Federation of All India Farmers Associations
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Press Release

FAIFA Welcomes Relief for Tobacco Farmers; Urges Calibrated Crop Cuts to Protect Legitimate Growers

Sharp reduction in authorised crop must be backed by viable transition support and action against unapproved cultivation

Hyderabad, 10 August 2026: The Federation of All India Farmer Associations (FAIFA), a non-profit organisation representing millions of farmers and farm workers cultivating commercial crops across Andhra Pradesh, Telangana, Karnataka, Gujarat and other states, today applauded the Central Government and the Government of Andhra Pradesh for taking initiatives to relieve the ongoing stress for tobacco growers across South India.

Tobacco growers, particularly in Andhra Pradesh, are facing a severe financial crisis, with unsold inventories piling up amid weak offtake by global buyers. Their distress has been compounded by growing pressure on the legal domestic industry from steep taxation and tax-arbitrage-driven smuggling and illicit trade, which have weakened legitimate demand. FAIFA said the timely and compassionate intervention demonstrates the Governments' commitment to stand with growers and will provide urgently needed relief during an exceptionally difficult marketing season.

FAIFA, however, expressed concern over the Tobacco Board's decision to reduce the authorised FCV tobacco crop size by 43% for the upcoming season. While the association acknowledged the need to correct the present demand-supply imbalance, it cautioned that a reduction of this scale could impose a fresh financial shock on farmers who are still recovering from unsold stocks, weak price realisation and mounting debt.

The cost of maintaining curing barns, labour and other farm infrastructure will not decline in proportion to the crop allocation, making smaller holdings potentially unremunerative. Nor can most growers readily shift to alternative crops: the low-rainfall and specific agro-climatic conditions of many FCV-growing belts sharply limit the range of crops that can offer comparable and dependable returns. Crop diversification must therefore be supported only where it is agronomically suitable, economically viable and backed by assured markets.

PS Murali Babu, President, FAIFA, said, *"The decision to reduce the crop is rooted in prevailing market realities, and farmers understand the need to restore demand and supply balance. However, successful implementation requires a comprehensive support framework that protects farmer incomes while strengthening exports, addressing illicit trade and creating viable long-term opportunities. The objective should not simply be producing less tobacco but producing the right quantity, for the right markets, at remunerative prices."*

The association noted that India's growers face intense competition from major producing countries such as Zimbabwe, Brazil, Zambia and Malawi, which have expanded production despite weakening international prices. Crop rationalisation must therefore be accompanied by stronger export promotion, farmer benefits at par with major tobacco growing countries, and sustained measures against smuggling and illicit trade.

The association also observed that unauthorised cultivation has contributed significantly to the present demand-supply imbalance. However, an enforcement-led approach alone could place additional pressure on already distressed farmers. Instead, FAIFA recommended a balanced, calibrated framework and strategy combining stronger collaboration with farmer organisations, better communication of market demand before planting, satellite-based crop monitoring, improved field verification and voluntary compliance supported by incentives. Such an approach would help Indian tobacco farmers to have level playing field with other tobacco producing countries while retaining farmer confidence.

FAIFA also appreciated the Government of India's continued engagement with growers through high-level reviews by the Department of Commerce, field visits to auction platforms and direct interaction with farming communities. The association said sustained coordination among the Tobacco Board, farmer organisations, exporters and manufacturers will be essential to restore confidence and ensure the long-term sustainability of the FCV tobacco sector.

To complement the crop rationalisation exercise, FAIFA urged the Government and the Tobacco Board to prioritise the following measures:

- Implement crop reductions in a phased manner, based on realistic demand forecasts and regular consultation with farmer organisations.
- Strengthen monitoring of unauthorised cultivation and prevent unapproved produce from entering formal auctions, so registered growers are not unfairly penalised.
- Accelerate export promotion, open new international markets and build the global "Brand Indian FCV Tobacco".
- Facilitate easier access to institutional credit and working capital, with timely financial support where crop allocations are reduced.
- Intensify enforcement against smuggling and illicit tobacco trade, which distort the legal market and weaken legitimate domestic demand.
- Support crop diversification only where it is agronomically suitable, economically viable and backed by assured markets and extension services.

FAIFA reiterated that crop rationalisation may be a market necessity, but its implementation must remain farmer-centric. A carefully calibrated approach—combining production discipline with financial support, export expansion, action against unauthorised cultivation and protection of the legal market—can safeguard livelihoods while reinforcing India's position as a leading supplier of premium FCV tobacco.

Yours Sincerely,
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