

FCV tobacco farmers urge Centre to review hike in cigarette tax

The 'sudden tax shock' is likely to contract demand for legal cigarettes, leading to lower auction prices of tobacco, weak buyer participation, unsold stocks and growing distress among farmers, says Federation of All India Farmers' Associations
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FCV Tobacco farmers led by Tobacco Board Chairman Yashwanth Kumar C. submitting a representation to Union Minister for Commerce and Industry Piyush Goyal in New Delhi on Tuesday. | Photo Credit: Special Arrangement

Flue-Cured Virginia (FCV) tobacco farmers from Andhra Pradesh, Telangana and Karnataka on Tuesday met Union Minister for Commerce and Industry Piyush Goyal in New Delhi, seeking a review of the recent hike in cigarette taxation.

They alleged that the hike in tax on cigarettes would severely disrupt the regulated tobacco ecosystem and livelihoods of farmers.

The members of Federation of All India Farmers' Associations (FAIFA), accompanied by Yashwanth Kumar Chidipothu, Chairman of Tobacco Board, met the Union Minister and Commerce Secretary Rajesh Agarwal in New Delhi. They submitted a representation on the sharp increase in cigarette taxes notified on December 31, 2025, and effective from February 1, 2026, according to a communication released in Guntur by G. Nagaraja, Secretary, FAIFA.

The FAIFA said that the 'sudden tax shock' is likely to sharply contract legal cigarette demand, leading to lower auction prices of tobacco, weak buyer participation, unsold stocks and growing distress among farmers.

They expressed concern that the combined impact of higher Central excise duty and changes in the GST valuation method would significantly raise consumer prices, pushing consumers towards illicit and smuggled cigarettes. This, they said, would not

only affect the farmers badly but also result in substantial revenue losses to the government.

With the March 2026 auction season approaching, the farmers cautioned that demand disruption could immediately affect auction stability, rural cash flows and employment in tobacco-growing regions. Early signs of price pressure and the risk of carryover stocks were also flagged.

Mr. Goyal assured the delegation that the issue would be examined. The farmers urged the Centre to rationalise the tax structure, ensure policy stability, protect farmer livelihoods and strengthen measures against the illicit cigarette trade.

Source: <https://www.thehindu.com/news/national/andhra-pradesh/fcv-tobacco-farmers-urge-centre-to-review-hike-in-cigarette-tax/article70529887.ece>