

Farmers upbeat as Union government allows global players in e-auctions

ONGOLE, MARCH 09, 2018

The auctioning of tobacco has begun on an optimistic note in the traditional growing areas in the Southern Light Soil (SLS) thanks to allowing of global tobacco players to take part directly in e-auctions.

India, presently looked as opportunity market, will be viewed from now as a definite market thanks to relaxing of regulation to allow global companies to purchase leaf during the auctions directly after registering themselves as exporter or dealer of tobacco.

The restrictions on FDI will be applicable only to manufacturing of cigarettes, cigars, cheroots, cigarillos of tobacco or of tobacco substitutes and not in the activities of purchasing leaf in auction platforms of the Tobacco Board, according to official sources.



Market sentiments

“The market sentiments will definitely get a boost this year,” feels a group of jubilant farmers who brought their bright grade tobacco for sale to the Podili auction platform. Farmers got a reasonable price of ₹160 per kg for the modest 118 bales of tobacco marketed in the district on Thursday and Friday.

“We expect the prices for various grades of tobacco to go northwards once the e-auctions in Mysuru gets over by month-end or early next month,” said a tobacco farmer V.V.Prasad while pressing for a remunerative price of ₹176 per kg for bright grade and not less than ₹100 per kg for low grade. In any case, the Tobacco Board should ensure that the average price does not fall below ₹140 per kg taking into account the additional expenses of ₹15,000 to ₹20,000 per acre spent by them to ensure life-saving irrigation, another tobacco farmer P. Venkateswarlu adds.

The grade out-turn is highly encouraging this year when compared to last with the bright grade accounting for 40% of the anticipated production 35 million kg in the SLS region, explains Tobacco Board SLS Regional Manager G. Ratnasagar. The medium grade accounts for 30% of the production while the low grade and green the rest, he adds.

Tobacco production is estimated to be around 35 million kg in the SLS region as against the crop size of 42 million kg, while it is expected to be around 39 million kg as against the crop size of 43 million kg in the Southern Black Soil region.

The grade out-turn is even better in the SBS region with the bright grade accounting for 50% of the production followed by medium grade 30 % and the low grade the rest, adds SBS Regional Manager G. Umamaheswara Rao gearing up for tobacco auctions in SBS region from March 19.

RBI's decision

The impact of RBI's decision amending the rule concerned to permit overseas tobacco traders to take part in the e-auctions will have to be seen only in the coming weeks, according Indian Tobacco Association(ITA) sources here. Global cigarette manufacturers have been hitherto buying tobacco from the domestic merchants, who buy, process and supply to the overseas buyers in the USA and other countries.

Source: <http://www.thehindu.com/news/cities/Vijayawada/farmers-upbeat-as-union-government-allows-global-players-in-e-auctions/article23011193.ece>