

Andhra, Centre finalise 'minimum' price for tobacco

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S Guru Srikanth | 28 Jul 2026

VIJAYAWADA: In a major relief to tobacco growers in Andhra Pradesh, the Central and State governments have finalised a joint price stabilisation initiative worth approximately Rs 188 crore to insulate farmers from market fluctuations and declining auction prices.

Under this comprehensive intervention plan, the government will provide a price deficit compensation of Rs 20 per kilogram to support the structured procurement of 94 million kilograms of tobacco.



The joint financial package was formulated to ensure that growers receive remunerative returns across all quality grades without incurring financial losses during the current marketing season.

Under these explicit instructions, market prices are required to be maintained at a minimum benchmark of Rs 240 per kilogram for bright grade tobacco, Rs 190 per kilogram for medium grade, and Rs 110 per kilogram for low-grade tobacco.

Reaffirming the administration's commitment, Agriculture Minister Atchannaidu emphasised that the state government will continuously monitor auction trends and market conditions in real time alongside the Tobacco Board to ensure these non-negotiable floor rates are strictly upheld throughout the ongoing buying season. The policy decision was taken following a high-level teleconference review meeting led by Chief Minister N. Chandrababu Naidu, alongside Agriculture Minister Kinjarapu Atchannaidu, officials from the Tobacco Board, the State Marketing Department, and commercial trade buyers.

Chief Minister Naidu, who has been in continuous coordination with the Union Government to address the market crisis, recently held detailed deliberations in Amaravati with senior Union Government officials, including the Additional Secretary and Director from the Union Ministry of Commerce.

Following those high-level consultations, central representatives actively engaged with local trade buyers across the state to facilitate accelerated purchasing schedules and ensure robust price support across auction platforms.

To effectively safeguard farmers against distress sales and market manipulation, Chief Minister Naidu issued strict directives to state authorities and market regulators to enforce clear price floors across different product categories.

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