

Tobacco growers in State get record prices for low grade

The price of varieties that dropped to ₹50 a kg earlier, is now fetching ₹150

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There were no takers for the low grade varieties of tobacco lying idle with the farmers during the same period three years ago, forcing the Andhra Pradesh government then to make a first-of-its-kind intervention, in the market regulated by the Union Commerce Ministry-led Tobacco Board.

Now smiles are back on the faces of farmers in the traditional tobacco growing areas in Nellore and Prakasam districts as the market has witnessed a sea change with the prices of low grade varieties fetching record prices in over a decade. It is all because of the shortage of crop both within the country as well as abroad.

The Y.S. Jagan Mohan Reddy government had then pressed into service the MARKFED, as the low grade

varieties dipped up to ₹50 per kg, recalls a farmer V.V. Prasad. Now the very same varieties are fetching an attractive price of up to ₹150 a kg, adds Mr. Prasad after marketing his produce in Ongole II auction platform.

Farmers thronged the four auction platforms in the Southern Black Soil (SBS) and five auction platforms in Southern Light Soil (SLS) region bringing over 7100 bales for trading.

No auctions were held in Ongole I and Kandukur II auction platforms on Saturday as the godowns overflowed with stocks already purchased by traders, thanks to heavy arrivals.

The shortage in the crop in various tobacco growing countries like Brazil and Zimbabwe is the reason for glad tidings, observes Tobacco Board member Mareddy Subrahmanyeswara Reddy.



Tobacco auctions in progress at Kandukur auction platform in Nellore district.

There is also a fall in production by about 30 million kg in the tobacco growing States of Andhra Pradesh and Karnataka, he reasons.

Bright grade varieties

However, there is still a grouse among the growers over the prices of bright grade varieties like F1, F2. "Going by the prices of low grade varieties, they should

fetch us at least ₹250 a kg, given the superior flavour, colour and nicotine content in them. Moreover the tobacco realisation after processing would be maximum in the case of bright grade varieties," a group of farmers in Tangutur auction platform laments. The prices for bright grade varieties had not crossed the ₹185-mark this year.

Reserving the premium "bedroom bales" for sale at a later date, the farmers are hoping against hope that the prices for bright grade varieties will improve at least in the fag end.

Average price

Taking advantage of the present market situation, the farmers have so far marketed 52 million kg at an average price of ₹171 per kg, which was up by ₹20 per kg when compared with the previous year's price during the same time last. Farmers then had marketed only 40 million kg.

"Farmers will be able to liquidate their stocks in the first week of July itself this year as the auctions proceeded in a brisk manner in all the auction platforms," says Tobacco Board SLS Regional Manager D. Venugopal after overseeing the conduct of auctions in Ongole.

In the previous years, the auctions were extended by one or two months as the incidence of COVID-19 disrupted auctions. The farmers are still left with 18 million kg of produce with the medium grade varieties accounting for 7 million kg, bright grade varieties 6 million kg and low grade varieties five million kg.

Barn rent

Meanwhile, lease rent for barns touched the ₹1 lakh-mark for the new crop as against ₹60,000 during the last cropping season.

Sounding a note of caution, Telugu Desam Party farmers' wing leader K. Venkaiah exhorted the farmers not to increase the cost of cultivation on any account as they will have to burn their fingers in the wake of any change in demand-supply situation next year.