

‘Export Of FCV Tobacco Has Reduced Drastically’

Javare Gowda, President, Federation of All India Farmer Associations, talks to Ashish Sinha about the issues facing the tobacco farmers



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by Ashish Sinha

Excerpts:

What is the status of Indian tobacco in the export markets?

While India is the second largest producer of tobacco, our share of world trade is a miniscule 2.5 percent. In international markets, we compete with China, Brazil, Bangladesh, US, Zimbabwe, Malawi, etc. But the export of FCV tobacco from India has reduced from 236 million kg in 2013-14 to 160 million kg in 2017-18. The main reasons for decline are lack of incentives, extreme regulation, forced reduction in crop size by the Indian government. MNCs operate mainly in the premium king size filter segment and their blends use approximately 50 per cent tobacco from Turkey, rest flavorful tobaccos from the US and Brazil. The FCV tobacco exported from India is used mainly as a filler tobacco in these international blends.

Who then buys Indian tobacco?

The domestic legal cigarette industry is the largest buyer of Indian tobacco and a source of steady income for us. The international companies restrict themselves only to the superior grades of Indian tobacco.

Are you getting fair price for your produce?

Yes, our main customers, the domestic manufacturers, have increased prices many times taking inflation into account. They are also supporting the farmers in crop development and marketing. In the crisis years — 1994, 1998, 1999, 2012, 2015, 2016—only domestic manufacturers helped.

What are the challenges faced by tobacco farmers?

The domestic legal cigarette industry is shrinking due to extreme regulation, high taxation and a rapid rise in illicit market. The smuggled cigarettes do not use Indian tobacco and because of which Indian farmers have lost volumes of at least 16 million kgs per annum. Our exports to Russia have reduced considerably. FDI in the tobacco sector in Russia led to international brands taking over the Russian cigarette market and the domestic brands virtually vanished.

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