

## Tobacco farmers reel under mounting losses as prices remain stagnant in Nellore

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**D Surendra Kumar** | 25 Apr 2026

**NELLORE:** Tobacco farmers across the Nellore region are facing severe distress this season as rising cultivation costs and stagnant market prices erode returns and threaten recovery of investments.

Officials said tobacco, a key commercial crop, is cultivated based on international demand, with procurement levels fixed accordingly. They said farmers benefited from prices over the past three years and expanded cultivation after the Tobacco Board permitted higher production, leading to a sharp increase in output.

However, officials said an increase in GST on tobacco products and the impact of ongoing **West Asia conflict** have affected the prices. They said market rates have remained largely unchanged despite higher production costs.

Officials said about 1,400 farmers registered nearly 1,200 barns under the Kaligiri Tobacco Auction Platform for the 2025-26 season. They said the Tobacco Board permitted production of 140 million kg, but output is estimated to have reached around

240 million kg. They said prices have remained around Rs 250 per kg since auctions began.

Officials said prices were higher in the previous season, with the initial rate at Rs 280 per kg in 2024-25 and A-grade tobacco fetching up to Rs 348 per kg by the end of procurement. They said the gap has raised concerns among farmers amid rising investments.

Farmers said input costs, including land lease, barn rentals, fuel wood and labour for processing green leaves, have increased sharply. They said overall costs per barn have risen by nearly 20 per cent compared to last year, further squeezing margins.

Farmers urged Tobacco Board officials to take up the issue with the government and ensure better prices. Officials said companies are purchasing cautiously due to weak global demand.

“Due to weak demand, companies are buying cautiously. Farmers are advised to monitor market conditions regularly and bring their tobacco bales to auction platforms accordingly to secure better prices,” said Kaligiri G Rajasekhar, Auction Superintendent.

Officials said farmers are facing stress due to rising costs, subdued demand and uncertainty.

Source: <https://www.newindianexpress.com/states/andhra-pradesh/2026/Apr/25/tobacco-farmers-reel-under-mounting-losses-as-prices-remain-stagnant-in-nellore>