

Bullish tobacco market cheers farmers in Andhra Pradesh

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Traders lap up bright and medium grade varieties by offering premium prices during the ongoing auctions

Tobacco farmers in the traditional tobacco-growing areas in Andhra Pradesh are upbeat as the traders lapped up bright and medium grade varieties offering premium prices during the ongoing auctions, both in the Southern Light Soil (SLS) and Southern Black Soil (SBS) regions.

The bright grade varieties of F1 and F2 have fetched a premium price of up to ₹185 per kg during the 31 days of auction in the platforms of Ongole I, Kondepi, Vellampalli, Podili, D.C. Palli, Kandukur I and Kandukur II, and 19 days of auction in the second phase platforms of Ongole II, Tangutur, Kaligiri and Kangiri in the districts of Nellore and Prakasam.

“All grades of tobacco are coming to the market. Even ripe ones, as also greens, are picked up by the traders. But there are no takers for the unbulk and NOG varieties,” says SLS regional manager D. Venugopal after overseeing the conduct of auctions in Kandukur. The rejection rate is less than 10% now, he adds.

Price range

While the bright grade varieties have fetched a price in the range of ₹165 to ₹185 per kg, the medium grade varieties attracted buyers in the price range of ₹150 to ₹160 per kg. Even the low grade varieties have got a better price of ₹120 to ₹140 per kg thanks to the return of normalcy, according to the Tobacco Board sources.

Coronavirus had resulted in subdued demand for tobacco in the last two years.

Though the tobacco auctions had started a bit late in March, the farmers were able to market 19.73 million kg, realising an average price of ₹179.60 per kg. They were able to sell only 13 million kg at an average price of ₹149 per kg during the corresponding period the previous year when COVID-19 gave sleepless nights to all the stakeholders, including farmers and traders, and trading had to be suspended following lockdown-like curbs.

Some exporters stay away

“Some of the exporters have kept away from the market, unsure of the global demand in the wake of the Russia-Ukraine crisis,” lamented a group of farmers in Ongole II auction platform. They wanted the crop regulator to ensure that all the exporters who had given indent at the time of fixing the crop size entered the market in full strength.

The farmers are saddled with more of medium and low grade varieties this year. The traders should take note of the fact that the grade out-turn had been far from satisfactory in the wake of heavy rains in November and unseasonal rains once again in January, explained a farmer leader, V.V. Prasad.

The bright grade accounted for 40% of the total produce in the two regions this year against 60% during the previous year. The medium and low grade varieties accounted for 30% each of the total crop of 68 million kg.

Anticipating pick up in demand, the crop regulator increased the crop size to 80 million kg. Contrary to expectations, it fell by 12 million kg in the two regions.

Plea to Markfed

Meanwhile, the farmers, led by Tobacco Board member Mareddy Subramanyeswara Rao, pleaded with the Markfed, which had made a first-of-its-kind intervention in the market two years ago at the behest of Chief Minister Y.S. Jagan Mohan Reddy to avoid distress sale, not to offload the stocks held by it at this juncture fearing a fall in the market prices for the low grade varieties now.

Source: <https://www.thehindu.com/news/national/andhra-pradesh/bullish-tobacco-market-cheers-farmers-in-andhra-pradesh/article65348317.ece>