

CHAPTER - I

INTRODUCTION

The Problem

Tobacco occupies a place of pride of India from the view point of its contribution to world production. The country ranks the third in the world next to China and U.S.A. in respect of its production⁽¹⁾ and the eighth in respect of world export⁽²⁾. The crop is cultivated in almost all parts of the country. Notwithstanding the fact that the bulk of Indian tobacco comes mainly from Andhra Pradesh and Gujrat, West Bengal has become one of the important Indian producers of Chewing and Hookah tobacco. In West Bengal, however, two northern districts namely, Coochbehar and Jalpaiguri together with accounts for around 91 per cent of area and 94 per cent of production of tobacco in the State. In These two districts tobacco as a commercial crop stands next to jute. And thus, the economic condition of the farm people of the districts, therefore, largely hinges upon the prospect of the crop.

Time series data on area and production of various types of tobacco grown in different states of India reveal, by and large, a states of stagnation with notable inter-year fluctuation. In some states area and production of tobacco also exhibits its inter-year fluctuation around a decling trend. Temporal area and production behaviour of chewing and hookah tobacco grown in the two districts of West Bengal also shows similar movement. Inter-year price fluctuation of leaf tobacco in tobacco growing districts in West Bengal is visualised. This leads to the belief widely held by the people that the inter-year area fluctuation of tobacco in the districts of West Bengal is largely attributable to its inter-year price fluctuation. They advocate government intervention in pricing leaf tobacco in the form of support price measure with a view to stabilizing its area and production. As a corollary to the above proposition they bring to the fore the question of price deprivation of the producer-sellers by the marketing middlemen and suggest for

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1. B.C. Akehurst : Tobacco (2nd Edition), Longman Inc, 1981, p. 7.
 2. M.S. Chari : "Need to Sustain Export Market", Survey of Agriculture, The Hindu, 1989, p. 123.

government purchase to make tobacco production in West Bengal a bright future. This aspect has brought to the fore a number of important research issues : What is the composition of cost in the production of tobacco in West Bengal and where does the tobacco stand in relation to its competing crops with respect to profitability ? Is there any correspondence between relative area share and relative profitability of tobacco ? Is the cost price relation favourable to the tobacco growers ? What factors can be held responsible for the movement of area under tobacco in West Bengal ? What factors account for the interfarm difference in the yield rate of tobacco ? Is the consumption demand for the crop declining ? Is the market structure of the leaf tobacco imperfect and thus the producer-sellers are being deprived ? What are the constraints to the extension of area under tobacco in West Bengal ? All these issues are still unexplored as no comprehensive study on economics of tobacco cultivation in West Bengal has yet been undertaken. In view of the aforesaid research issues, it seems worthwhile to undertake a study on economics of the crop.

Keeping above research issues in view the present study is framed with the following chapter arrangement:

Scheme of the Chapters

An attempt has been made in Chapter-II for recording the history of the crop. An account of origin, distribution, Types and Culture of tobacco has been presented in this Chapter to throw some light on the transition and present state of production of the crop.

Chapter-III deals with the sources of data and different concepts and methods used.

Chapter-IV examines the structure of the selected farms with a view to providing a useful background for the subsequent analysis.

Chapter-V has been designed for a brief study of per hectare and per quintal cost of production as well as the structural composition of the production cost of tobacco and each of its competing crops with a view to identifying the factors behind the inter-village and inter-district variation of production cost. The relative profitabilities of tobacco and its competing crops have also been examined in this Chapter.

Cost price relationship in tobacco production has been examined in Chapter-VI. The movement of cost-price ratio over years is also examined in this Chapter.

Chapter-VII aims at finding out major factors and to estimate their contribution towards inter-farm yield variation of tobacco.

Chapter-VIII purports to examine the qualitative information relating to prospect of and constraints to tobacco cultivation collected from the selected farm households through opinion survey.

Analysis of factors which have been responsible for temporal behaviour of area under tobacco is attempted in Chapter-IX.

Chapter-X is devoted to delineate the consumption pattern of leaf tobacco and various tobacco products in order to understand the present condition and future trend of demand for tobacco grown in the area under the study.

An attempt is made in Chapter-XI to examine the marketing structure and market performance of leaf tobacco grown in the area under study.

Chapter-XII purports to examine the prospect of and constraints to tobacco cultivation in West Bengal. This Chapter also aims at finding out the extent of possible increase in area under tobacco cultivation in the selected farms through the optimal re-allocation of resources under given price structure, technology and resource constraints.

Chapter-XIII presents a summary of the entire work and tries to draw some board based conclusions on the basis of earlier findings.