

'Only a disciplined approach can help tobacco growers in the long run'

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Vijayawada: Yaswanth Kumar Chidipothu, who took over as the chairman of Tobacco Board of India about 18 months ago, is happy to see tobacco farmers getting good price for their produce for the second consecutive year. Yaswanth, however, feels only a disciplined approach can help the growers in the long run, particularly in the wake of increase in tobacco production in major nations. He spoke to Samdani MN on various issues, including the challenges being faced by tobacco growers in the state. Excerpts...

Could you provide an overview of the current initiatives of Tobacco Board in AP and Karnataka?

Several strategic activities have been initiated to ensure the sustainability and growth of tobacco industry, including crop planning and regulation of production to meet both domestic and export demands. The Centre waived off the cess (penalty) on additional crop last season due to our initiation. About 38,751 registered growers benefited from the penalty waiver from the sale of 76.84 million kg of excess tobacco, resulting in savings of Rs 184 crore for farmers. The Tobacco Board's efforts, effective policies, and efficient market mechanisms played a crucial role in ensuring better returns and enhance the livelihood of over 83,000 growers.

What is the production trend in global market?

In 2024, Brazil's production fell to 400 million kg from an estimated 550 million kg, while Zimbabwe's production came down to 245 million kg from an expected 300 million kg. Drought conditions in Indonesia, another big tobacco producing nation, resulted in crop failure. However, we have got information that these countries are returning to normal production which may increase stress in the market. This is the reason why we have advised farmers not to go for additional crop. Growers will get good prices only if they abide by the targets set by the Tobacco Board, which is done after thorough market research. We should not consider last year's prices as benchmark. It is a one-time gift due to the dip in crop in Brazil, Zimbabwe, Indonesia and other big producing nations.

What is the progress on tobacco auctions in both states?

Auctions in Karnataka are almost in the final leg. In AP, auctions are going on well. Luckily, prices are reasonably good in both states. AP farmers are fortunate to have another bumper season with average price hovering around Rs 270 per kg. This is just around Rs 10 per kg less than last year's average price despite indications that global market is going to be flooded with stocks from Brazil and Zimbabwe. Growers from Karnataka have also got a decent price, around Rs 258 per kg. In fact, production from Karnataka fell short by 15 million kg against the authorized crop of 100 million kg.

What measures have been initiated to ensure that growers do not go for surplus crop?

I have personally visited most tobacco-growing villages and requested the growers not to go for additional crop, anticipating last year's high prices to continue. As the Board is struggling with staff shortage, we can't deploy people to make the farmers limit to the authorised size. We working to create awareness among farmers to understand the nuances of demand-supply. Karnataka produced 85 million kg against the authorized crop of 100 million kg. However, production in AP is expected to touch around 200 million kg against the authorized target of 167 million kg.

There have been policy changes in tobacco taxation and regulations. How is the Board balancing between farmer interests and public health concerns?

We have requested the Centre to adopt a balancing approach towards tobacco in view of the livelihood of millions of farmers and those working in tobacco industry. Tobacco is giving huge revenues to the exchequer. However, the Centre is of the view that the country can't promote tobacco as an agriculture produce. So, we are encouraging farmers to move to better alternative crops in a phased manner or continue production within the authorized limits to avoid sudden distress.

Illicit trade and smuggling of tobacco products continue to impact both revenue generation and regulated tobacco industry. What measures is the Tobacco Board taking to curb this while ensuring compliance with regulations?

We are taking the support of central agencies, including GST authorities, to curb illegal cigarettes and tobacco products. We can't directly act against them as we are only authorized to monitor crop regulation.

There are reports that India loses significant revenue due to the smuggling of contraband tobacco products...

It is true that we are losing huge revenues due to contraband products. We have complained to the central govt, and they are monitoring it.