

A Study on Savings and Investment Behaviour of FCV Tobacco Growers in Mysore District

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Abstract:

This study examines the savings and investment behaviour of FCV tobacco growers in Periyapatna Taluk of Mysore District, Karnataka. FCV tobacco is a major commercial crop and an important source of income for farming households, though earnings are seasonal and uncertain due to price fluctuations, climatic conditions, rising input costs, and regulatory factors. The study is based on primary data collected from 100 FCV tobacco growers through a structured questionnaire using simple random sampling, along with secondary data from the Tobacco Board of India and government reports. Data were analysed using descriptive statistical tools such as percentages, averages, and tables. The findings reveal that most growers follow regular saving practices and prefer formal saving avenues such as banks and post office schemes. Investments are mainly directed towards low-risk tangible assets, while participation in financial instruments remains limited. Income level, price stability, and risk perception significantly influence savings and investment decisions. The study highlights the need for improved financial literacy, better access to institutional credit, and supportive policy measures to strengthen the financial well-being of FCV tobacco growers.

Keywords: Tobacco, Investment Behaviour, Flue Cured Virginia, Savings and Investment

Introduction

Science Agriculture is essential to the Indian economy, offering employment, income, and livelihood security to a significant portion of the population. Among various agricultural practices, cash crops play a crucial role in enhancing farmers' income and fostering regional

economic growth. Tobacco, especially Flue Cured Virginia (FCV) tobacco, stands out as a key commercial crop cultivated in Karnataka, with Mysore District being a prominent area for its production, regulated by the Tobacco Board of India. The cultivation of FCV

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tobacco yields a higher income compared to many food crops; however, the earnings of tobacco farmers are frequently seasonal, unpredictable, and influenced by market prices, weather conditions, and regulatory frameworks. In this context, how farmers handle their income through savings and investment choices is vital for achieving financial stability, managing risks, and securing long-term economic well-being. Savings help farmers meet future contingencies such as crop failure, health emergencies, education expenses, and old age security, while investments contribute to asset creation, productivity enhancement, and income generation. FCV tobacco growers invest their earnings in various forms such as agricultural land, farm equipment, livestock, gold, housing, education, and financial instruments. Their saving and investment behaviour is influenced by factors such as income level, size of landholding, education, access to financial institutions, and awareness of financial products.

Despite the economic importance of FCV tobacco cultivation, limited empirical studies have been conducted on the savings and investment behaviour of FCV tobacco growers in Mysore District. Understanding their financial behaviour is essential for policymakers, financial institutions, and agricultural planners to design suitable financial inclusion programs, credit facilities, and awareness initiatives. Hence, the present study attempts to analyze the pattern,

preferences, and determinants of savings and investment behaviour among FCV tobacco growers in Mysore District.

History of Tobacco Cultivation in Periyapatna Taluk

Periyapatna Taluk of Mysore District has a long and significant history of tobacco cultivation, particularly Flue Cured Virginia (FCV) tobacco, which emerged as an important commercial crop in the region during the mid 20th century. Traditionally, farmers in Periyapatna cultivated food crops such as Ragi, Paddy, and Pulses under rainfed conditions. However, with the introduction of irrigation facilities, improved curing techniques, and growing demand for export oriented tobacco, many farmers gradually shifted towards FCV tobacco cultivation due to its higher income potential compared to traditional crops.

The expansion of FCV tobacco in Periyapatna gained momentum after the establishment of the Tobacco Board of India in 1975, which brought regulated production, scientific farming practices, auction systems, and price stability. The soil and climatic conditions of Periyapatna characterized by well drained loamy soils and suitable temperature ranges proved favorable for high quality FCV tobacco cultivation. Over time, the Tobacco Board provided farmers with licenses, technical guidance, curing barns, and access to organized auction platforms, which further strengthened tobacco cultivation in the taluk.

Tobacco farming has significantly influenced the socio economic framework of Periyapatna Taluk. It has aided in job creation, enhanced farm revenues, the advancement of rural infrastructure, and fostered greater engagement with formal financial institutions. In spite of obstacles like price volatility, regulatory limitations, health issues, and crop uncertainties, FCV tobacco remains a vital cash crop in Periyapatna Taluk, supporting the livelihoods of numerous farming families and affecting their saving and investment habits. To combat rising input costs, subsidies on essential inputs such as fertilizers, curing fuel, and electricity should be implemented, alongside the encouragement of cost effective and sustainable agricultural practices. The Tobacco Board and agricultural extension services ought to enhance training initiatives focused on efficient curing methods, integrated pest management, and soil health management to minimize waste and boost productivity. Promoting mechanization and cooperative labor arrangements can assist in addressing labor shortages and lessen reliance on hired help. Improving access to institutional credit is crucial for easing financial constraints. Banks and cooperative societies should simplify loan procedures, provide timely crop loans at affordable interest rates, and expand the reach of crop insurance schemes to cover production and price risks. Financial literacy programs focusing on savings, investments, and risk management can

enable growers to plan their finances better and reduce dependence on informal moneylenders.

Given increasing regulatory and environmental pressures, gradual and planned crop diversification should be promoted without causing economic distress to farmers. Providing incentives, technical guidance, and assured market linkages for alternative crops can help farmers reduce overdependence on tobacco. Overall, a balanced approach combining economic support, financial inclusion, capacity building, and policy stability will help FCV tobacco growers overcome existing challenges and achieve sustainable livelihoods.

Objectives of the Study

1. To study the socio economic profile of FCV tobacco growers in Periyapatna Taluk.
2. To examine the savings pattern and saving habits of FCV tobacco growers.
3. To analyze the investment behaviour and investment preferences of FCV tobacco growers.
4. To identify the factors influencing savings and investment decisions.
5. To offer suitable suggestions for improving savings and investment practices.

Methodology of the Study

This study adopts a descriptive and analytical research design to assess the savings and investment behaviour of FCV

tobacco growers in Periyapatna Taluk of Mysore District. The study area was selected because Periyapatna is a major FCV tobacco-growing region regulated by the Tobacco Board of India. The target population consists of all FCV tobacco growers registered with the Tobacco Board in the taluk. From this population, a sample of 100 growers was selected using the simple random sampling technique to ensure unbiased and representative coverage.

Primary data were collected through a structured questionnaire personally administered to the respondents. The questionnaire included sections on socio-economic characteristics, income and expenditure patterns, saving practices, investment preferences, and factors influencing financial decisions. All completed questionnaires were verified and screened for accuracy and consistency. Secondary data were sourced from Tobacco Board publications, government reports, research articles, books, and journals relevant to the study theme.

The collected data were processed and analysed using simple statistical techniques such as percentages, averages, and tabular analysis to interpret trends and patterns in savings and investment behaviour. The study covers one agricultural year and is restricted to FCV tobacco growers in Periyapatna Taluk, which constitutes the scope and geographical limitation of the research.

Data Analysis and Interpretation

Table 1: Age-wise Distribution of Respondents

Age Group (Years)	No. of Growers	Percentage
Below 30	12	12
31 – 40	28	28
41 – 50	35	35
Above 50	25	25
Total	100	100

Table 1 presents the age-wise distribution of FCV tobacco growers selected for the study. Out of the total 100 respondents, the largest proportion of growers (35%) belongs to the age group of 41–50 years, indicating that middle-aged farmers constitute the dominant segment in FCV tobacco cultivation. This is followed by the age group of 31–40 years, accounting for 28% of the respondents, suggesting active participation of relatively younger farmers in tobacco farming.

Growers above 50 years of age constitute 25% of the sample, reflecting the continued involvement of senior farmers who possess substantial experience in tobacco cultivation. In contrast, only 12% of the respondents fall under the below 30 years age group, indicating relatively lower participation of youth in FCV tobacco farming.

Overall, the table reveals that FCV tobacco cultivation in the study area is primarily managed by middle-aged and older farmers, with limited involvement of

younger individuals. This age structure may have implications for the adoption of modern financial practices, risk-taking ability, and long-term sustainability of tobacco cultivation in the region.

Table 2: Educational Qualification of Respondent

Status of Education	No. of Growers	Percentage
Illiterate	18	18
Primary	30	30
Secondary	32	32
Graduate and Above	20	20
Total	100	100

Table 2 depicts the educational qualifications of the FCV tobacco growers selected for the study. Among the 100 respondents, the highest proportion of growers (32%) have attained secondary-level education, indicating that a significant number of farmers possess basic formal education. This is followed by growers with primary education, who constitute 30% of the sample.

Graduates and above account for 20% of the respondents, suggesting that a considerable segment of growers has higher educational attainment, which may positively influence awareness of formal savings and investment options. On the other hand, 18% of the respondents are illiterate, reflecting the continued presence of educational limitations among a section of the farming community.

Overall, the table reveals a moderate level of educational attainment among FCV tobacco growers in the study area. This educational profile is likely to influence financial literacy, saving behaviour, and investment decision-making, highlighting the need for targeted financial education and awareness programmes.

Table 3: Annual Income of FCV Tobacco Growers

Annual Income	No. of Growers	Percentage
Below 2,00,000	20	20
2,00,001–4,00,000	38	38
4,00,001–6,00,000	27	27
Above 6,00,000	15	15
Total	100	100

Table 3 presents the annual income distribution of FCV tobacco growers in the study area. Among the 100 respondents, the largest proportion of growers (38%) fall within the income range of ₹2,00,001 to ₹4,00,000, indicating that a majority of growers earn a moderate level of income from tobacco cultivation. This is followed by 27% of respondents earning between ₹4,00,001 and ₹6,00,000 annually.

Growers earning below ₹2,00,000 constitute 20% of the sample, reflecting the presence of lower-income households

that may face financial constraints and income instability. On the other hand, only 15% of the respondents report an annual income above ₹6,00,000, suggesting that a relatively small proportion of growers belong to the higher-income category.

Overall, the table indicates that most FCV tobacco growers in Periyapatna Taluk belong to middle-income groups. Income level plays a crucial role in determining savings capacity and investment behaviour, thereby influencing the overall financial security of the growers.

Table 4: Monthly Savings Amount

Monthly Savings	Respondents	Percentage
Below 5,000	34	34
5,001–10,000	41	41
Above 10,000	25	25
Total	100	100

Table 4 shows the monthly savings pattern of FCV tobacco growers. The largest proportion of respondents (41%) save between ₹5,001 and ₹10,000 per month, indicating moderate saving capacity. This is followed by 34% of growers who save below ₹5,000, reflecting limited surplus income. About 25% of respondents save above ₹10,000 per month, representing a relatively smaller group with higher saving potential. Overall, the table

indicates that most growers maintain regular savings, though the amount saved varies according to income levels and financial stability

Table 5: Preferred Mode of Savings

Mode of Savings	No. of Growers	Percentage
Bank Deposits	45	45
Post Office Schemes	20	20
Chit Funds	18	18
Cash at Home	17	17
Total	100	100

Table 5 presents the preferred modes of savings among FCV tobacco growers. A majority of the respondents (45%) prefer bank deposits, indicating a strong inclination towards formal and secure saving avenues. This is followed by post office schemes, preferred by 20% of the growers, reflecting trust in government-backed savings instruments. Chit funds are used by 18% of respondents, while 17% prefer saving cash at home, indicating reliance on informal saving methods.

Table 6: Purpose of Savings

Mode of Savings	No. of Growers	Percentage
Children Education	30	30
Future Security	28	28
Medical Emergencies	22	22
Marriage and social Needs	20	20
Total	100	100

Table 6 highlights the major purposes for which FCV tobacco growers save their income. The largest proportion of respondents (30%) save primarily for children's education, reflecting the importance placed on educational advancement. This is followed by savings for future security (28%), indicating awareness of long-term financial stability. Medical emergencies account for 22% of the respondents, underscoring the need to cope with health-related uncertainties. Savings for marriage and other social needs constitute 20% of the total. Overall, the table shows that savings among FCV tobacco growers are largely driven by family welfare, security needs, and precautionary motives.

Table 7: Types of Investments

Investment Type	No. of Growers	Percentage
Agricultural Land	35	35
Farm Equipment	25	25
Gold & Jewellery	20	20
Housing	15	15
Financial Assets	5	5
Total	100	100

Table 7 presents the types of investments preferred by FCV tobacco growers. The majority of respondents (35%) have invested in agricultural land, indicating a strong preference for land as a secure and productive asset. This is

followed by investment in farm equipment (25%), reflecting the need to enhance agricultural productivity. Investments in gold and jewellery account for 20%, highlighting their role as traditional and safe investment options. Housing investments are reported by 15% of the growers, while only 5% invest in financial assets such as shares, mutual funds, or insurance products. Overall, the table reveals that FCV tobacco growers predominantly prefer low-risk, tangible assets, with minimal participation in financial market instruments.

Table 8: Factors Influencing Investment Decisions

Factors	Respondents	Percentage
Income Level	40	40
Market Price Stability	25	25
Risk & Uncertainty	18	18
Financial Awareness	17	17
Total	100	100

Table 8 illustrates the key factors influencing the investment decisions of FCV tobacco growers. Income level emerges as the most significant factor, cited by 40% of the respondents, indicating that higher and stable income enables greater investment capacity. Market price stability influences 25% of the growers, highlighting the impact of price fluctuations in tobacco markets on

investment decisions. Risk and uncertainty account for 18% of the responses, reflecting growers' cautious approach towards investments. Financial awareness influences 17% of the respondents, suggesting limited exposure to financial knowledge and investment options. Overall, the table indicates that economic stability and risk considerations play a crucial role in shaping the investment behaviour of FCV tobacco growers.

Current Challenges Faced by FCV Tobacco Growers

Tobacco growers of FCV (Flue-Cured Virginia) in Periyapatna Taluk and other regions within Mysore District face numerous significant challenges that impact their economic stability and agricultural decisions. A major concern is the price volatility in the tobacco market, where growers frequently have limited control over auction prices, exposing them to unpredictable income. This issue is closely tied to market dependency, as growers must heavily rely on regulated auctions and intermediaries, which can diminish their bargaining power. Another challenge is the increasing costs of inputs, such as quality seeds, fertilizers, labor, curing fuel, and pesticides, which erode profit margins, particularly for small and marginal growers. Additionally, the cultivation of FCV tobacco is labor-intensive, and shortages of skilled labor during critical periods like harvesting and curing further increase production costs. Environmental and regulatory challenges

have also intensified, with growing pressure from public health policies, anti-tobacco campaigns, and crop diversification policies that discourage tobacco farming. These pressures can limit future expansion and access to institutional support. Moreover, growers face financial constraints due to limited access to affordable credit, high interest rates on informal loans, and challenges in navigating formal banking procedures. The cumulative effect of these challenges influences growers' savings and investment behavior, often compelling them to adopt conservative financial strategies focused on risk mitigation rather than productive investment. Suggestions to Overcome the Challenges Faced by FCV Tobacco Growers

To overcome the various challenges faced by FCV tobacco growers in Periyapatna Taluk, coordinated efforts from the government, Tobacco Board, financial institutions, and farmers themselves are essential. Price volatility can be reduced by strengthening the regulated auction system, ensuring transparent price discovery, and providing minimum price support mechanisms during periods of market distress. Timely dissemination of market information and grading standards can also help farmers make informed decisions and improve bargaining power.

Suggestions

Based on the investment pattern of FCV tobacco growers in Periyapatna Taluk, several measures can be suggested

to improve their investment behaviour and financial security. Farmers should be encouraged to balance their investments between traditional assets and modern financial instruments in order to achieve better returns and reduce risk. Financial institutions and government agencies should conduct regular financial literacy and awareness programs to educate growers about safe and suitable financial products such as fixed deposits, insurance schemes, mutual funds, and pension plans.

Access to institutional credit should be strengthened by simplifying loan procedures and providing timely and affordable crop loans. Special investment oriented schemes tailored for farmers can motivate them to invest beyond land and gold. The Tobacco Board and agricultural extension services should promote productive investments such as modern farm equipment and sustainable farming technologies to enhance income stability.

Growers should also be encouraged to participate in insurance and risk management schemes to protect their investments against crop failure and market uncertainty. Overall, a coordinated approach involving financial institutions, government bodies, and farmer organizations is necessary to promote informed investment decisions and improve the long term economic well being of FCV tobacco growers.

Conclusion

The current research on the savings and investment habits of FCV tobacco farmers in Periyapatna Taluk, Mysore

District, indicates that tobacco farming remains a crucial aspect of the economic livelihood of agricultural households. Although it offers a higher income compared to conventional crops, FCV tobacco cultivation is marked by income instability due to price variations, increasing input expenses, labor shortages, and regulatory challenges. These factors directly affect the financial behaviors of growers, especially their capacity to save consistently and invest with assurance. The research shows that the majority of FCV tobacco farmers adopt cautious savings and investment strategies, focusing on financial stability, risk management, and asset accumulation rather than speculative ventures. Savings are primarily held in formal financial institutions, while investments are chiefly allocated to agricultural land, farming equipment, housing, and gold. Socio economic elements such as income level, education, landholding size, and access to financial services play a significant role in shaping savings and investment choices.

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