

Tobacco ryots at their wits' end

P. Samuel Jonathan | June 16, 2019



The Tobacco Board has fixed a quantity of 136 million kg, out of which 42.75 million kg has been marketed. | Photo Credit: [Kommuri Srinivas](#)

Steep fall in price of low grade variety cause for concern

Auction of Flue Cured Virginia (FCV) tobacco continues amid concerns over steep fall in the price of low grade tobacco. The average price of low grade FCV tobacco produced in Southern Black Soils (SBS) and Southern Light Soils (SLS) in Prakasam district have fallen to ₹80-₹90 per kg prompting Chief Minister Y.S Jagan Mohan Reddy to intervene.

On Friday, Minister for Agriculture K. Kanna Babu convened a meeting with traders and farmers.

The Minister urged the traders to offer better price but the quantity marketed so far, has been low, quite unusual for this time of the year.

The Tobacco Board has fixed a quantity of 136 million kg, out of which 42.75 million kgf has been marketed so far.

Farmers in south soils in Prakasam district are reluctant to bring the produce to the auction floor for fear of selling at a lower price.

“The condition of tobacco farmers in Prakasam district and the deficit rainfall and unfavourable climatic conditions has resulted in production of 80% of low grade tobacco varieties. While the high grade tobacco, which is just 20% of production, is getting higher price, the price of low grade varieties is getting lower and are now priced at ₹80 per KG,” said Marreddy Subba Reddy from Vellampalli auction floor.

According to the Tobacco Board, it has written to all international players to place orders and ensure completion of auctions within 100 days. The board has urged Japan Tobacco International (JTI) to place orders for increased volumes and bail out tobacco farmers.

“The board has convened meetings with traders at regular intervals and is in touch with major national and global traders to buy the stock. We are also pursuing with China,” said its K. Sunitha.

Taxation

The traders, however, responded saying that it is becoming difficult to stay in the trade due to increased taxation. With India being a signatory to WHO Framework Convention on Tobacco Control (FCTC), the Centre has enhanced taxes on tobacco consumption. A leading tobacco exporter has suggested that the Central government should give the nod to produce 60 mm cigarette sticks so that there would be lesser taxes.

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