

## After fall in tobacco prices in A.P., farmers in Karnataka cautioned to limit produce

Laiq A. Khan | MYSURU, May 27, 2020

After the collapse in prices of tobacco in neighbouring Andhra Pradesh on account of the global impact of COVID-19, farmers in Karnataka have been advised to restrict their produce to the limit fixed by the Tobacco Board, lest they face a similar predicament.

Waking up to reports of farmers burning their stock of tobacco following a fall in prices during the on-going auction in Andhra Pradesh, the Tobacco Growers' Association of Karnataka appealed to farmers in the State to restrict tobacco cultivation to 1,552 kg per license holder so that total output does not cross the 88 million kg fixed by the board.

Though the board revised the crop size for Karnataka from 99 million kg fixed before COVID-19 to 88 million kg later, association president Javare Gowda told *The Hindu* that they had advised the farmers to restrict the produce so that the demand in the global market stayed intact.

Even though the Indian Tobacco Association (ITA), comprising traders, had given an indent for purchasing 94 million kg to the board before the revised crop size was fixed, Mr. Gowda said it would be better to limit the produce and maintain the demand for the commodity in the international markets.

More than 80% of the tobacco cultivated in Karnataka, mostly in Mysuru and parts of Hassan, is exported to cigarette manufacturing countries in different countries abroad.

"As a body representing farmers, we have a responsibility to protect their interests. We can't blindly trust the trade bodies. If prices collapse in Karnataka like in Andhra Pradesh, we don't want the farmers to blame us for not warning them," Mr. Gowda said.

Due to a fall in global demand for tobacco after COVID-19, the tobacco cultivated in North Light Soil (NLS) in Andhra Pradesh has come down from almost ₹200 per kg last year to around ₹140 per kg during the ongoing auctions, Mr. Gowda claimed while adding that the variety of tobacco cultivated in NLS in Andhra Pradesh was similar to the export-oriented Flue Cured Virginia (FCV) of tobacco cultivated in Karnataka.

Superior quality tobacco in Karnataka had commanded a price of upto ₹170 per kg during the ensuing year. But, in view of the situation arising out of COVID-19, Mr. Gowda feared that small traders may stay off the auctions, leading to major players monopolising the market and bringing down prices.

The Tobacco Board, as a policy, imposes penalty on tobacco cultivated in excess of its stipulation. An amount of ₹2 per kg and 7.5% of the proceeds of the sale will be contributed to the Tobacco Fund for tobacco produced upto 10% in excess of the quota. If the excess crosses 10%, the penalty is increased to 15% of the proceeds of the sale.

However, cultivation of tobacco in excess of the limit fixed by the Tobacco Board has become a norm. Last year, the board had fixed a crop size of 100 million kg, but the crop is estimated to be around 105 million kg.

**Source:** <https://www.thehindu.com/news/national/karnataka/after-fall-in-tobacco-prices-in-ap-farmers-in-karnataka-cautioned-to-limit-produce/article31682928.ece>