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Press Release

FAIFA Appeals for an Urgent Rescue Package for Tobacco Farmers as Crop worth Rs 4400 crores lying unsold in Fields

- *Demand immediate resumption of auction for nearly 130 Million Kgs of Flue Cured Tobacco worth Rs. 1700 Crores under prolonged storage; estimated loss of Rs 200 crore to farmers due to deterioration in quality*
- *More than 330 millions kgs worth Rs 2700 crores of tobacco lying in the open sky in Gujarat as famers fail to sell the produce*
- *Appeals to the Government to immediately sanction a compensation amount of Rs 25,000 to each registered tobacco grower for their survival and re-schedulement of crop loans*
- *Failure to revive demand results in significant price drop in Auctions & loss of farmer income, with devastating impact on livelihoods of small and marginal farmers in the drought prone and degraded tracts of Andhra Pradesh and Karnataka majorly depending on income from tobacco crops*
- *Appeals for temporary reduction of taxes on cigarettes as FCV tobacco demand has drastically fallen under prolonged lockdowns*

New Delhi, 11 May, 2020: Federation of All India Farmer Associations (FAIFA), a non-profit organization representing the cause of millions of farmers and farm workers of commercial crops across the States of Andhra Pradesh, Telangana, Karnataka, Gujarat etc. today appealed to the Government of India to save their livelihoods in the present pandemic as the demand for the crop has weakened due to declining volumes of cigarettes and other tobacco products as a result of prolonged lockdowns.

FCV tobacco farming community is undergoing severe stress to sell their harvest and also to cope up with mounting labor and infrastructure charges due to interruption to auctions due to the lockdown. Nearly 130 Million Kgs of Flue Cured Tobacco worth over Rs. 1700 crores is waiting to be sold as the tobacco auctions are moving at snail's pace, causing quality loss under prolonged storage.

The Gujarat famers, whose tobacco produce is used in the making of bidi's and other tobacco products are also struggling for their livelihoods. More than 330 million kgs of tobacco worth Rs 2700 crore is lying in the open fields as the traders are not ready to pick-up the produce because government has banned the sale of tobacco products. The rains are expected in coming days and if the government will not start the sale of tobacco products both traders and farmers will go bankrupt. In Gujarat, tobacco is produced in several districts such as Anand, Kheda, Vadodara, Panchmahal, Banaskantha, and Sabarkantha etc.

The farmers have also appealed for reducing taxation on cigarettes to pre-GST levels so that demand can be restored for the domestic legal cigarette industry which is already reeling under penal taxation on account of continuous increases in excise duties and compensation cess. Adding to the existing woes of tobacco farmers, the Indian Government has also removed tobacco export incentives, making India a less competitor in the Global market, whereas other countries like Zimbabwe, Malawi, etc are encouraging the tobacco farmers by providing incentives and subsidies.

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The tobacco auctions for the winter FCV cultivation usually starts in March and farmers got an average price of Rs 121.53 per kg for the Andhra Pradesh crop sold in 2019. This year, the demand has been very weak from the traders and manufacturers due to rising inventory of cigarettes in the market during the lockdown and delay in export shipments. More than 95% crop is waiting in barns to be sold and FCV tobacco farming community of Andhra Pradesh is estimating a loss in excess of Rs 200 crores because of quality deterioration and weight loss.

Mr. Javare Gowda, President, Federation of All India Farmer Associations (FAIFA), said, “We request the government to immediately start the auctions in all the Tobacco Auction platforms. The Government should also direct the Tobacco Board and other concerned officials to coordinate with FCV Tobacco Manufacturers, exporters and traders to facilitate reasonable prices (Pre-Covid market prices) for FCV tobacco produce at the auctions in Andhra Pradesh and Karnataka.”

“As FCV tobacco farmers' are undergoing severe financial crisis, we request the Government of India to immediately sanction a compensation amount of Rs 25,000 each to all registered FCV tobacco growers for their very survival.”

“Failure to bail out the current duress for tobacco farmers will force many of them into debt trap which will virtually kill the ecosystem comprising of marginal farmers, workers, and people employed in handling and transportation activities while pushing the farmers to extreme measures”, he further added.

Mr. Murali Babu, General Secretary, Federation of All India Farmer Associations (FAIFA), said, “We request Smt. Nirmala Sithraman, Hon'ble Finance Minister, Government of India to intervene with Reserve Bank of India (RBI) and the State Level Bankers' Committee to reschedule the crop loans for next 2-3 seasons and allow the farmers' to repay the loan amounts in splits of 30% each per season while continuing the sanction of the regular seasonal loans. The decision will benefit millions of FCV tobacco farmers, their families and workers dependent of the industry, as they are already staring at burden of huge interests of non-institutionalized loans.”

FAIFA has also demanded for a comprehensive FCV Tobacco Production plan for 2020-21. Tobacco Board should make more efforts to promote Indian exports studying opportunities arising out of COVID 19. Based on the current International trends, it is essential to be prepared with an action plan for the next season by assessing domestic/export market trends considering actual Traders indents.

In this backdrop, with folded hands, we request the Government of India to implement our request and “Protect our Livelihood”.

Yours Sincerely,
For Federation of All India Farmers' Association [FAIFA]
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