

Tobacco growers jittery as price dips

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Lacklustre: A deserted tobacco auction platform in Ongole. | Photo Credit: KommuriSrinivas

Demand crop holiday next season if the board cannot ensure a fair price for the commodity

Tobacco farmers have been hoping that the market will go northwards in view of the decline in production by about 10 million tonnes in the traditional growing areas in Prakasam district and relatively better price realised by their counterparts in Karnataka.

'No buy orders'

But now, the growers coming under the Southern Black Soil (SBS) and Southern Light Soil (SLS) regions are a worried lot with the price for various grades ruling lower than expected in the wake of "lack of buy orders" among the exporters.

The Tobacco Board should declare a crop holiday during the next season if it is not able to persuade the traders to step up purchases by offering the prices that various grades commanded in Karnataka, a group of farmers in Ongole II auction platform complains.

2015 scenario

Farmers fear revisiting of the trend of suicide witnessed in 2015, forcing the then Union Commerce Minister, Nirmala Sitharaman, to visit the district and announce a bonus price for the low-grade tobacco to provide some relief to the growers.

"We have grown the commercial crop much against odds this rabi in view of drought for the fourth year in succession, incurring additional expenses in providing life-saving irrigation," says SBS Farmers' Association general secretary Patturi Venkateswarlu in a conversation with The Hindu.

Though the production in the SBS and SLS regions has dipped to about 72 million kg against the crop size of 84 million kg, the farmers have not benefited in any way, he laments.

“While the bright grade tobacco has attracted buyers at a price of ₹155 per kg, there are no takers for “browns,” pale, and irrigated tobacco. There has been a fall of at least ₹5 to ₹7 per kg for various grades of tobacco,” he adds.

“The market is now lacklustre. The rate of rejection by the traders is between 15% and 17%,” says the board’s SLS regional manager, G. Ratnasagar.

‘Captive growers’

The domestic cigarette manufacturers have increased the buying quantity, taking advantage of the depressed market condition, but is not offering remunerative price, complains Ongole II auction platform leader V.V. Prasad.

Pressing for intervention by the Union Government, S. Gurava Reddy, a farmer from Ongole I platform, laments, “We have been rendered captive growers, meeting the needs of domestic cigarette manufacturers and exporters, who give an inflated indent at the time of finalisation of the production policy and try to knock away the produce at a throwaway price during marketing.”

“We will have no option but to take to the street if the distressing market condition continues next week too,” they warn, adding that more farmers will switch over to bengal gram, which involves less than half of the cost of cultivation involved in growing tobacco, next year.

While the bright grade has attracted buyers at ₹155 per kg in the State, the medium grade has fetched ₹140.29. Low grades have an average price of ₹100 per kg after 47 days of trading, according to the board sources.

Source: <http://www.thehindu.com/news/national/andhra-pradesh/tobacco-growers-jittery-as-price-dips/article23829237.ece>