

Farmers' revenue up in smoke as tobacco prices plummet

S. Murali | Ongole, June 05, 2019

Growers seek bailout from Centre amid charges of cartels

Vexed with the prices for various grades of Virginia tobacco going south, farmers' organisations in Prakasam and Nellore districts have urged the Centre to come out with a bailout package for them.

Pouring out their woes, a group of growers at the Ongole II auction platform said: "We are ready to quit tobacco cultivation once and for all if the Centre announces a compensation of ₹ 7 lakh each to dismantle tobacco barns."

Farmers were rendered "captive growers" meeting the needs of cigarette manufacturers and exporters who were making a kill at their cost even during years when productivity had been hit hard due to severe drought forcing them to incur additional expenses to give irrigation by engaging water tankers, said former Tobacco Board member P. Bhadri Reddy.

Oligopoly

A situation of oligopoly prevails in the market with big players forming themselves into a syndicate and driving down the prices, said Vellampalli auction platform Farmers Association President N. Chimpriyapa.

"There is no healthy competition in the market with less than 30 of the more than 600 traders registered with the board giving bank guarantees and among them, only a handful took part in the auctions," Ongole II auction platform farmers association president V.V. Prasad lamented.

Ongole I auction platform farmers association leader P. Guruva Reddy accused the board of letting down the growers. The high rejection rate for low grade varieties is a cause for concern, Virginia Tobacco Growers Association president Ch. Seshaiyah said. The Tobacco Board's mandate is to ensure exporters make purchases in a big way. Usually they get confirmed orders in the third week of May and start making purchases from the last week of May. But their participation in the market was far from satisfactory even in the first week of June, he added.

Magunta's promise

Meanwhile, YSRCP MP-elect from Ongole Magunta Srinivasulu Reddy promised to lead a delegation to New Delhi and raise the issue with Chief Minister Y.S. Jagan Mohan Reddy.

Meanwhile, board sources said 33.13 million kg has been marketed till date in the e-auctions conducted with 11.47 million kg of bright grade varieties fetching an average price of ₹164.06 per kg for farmers, 12.71 million kg of medium grade varieties ₹ 135.86 per kg and 8.95 million kg of low grade varieties ₹100.72 per kg.