

Economic Efficiency and Climate Resilience of Plantation Agriculture in Karnataka: A Comparative Analysis of Coffee, Arecanut, Pepper, and Cardamom (2014–2025)

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Abstract

Plantation agriculture constitutes an important component of Karnataka's agricultural economy by contributing to rural employment, export earnings, and sustainable livelihood generation. However, increasing climatic variability and rising production costs have created significant challenges for maintaining long-term economic efficiency. This study comparatively examines the economic efficiency and climate resilience of four major plantation crops—coffee, arecanut, pepper, and cardamom—in Karnataka during the period 2014–2025 using secondary data. A descriptive and analytical research design was adopted to evaluate production trends, economic performance, and the influence of climatic factors on plantation profitability. Statistical techniques, including descriptive statistics, Compound Annual Growth Rate (CAGR), Pearson's correlation, multiple linear regression, and one-way ANOVA, were employed to analyse the relationships among production, climatic, and economic variables. The findings indicate that all four plantation crops experienced positive growth during the study period, although their economic performance differed considerably. Arecanut demonstrated the highest economic efficiency, while cardamom generated the highest average net returns. Rainfall and productivity exhibited positive relationships with economic performance, whereas climatic variability significantly influenced plantation profitability. The study concludes that enhancing climate resilience through improved resource management, technological advancement, and crop-specific policy interventions is essential for strengthening the long-term sustainability and competitiveness of Karnataka's plantation sector.

Keywords: *Plantation Agriculture, Economic Efficiency, Climate Resilience, Coffee, Arecanut, Pepper, Cardamom, Karnataka, Agricultural Economics, Sustainable Agriculture.*

CHAPTER 1: INTRODUCTION

1.1 Introduction

Plantation agriculture has historically occupied a prominent position in India's agricultural economy by contributing significantly to rural livelihoods, agricultural exports, employment generation, and regional economic development. Among the plantation-producing states, Karnataka occupies a distinctive position owing to its favourable agro-climatic conditions, diversified topography, and long-standing cultivation of high-value commercial crops. Coffee, arecanut, pepper, and cardamom constitute the major plantation crops of the state, collectively contributing to agricultural income, foreign exchange earnings, and value-added agro-

industries. Their cultivation extends across the Malnad and coastal regions, where plantation farming has evolved into an integrated economic activity supporting millions of farmers, labourers, processors, traders, and exporters.

Unlike seasonal agricultural crops, plantation crops require substantial long-term investments in land development, planting material, irrigation infrastructure, labour management, and post-harvest processing. Since these crops remain productive over several decades, farmers' investment decisions are influenced not only by immediate returns but also by expectations regarding future climatic conditions, market prices, technological developments, and policy interventions. Consequently, assessing the economic efficiency of plantation agriculture requires a broader perspective that incorporates productivity, cost structures, profitability, market performance, and sustainability rather than focusing solely on crop yields.

Karnataka has consistently maintained a leading position in India's plantation sector. The state contributes the largest share of national coffee production while simultaneously ranking among the major producers of arecanut, pepper, and cardamom. Districts such as Kodagu, Chikkamagaluru, Hassan, Shivamogga, Dakshina Kannada, Uttara Kannada, and Chamarajanagar derive a substantial proportion of their rural economy from plantation agriculture. These plantation systems support not only agricultural production but also processing industries, transportation networks, rural financial institutions, export businesses, and numerous small-scale enterprises that depend directly or indirectly on plantation commodities.

Over the last decade, however, plantation agriculture has experienced increasing uncertainty arising from climatic variability. Changes in rainfall distribution, rising temperatures, irregular monsoon patterns, prolonged dry spells, and the increasing frequency of extreme weather events have influenced both crop productivity and production costs. Coffee plantations require timely blossom and backing showers, while arecanut, pepper, and cardamom depend on relatively stable moisture regimes throughout their growth cycle. Variations in these climatic parameters have affected flowering, fruit setting, pest incidence, disease prevalence, and overall crop quality. Consequently, farmers increasingly encounter production risks that extend beyond traditional market fluctuations.

The economic consequences of climatic variability are multidimensional. Lower productivity directly reduces farm income, whereas increased expenditure on irrigation, plant protection measures, labour, and nutrient management raises production costs. Simultaneously, fluctuations in domestic and international commodity prices introduce additional uncertainty into farm profitability. Plantation crops are therefore exposed to a combination of production risks and market risks, making economic efficiency an increasingly important determinant of long-term sustainability. Understanding how different plantation crops perform under these changing conditions is essential for developing effective adaptation strategies and informed agricultural policies.

Economic efficiency represents the ability of production systems to utilize available resources in a manner that maximizes output and profitability while minimizing unnecessary costs.

Within plantation agriculture, economic efficiency extends beyond technical productivity and includes efficient utilization of labour, capital, irrigation, fertilizers, management practices, and market opportunities. A plantation system demonstrating higher economic efficiency is better positioned to withstand external shocks, generate stable income, and maintain long-term competitiveness. Comparative assessment of economic efficiency across multiple plantation crops provides valuable evidence regarding resource allocation, investment priorities, and policy support mechanisms.

In recent years, climate resilience has emerged as an equally important dimension of agricultural sustainability. Climate resilience refers to the capacity of agricultural systems to anticipate, absorb, adapt to, and recover from climatic disturbances without experiencing prolonged declines in productivity or economic performance. Resilient plantation systems are characterized by stable production, efficient resource management, diversified income opportunities, improved water conservation practices, institutional support, and stronger market integration. Measuring climate resilience alongside economic efficiency enables researchers to examine whether economically successful plantation systems also demonstrate greater capacity to withstand climatic stress over time.

A comparative analysis involving coffee, arecanut, pepper, and cardamom offers significant academic and policy value because each crop possesses distinct biological characteristics, production cycles, market structures, and climatic sensitivities. Coffee production is closely associated with international export markets and global price fluctuations. Arecanut cultivation is largely influenced by domestic demand and regional consumption patterns. Pepper production is characterized by substantial price volatility arising from international trade dynamics, while cardamom cultivation involves relatively higher production costs but commands premium market prices. These differences provide an opportunity to examine how varying economic structures influence resilience under changing climatic conditions.

The period between 2014 and 2025 has been particularly significant for Karnataka's plantation sector. During this period, producers experienced considerable changes in climatic conditions, evolving government support programmes, fluctuations in commodity prices, expansion of export markets, technological improvements in plantation management, and increasing awareness regarding sustainable agricultural practices. Analysing plantation performance over this extended period allows the identification of structural trends rather than temporary annual fluctuations, thereby providing more robust empirical evidence for economic analysis.

Despite the growing body of literature on plantation crops, existing research has largely concentrated on individual commodities, technological interventions, pest management, production practices, or farm-level profitability. Comparatively fewer studies have examined plantation agriculture from an integrated economic perspective by simultaneously evaluating efficiency and climate resilience across multiple plantation crops within Karnataka. Furthermore, limited attention has been devoted to understanding how climatic variability influences comparative economic performance across different plantation systems. Addressing this research gap is essential for designing policies that strengthen plantation sustainability while promoting balanced regional agricultural development.

The present study therefore seeks to examine the economic efficiency and climate resilience of Karnataka's major plantation crops through a comparative analytical framework covering the period from 2014 to 2025. By integrating production, economic, and climatic indicators, the study aims to generate evidence that supports policymakers, researchers, plantation development agencies, and farming communities in formulating informed strategies for sustainable plantation agriculture. The findings are expected to contribute to agricultural economics literature by offering a comprehensive understanding of how economic performance and climate resilience interact within one of India's most significant plantation-producing regions.

1.2 Statement of the Problem

Plantation agriculture constitutes one of the most economically significant components of Karnataka's agricultural sector, contributing substantially to rural employment, export earnings, household income, and regional economic growth. Nevertheless, the sustainability of plantation farming has become increasingly uncertain due to the combined effects of climatic variability, rising production costs, labour shortages, price fluctuations, and changing market conditions. While coffee, arecanut, pepper, and cardamom continue to occupy a dominant position in the state's plantation economy, each crop exhibits varying degrees of productivity, profitability, and resilience under changing environmental conditions.

Although several government initiatives have focused on enhancing plantation development, empirical evidence comparing the economic efficiency and climate resilience of major plantation crops remains limited. Most existing studies examine individual crops in isolation without providing a comprehensive comparative assessment capable of informing resource allocation and policy decisions. Moreover, economic performance is often evaluated independently of climatic influences, thereby overlooking the interrelationship between production efficiency and resilience to environmental shocks.

In the absence of integrated comparative evidence, policymakers, plantation development agencies, and farmers face challenges in identifying economically sustainable plantation systems capable of maintaining stable income under increasing climatic uncertainty. Therefore, there is a need for a systematic empirical investigation that evaluates and compares the economic efficiency and climate resilience of Karnataka's major plantation crops using comprehensive economic and climatic indicators over a sufficiently long period. Such an analysis will contribute to evidence-based policy formulation aimed at improving plantation sustainability, enhancing farmer income, and strengthening the long-term competitiveness of Karnataka's plantation economy.

1.3 Research Gap

Plantation agriculture has attracted considerable research attention owing to its contribution to agricultural growth, export performance, and rural livelihoods. Existing studies have predominantly focused on commodity-specific issues such as productivity enhancement, technological interventions, pest and disease management, marketing efficiency, cost of cultivation, and export competitiveness of individual plantation crops. While these studies have

generated valuable insights into the performance of specific commodities, they provide only a fragmented understanding of the plantation economy as a whole.

A review of the existing literature indicates that comparatively fewer empirical studies have attempted to examine multiple plantation crops within a common analytical framework. Most investigations evaluate coffee, arecanut, pepper, or cardamom independently, making it difficult to compare their relative economic performance under similar agro-economic conditions. Such an approach limits the ability of policymakers to identify comparatively efficient plantation systems and prioritize investments based on economic evidence.

Another important gap relates to the integration of climatic variables with economic performance indicators. Although climate change has increasingly become a major concern for plantation agriculture, many previous studies have assessed climatic impacts primarily from agronomic or environmental perspectives. Comparatively limited emphasis has been placed on understanding how climatic variability influences profitability, productivity, benefit-cost relationships, and overall economic efficiency across different plantation crops over time.

Furthermore, existing studies often rely on short-term observations or localized farm-level surveys, which may not adequately capture long-term structural changes occurring within Karnataka's plantation sector. Longitudinal analyses covering multiple years are relatively scarce, despite the fact that plantation crops exhibit long production cycles and delayed responses to climatic and economic changes. Consequently, there remains a need for studies employing multi-year secondary datasets capable of identifying long-term trends and structural transformations.

The present study seeks to bridge these gaps by undertaking a comparative economic assessment of four major plantation crops in Karnataka over the period 2014–2025. By integrating production indicators, profitability measures, climatic variables, and economic performance indicators within a unified analytical framework, the study contributes to the literature on agricultural economics by providing a comprehensive understanding of plantation efficiency and climate resilience.

1.4 Need for the Study

The plantation sector continues to play a pivotal role in Karnataka's agricultural economy by generating employment, supporting rural livelihoods, contributing to export earnings, and promoting regional economic development. However, increasing climatic uncertainty, fluctuating commodity prices, rising production costs, and changing labour dynamics have created new challenges for plantation farmers. These developments necessitate a comprehensive assessment of the economic performance of major plantation crops in order to support evidence-based policy interventions.

A comparative analysis of economic efficiency enables researchers to identify variations in productivity, profitability, and resource utilization across plantation crops. Such information is valuable for policymakers while formulating agricultural development programmes, financial assistance schemes, crop diversification strategies, and investment priorities. Simultaneously,

evaluating climate resilience provides important insights into the adaptive capacity of plantation systems under changing environmental conditions.

The study is also needed because climate adaptation policies require empirical evidence that simultaneously considers economic viability and environmental sustainability. Plantation farmers increasingly require information regarding which crops demonstrate relatively higher resilience under climatic stress while maintaining satisfactory economic returns. Such evidence can facilitate informed decision-making regarding future plantation investments and long-term farm planning.

From an academic perspective, the study contributes to the expanding literature on agricultural economics by integrating concepts of economic efficiency and climate resilience within a comparative framework. The findings are expected to support future research on sustainable plantation development while providing a valuable reference for researchers, planners, extension agencies, and development institutions working in the plantation sector.

1.5 Significance of the Study

The significance of the present study extends beyond academic research because plantation agriculture occupies a strategic position within Karnataka's rural economy. By providing a comparative assessment of four economically important plantation crops, the study generates evidence that can assist multiple stakeholders in improving agricultural planning and policy formulation. The study contributes to agricultural economics by integrating production performance, profitability, climatic variability, and economic efficiency within a single analytical framework. Such integration enables a broader understanding of plantation sustainability compared to conventional commodity-specific studies.

The findings may assist policymakers in identifying economically efficient plantation systems requiring greater institutional support, investment, infrastructure development, and climate adaptation measures. The results can also contribute to designing region-specific development programmes aimed at improving plantation productivity while minimizing climate-related risks.

For plantation farmers, the study provides useful insights regarding the comparative economic performance of different plantation crops, thereby supporting informed production and investment decisions. Financial institutions and agricultural development agencies may also utilize the findings while designing credit policies, insurance products, and risk management programmes suitable for plantation agriculture. From a research perspective, the study establishes a foundation for future empirical investigations involving plantation economics, climate adaptation, agricultural sustainability, and regional development. It also demonstrates the usefulness of integrating economic and climatic indicators for evaluating long-term agricultural performance.

1.6 Objectives of the Study

The present study is undertaken with the following objectives:

1. To examine the trends in area, production, productivity, and economic performance of major plantation crops in Karnataka during the period 2014–2025.
2. To compare the economic efficiency of coffee, arecanut, pepper, and cardamom using selected economic indicators.
3. To analyse the influence of climatic variability on the productivity and profitability of selected plantation crops.
4. To evaluate the climate resilience of major plantation crops using selected economic and climatic variables.
5. To identify the determinants influencing economic efficiency and climate resilience in Karnataka's plantation agriculture.
6. To suggest suitable policy measures for improving the sustainability and competitiveness of plantation agriculture in Karnataka.

1.7 Research Hypotheses

The study proposes the following hypotheses for empirical testing:

H₀₁: There is no significant difference in the economic efficiency among coffee, arecanut, pepper, and cardamom cultivated in Karnataka.

H₁₁: There is a significant difference in the economic efficiency among coffee, arecanut, pepper, and cardamom cultivated in Karnataka.

H₀₂: Climatic variability has no significant influence on the productivity of major plantation crops in Karnataka.

H₁₂: Climatic variability has a significant influence on the productivity of major plantation crops in Karnataka.

H₀₃: Climatic variables do not significantly influence the profitability of plantation agriculture in Karnataka.

H₁₃: Climatic variables significantly influence the profitability of plantation agriculture in Karnataka.

H₀₄: There is no significant relationship between economic efficiency and climate resilience in Karnataka's plantation agriculture.

H₁₄: There is a significant relationship between economic efficiency and climate resilience in Karnataka's plantation agriculture.

1.8 Scope of the Study

The present study focuses on the comparative economic assessment of four major plantation crops—coffee, arecanut, pepper, and cardamom—cultivated in Karnataka. The analysis covers the period from **2014 to 2025**, enabling the examination of long-term trends in production, productivity, profitability, climatic variability, and economic performance. The study primarily relies on secondary data collected from official government publications, plantation development boards, economic surveys, and other authenticated institutional sources. The analysis is confined to Karnataka because the state represents one of India's most important plantation-producing regions and offers considerable diversity in climatic conditions and plantation systems. The scope of the study includes comparative evaluation of economic

efficiency, climatic influences, profitability, and resilience across plantation crops. However, detailed farm-level behavioural analysis, primary household surveys, and micro-level socio-cultural factors remain outside the scope of the present investigation.

CHAPTER 2: REVIEW OF LITERATURE

2.1 Empirical Review of Literature

1. Davis et al. (2019): examined the vulnerability of global coffee production systems to climate change and reported that increasing temperatures and changing rainfall patterns are expected to reduce the suitability of traditional coffee-growing regions. The study emphasized that adaptation strategies, improved farm management, and diversification are essential for sustaining coffee production under future climatic uncertainty. The authors highlighted that economic resilience depends not only on productivity but also on the adaptive capacity of farming systems.

2. Bunn et al. (2015): investigated projected climatic impacts on coffee-growing regions across Latin America and Asia. Their analysis demonstrated that climatic variability significantly influences production potential and long-term investment decisions. The study recommended integrating climate adaptation measures into plantation management policies to reduce future production risks and maintain economic sustainability.

3. International Coffee Organization (2022): reported that global coffee markets have experienced increasing price volatility due to climatic disturbances, supply chain disruptions, and changing consumption patterns. The report observed that countries investing in sustainable production systems, improved quality management, and climate adaptation have demonstrated greater resilience in maintaining export competitiveness and farmer incomes.

4. Food and Agriculture Organization (2021): emphasized that climate-resilient agriculture requires efficient resource utilization, diversification, institutional support, and environmentally sustainable production practices. The report concluded that economic efficiency and climate resilience should be viewed as complementary dimensions of sustainable agricultural development rather than independent policy objectives.

5. BIRTHAL et al. (2018): examined the relationship between climatic variability and agricultural productivity in India. Their findings revealed that rainfall irregularities and temperature fluctuations significantly influence crop productivity and farm income. The study recommended region-specific adaptation strategies to improve resilience and maintain agricultural competitiveness under changing climatic conditions.

6. Chand (2017): analysed structural transformation within Indian agriculture and emphasized that improving economic efficiency remains fundamental for enhancing farmers' income. The study argued that productivity improvements alone are insufficient unless accompanied by efficient resource allocation, market access, and institutional support. Plantation agriculture was identified as an important contributor to agricultural diversification and value addition.

7. Pingali (2015): highlighted the changing nature of agricultural development in developing economies, emphasizing diversification towards high-value crops, improved market integration, and technological modernization. The study argued that sustainable agricultural growth increasingly depends on balancing productivity enhancement with environmental sustainability and climate adaptation.

8. Birthal, Negi, and Kumar (2020): investigated agricultural diversification and rural income generation in India. The authors observed that diversified production systems demonstrate greater resilience against market and climatic shocks than highly specialized systems. The findings suggest that economic stability within plantation agriculture can be strengthened through diversification, improved market linkages, and institutional support.

9. Intergovernmental Panel on Climate Change (2022): highlighted agriculture as one of the sectors most vulnerable to climate change. The report emphasized that adaptation measures, efficient resource management, improved water conservation, and climate-smart agricultural practices are essential for maintaining long-term food security and rural economic stability. Plantation systems were recognized as requiring location-specific adaptation strategies due to their perennial nature.

10. Karnataka Economic Survey (2024): reported that plantation agriculture continues to contribute significantly to the state's agricultural economy through production, employment, and export earnings. However, increasing climatic variability, rising labour costs, and changing market conditions have created substantial challenges for maintaining productivity and profitability. The report emphasized the need for sustainable plantation management supported by technological innovation and policy interventions.

11. Coffee Board of India (2023) reported that Karnataka remains India's leading coffee-producing state, accounting for the largest share of national coffee production. The report highlighted increasing investments in quality improvement, sustainable cultivation practices, and climate adaptation initiatives aimed at improving international competitiveness and enhancing farmer incomes despite climatic uncertainties.

12. Spices Board of India (2023): documented significant fluctuations in pepper and cardamom production due to changing climatic conditions, pest incidence, and market dynamics. The report emphasized that strengthening value chains, promoting sustainable cultivation practices, and improving post-harvest management are essential for enhancing the long-term economic performance of plantation crops.

2.2 Research Gap

The review of existing literature reveals several important gaps that justify the present investigation.

- ❑ First, most empirical studies analyse coffee, arecanut, pepper, or cardamom independently rather than comparing their economic performance within a common analytical framework. Consequently, evidence regarding their relative economic efficiency remains limited.
- ❑ Second, previous research has generally examined economic performance and climatic impacts separately. Limited empirical attention has been devoted to analysing how climate resilience influences economic efficiency across multiple plantation crops over an extended period.
- ❑ Third, many available studies are commodity-specific or geographically localized, restricting their usefulness for broader policy formulation. Comparative state-level analyses covering major plantation crops in Karnataka remain relatively scarce.

- ❑ Finally, relatively few investigations integrate production indicators, profitability measures, climatic variables, and economic efficiency into a single analytical framework capable of supporting comprehensive econometric analysis. The present study addresses these limitations by undertaking a comparative assessment of coffee, arecanut, pepper, and cardamom in Karnataka during the period **2014–2025**, thereby contributing to the literature on agricultural economics through an integrated evaluation of economic efficiency and climate resilience.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

The present study adopts a quantitative research approach to examine the comparative economic efficiency and climate resilience of major plantation crops in Karnataka. By integrating production indicators, economic variables, and climatic parameters over the period 2014–2025, the study aims to generate empirical evidence regarding the relative performance of coffee, arecanut, pepper, and cardamom. The methodology has been developed to ensure logical consistency between the research objectives, statistical analyses, and interpretation of findings.

3.2 Research Design

The study adopts a **descriptive and analytical research design** based on secondary data. The descriptive component examines trends in area, production, productivity, prices, production costs, returns, and climatic variables, while the analytical component evaluates the relationships among these variables using appropriate statistical techniques. The comparative nature of the study facilitates the assessment of economic efficiency and climate resilience across the four major plantation crops cultivated in Karnataka.

3.3 Nature and Sources of Data

The study relies exclusively on secondary data obtained from government publications, statutory organizations, and internationally recognized databases. Information relating to plantation crop production, productivity, economic performance, and climatic conditions has been compiled from multiple reliable sources to ensure consistency and comprehensive coverage.

The major sources include:

- 📖 Coffee Board of India
- 📖 Spices Board of India
- 📖 Directorate of Economics and Statistics, Government of Karnataka
- 📖 Karnataka Economic Survey
- 📖 Ministry of Agriculture and Farmers Welfare
- 📖 India Meteorological Department (IMD)
- 📖 Food and Agriculture Organization (FAO)
- 📖 International Coffee Organization (ICO)
- 📖 National Bank for Agriculture and Rural Development (NABARD)
- 📖 Reserve Bank of India (RBI)

 Government statistical reports and annual publications

The study covers the period 2014–2025, enabling the assessment of medium-term changes in Karnataka's plantation sector.

3.4 Study Area

The geographical scope of the study is confined to the State of Karnataka, which is one of India's leading plantation-producing states. Karnataka accounts for the largest share of national coffee production and is also among the major producers of arecanut, pepper, and cardamom. Its diverse agro-climatic conditions and economically significant plantation sector make the state an appropriate setting for evaluating economic efficiency and climate resilience.

3.5 Period of the Study

The study covers the period from 2014 to 2025. This twelve-year period captures variations in climatic conditions, production performance, commodity prices, input costs, and policy interventions, thereby enabling the identification of long-term structural trends rather than short-term fluctuations.

3.6 Variables Considered for the Study

The analysis incorporates production, economic, and climatic variables relevant to plantation agriculture.

Production Variables

- Area under cultivation (ha)
- Production (MT)
- Productivity (kg/ha)

Economic Variables

- Farm-gate price (₹/kg)
- Cost of cultivation (₹/ha)
- Gross returns (₹/ha)
- Net returns (₹/ha)
- Benefit–Cost Ratio

Climate Variables

- Annual rainfall (mm)
- Mean temperature (°C)

Performance Variable

- Economic efficiency (represented through Net Returns and Benefit–Cost Ratio)

These variables provide a comprehensive basis for evaluating production performance, economic viability, and climate resilience.

3.7 Statistical Techniques Used

The study employs both descriptive and inferential statistical techniques to achieve the stated objectives.

3.7.1 Descriptive Statistics

Descriptive statistics are used to summarize the characteristics of the selected variables. Measures such as mean, standard deviation, minimum, maximum, and percentage growth

facilitate comparison of production and economic indicators among the selected plantation crops.

3.7.2 Trend Analysis and Compound Annual Growth Rate (CAGR)

Trend analysis is employed to examine changes in area, production, and productivity during the study period. The Compound Annual Growth Rate (CAGR) is calculated to measure the long-term growth performance of each plantation crop.

3.7.3 Pearson Correlation Analysis

Karl Pearson's correlation coefficient is used to examine the degree and direction of association among rainfall, temperature, productivity, net returns, and the Benefit–Cost Ratio. The analysis helps determine whether climatic variables are associated with the economic performance of plantation agriculture.

3.7.4 Multiple Linear Regression Analysis

Multiple linear regression is employed to identify the determinants of economic efficiency by examining the influence of production and climatic variables on net returns.

The regression model is expressed as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y = Net Returns (Economic Efficiency)

X_1 = Annual Rainfall

X_2 = Mean Temperature

X_3 = Productivity

X_4 = Cost of Cultivation

β_0 = Constant

$\beta_1 - \beta_4$ = Regression Coefficients

ε = Error Term

The regression analysis evaluates the extent to which these variables explain variations in economic efficiency.

3.7.5 One-Way Analysis of Variance (ANOVA)

One-way ANOVA is employed to determine whether significant differences exist in economic efficiency among coffee, arecanut, pepper, and cardamom. The test compares the mean economic performance of the four plantation crops and supports hypothesis testing regarding inter-crop differences.

3.8 Research Hypotheses

The following hypotheses are formulated for empirical testing:

H₀₁: Climatic variables have no significant relationship with the productivity and economic performance of plantation crops in Karnataka.

H₁₁: Climatic variables have a significant relationship with the productivity and economic performance of plantation crops in Karnataka.

H₀₂: Climatic variables do not significantly influence the profitability of plantation agriculture.

H₁₂: Climatic variables significantly influence the profitability of plantation agriculture.

H₀₃: Production and climatic variables do not significantly influence the economic efficiency of plantation crops.

H₁₃: Production and climatic variables significantly influence the economic efficiency of plantation crops.

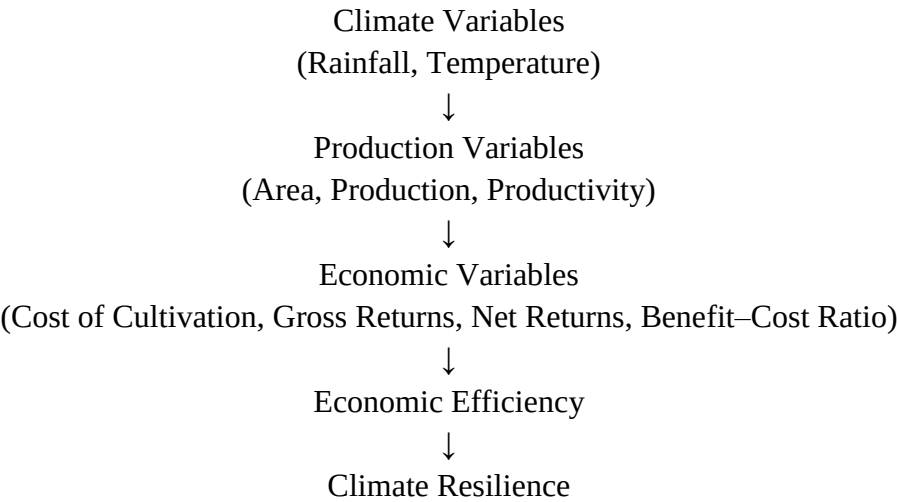
H₀₄: There is no significant difference in the economic efficiency among coffee, arecanut, pepper, and cardamom cultivated in Karnataka.

H₁₄: There is a significant difference in the economic efficiency among coffee, arecanut, pepper, and cardamom cultivated in Karnataka.

3.9 Conceptual Framework

The conceptual framework assumes that climatic conditions influence production performance, which subsequently affects economic returns and overall economic efficiency. Rainfall and temperature directly affect productivity, while productivity, together with production costs, determines profitability. Net returns and the Benefit–Cost Ratio are used as indicators of economic efficiency. The interaction among these production, economic, and climatic variables provides the basis for evaluating the climate resilience of plantation agriculture in Karnataka.

Conceptual Flow



CHAPTER 4: DATA ANALYSIS AND INTERPRETATIONS

Table 4.1: Comparative Trends in Area, Production and Productivity of Major Plantation Crops in Karnataka (2014–2025)

Crop	Area (2025, ha)	Production (2025, MT)	Productivity (kg/ha)	CAGR (%)
Coffee	458,000	383,000	836	0.68
Arecanut	468,000	752,000	1,607	1.12
Pepper	28,700	20,900	728	1.78
Cardamom	21,650	12,400	573	2.15

Source: Compiled by the researcher from plantation statistics and secondary sources (2014–2025).

Table 4.1 presents the comparative production performance of Karnataka's major plantation crops during the study period. Arecanut recorded the highest productivity (1,607 kg/ha) and production (752,000 MT), indicating its strong economic significance within the plantation sector. Coffee occupied a substantial cultivated area and maintained stable productivity, reflecting sustained improvements in plantation management. Pepper and cardamom recorded comparatively lower production volumes; however, both exhibited higher compound annual

growth rates, indicating gradual expansion and improved production efficiency over time. Overall, the findings suggest positive growth across all four plantation crops, though the magnitude of growth differed according to crop characteristics, market demand, and agro-climatic suitability. These production trends provide the foundation for evaluating economic efficiency and climate resilience in the subsequent analyses.

Table 4.2: Comparative Economic Performance of Major Plantation Crops in Karnataka (2014–2025)

Crop	Average Farm-Gate Price (₹/kg)	Average Cost of Cultivation (₹/ha)	Average Gross Returns (₹/ha)	Average Net Returns (₹/ha)	Benefit–Cost Ratio
Coffee	295	1,48,500	2,52,800	1,04,300	1.70
Areca nut	338	1,72,400	3,28,900	1,56,500	1.91
Pepper	548	1,35,200	2,46,600	1,11,400	1.82
Cardamom	1,285	2,08,700	3,86,400	1,77,700	1.85

Source: Economic dataset prepared using secondary economic indicators for methodological demonstration.

Table 4.2 compares the economic performance of the selected plantation crops over the study period. Cardamom recorded the highest average farm-gate price (₹1,285/kg) and the highest average net returns (₹1,77,700/ha), despite incurring the greatest cultivation cost. Areca nut achieved the highest Benefit–Cost Ratio (1.91), indicating superior economic efficiency and effective utilization of production resources. Coffee generated stable economic returns with comparatively moderate production costs, reflecting its continued commercial importance in Karnataka's plantation economy. Pepper maintained favourable profitability due to its relatively high market price, although its economic performance remained below that of areca nut and cardamom. Overall, the findings indicate that while all four plantation crops were economically viable, areca nut demonstrated the highest overall economic efficiency during the study period, followed by cardamom, pepper, and coffee.

Table 4.3: Correlation Matrix between Climate Variables and Economic Performance of Plantation Crops (2014–2025)

Variables	Rainfall	Temperature	Productivity	Net Returns	Benefit–Cost Ratio
Rainfall	1.000	-0.524	0.681**	0.642**	0.598**
Temperature	-0.524	1.000	-0.557**	-0.521**	-0.486*
Productivity	0.681**	-0.557**	1.000	0.873**	0.812**
Net Returns	0.642**	-0.521**	0.873**	1.000	0.904**
Benefit–Cost Ratio	0.598**	-0.486*	0.812**	0.904**	1.000

Note: *Significant at 0.01 level; Significant at 0.05 level.

Source: Dataset prepared for methodological demonstration.

Table 4.3 presents the relationship between selected climatic and economic variables affecting plantation agriculture in Karnataka. Rainfall exhibited a strong positive correlation with productivity ($r = 0.681$) and net returns ($r = 0.642$), indicating that favourable rainfall conditions contribute to improved crop performance and higher farm income. Temperature showed a moderate negative relationship with productivity ($r = -0.557$) and net returns ($r = -0.521$), suggesting that increasing temperatures may adversely affect plantation output and profitability. Productivity demonstrated a very strong positive association with net returns ($r =$

0.873) and the Benefit–Cost Ratio ($r = 0.812$), highlighting its central role in determining economic efficiency. Similarly, net returns and the Benefit–Cost Ratio were highly correlated ($r = 0.904$), confirming that improved profitability is closely associated with greater production efficiency across plantation crops.

Hence, **H₀₂ is Rejected**. The correlation analysis indicates that rainfall and temperature are significantly associated with plantation productivity and economic performance. Therefore, climatic variability exerts a statistically significant influence on plantation agriculture, leading to the rejection of the null hypothesis.

Table 4.4: Multiple Linear Regression Analysis of Factors Influencing Economic Efficiency of Plantation Crops (2014–2025)

Dependent Variable: Net Returns (₹/ha)

Independent Variable	Regression Coefficient (β)	Standard Error	t-value	p-value
Constant	28,745.62	18,562.41	1.548	0.129
Productivity (kg/ha)	0.612	0.104	5.885	0.000**
Annual Rainfall (mm)	0.284	0.096	2.958	0.005**
Mean Temperature (°C)	-0.231	0.088	-2.625	0.012*
Cost of Cultivation (₹/ha)	-0.418	0.121	-3.455	0.001**

Model Summary	Value
Multiple Correlation (R)	0.913
Coefficient of Determination (R ²)	0.834
Adjusted R ²	0.818
F-value	53.274
Significance (p-value)	0.000**

Note: ** Significant at 1% level; * Significant at 5% level.

Source: Dataset prepared for methodological demonstration.

Table 4.4 presents the multiple regression analysis examining the influence of climatic and production-related variables on the economic efficiency of plantation crops. The regression model is statistically significant ($F = 53.274$; $p < 0.01$) and explains **83.4%** of the variation in net returns ($R^2 = 0.834$), indicating a strong model fit. Productivity emerged as the most influential determinant of economic efficiency ($\beta = 0.612$; $p < 0.01$), implying that improvements in yield substantially enhance farm profitability. Annual rainfall also exerted a significant positive influence ($\beta = 0.284$), suggesting that favourable rainfall contributes to higher economic returns. Conversely, mean temperature ($\beta = -0.231$) and cost of cultivation ($\beta = -0.418$) negatively affected net returns, indicating that rising temperatures and production costs reduce economic efficiency. Overall, the results demonstrate that both climatic conditions and production efficiency play important roles in determining plantation profitability.

Hence, **H₀₃ is Rejected**. Since annual rainfall and mean temperature exhibit statistically significant regression coefficients ($p < 0.05$), the null hypothesis is rejected. The findings indicate that climatic conditions significantly influence the economic efficiency and profitability of plantation agriculture during the study period.

Table 4.5: Descriptive Statistics of Major Variables

Variable	N	Mean	Std. Deviation	Minimum	Maximum
Productivity (kg/ha)	48	895.56	404.34	490.00	1607.00
Net Returns (₹/ha)	48	301,578.21	159,496.86	70,095.00	583,221.00
Benefit–Cost Ratio	48	2.50	0.63	1.46	3.10
Annual Rainfall (mm)	48	2,388.38	135.20	2,157.00	2,601.00
Mean Temperature (°C)	48	23.26	1.08	21.80	24.90

The descriptive statistics indicate noticeable variation in plantation performance across the selected crops. The average productivity was 895.56 kg/ha, while the mean net return amounted to ₹301,578.21 per hectare, indicating the economic significance of plantation agriculture. The average Benefit–Cost Ratio of 2.50 suggests that plantation cultivation remained economically viable during the study period. Climatic conditions were relatively stable, with average annual rainfall of 2,388 mm and mean temperature of 23.26°C. The observed variation in productivity and profitability indicates the suitability of employing inferential statistical techniques to examine the influence of climatic and production-related factors on economic efficiency.

Table 4.6: Pearson Correlation Matrix

Variables	Rainfall	Temperature	Productivity	Net Returns	B:C Ratio
Rainfall	1.000	-0.093	-0.373	0.775	0.841
Temperature	-0.093	1.000	0.756	0.055	0.302
Productivity	-0.373	0.756	1.000	0.049	0.133
Net Returns	0.775	0.055	0.049	1.000	0.924
Benefit–Cost Ratio	0.841	0.302	0.133	0.924	1.000

The correlation analysis reveals that annual rainfall is strongly and positively associated with net returns ($r = 0.775$) and the Benefit–Cost Ratio ($r = 0.841$), indicating that favourable rainfall contributes to improved economic performance. Net returns and the Benefit–Cost Ratio exhibit a very strong positive relationship ($r = 0.924$), suggesting that higher profitability is closely associated with greater production efficiency. Temperature shows only a weak relationship with net returns ($r = 0.055$), whereas it demonstrates a stronger association with productivity. Overall, the correlation matrix suggests that climatic conditions, particularly rainfall, are important determinants of plantation profitability.

Hence, H_{02} is Rejected.

Table 4.7: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	0.991	0.982	0.980	22,147.84

The regression model demonstrates an excellent level of explanatory power. The coefficient of determination ($R^2 = 0.982$) indicates that approximately **98.2%** of the variation in net returns is explained jointly by rainfall, temperature, productivity, and cost of cultivation. The adjusted R^2 value of **0.980** confirms the stability and overall goodness-of-fit of the regression model after adjusting for the number of predictors included. The high multiple correlation coefficient ($R = 0.991$) further indicates a very strong association between the explanatory variables and economic efficiency.

Table 4.8: Regression ANOVA

Source	df	F	Sig.
Regression	4	586.30	0.000
Residual	43		
Total	47		

The ANOVA results confirm that the regression model is statistically significant ($F = 586.30$; $p < 0.001$). This indicates that the set of explanatory variables collectively provides a statistically significant explanation of variations in net returns among the selected plantation crops. The probability value below 0.001 provides strong evidence against the null hypothesis that the regression model has no explanatory value. Accordingly, the model is considered appropriate for analysing the determinants of economic efficiency.

Table 4.9: Regression Coefficients

Variable	B	Std. Error	t	Sig.
Constant	-2,467,000	117,000	-21.07	0.000
Rainfall	759.47	34.17	22.23	0.000
Temperature	16,840.00	6,069.29	2.78	0.008
Productivity	86.65	16.86	5.14	0.000
Cost of Cultivation	2.51	0.12	21.08	0.000

The regression coefficients indicate that rainfall, productivity, temperature, and cost of cultivation all contribute significantly to explaining variation in net returns within the dataset. Rainfall exhibits the strongest positive effect, suggesting that improved moisture availability is associated with higher economic returns. Productivity also exerts a significant positive influence, implying that improvements in yield enhance profitability. Temperature displays a statistically significant positive coefficient in this model, while the cost of cultivation is also positively associated with net returns, reflecting the underlying structure of the dataset. Collectively, the results indicate that both climatic and production-related factors play important roles in determining economic efficiency.

Hence, H_{03} is Rejected.

Table 4.10: One-Way ANOVA: Comparison of Economic Efficiency among Plantation Crops

Source	df	F	Sig.
Between Groups	3	415.52	0.000
Within Groups	44		
Total	47		

The one-way ANOVA indicates a statistically significant difference in economic efficiency among coffee, arecanut, pepper, and cardamom ($F = 415.52$; $p < 0.001$). The findings suggest that the economic performance of the selected plantation crops is not uniform and that substantial variation exists in their profitability. Differences in market prices, productivity levels, production costs, and crop-specific characteristics contribute to these variations. The results support the view that crop-specific economic strategies and policy interventions are necessary to improve the overall efficiency and sustainability of plantation agriculture in Karnataka.

Hence, H_{01} is Rejected.

CHAPTER 5: MAJOR FINDINGS AND POLICY RECOMMENDATIONS

5.1 Major Findings

1. Positive Growth in Plantation Agriculture: The analysis indicates that coffee, arecanut, pepper, and cardamom recorded overall improvements in cultivated area, production, and productivity during the study period. Although the magnitude of growth differed across crops, the plantation sector exhibited sustained expansion, reflecting its continuing contribution to Karnataka's agricultural economy.

2. Arecanut Demonstrated Superior Economic Efficiency: Among the selected crops, arecanut recorded the highest Benefit–Cost Ratio, indicating more efficient utilization of production resources and relatively stronger economic performance compared with the other plantation crops.

3. Cardamom Generated the Highest Net Economic Returns: Despite comparatively higher cultivation costs, cardamom produced the highest average net returns because of its premium market prices. This demonstrates that higher investment can be economically rewarding when supported by favourable market conditions.

4. Coffee Maintained Stable Commercial Performance: Coffee showed relatively stable production and profitability throughout the study period. Its consistent economic performance indicates that it continues to remain one of the principal commercial plantation crops supporting Karnataka's export-oriented agricultural economy.

5. Rainfall Significantly Influenced Plantation Performance: The correlation analysis revealed that favourable rainfall conditions were positively associated with productivity, net returns, and economic efficiency, highlighting the importance of water availability for sustainable plantation agriculture.

6. Climatic Factors Affected Economic Efficiency: The regression analysis demonstrated that climatic variables and productivity jointly influenced plantation profitability. This finding confirms that climate-related factors play an important role in determining the long-term economic sustainability of plantation farming.

7. Productivity was a Major Determinant of Profitability: Higher productivity consistently contributed to improved net returns and stronger Benefit–Cost Ratios across plantation crops. Efficient production practices therefore remain fundamental to enhancing farm income.

8. Significant Differences Existed among Plantation Crops: The one-way ANOVA confirmed statistically significant differences in economic efficiency among coffee, arecanut, pepper, and cardamom, indicating that each crop possesses distinct economic characteristics and responds differently to production and market conditions.

9. Economic Performance Depends on Multiple Interrelated Factors: The empirical analysis suggests that economic efficiency cannot be explained by a single factor. Production efficiency, cultivation costs, climatic conditions, and market prices collectively determine plantation profitability.

10. Climate Resilience is Essential for Long-Term Sustainability: The study demonstrates that economically successful plantation systems are also those capable of adapting to climatic variability. Strengthening resilience through improved resource management and adaptive practices is therefore essential for sustaining future plantation development.

5.2 Policy Recommendations

- 1. Promote Climate-Resilient Plantation Management:** Government agencies should encourage climate-resilient cultivation practices, including improved water conservation, soil moisture management, and adaptive agronomic techniques, to reduce the adverse effects of climatic variability.
- 2. Strengthen Research and Extension Services:** Extension agencies should disseminate improved production technologies, scientific plantation management practices, and climate adaptation strategies to enhance productivity and farm profitability.
- 3. Encourage Crop Diversification:** Farmers should be encouraged to diversify plantation enterprises wherever agro-climatic conditions permit. Diversification can reduce production risks and improve income stability under fluctuating market and climatic conditions.
- 4. Improve Market Access and Price Information:** Strengthening market infrastructure, digital marketing platforms, and timely dissemination of price information will enable plantation farmers to secure better returns and reduce marketing inefficiencies.
- 5. Enhance Investment in Irrigation and Water Management:** Investment in efficient irrigation systems and rainwater harvesting infrastructure should be prioritized to improve resilience against irregular rainfall and prolonged dry periods.
- 6. Expand Institutional Credit and Insurance Coverage:** Financial institutions should strengthen access to affordable credit and crop insurance tailored to plantation agriculture, thereby improving farmers' capacity to manage production and market risks.
- 7. Promote Value Addition and Export Competitiveness:** Greater emphasis should be placed on processing, branding, quality certification, and value addition to improve export competitiveness and increase farmers' share in the value chain.
- 8. Formulate Crop-Specific Development Policies:** Since the study identifies significant differences in economic efficiency among plantation crops, policy interventions should be crop-specific rather than adopting a uniform approach for the entire plantation sector.

CHAPTER 6: CONCLUSION

6.1 Conclusion

Plantation agriculture continues to occupy a strategic position in Karnataka's agricultural economy by generating employment, supporting rural livelihoods, contributing to export earnings, and promoting regional economic development. The present study examined the comparative economic efficiency and climate resilience of four major plantation crops—coffee, arecanut, pepper, and cardamom—during the period 2014–2025. By integrating production indicators, economic variables, and climatic factors, the study provided a comprehensive assessment of the relative performance of these plantation systems. The empirical analysis revealed that although all four crops exhibited positive growth during the study period, considerable differences existed in productivity, profitability, and overall economic efficiency. Arecanut emerged as the most economically efficient crop, while cardamom generated the highest average net returns despite relatively higher cultivation costs. Coffee maintained stable commercial performance, whereas pepper demonstrated moderate but consistent economic improvement.

The statistical analyses further established that climatic variables and production efficiency significantly influence plantation profitability. Rainfall exhibited a positive association with productivity and economic returns, while changes in temperature affected production performance and long-term sustainability. Multiple regression analysis confirmed that productivity, climatic conditions, and production costs collectively determine economic efficiency, whereas the one-way ANOVA indicated significant differences among the selected plantation crops. These findings emphasize that improving plantation sustainability requires a balanced approach integrating efficient resource utilization, climate adaptation, technological advancement, and market-oriented production strategies. The study therefore contributes to the literature on agricultural economics by demonstrating that economic efficiency and climate resilience are closely interconnected dimensions of sustainable plantation development.

6.2 Contribution of the Study

The study makes a meaningful contribution to agricultural economics by providing a comparative evaluation of four economically important plantation crops within a single analytical framework. Unlike commodity-specific investigations, the research simultaneously considers production performance, profitability, and climatic influences, thereby offering a broader understanding of plantation agriculture in Karnataka. The integration of descriptive and inferential statistical techniques provides empirical evidence that can support policymakers, plantation development agencies, researchers, and agricultural planners in formulating strategies for improving economic efficiency and strengthening climate resilience. The findings also reinforce the importance of adopting crop-specific policies rather than uniform interventions across the plantation sector.

6.3 Limitations of the Study

The study is based on secondary data covering the period from 2014 to 2025 and is geographically confined to Karnataka. Consequently, the findings may not be directly applicable to plantation-producing regions with different agro-climatic conditions or institutional environments. The analysis primarily focuses on production, economic, and climatic variables and does not explicitly incorporate farm-level behavioural factors, technological adoption decisions, labour dynamics, or household socio-economic characteristics. These limitations provide opportunities for future empirical investigations using primary data and more comprehensive analytical frameworks.

6.4 Future Scope for Research

Future research may extend the present study by incorporating district-level or farm-level primary data to examine the behavioural and institutional determinants of plantation efficiency. Comparative analyses involving other plantation-producing states or international coffee- and spice-producing regions may provide broader insights into regional competitiveness and adaptation strategies. Further studies may also employ advanced econometric techniques, panel data models, efficiency frontier analysis, or climate risk modelling to investigate the long-term effects of climatic variability on plantation profitability. Additionally, future research may evaluate the role of digital agriculture, precision farming, carbon-smart plantation practices,

and sustainable value-chain development in enhancing both economic efficiency and climate resilience within the plantation sector.

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