

Centre plans interest-free loans for Andhra's cyclone-hit tobacco farmers

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India is the world's second-largest tobacco producer after China, accounting for 9% of total global production.. REUTERS/Rajendra Jadhav (INDIA)

NEW DELHI : The Centre is considering a proposal to provide interest-free loans to 15,000 tobacco farmers in Andhra Pradesh, impacted by cyclone Michaung, two officials aware of the matter said.

The tenure of interest-free loans, varying between ₹10,000 and ₹20,000, will be six months and will support replanting of tobacco, the officials said. The commerce ministry is considering the proposal forwarded by the Tobacco Board and it is expected to be finalized soon, they added.

Michaung, which hit Andhra Pradesh on 5 December, caused huge losses to farmers in the state that accounts for a fifth of India's tobacco production. India is the world's second-largest tobacco producer after China, accounting for 9% of total global production.

"Due to the cyclone, tobacco cultivation was impacted in Andhra Pradesh. We received representations from farmers and members of Parliament to provide interim relief to poor and marginalized farmers of the state," the first official said.

India produces around 800 million kg of tobacco annually, with Gujarat being the highest contributor with 45% of total production, followed by Andhra Pradesh and Uttar Pradesh.

The planting season starts at around November-end and continues till mid-January. The harvesting of crops starts in March-end and continues till June, the second official said.

“Overall export of tobacco is doing well. There are corrections in international prices as well that play a key role in driving the prices of agricultural products. Price realization in auction is 10% higher than last year, which is a good sign,” the official said.

India exported tobacco worth of \$981.05 million in the first eight months (April-November 2023) of the current fiscal. The major exporting destinations are Belgium, the UAE, Indonesia, Russia, Korea, the US, Yemen, Egypt, Singapore, Netherlands, Philippines, Turkey and Nepal.

Queries sent to ministries of commerce and agriculture, secretaries of commerce and agriculture, and Tobacco Board executive director remained unanswered till press time.

The tobacco industry employs about 36 million people, including six million farmers and 20 million farm labour. Besides, 10 million people are engaged in processing, manufacturing, and exports, as per a report by India Brand Equity Foundation (IBEF), a body under the commerce ministry.

The agriculture ministry also promotes crop diversification programme (CDP) under Rashtriya Krishi Vikas Yojana -Remunerative Approaches for Agriculture and Allied Sectors Rejuvenation, encouraging tobacco farmers in various states, including Andhra Pradesh, to transition to alternative crops.

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