

## Farmers hit by slump in demand for tobacco

Laiqh A. Khan | MYSURU , December 22, 2018



### Tobacco Board's export wing urged to study reasons for the dip in both international and domestic markets

For the first time in years, the demand for tobacco is reported to have declined in international and domestic markets. Tobacco Board officials, in Mysuru on Friday, attributed the decline in demand to 'non-confirmation of export orders', and a marked decline in purchase of the commodity by Indian tobacco companies.

The dip in demand for tobacco follows reports by the World Health Organisation (WHO) and the Global Adult Tobacco Survey (GATS) on decrease in tobacco usage in the country.

Tobacco farmers in Mysuru, who produce the internationally sought-after Virginia Flue Cured (VFC) variety of tobacco, have been hit hard by the poor demand.

Though the Tobacco Board had fixed a ceiling of 99 million kg of tobacco production in Karnataka for 2018-19, heavy rains in the region brought down the output to 93 million kg.

The auction season began on a bright note in September this year, with the average price breaching the ₹150 per kg mark in the first two to three weeks, but the average price on Friday was ₹139.48 per kg, leaving tobacco growers worried. More than three months after the start of auctions, a total of 33 million kg of tobacco had been sold. “As much as 60 million kg of tobacco is yet to be sold,” a Tobacco Board official said.

“It’s not just foreign cigarette manufacturers, who have reduced the quantum of purchase. Even domestic purchasers are buying less,” said a board official citing the example of ITC, a market leader in cigarettes in India, which also exports tobacco abroad. “They accounted for 53% of the tobacco purchase last year. This year, it was brought down 38% to 40%,” the official said.

## **Inquiry sought**

Meanwhile, Mr. Javare Gowda, president of the VFC Tobacco Growers of Karnataka, has asked the board to take up an inquiry into the decline in demand.

“Since 2005, when the ceiling on tobacco price was removed, the commodity had been commanding a good price year after year, earning a substantial amount of foreign exchange for the country. Not one year has passed by without the entire quantum of tobacco grown by the farmers being purchased,” he said.

Besides, the crop size of 99 million kg was fixed by the board only after the traders submitted an indent for the same. “How can there be a sudden slump in demand?” he said, before accusing Indian traders of influencing the international buyers to stay away from the auctions on the promise of buying them the required tobacco at a lesser price.

When told about the surveys indicating a dip in the number of smokers, Mr. Gowda said the demand for tobacco remains high in countries like Japan, which does not grow tobacco, and China, whose indigenous production is insufficient to meet the demand.

He urged the Tobacco Board’s export wing to study the reasons for the dip in demand of tobacco and take necessary steps to prevent the manipulation of prices by traders with vested interests.

**Source:** <https://www.thehindu.com/news/national/karnataka/farmers-hit-by-slump-in-demand-for-tobacco/article25802726.ece>