various types produced under N.T. variety virginia type is of much importance. The better quality virginia is exported and the inferior quality is retained for domestic consumption. Twenty-one States in India produce either N.T. or N.R. or both. Out of these, nine States namely, Andhra Pradesh, Gujarat, Karnataka, Orissa, Tamil-Nadu, West Bengal, Bihar, Maharashtra and Uttar Pradesh produce the bulk of the total. Andhra Pradesh, Gujarat, Maharashtra, Karnataka and Tamil Nadu enjoy a lion's share so far as acreage and production are concerned. Table-1 gives an idea about the statewise and specieswise production of tobacco in India.

It can be observed from Table-1 that the five States mentioned above covered and produced more than 80 per cent of India's total output though the share of these five States slumped in 1980-81 as compared to that in 1974-75. Out of these five States the first three States (Andhra Pradesh, Gujarat and

Table-1

STATEWISE AREA AND PRODUCTION OF TOBACCO IN INDIA
(1974-75 and 1980-81)

State and variety	Area ('000 hectares)		Production ('000 tons)	
	1974-75	1980-81	1974-75	1980-81
<u>Andhra Pradesh</u>				
(N.T.)				
1) Virginia	113.1	121.1	94.9	102.7
2) Others	64	36	64.5	46.7
Total	177.1	157.1	159.4	149.4
<u>Gujarat</u>				
(N.T.)	88.5	121.5	127.4	185.2
<u>Karnataka</u>				
(N.R.)	0.3	N.A.	0.2	N.A.
(N.T.)				
1) Virginia	5.1	13.8	4.1	6.8
2) Others	30.1	30.3	14.9	20.7
Total	35.5	44.1	19.2	27.5
<u>Maharashtra</u>				
(N.R.)	0.6	N.A.	0.4	N.A.
(N.T.)				
1) Virginia	0.5	N.A.	0.3	N.A.
2) Others	11.6	N.A.	5.1	N.A.
Total	12.7	11.9	5.8	6.8
<u>Tamil-Nadu</u>				
(N.T.)	6.1	11.9	5.8	16.6
All India				
(N.R.)	22.2	N.A.	17.1	N.A.
(N.T.)				
1) Virginia	119.0	135.6	99.5	109.7
2) Others	239.4	292.6	246.5	345.9
Total	380.6	428.2	363.1	455.6

contd...

Table-1 contd.

Note: N.A. = Not Available

- Source: a) 'Tobacco Statistics' (1973-74 to 1975-76), Tobacco Board, Ministry of Commerce, Government of India, Guntur, 1977, p. 5.
- b) 'Tobacco News', Tobacco Board, Ministry of Commerce, Government of India, August 12th-21st, 1982, p. 82

Karnataka) produced more than 75 per cent of India's total. Karnataka is the third largest producer of tobacco in India, next only to Andhra Pradesh and Gujrat.

Table 2 gives an idea about the percentage share of Virginia and other varieties in the total production.

Table-2

RELATIVE POSITION OF VIRGINIA AND OTHER
VARIETIES OF TOBACCO (in percentages)

Variety	Area		Production	
	1974-75	1980-81	1974-75	1980-81
Virginia	31.2	31.7	27.4	24.00
Other	68.8	68.3	72.6	76.00
Total	100	100	100	100

Source : Compiled from Table-1

Area as well as production of virginia tobacco in 1980-81 have remained almost the same, without any noticeable changes, as compared to 1974-75.

Table-3

AREA AND PRODUCTION OF TOBACCO IN INDIA
(1971-72 to 1980-81)

Year	Area ('000 hectares)	Production (million kgs.)
1971-72	458.3	418.9
1972-73	444.9	372.2
1973-74	461.5	462.1
1974-75	380.6	363.1
1975-76	368.2	349.8
1976-77	432.4	418.8
1977-78	504.4	493.6
1978-79	409.3	453.8
1979-80	425.4	438.5
1980-81	451.5	480.8
1981-82	448.3	525.3

Source: (1) 'India Tobacco', Directory of Exporters and Information Guide, Tobacco Board, Guntur, 1981, p. 120.

(2) 'Tobacco News', Vol. 6, July-Sept., 1983, No. 2, Tobacco Board, Guntur, p. 30.

Looking into area and production of tobacco in the country over a decade (1971-72 to 1981-82) with the help of Table-3, it is noticed that area under tobacco registered a slightly declining trend, whereas production showed an increasing trend. Hence, on the whole, productivity of tobacco land marked an increase. Phenomenal changes in both area and output occurred in 1974-75, 1975-76 and 1977-78. During 1974-75 and 1975-76 they decreased and in 1977-78 they increased considerably.

SPATIAL DISTRIBUTION OF TOBACCO IN INDIA

is
Tobacco used for different purposes such as cigar, cigarette, bidi, hookah, chewing, snuff, etc. It is interesting to note that different States specialise in the production of different types of tobacco according to their uses. Table-4 gives the details in this respect.

Table-4

SPATIAL DISTRIBUTION OF TOBACCO IN INDIA

State	Main type of tobacco produced	Uses to which put
Andhra Pradesh	F.C.V., Natu, White Burley and Lanka	Cigar and cheroot
Gujarat	F.C.V., Kelieu	Cigarette, bidi and chewing
Karnataka	F.C.V., N.T., Surti	Bidi and chewing
Orissa	N.T.	Chewing and bidi
Maharashtra	N.T. and N.R.	Bidi
Bihar	N.T. and N.R.	Hookah, chewing and snuff
West Bengal	N.R.	Hookah and chewing
Tamil Nadu	N.T.	Cigar, cheroot and chewing
Uttar Pradesh	N.R. and N.T.	Hookah and chewing

Source: i) 'Tobacco Map of India', in Tobacco Statistics, 1976, Tobacco Board, Ministry of Commerce, Government of India, Guntur, and

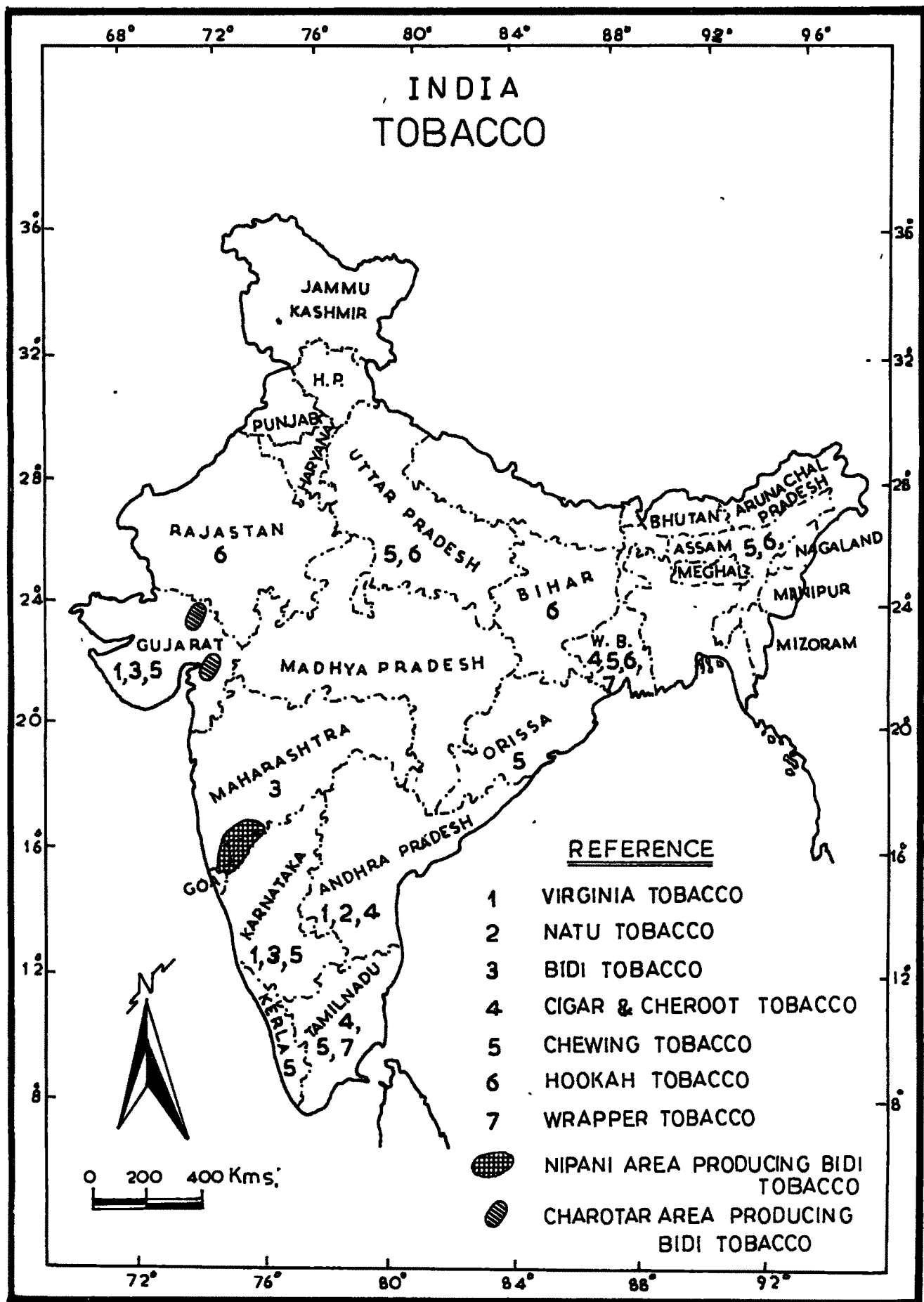
ii) Doshi, R.R., Processing And Marketing of Bidi Tobacco In Nipani Tract, a thesis submitted for Ph.D. Degree of the University of Poona (unpublished)

It can be seen from Table-4 that only Gujarat, Karnataka, Maharashtra and Orissa produce bidi tobacco.

PREDOMINANCE OF BIDI TOBACCO

The respective shares of different varieties in the total

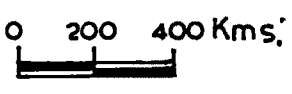
INDIA TOBACCO



REFERENCE

- 1 VIRGINIA TOBACCO
- 2 NATU TOBACCO
- 3 BIDI TOBACCO
- 4 CIGAR & CHEROOT TOBACCO
- 5 CHEWING TOBACCO
- 6 HOOKAH TOBACCO
- 7 WRAPPER TOBACCO

- NIPANI AREA PRODUCING BIDI TOBACCO
- CHAROTAR AREA PRODUCING BIDI TOBACCO



quantity of raw tobacco cleared for home consumption is given in Table-5.

Table-5

VARIETYWISE PERCENTAGE SHARE IN THE TOTAL QUANTITY
OF RAW TOBACCO CLEARED FOR HOME CONSUMPTION
(1974-75 and 1978-79)

Variety of tobacco	1974-75	1978-79
Bidi	27.0	36.7
Cigarette	23.2	19.5
Snuff, cigar, cheroot, Hookah, chewing and others (bidi)	24.7	21.5
Stalks	9.7	3.6
Agricultural purposes Destruction	15.2	13.6
Miscellaneous	0.2	0.3
Special Industrial Purpose	-	4.8
Total ...	100.0	100.0

Source: 'Indian Tobacco', Directory of Exporters And Information Guide, Tobacco Board, Guntur, 1981, p. 127.

Not only that bidi tobacco leads the rest, claiming more than one-fourth of the country's total consumption of tobacco but also the percentage share of bidi tobacco in the total has increased from 27.0 in 1974-75 to 36.7 in 1978-79 - an increase of 9.7 per cent.

MARKETABLE SURPLUS

Although the position of tobacco in the total agricultural production of the country is not quite appreciable, this crop has become the mainstay of living of agriculturists where its production is concentrated. Out of the total produce, nearly 95 per cent is available as marketable surplus. This is because the producer could retain only a limited quantity for personal consumption as allowed by the Central Excise Rules and the wages to the labourers on the farm were to be paid strictly in money terms and not in kind as it was prohibited by the Central Excise Department of India. Since 1978 Central Excise restrictions on production, movement and processing of tobacco have been dispensed with. Even then the position on the side of the marketable surplus did not change for a basic reason. Tobacco can be made usable only after its processing in one way or the other and hence most of the produce reaches to the market in spite of the removal of Central Excise restrictions.

II

BIDI TOBACCO IN INDIA

Bidi belongs to the family of tobacco products. Among the smoking habits in India bidi smoking is the most popular followed by cigarettes, cigars, hookah, cheroot, chutta and chilum. Cigar is not a product of mass consumption in India.



but cigarette has emerged as a stiff competitor to bidi in the last two decades. However, the production of bidis is much more. Cigarette is an important revenue earner while bidi-making is an important employment-generating industry.

AREA OF CONCENTRATION

Bidi tobacco is mainly grown in Kheda and Baroda districts of Gujarat known as the Charotar Area and Belgaum district of Karnataka as also Kolhapur, Sangli and Satara districts of Maharashtra collectively known as 'Nipani Area'. Details of the two areas are given in Table-6.

Table-6

PRODUCTION OF BIDI TOBACCO IN THE 'CONCENTRATED
REGIONS OF INDIA: Area ('000 hectares)
Production ('000 tons) (1971-72 to 1980-81)

Year	Charotar Area	Nipani Area	
	Gujarat	Maharashtra	Karnataka
1	2	3	4
1971-72: Area	85.6	12.9	35.4
Production	116.4	6.4	13.2
1972-73: Area	87.2	10.2	32.8
Production	110.1	4.2	15.6
1973-74: Area	90.6	12.2	35.6
Production	131.0	5.6	15.3

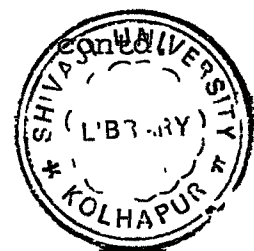
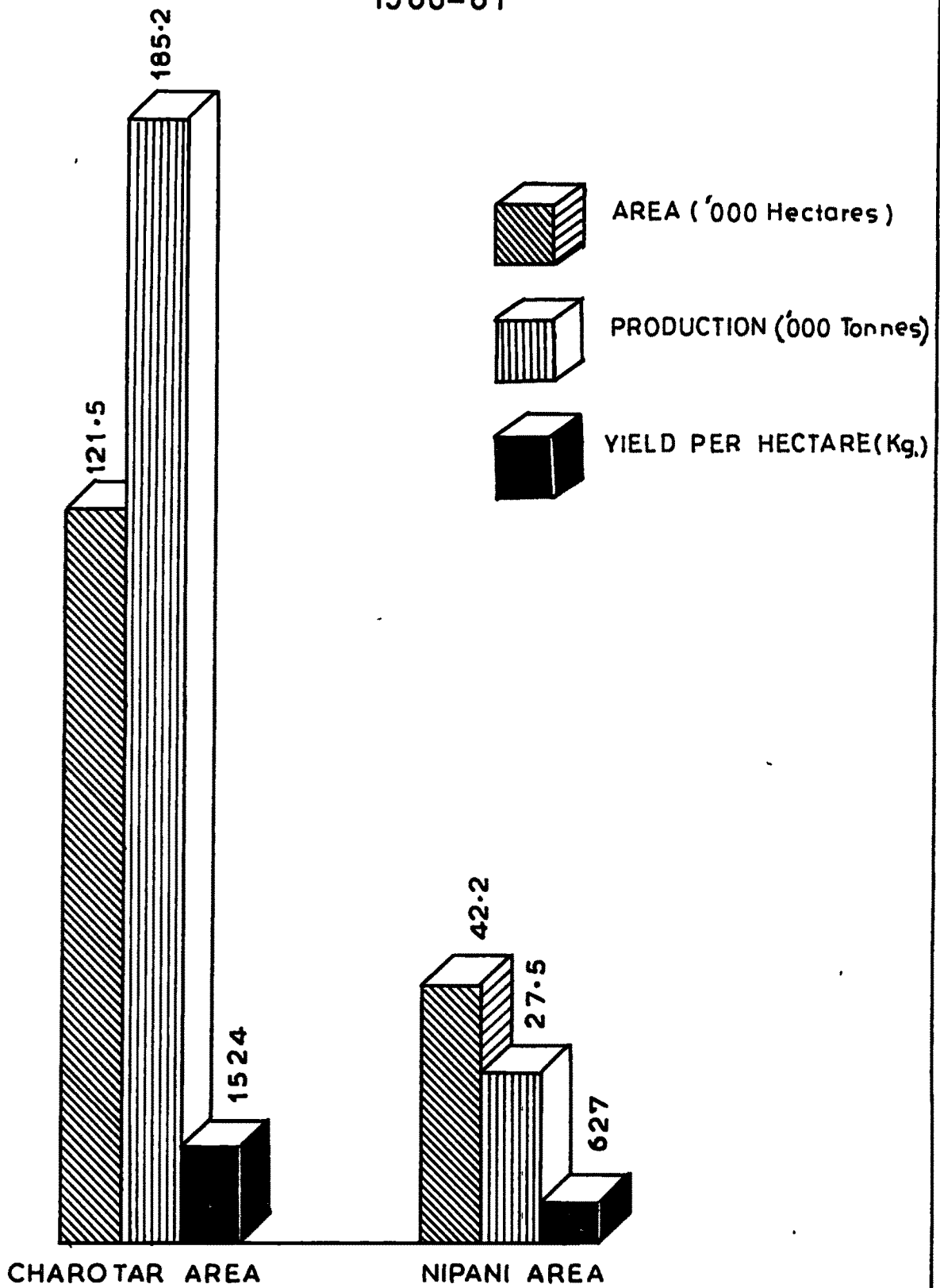


Table-6 contd.

1	2	3	4
1974-75: Area	88.5	12.2	34.4
Production	127.4	5.5	15.1
1975-76: Area	78.6	12.6	31.8
Production	116.6	6.1	14.8
1976-77: Area	84.3	11.2	31.1
Production	139.9	6.5	23.6
1977-78: Area	81.5	10.8	29.5
Production	125.3	5.6	21.6
1978-79: Area	74.6	12.8	33.4
Production	153.6	7.4	23.4
1979-80: Area	114.7	14.3	31.4
Production	174.9	7.9	20.0
1980-81: Area	121.5	11.9	30.3
Production	185.2	6.8	20.7

- Source: i) Tobacco Statistics - 1976, Tobacco Board, Guntur, July, 1977, p. 4.
- ii) Indian Tobacco (Directory of Exporters And Information Guide), Tobacco Board, Guntur, May, 1981, p. 122.
- iii) Patel, G.J., Jaisani, B.G. and Singh, S.P., "Marketing, Processing And Grading of Bidi Tobacco in Gujarat, Karnataka and Maharashtra", in 'Bidi Bulletin', Vol.XI, No.7, July, 1981 (An official organ of The All India Bidi Industry Federation).
- iv) Tobacco News, Tobacco Board, Guntur, August 12th-21st, 1982, p. 82.

BIDI TOBACCO IN CHAROTAR AND NIPANI AREAS 1980-81



The States of Gujarat, Karnataka and Maharashtra specialise in the production of N.T. variety useful for the production of bidi and together contribute to nearly 96 per cent of bidi tobacco in India. Virginia tobacco suitable for cigarette is grown on a very small scale. Among the three States mentioned, Gujarat commands a conspicuous position in respect of both area and production. Karnataka follows next but at a much lower level. So also with Maharashtra as against Karnataka.

Putting the Charotar and Nipani Areas in juxtaposition for a decade over 1971-72 to 1980-81, one becomes aware of the following facts:

- (i) area under bidi tobacco in Charotar Area exhibits an increasing trend whereas that in Nipani Area a decreasing trend;
- (ii) increasing trend is manifest in the production of bidi tobacco in both the Areas; however, the incremental percentage value of difference between minimum and maximum production is higher for Charotar Area;
- (iii) growth in output in Nipani Area should be viewed in the context of declining trend in the area covered; it is a revelation of increased productivity per hectare due to the adoption of high-yielding varieties especially since mid-seventies.

UTILISATION OF BIDI TOBACCO

It is noteworthy that the bulk of the produce is disposed off in the domestic market only. Nearly 95 percent of bidi tobacco goes to the manufacturers of bidis after processing locally into the kind of bidi-mix desired by the bidi manufacturers. The rest of about 5 per cent of the total produce is exported in manufactured and unmanufactured forms. The proportion of exports of bidi in manufactured form is negligible. The percentage share of export of bidis to the total export of tobacco and tobacco products was 0.28 and the percentage value of bidi export to the total value of export of tobacco and tobacco products was 0.66 in 1978-79.⁴ The export of unmanufactured tobacco for manufacture of bidis also does not show any healthy sign. Table-7 makes this point very clear.

Table-7

EXPORT OF TOBACCO FOR MANUFACTURING BIDIS DURING 1975-76 TO 1980-81 (Qty. '000 Kgs. and value '000 Rs.)

Year	Quantity	Value
1975-76	4,582 (5.8)	31,767 (3.2)
1976-77	2,346 (2.7)	15,140 (1.5)
1977-78	1,794 (1.9)	9,752 (0.8)
1978-79	807 (1.0)	3,839 (0.3)
1979-80	356 (0.4)	1,688 (0.2)
1980-81	1,909 (2.0)	13,247 (1.0)

contd.

Table-7 contd.

Note: Figures in brackets show the percentage share to the total export of tobacco and tobacco products.

Source: i) Indian Tobacco, Tobacco Board, Guntur, May, 1981, p. 130.

ii) Tobacco News, Tobacco Board, Guntur, August 12th-21st, 1982, p. 85.

The percentage share of export of bidi tobacco to the total export shows that bidi tobacco, both in quantity and value, has lost its importance in the export list. Important customers at present are Somalia and Yemen Arab Republic purchasing more than 60 per cent of the total quantity while South Yemen Peoples' Republic, Saudi Arabia, Ethiopia, Kuwait, Nepal, Bahrein, Abu Dhabi, Singapore, Eastern African countries, Dubai and Afghanistan share the rest. Shri Lanka, which used to take up over 80 per cent of India's export, is not on the scene and of Afghanistan, one of the important customers, is pushed down to the last position. Further, bidi tobacco has no place in the list of commodities exported to the Western countries.

EXCISE REVENUE

Tobacco in general and bidi tobacco in particular, was an important source of central excise revenue till 1978. In 1978, the government abolished excise duty on manufactured and unmanufactured tobacco and imposed duty on tobacco products.

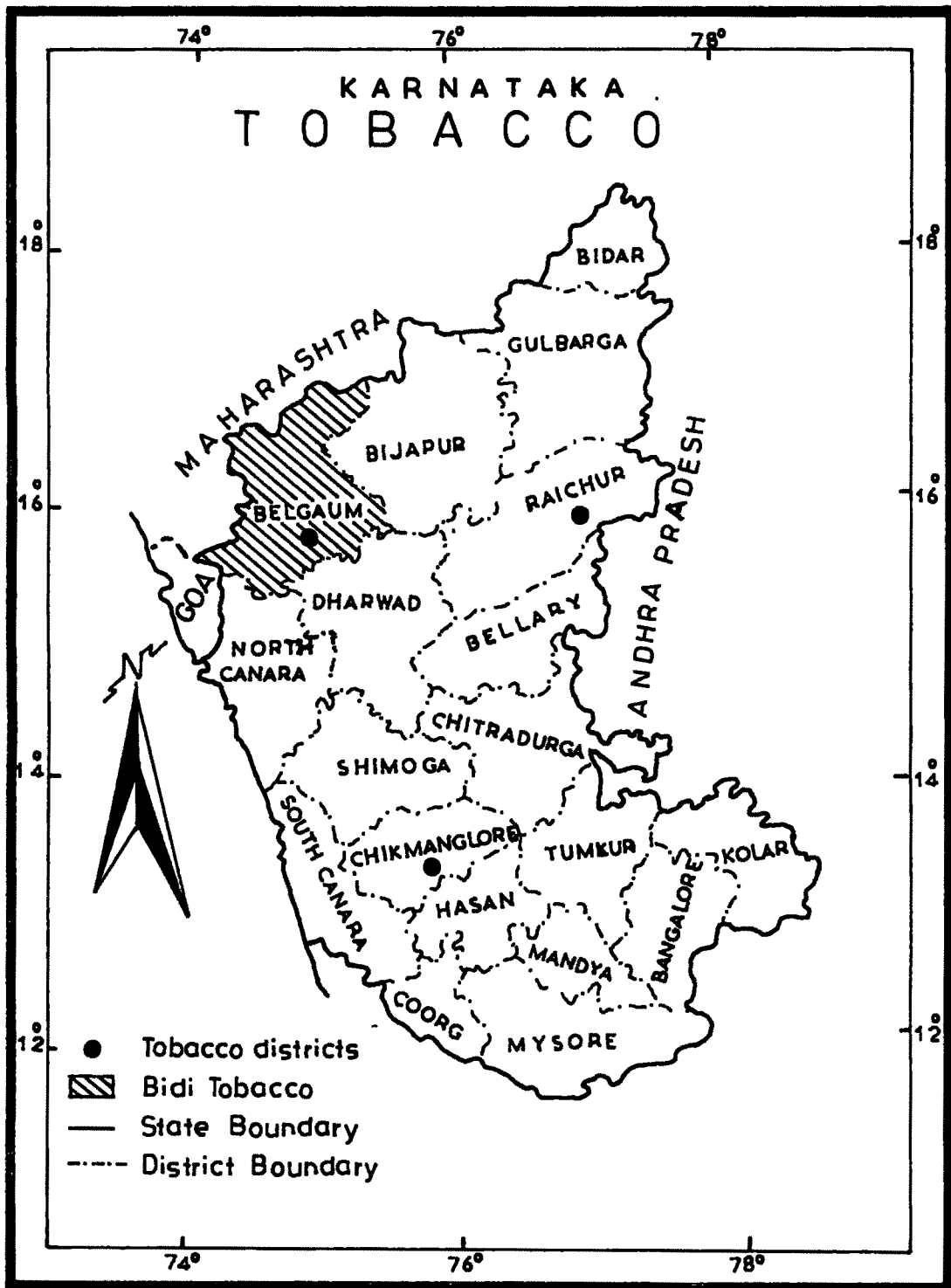
The Government of India got Rs. 850 crores in 1982-83 from tobacco and tobacco products, claiming the 1st place in excise revenue.⁵

III

NIPANI AREA

Bidi tobacco is mainly grown in the States of Gujarat (Kheda and Baroda districts), Karnataka (mainly Belgaum district) and Maharashtra (Kolhapur, Sangli and Satara districts). More than 80 per cent of bidi tobacco is being produced by Gujarat alone. In Gujarat 90 per cent of the aggregate tobacco area is under bidi tobacco. Belgaum district of Karnataka and the Kolhapur, Sangli and Satara districts of Maharashtra together make Nipani Area for the purpose of bidi tobacco. In 1980-81 nearly 42.2 thousand hectares of land was under tobacco crop in this area producing nearly 27.5 thousand tonnes of tobacco. Generally, 'Surti', 'Whole-leaf', 'Pandharpuri', and 'Virginia' varieties are grown over the area. However, the share of virginia variety tobacco is very negligible and its cultivation is taken up by a few only as a matter of special interest. Thus, Nipani Area is specialised in the production of bidi tobacco only.

Kheda and Baroda districts of Gujarat (popularly known as Charotar Area) excel Nipani Area so far as area, production and yield are concerned. Table-8 helps us understand the point.



became very popular at the cost of traditional 'Surti' variety. As a result, average yield improved, no doubt, but not to the extent of Charotar Area.

Though the yield per hectare in Nipani Area is very much below the Charotar Area, the quality is very much superior due to difference in agro-climatic conditions. Gujarat tobacco is much inferior in flavour, taste, aroma, thickness and keeping quality as compared to Nipani tobacco. Therefore, Nipani tobacco has a nationwide market, fetches pretty high price and bidi blend of no manufacturer in the country is complete without something of Nipani tobacco.

As regards the concentration of production within Nipani Area itself, Belgaum district leads the rest. Out of the total 42.2 thousand hectares under bidi tobacco in Nipani Area in 1980-81, Belgaum district accounted for nearly 29.7 thousand hectares (70.4 per cent as against 59.5 per cent in 1976-77) and Kolhapur, Sangli and Satara districts shared the remainder. Similarly, 75 per cent of bidi tobacco output in the area is credited to Belgaum district. Average yield per hectare in the district is 725 Kg. as against 627 Kg. for Nipani Area.

Even within Belgaum district, there exists a region where production is fairly concentrated. This region comprised Nipani Town and about 60 villages surrounding it, was termed as 'Nipani Circle', by the Central Excise Department and commonly

known as 'Nipani Tract'. This region produces bulk of the district total. Nipani Circle (Nipani Tract) is the main region of our study and hence it is necessary to give its relevant details.

IV

NIPANI TRACT

For administrative convenience Nipani Tract was split up into 'Nipani Town Circle' and 'Nipani Rural Circle' by the Central Excise Department.

In 1943 tobacco was brought in the list of taxable commodities, the tax being levied and collected by the central government. Since then the Central Excise Department has been entrusted with the work of administration and collection of excise revenue on tobacco. For administrative purpose the country was divided into 'Collectorates'. In India presently there are 22 collectorates. A collectorate is the highest executive body next to government and is topped by the excise 'Collector'. Any order passed by the government is interpreted and executed by the collectorate. Each collectorate is sub-divided into 'Divisions' manned by the Assistant Collectors. The Divisions are formed on the basis of revenue jurisdiction of the districts. The Division is further divided into 'Ranges'. Many a time, the Division is further split up into 'Multiple Officers' Range' (M.O.R.) manned by 1 Superintendent known as 'Range Officer'

assisted by 4 to 5 Sector Officers known as 'Inspectors' and 3 to 4 sepoy. The Superintendent working in the range is called the range officer, otherwise, he is the superintendent only. There will be at least 4 ranges in the division and Assistant Collector is the divisional head of the ranges under his control. M.O.R.s are formed in concentrated tobacco growing areas, important warehousing centres and industrial areas having a concentration of factory excises.

There were 10 divisions under Karnataka collectorate before 1.1.1981. On 1.1.1981 reorganization took place and since then there are 13 divisions. Under Nipani division formerly there were 4 M.O.Rs. MOR Nipani, MOR Soundalga, MOR Khadaklat and MOR Galatga. Later on 4 more MORs were added to Nipani division, namely MOR Sadalga, MOR Chikodi, MOR Ugar Khurd and MOR Ankali. Since 1978-79, because of the abolition of the Central Excise control over raw tobacco, MORs were reduced to 3. Again, from 1.10.1981 2 MORs (Bijapur and Bagalkot) were attached to Nipani division, so that the number of ranges went up to 5. The latest change in the organisational set up was effected on 1.5.1984 by which Nipani Division was abolished keeping 2 ranges, A and B, at Nipani and manned by the superintendents. Chikodi and Hukkeri talukas were attached to A and B ranges respectively. Nipani Range thus constituted was tagged to Gulbarga Division. The following is the list of the MORs and the villages therein that comprise Nipani Tract.⁶

1. MOR Nipani (27 villages)

A - MOR Nipani town comprised 60 to 70 warehouses and 5 to 6 bidi factories.

B - MOR Nipani town comprised 60 to 70 warehouses and 5 to 6 bidi factories.

C - Rural

Nipani, Kodni, Kanagala, Konankeri, Yarnal, Gavani, Shirguppi, Budalmukh, Pangira, Jattrat, Padlihal, Lakhanapur, Nangnur, Budihal, Yamgarni, Tavandi, Shippur, Shendur, Gondikuppi, Bhugate Alur, Hadalga, Rashinge, Matiwade, Hitni, Bhairapur, Nagnoor and Shekhinhosur.

2. MOR Soundalga (14 villages)

Soundalga, Adi, Benadi, Kurli, Sidnal, Bhivashi, Kognoli, Kunnur, Hanchanal, Hunnargi, Appachiwadi, Bhatnagnur, Matiwad and Sulgaon.

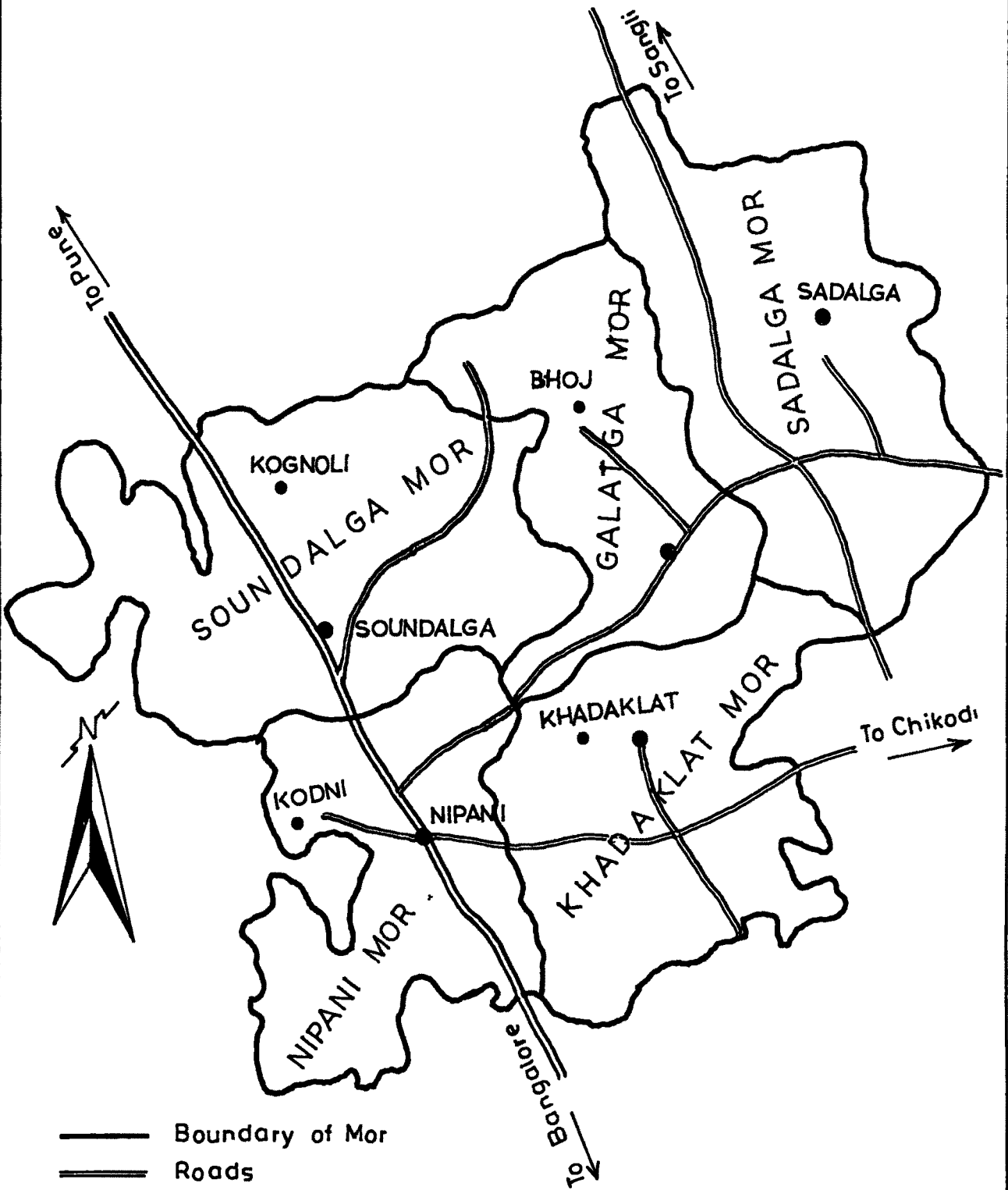
3. MOR Khadaklat (12 villages)

Khadaklat, Shirgaon, Sankanwadi, Pangire (A), Chikhalwal, Nainglaj, Kuthali, Navalihal, Pattankudi, Rampur, Walki and Peerwadi.

4. MOR Galatga (7 villages)

Galatga, Akol, Bhoj, Mangur, Barwad, Karatga and Mamadapur.

MAP OF NIPANI TRACT



The present study refers to the region having coverage of 4 MORs and 60 villages therein. This region is the most widely known one all over India for the production of the best quality bidi tobacco.

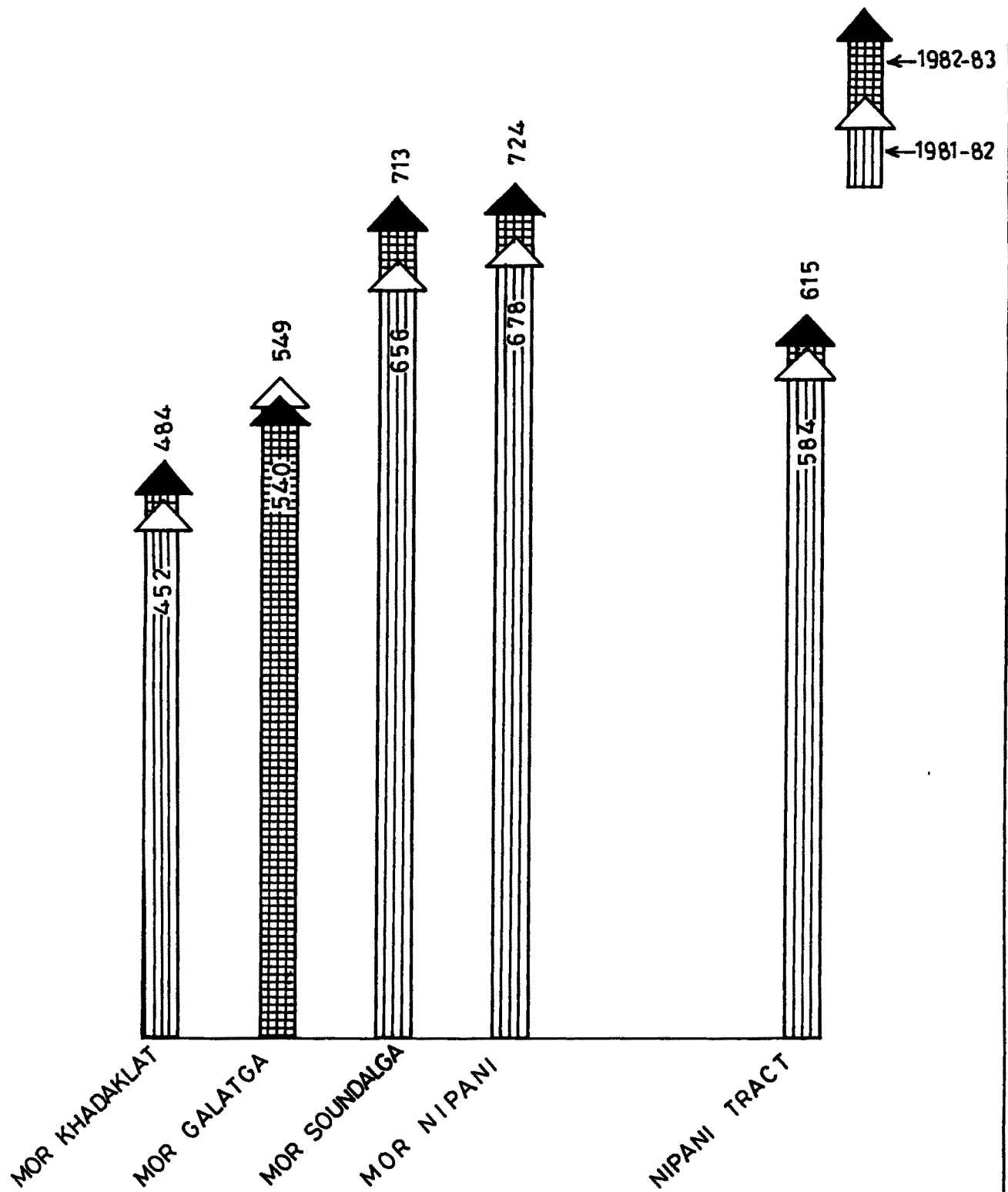
The headquarters of Nipani Rural MOR is at Nipani proper. Soundalga MOR is 9 Km. north of Nipani on Pune-Bangalore National Highway. Galatga MOR is about 15 Km. north-east of Nipani and Khadaklat MOR is at a distance of 14 Km. to the east.

Almost all the villages in different MORs are well connected with their MOR headquarters as well as to Nipani town by fairly good Kaccha and Pakka roads and adequately served by State Transport. Hence, transportation either of men or material is not a problem for tobacco producers as well as traders.

The tract is mainly a tobacco growing region. Different varieties of bidi tobacco such as S-20, Anand-2, Anand-119, GT-4, P.L. 5, Nipani-190 etc. are grown in the Tract. For a pretty long time S-20 variety was most widely used as it was suitable to the agro-climatic conditions of the Tract. Since 'Seventies Anand-2 and Anand-119 have sporadically encroached upon S-20. G.T.4 variety is still under trial.

Nipani Tract is not merely the production centre; it is a processing centre as the processing of tobacco from Anagad⁷ to Jarda⁸, from Jarda to Jardi and from Anagad to Jardi⁹ is carried

AVERAGE YIELD PER ACRE (in Kgs) IN NIPANI TRACT AND MORS THEREIN



FRAMEWORK OF THE STUDYOBJECTIVES

Cost-based pricing has been a demand vehemently put forth by the producers of agricultural commodities in recent years. Bidi tobacco happens to be one of the commodities in question and the producers have been agitating on this issue in Nipani Tract. Thus cost of production is one major dimension to the pricing of bidi tobacco in Nipani Tract. Other equally important one is the system of marketing of the produce prevalent in the region. Market regulation for bidi tobacco is in vogue for over a decade. The Agricultural Produce Market Committee of Nipani is legally holding the strings. The extent of market discipline it could create will have a strong impact on the price realised by the producers of bidi tobacco. On this background the present study attempts -

- (1) to study the cost of production of bidi tobacco in Nipani Tract;
- (2) to assess the performance of the APMC Nipani in establishing orderly conditions in the marketing of bidi tobacco;
- (3) to study the behaviour of tobacco prices in the Tract;
- (4) to study the spread between cost and realised prices in the Tract.



HYPOTHESIS

The study presumes that in the light of the cost of cultivation of bidi tobacco in Nipani Tract, the average price realised by the producer under the existing marketing system is unremunerative. The hypothesis is tested with reference to the crop years 1981-82 and 1982-83.

METHODOLOGY

As it has been a case study of Nipani Tract of Nipani Area, representative villages of the Tract were selected for the purpose of calculating cost of cultivation and cost of marketing. Farmers from these villages were selected on the basis of the size of holding and method of cultivation, and were provided with the well-designed questionnaire. Further details of the methodology employed for calculation of the cost of cultivation and marketing are given in the third chapter.

Secondary data were collected from the records of the Central Excise Department, Nipani and the Agricultural Produce Market Committee, Nipani. Besides these, a number of books, articles and periodicals were used. In addition, personal discussions were held with the office bearers of the APMC, Central Excise Department, Tobacco Research Station as also with farmers, traders and social workers.

This case study pertains to investigation into the cost of

production of bidi tobacco in Nipani Tract and its bearing on the realised price by the grower. Chapter one, therefore, provides a backdrop of the region. To begin with, it gives a bird's eye view of kinds and quantity of tobacco produced in the country. Then it shifts over to the pockets of bidi tobacco and finally drops focus on the Nipani Tract.

Chapter two on "Cost of Production and Agricultural Pricing" deals with theoretical foundations of cost and price of agricultural commodities. Initially various cost concepts used in the context of agricultural commodities are clarified so as to fix up the scope of the cost concept for the present study. Thereafter the pros and cons of cost-price relationship are touched upon. In both the cases the views of experts and farmers' organisations are put in juxtaposition to find out the points of concurrence and difference and evolve a more practical cost concept.

Chapter three entitled "Cost of Production and Cost of Marketing of Bidi Tobacco in Nipani Tract" is an exercise in actual cost calculation for two years, 1981-82 and 1982-83. It describes the scope of each and every item included in cost computation while at the same time it justifies the dropping out of some of the items. It compares the calculated costs per Kg. and per acre with the realised price and concluded about the earnings of the growers in Nipani Tract.

As trade in bidi tobacco is regulated since 1972, the APMC, Nipani is supposed to ¹pay a crucial role in bringing about proper discipline in the market. Effective regulation has a positive and far-reaching impact on the price accrued to the growers of bidi tobacco. Therefore, the performance of the APMC, Nipani is evaluated in chapter four bearing the title, "Market Regulation and Tobacco Prices".

Chapter five is concerned with "Behaviour of Tobacco Prices". It throws light on the behaviour of tobacco prices over a period of a decade in the seventies. How the agricultural prices are fixed in the Tract, is there any bearing of cost on the price, what were the ceiling and floor prices during the post-harvest season and what remedial measures can be fruitfully employed are the significant questions that are discussed in this chapter.

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- 6 The MOR composition and nomenclature is as per 1978-79 set-up of the Central Excise Department.
- 7 Anagad - raw tobacco as is available from the farm.
- 8 Jarda - half processed tobacco containing only tobacco leaves (in piece form) cleaned through sticking, winnowing, sifting and sieving operations.
- 9 Jardi - tobacco mix ready for use in bidis. It contains tobacco leaves (in piece form) cut to very small size through sieving operations, well mixed with the granule particles of the stalks and midribs of the tobacco plants and leaves respectively.