

Indian tobacco consumption, exports may dip by 20% due to lockdown

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Domestic consumption and export of tobacco may witness a dip of about 20 per cent during the current year due to the ongoing lockdown to contain coronavirus spread in India as well as some countries in Europe and the US, sources close to the Tobacco Board said.

Sources indicated that the Board may ask farmers to cut sowing in Karnataka this year following the plunge in demand. However, the Board was yet to take a call on that.

A member of India Tobacco Association noted that the country exports about Rs 5,000 crore worth of tobacco after value addition to USA, Europe and other countries. "Like any other industry the tobacco industry also came to standstill due to lockdown. Tobacco auction in AP which began earlier was also suspended. It is expected to begin after April 20. Due to delay in supplies and also health advisories on COVID-19, there may be muted demand this year. Tobacco Board expects about 20 per cent dip in demand this year," sources told PTI.

When contacted, Tobacco Board chairman Raghunadha Babu Yadlapati said Andhra Pradesh and Karnataka produced 124 million kgs and 103 million kgs respectively last year. "We will ensure that all the tobacco produced by farmers will be cleared. We will request the industry to lift unsold stocks if any from them. We will not let any farmer suffer even if there is a drop in demand," Babu said. Without providing absolute numbers, he said the restrictions on smoking and the extended lockdown may impact the tobacco consumption.

Of the total tobacco produced in the country, about 65 per cent is exported. The Board chairman said this year they granted permission to sow 140 million kgs and 99 million kgs in AP and Karnataka respectively. The ITA member said the tobacco crop fetches about Rs 3,500 crore at the farmers' level and after value addition about Rs 5000 crore worth of the commodity is exported.

"The foreign buyers are yet to come to India and physically inspect the product and place orders, though initial discussions on requirement and quality parameters are over. They changed their travel plans as there is complete lockdown in most of the countries," the ITA member said. According to the ITA, the auction for Andhra Pradesh's stock is expected to resume from April 19 when the relaxations announced by the Centre will come into force for certain sectors.

The ITA member said as far as Karnataka crop was concerned, except one million kgs, rest of the commodity was auctioned. Every year a committee on production & production control of Tobacco Board lays down policy and fixes crop size for different soil regions in AP and Karnataka taking into consideration various factors such as demand for flue cured virginia tobacco (FCV) in India and abroad and the marketability of different varieties.

Source: <https://www.deccanherald.com/business/indian-tobacco-consumption-exports-may-dip-by-20-due-to-lockdown-826477.html>