

Stable taxes on tobacco products critical for survival of FCV tobacco growers

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AGENCIES

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Federation of All India Farmer Associations (FAIFA), a non-profit organisation representing the cause of millions of farmers and farmworkers of commercial crops, has appealed to Union Finance Minister Nirmala Sitharaman to treat tobacco crop like any other agricultural produce.

FAIFA, which represents farmers across Andhra Pradesh, Telangana, Karnataka, Gujarat, among others, also urged the Finance Minister not to put additional burden of taxes on legally manufactured products in India as that would have an adverse impact on tobacco farmers.



The farming community is very concerned with the unabashed push by NGOs with vested interests whose agenda is to push for growth of international tobacco through smuggled cigarettes as it helps the foreign brands to make further inroads into

Indian market.

The vested groups misrepresented facts on incidence of tax on tobacco products in India and with rising inflation, consumers do not have any more elasticity to keep buying them at these unaffordable prices. They have

been switching to cheaper illegal and smuggled brands at a much faster pace, leading to a loss of revenue to the Government and loss of livelihoods to Indian farmers.

As per Euromonitor International, Illicit cigarette volumes in India registered a whopping 38 per cent increase in a decade from 19.5 billion sticks in 2011 to 26.8 billion sticks in 2021. This has made India 4th largest illicit cigarette market in the world wherein the illegal volumes contribute to more than one-third of legal volumes.

The farming community has also demanded for extension of benefit under RoDTEP to the tobacco sector. This incentive is eminently aligned to the objectives of the Foreign Trade Policy and will

also give a level playing field to produce of Indian farmers in the international market thereby bringing in forex and income generation to farmers.

This increase has resulted in shrinkage of FCV crop size by a sharp 40 per cent from 316 million kg per annum in 2013-14 to 189 million kg per annum in 2021-22 leading to 35 million man-days of employment loss.

The tobacco farming in Andhra Pradesh and Karnataka have also faced hardships because of regular cyclones and floods in the states and only source for farmers in the drought prone region is to grow tobacco as no other crop is equally remunerative in the dry and arid regions.