Rising export demand buoys tobacco prices in Karnataka

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Export demand is supporting tobacco prices at the auction platforms in Karnataka, where prices have moved up by about a tenth since October last year.

Tobacco exports, as per the Commerce Ministry’s quick estimates, increased by about 39 per cent in December 2023 at $129.48 million against $93.19 million a year ago. In the April-December period, tobacco exports were up 13.15 per cent at $1,110.58 million compared with $981 million a year ago.

“Farmers are happy with the tobacco prices this year” said B.V. Javare Gowda, President, Federation of Karnataka Virginia Tobacco Growers Association. The average auction prices for the 2023-24 marketing season are up at around ₹248.47 per kg, almost higher by ₹20 over the same period last year, he said. The daily average price at auction platforms in Karnataka, which was around ₹235 per kg at the start of the season in October, has now moved up to ₹262.48 as on January 11.

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The authorised size of the crop was 100 million kg, but trade and growers estimate the actual crop to be lower at over 85 million kg, Gowda said. “Growers who have unauthorisedly cultivated the crop and who had excess production are waiting for permission from the authorities to sell their produce,” Gowda said. The unauthorised crop is expected to be around 8-10 million kg in the State, he said. Tobacco is grown in over 75,000 hectares in the State and this year the erratic weather had triggered concerns in the early part of the season.

Gowda said the strong export demand is supporting the tobacco prices in Karnataka. The Virginia tobacco, main variety produced in the southern parts of Karnataka is branded as Mysuru tobacco and has good export demand. Mysuru tobacco can be blended with any other tobacco in the world as its chemistry is good and it has less nicotine, less tar and less sugar, he said.