

Tobacco auctions end on a dull note

P. Samuel Jonathan | GUNTUR, October 24, 2020

Untimely rain and pandemic adversely impact farmers; Markfed intervention brings little relief

FCV tobacco auctions in 2020 have ended on a dull note with only 128.65 million kg out of the fixed crop size of 136 million kg marketed at an average price of ₹123.95 per kg, which is higher than the previous year's price by just ₹2.42.

The year began on a bleak note for the farmers with untimely rains. The outbreak of COVID-19 pandemic in March resulted in a prolonged lockdown and suspension of auctions.

With major players shying away from the auctions citing low quality in the SLS and SBS platforms, the State government was forced to press the AP Markfed as a buyer and started purchasing the FCV tobacco from July. The Markfed's role was limited as it purchased just 12.93 million kg at an average price of ₹81 per kg.

Double whammy

It was a double whammy for the farmers this year as the Tobacco Board decided to further trim the crop size. The board's role too appeared to be waning as the average prices hit an all-time low, forcing the State government to intervene.

The board said it had taken 175 days to complete the auctions. In the latter half of the year, auctions were held in accordance with the COVID-19 protocol.

Tobacco Board Executive Director R. Muthuraj congratulated the stakeholders who cooperated in the successful completion of auctions despite the pandemic and helped realise a higher price over the previous year.

"Untimely rains during the harvesting stage (first week of January) caused damage to the standing crop, which resulted in poor grade out-turn and higher proportion of low-grade varieties. The impact was higher in the Southern Black Soil and Southern Light Soil regions. In the SLS and SBS regions, the production of low-grade tobacco was high," he said.

Auctions for sale of 2019-20 FCV tobacco had commenced from February in a phased manner. After sale of 4.47 million kg, auctions were temporarily suspended from March 22, 2020, due to COVID-19 outbreak and subsequent lockdown. Auctions, however, resumed on April 27 at five platforms followed by all the other 18 platforms by May.

After resumption of auctions in Andhra Pradesh in the last week of April, though the bright grade fetched better prices, there was a price drop for medium grade in the SBS and SLS regions.

Source: <https://www.thehindu.com/news/national/andhra-pradesh/tobacco-auctions-end-on-a-dull-note/article32933408.ece>