

Tobacco growers on edge as recession looms large

S. Murali | March 17, 2020



Foreign players defer purchases due to coronavirus outbreak

Tobacco farmers in Prakasam and Nellore districts are on edge, with trade remaining lacklustre a month after the commencement of e-auctions in the traditional crop growing areas.

A global economic recession triggered by the outbreak of COVID-19 has added to the woes of farmers, who are already grappling with the fallout of unseasonal rains in January which has adversely affected the quality of the crop and productivity in the two districts.

The coronavirus outbreak could not have come at a more inopportune time for the farmers as overseas buyers are shying away from visiting the State to firm up export orders, according to a group of farmers.

Tobacco Board chairman Y. Raghunatha Babu attempted to allay farmers' fears. "The foreign players do not want to travel now as COVID-19 has turned into a pandemic. They will definitely come visiting once the situation improves, and will lift the intended quantity," he said during his visit to the auction platforms of Vellampalli, Ongole-I and Ongole-II.

The chairman impressed upon the growers to go for electric barns to ensure better curing of tobacco leaves with a view to get a better price for their produce.

While the domestic players have remained active, exporters have not turned up in full strength as yet, waiting for confirmation of orders from overseas buyers, according to sources in the Indian Tobacco Association.

A delegation from Korea has deferred its visit after the coronavirus outbreak. Unmanufactured tobacco is exported to Belgium, Korea, Nigeria and Egypt, among other countries.

“We are clueless on how to break even this year as little over two quintals of the produce per acre had pre-matured, leading to piling up of low grade varieties of tobacco,” farmers complained.

The farmers said that the Union Commerce Ministry should bail them out by offering a bonus price for low grade varieties, like how the then Union Commerce Minister Nirmala Sitharaman had intervened in the wake of a spate of farmer suicides during the 2014-15 Rabi season.

While the Tobacco Board put curbs on tobacco barns and imposed penalties on the growers for excess production, it did precious little to ensure them a remunerative price for them at the time of marketing, complained T. Ramanaiah, farmer leader from Kandukur.

FDI sought

Advocating foreign direct investment (FDI) in the tobacco sector, Ongole-II farmer leader V.V.Prasad said, “We are perplexed as to why FDI is not allowed in the tobacco sector when it is allowed even in the defence sector.”

Farmers can expect buyers to increase their purchases once the e-auctions are over in Karnataka, from later this month, according to Tobacco Board sources. The farmers have so far marketed 1.4 million kg of tobacco at an average price of ₹157.50 per kg in the Southern Black Soil (SBS) auction platforms, said SBS Regional Manager G. Umamaheswara Rao.

The buyers lifted 1.6 million kg of tobacco offering an average price of ₹154.19 per kg from the Southern Light Soil (SLS) auction platforms. The production of tobacco has been estimated at about 90 million kg in the SBS and SLS regions.

Source: <https://www.thehindu.com/news/national/andhra-pradesh/tobacco-growers-on-edge-as-recession-looms-large/article31093666.ece>