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A STUDY ON FUNCTIONS OF TOBACCO BOARD IN GUNTUR DISTRICT OF ANDHRAPRADESH



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ABSTRACT

The present study was conducted to assess the functions of Tobacco Board in Guntur District of Andhrapradesh. To know the farmers opinion about auction system of Tobacco board. To know the total cultivation of Tobacco (in acres) each family. The study aims identify at market survey of farmers performance for tobacco cultivation and sale. The research design simply describes the market opinion survey of formers performance of Tobacco cultivation and sale capability. For the purpose of study 100 farmers were selected on the basis of convenient sampling. In order to get need information a structured interview schedule technique was used. The researcher has adopted Statistical Tools, Chi-Square test, Weighted Average Method and Percentage Analysis have been used in this study.

INTRODUCTION AND DESIGN OF THE STUDY

INTRODUCTION

Tabacco is a tall herbaceous plant the leaves of which are harvested, cured, and rolled in to cigars shredded for use in cigarettes and pipes, and processed for chewing of snuff. Tobacco is an important crop in all most all tropical countries as well as an many temperate ones the main source of commercial tobacco is Nicotine to bacum, although nicotine rustica is also grown and is used in oriental tobacco. Tobacco has developed a wide range of morphologically different types, from the small – leaved aromatic tobaccos to the large, broad leaved cigar tobaccos. The most practical means of classifying them is by the method used for curing (or) drying the leaf.

AUCTION SYSTEM

The unevenly supplied demand, credit based traditional marketing and low yield have a cumulative effort on the grower in Andhrapradesh from 1976-77 to 1982-83 while production increased by over 90% exports reached only 25% thus this export feinted commodity called for effective production regulation polity and since 1983 the tobacco board stated a production policy based on the number of registered growers and curing banks with a view to match production with demand. On the marketing front, after a careful study of the existing a system of tobacco auction to streamline the marketing. After conducting and trail auctions with a limited scope, auction system was introduced statutorily in Karnataka in 1984 and in Andhrapradesh in 1985. In this system every registered farmer the sole value from tobacco gets on opportunity to sell this tobacco board the registered merchants will participate with bank guarantees and pay the purchase value of their tobacco through past date cheques. Farmers will sell tobacco graded to the standards prescribed by the board and companies will buy the required quantities regulating their furnaces to the maximum extent possible.

The tobacco board after the successful introduction of the Auction system as the two major FCV tobacco producing states has to strengthen its marketing by establishing a market internal marketing of tobacco to plan sustain and improve exports. It is also essential to improve the production performance through higher yields and varieties, to with stand the international computation the Tobacoo farmers have to restrict cultivation to area registered and improve fields. It is only than the unit cost of cultivation becomes manageable.

TOBACCO INDUSTRY

Common name applied to the plants *Nicotiana Tabacum* and *N.rustica* of the night – shade family. Solanaceae that are cultivated for their leaves, which when cured are used for smoking and chewing and as snuff.

Tobacco is native to the western hemisphere and was probably first used by the ancient Maya people, they reduced it to North American Indians, who believed it had medicinal properties and used it in ceremonies.

The Arawak Indians of the Caribbean observed by Christopher Columbus in 1492 smoked tobacco through a tube they called a Tobago from which the name originated. Brought to Spain from Santo Domingo in 1556, tobacco was introduced to France the same year by the France diplomat Jean Nicot (1530?-1600), from whom the plant derived its generic name. In 1585 the English navigator Sir Francis Drake took it to England and the practice of pipe smoking was introduced among the Elizabethan countries by the English explorer Sir Walter Raleigh.

Tobacco is quickly spread throughout Europe and Russia and by the 17th century it reached China, Japan and the west coast of Africa.

In colonial America the use of tobacco began in the settlement of Jamestown, where as early as 1615 gardens, fields and even streets were planted with tobacco which became the staple crop and principal currency of the colony. After 1776 tobacco cultivation expanded to North Carolina and West as far as Missouri. In about 1796 an Ohio farmer happened upon a chlorophyll II deficient strain called bright burley which became a main ingredient of American blended tobacco especially after the invention of the cigarette machine in 1881. In the late 1980s the U.S. was the 2nd largest tobacco producer after China and accounted for about 9 % of world production. The US exported more than 1/3rd of its crop.

PERFORMANCE OF TOBACCO

TOBACCO PRODUCTION IN INDIA

Year	Production (In thousands tones)
1950-51	261 Thousand tones
1960-61	307 Thousand tones
1970-71	362 Thousand tones
1980 – 81	481 Thousand tones
1990 – 91	588 Thousand tones
1995 – 96	560 Thousand tones

TOBACCO PRODUCTION

State	1998 – 99	In million kgs 1999- 2000
Andhrapradesh	148.81	137.98
Karnataka	54.89	48.00
Orissa	0.55	0.50
Maharashtra	0.24	0.20

PROFILE OF THE TOBACCO BOARD

Tobacco is one of the important commercial crops grown in India. India is the third largest producer of tobacco in the world with an output of approximately 588 Million Kgs (dry weight), of which Flue Cured Virginia (FCV) tobacco accounts for 185 Million Kgs. It produces several types of Tobacco such as Flue Cured Virginia, Country Tobacco, Burley, Bidi Tobacco, Rustica and Chewing Tobacco. India is the sixth major exporter of tobacco in the world besides countries like Brazil, Zimbabwe, USA, Malavi and Greece.

Tobacco plays a significant role in Indian economy contributing to the exchequer Rs.8191 cores annually (2000-2001) in the form of excise revenue and substantial earning in foreign exchange of over Rs.903.38 cores a year (2000-2001) on exports to various countries. Tobacco also provides gainful employment to about 26 million of people who are directly or indirectly involved in various operations like curing, grading, processing and manufacturing, in addition to the large number of farmers and agricultural labor engaged in cultivation.

Of various types of tobacco grown in the country, FCV is the most important crop from export and excise revenue point of view. Approximately, 50% of the FCV tobacco grown in the country is used by the domestic cigarette manufacturing industry and the rest goes for exports. Of other types of tobacco Burley, Country tobacco, Chewing tobaccos such as Lal Chopadia, Judi and Rustica varieties are partly exported whereas Bidi tobacco is more or less entirely consumed within the country. Flue Cured Virginia tobacco is primarily grown in the states of A.P. and Karnataka under various agro-climatic conditions. Tobacco is grown both in light soils and in heavy black soils. In Karnataka, it is grown in the light soils as a monsoon crop while in A.P. in the black soil areas where the tobacco is grown as a post – monsoon crop on conserved moisture. In the Northern light soil areas of A.P, it is grown as a post monsoon crop under irrigated conditions and in the southern light soils it is grown as a semi monsoon crop. Apart from the above, it is also grown in the states of Orissa and Maharashtra in small quantities. In view of the varied agro – climate conditions in the country, India has the potential to produce different styles of tobacco and cater to the varying demands of the important countries.

Recognizing the need to regulate production, promotion of overseas marketing and to control recurring instances of imbalances in supply and demand (which led to market crisis), the Govt. of India established Tobacco Board in place of Tobacco Export Promotion Council under the Tobacco Board Act of 1975 for the development of the Tobacco Industry, under the control of the Union. The Board came into existence from 01.01.1976 with its Head Office at Guntur in the state of Andhra Pradesh.

FUNCTIONS OF THE BOARD

The Tobacco board Act aims at the planned development of industry in the country. Various measure outlines in the act for the promotion of the industry under section 8 of the tobacco board act, 1975 are:

- a) Regulating the production and curing of Virginia tobacco having regard to the following factors namely,
 - i. The demand for Virginia tobacco in India and abroad.
 - ii. The suitability of land for growing Virginia tobacco.
 - iii. The difference in soil characteristics and agro climatic factors in different regions of the country where Virginia tobacco is grown and the effect thereof on the quality and quantity of Virginia tobacco produced in these regions,
 - iv. The marketability of different types of Virginia tobacco,
 - v. The need for rotation of crops, and
 - vi. The nature of the holdings of the growers of Virginia tobacco whether owned or leased.

- b) Keeping a constant watch on the Virginia tobacco market both in India and abroad and ensuring that the grower gets a fair and remunerative price for the same and that there are no wide fluctuations in the prices of the commodity.
- c) Maintenance and improvement of existing markets and development of new markets outside India for Indian Virginia tobacco and its products and devising marketing strategy in consonance with demand for the commodity outside India including group marketing under limited brand names.
- d) Establishment by the board of auction platforms with the previous approval of the central government for the sale of Virginia tobacco by registered grower or curers and functions of the board as an auctioneer at auction platforms established by or registered with it subject to such conditions as may be specified by the central Government.
- e) Recommending to central Government the minimum prices which may be fixed for purposes of export of Virginia tobacco with a view to avoiding unhealthy competition amongst the exporters. (Under its exim policy Govt. have decided to abolish fixation of M.F.P. with effect from 1.4.93).
- f) Regulating in other aspects of Virginia tobacco marketing in India and export of Virginia tobacco having due regard to the interests of growers, manufacturers and dealers and the nation.
- g) Propagating information useful to the growers, dealers and exporters (including packers) of Virginia tobacco and manufacturers of Virginia tobacco products and others concerned with Virginia tobacco and products thereof.
- h) Purchasing Virginia tobacco from growers when the same is considered necessary or expedient for protecting the interests of the growers and disposing it in India or abroad as and when considered appropriate:
 - i) Promoting grading of tobacco at the level of growers,
 - j) Sponsoring assisting co-coordinating or encouraging scientific, technological.

STATEMENT OF THE PROBLEM

This Study is aimed at measuring the farmers opinion about auction system of Tobacco Board in Guntur District of Andhrapradesh. In this District the most of the farmers dependent on the Tobacco business.

SCOPE OF THE STUDY

1. This study focuses on Tobacco growers in Guntur District Only.
2. This study is confirmed to analyze the functions of Tobacco Board.
3. This study is a survey on Auction system of Tobacco introduced by the Board.

OBJECTIVES OF THE STUDY

1. To know the farmers opinion about auction system of Tobacco board.
2. To know the total cultivation of Tobacco (in acres) each family.
3. To assess the problems in transporting the Tobacco to the auction platform of board.
4. To evaluate the financial support from the bank for Tobacco Cultivation.
5. To gather information regarding grading system of Tobacco Board.
6. To find out the general opinion of the payment system of Tobacco Board.
7. To analyses the facilities provided by the Tobacco board to the farmers.
8. The find out the method of sale preferred by the farmers

RESEARCH METHODOLOGY

The study aims identify at market survey of farmers performance for tobacco cultivation and sale. The research design simply describes the market opinion survey of formers performance of Tobacco cultivation and sale capability.

The project study based on survey method. The primary data collected from farmers (or) growers with the help of interview schedule the technique adopt for the study was questionnaire.

SELECTION OF SAMPLES

The universe of this study is total number of farmers around Guntur, Amaravathi, Thullur, Dondapadu, Jalalapuram, Vykuntapuram, Thatikonda.

For the purpose of study 100 farmers were selected on the basis of convenient sampling. In order to get need information a structured interview schedule technique was used.

SOURCE OF DATA

Primary Data:

Primary data was the main source of collecting data. The information required for the study have been collected with the help of questionnaire cum schedule administered impartially to all the farmers in the selected areas.

Secondary Data:

The literature relating to the study. Journals, magazines and exiting records of the company books concerning the Tobacco board have been referred.

ANALYSIS OF DATA:

The collected data was tabulated to analyses the data. The percentage analyses can be used.

RESEARCH TECHNIQUE

The researcher has adopted Statistical Tools, Chi-Square test, Weighted Average Method and Percentage Analysis have been used in this study.

LIMITATIONS

1. This study mainly focus only to Guntur District.
2. The accuracy of the figures and data are subject to the respondents and their view. However an attempt has been made to get as genuine information as possible.
3. It is difficult to know whether the answer given by the respondents are really true (or) not.
4. The opinion survey considered in the study is limited to Auction system of Tobacco Board.
5. The responses of the farmers are not up to the expectations of the researcher due to illiteracy.
6. Best efforts have been made to make the project more reliable and purposeful despite its limitations.

DATA ANALYSIS AND INTERPRETATION**Table: 1****No. of family members cultivating tobacco farmers**

No.of Family members	No.of respondents	Percentage
0-5	90	90
6-10	10	10
11-15	0	0
16-20	0	0
Total		100

Source: Primary data

Inference: - 90 Percent of Tobacco growers have five members in their families each.**Table: 2****No.of acres owned by tobacco growers.**

Land Owned	No. of Respondents	Percentage
0-5	40	40
6-10	42	42
11-15	16	16
16-20	2	2
Total		100

Source: Primary data

Inference: - 42 percent of tobacco growers own 6-10 acres of land.

Table: 3**No. of acres of land leased by tobacco growers.**

Lease in acres	No. of respondents	Percentage
0-5	20	20
6-10	12	12
11-15	2	2
16-20	4	4
Total		100

Source: Primary data

Inference: - 20 Percent of the tobacco growers obtain the leased land of 0-5 acres.**Table: 4****Cultivation of tobacco in acres**

Cultivation FCV under	No. of Respondents	Percentage
0-5	84	84
6-10	14	14
11-15	2	2
16-20	0	0
Total		100

Source: Primary data

Inference: - 84 Percent of the tobacco cultivators cultivating FCV variety of tobacco.

Table: 5**Opinion about the transport system**

Transportation	No.of respondents	Percentage
Problem	10	10
No.problem	90	90
Total		100

Source: Primary data

Inference: - 90 Percent of the tobacco growers state that there is no problem in transportation.**Table: 6****Satisfaction of tobacco growers with grading system of Tobacco**

Grading system	No.of respondents	Percentage
Satisfied	96	96
Not satisfied	4	4
Total		100

Source: Primary data

Inference: - 96 Percent of the tobacco growers are satisfied with grading system of tobacco.**Table: 7****Financial support to the tobacco growers**

Financial support	No.of respondents	Percentage
Get Financial support	96	96
Do not get financial Support	4	4
Total		100

Source: Primary data

Inference: - 96 Percent of the tobacco growers state that they have financial support from bank.

Table: 8**Satisfaction of tobacco grower about the price fixed by the Tobacco Board:**

Price fixed by the board	No. of respondents	Percentage
Satisfied	78	78
Not satisfied	2	2
Total		100

Source: Primary data

Inference: - 78 Percent of the Tobacco growers are satisfied with the price fixed by the Govt., and 22 Percent are not satisfied.

Table: 9**Satisfaction of tobacco growers with prices realized in auctioning.**

Price realization in auctioning	No.of respondents	Percentage
Satisfied	90	90
Not satisfied	10	10
Total		100

Source: Primary data

Inference: - 90 Percent of the tobacco growers are satisfied with realization of price in auction system, and 10 percent are not satisfied with realization of price in auction system.

Table: 10**Opinion on payment system of the Tobacco Board.**

Payment system	No. of respondents	Percentage
Satisfied	98	98
Not Satisfied	2	2
Total		100

Source: Primary data

Inference: - 98 percent of the tobacco growers are satisfied with payment system of the board.

Table: 11
Ranking of various factors.

Ranking Opinion	Satisfied	Not satisfied	Total weighted	Weighted Aug	Position
Grading system	96 (192)	4 (4)	196	1-96	III
Payment system	98 (196)	2 (2)	198	1-98	II
Registration of grower	100 (200)	0 (0)	200	2 -00	I
Inputs supplied	96 (192)	4 (4)	196	1-96	III

Source: Primary data

Tool: Weighted Average Method

Inference: - Registration when growers got first position for compared to other factors given by the respondents.

Table: 12
Significance difference between cress & service and tobacco cultivation of land

Cress & Service Tobacco Cultivation Land	High		Reasonable		Total
	O _i	E _i	O _i	E _i	
0-5	24	26.88	60	57.12	84
6-10	8	4.48	6	9.52	14
11-15	0	0.64	2	1.36	2
16-20	0	0.00	0	0.00	0
Total	32		68		100

Source: Primary data

Tool: Chi – square Analysis

H1: There is no significant difference in cress & service charges

H2: There is no significant difference in tobacco cultivation of land

Degree of freedom = (c-1) (r-1)

Level of significance = 5%

Calculated value = 4.30

Table value = 7.81

Hence there is no Significant different in the between cress & services charges and cultivation of land.

FINDINGS

- ◆ 90 Percentage of the tobacco growers have five members in their family each.
- ◆ 42 Percentage of the tobacco growers own 6-10 acres of land.
- ◆ 84 Percentage of the tobacco growers are cultivating tobacco in their land (0-5 acres)
- ◆ 96 Percentage of the tobacco growers are highly satisfied with the financial support provide by the Board.
- ◆ 78 Percentage of the tobacco growers say that price fixed by the board on the basis of Action sale is reasonable one and 22% of the respondents are not satisfied.
- ◆ 98 Percentage of the growers are highly satisfied with grading system payment and method of registration.
- ◆ 68 Percentage of the tobacco growers say that cress & service charges, by the Board are reasonable.
- ◆ 96 Percentage of the tobacco growers are satisfied with the inputs supplied by the board and 4% of the tobacco growers are not satisfied with.
- ◆ All the tobacco growers are satisfied with the registration system of tobacco growers.
- ◆ All the growers are satisfied with mode of sale of the goods in Auction system.

SUGGESTIONS

1. Regarding the financial support, price fixed by the board, Grading system, payment, cress and service charges, inputs supplied by the Board, registration system, mode of sale of the goods by the tobacco board are highly satisfied with these but some respondents feel that cross and service charges are high. If the tobacco board reduces the charges, it will be useful to tobacco growers.
2. Some tobacco growers feel that the price fixed for the tobacco by the board may be revised to suit the increase in the transportation charges on account of price raise.
3. Financial support may be given to farmers on the merits of conditions.

CONCLUSION

Reduction of cress of service charges, periodical revision of price for tobacco, extension of financial support on merits of the case, this will boost up the image of the tobacco board and the Auction system introduced by the board holds good for all farmers.

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