

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:1932

ANSWERED ON:31.07.2015

Fall in Tobacco Price

Galla Shri Jayadev

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- a) whether the Government has taken note of drastic fall in price of tobacco in the country, particularly in Andhra Pradesh;
- b) if so, the details thereof and the reasons therefor;
- c) the impact of such fall in price on tobacco growers; and
- d) the reaction of the Government thereto along with the steps taken to solve the problems faced by tobacco growers?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE) (SMT. NIRMALA SITHARAMAN)

(a) & (b) The Government has taken note of fall in price of unmanufactured FCV tobacco, particularly in Andhra Pradesh. As per the auction status in the state of Andhra Pradesh by 24/07/2015, a quantity of 76.48 million kg was marketed and the average price realized was Rs.106.28 per kg as against Rs. 119.57 per kg during the corresponding period of last year. The decline in price is Rs.13.29 per kg. i.e. 11%.

Surplus global production including in India, subdued demand of FCV tobacco in the domestic & international markets, release of good volumes of cheap tobacco into market by China, greater turnout of low and medium variety of Indian crop due to bad weather etc. are major causes for fall in price.

(c) & (d) Price realisation to growers is a factor of market dynamics and international events including demand and supply. However, any fall in prices is likely to adversely impact the growers. The Ministry has adopted multi-pronged strategy to address the issue:-

i) The Ministry of Commerce & Industry has taken up with the Ministry of External Affairs requesting them to issue necessary instructions to certain Indian Embassies abroad to explore opportunities to export tobacco to those countries.

ii) The Tobacco Board / Government has conducted a series of meetings with all concerned stakeholders resulting in some buoyancy in price realisations & quantities marketed in auction platforms lately.

iii) Tobacco Board has led trade delegation to Egypt and China to promote export of tobacco from India.

iv) Based upon RBI's circular dated 03.07.2015, a clarification has been issued to Tobacco Board to allow foreign buyers to participate in the auction process on cash & carry and retail basis in terms of the said circular.

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