

Tobacco growers worried as COVID-19 second wave induces price correction

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A tobacco farmer waiting for buyers at an auction platform in Ongole.

‘Major buyers are shying away from auction platforms due to health concerns’

Even as auctioning of tobacco began on a promising note in the middle of March, the farmers have now their fingers crossed as the second wave of the coronavirus pandemic has induced a correction in the prices of various grades of tobacco at a time when they are expecting to recoup their losses incurred last year due to dull markets due to prolonged lockdown.

The buyers were offering more than ₹180 per kg for the bright grade varieties when the auction platforms opened. Now, the same varieties are fetching ₹170 per kg at best, a group of farmers at Vellampalli auction platform said. Major buyers of the produce, which find its way to global markets, are shying away from the auction of late over the health concerns with the spurt in the infection count. “We are trying our best to step up the number of bales traded each day by at least 100. At present, 400 to 500 bales are being traded in the wake of sluggish market conditions,” Southern Light Soil(SLS) Regional Manager D. Venugopal told The Hindu.

Dull business

Farmers fear disruption in tobacco trade this year too as coronavirus has already triggered lockdown in some parts of the country. There is a long way to go as only 7.26 million kg have been traded so far as against the estimated production of over 70 million kg in the traditional tobacco growing areas under the purview of the SLS and the Southern Black Soil auction platforms. The unseasonal rains during the rabi season in several spells also hit tobacco production in Nellore and Prakasam

districts, as farmers had to go for gap filling as the wet spell destroyed the early planted crops.

Market intervention

“The Centre should press into service the State Trading Corporation (STC) as the tobacco sector earns a good volume of foreign exchange. Like last year, the State government should direct the Markfed to intervene to create a buoyancy in the market,” said Vellampalli II Tobacco Growers’ Association president N. Chimpriya.

The auctions started on a promising note with the price of F1 grade going up to ₹184 per kg. Just 20 days have passed since the platforms were opened, the market is now on the correction mode. In SBS auction platforms, the average price realised for the 3.55 million kg marketed so far has dropped to ₹170.95 kg now. In SLS auction platforms, the 3.71 million kg marketed so far fetched an average price of ₹173.30 per kg, according to Tobacco Board sources.

Source: <https://www.thehindu.com/news/national/andhra-pradesh/tobacco-growers-worried-as-covid-second-wave-induces-price-correction/article34257954.ece>