

Union Budget 2026: Tobacco farmers in Gujarat seek relief amid rising GST and excise duties

January 20, 2026

Tobacco farmers in Gujarat's Kheda district are urging the Centre to roll back higher GST and proposed excise duty, warning that rising costs and taxes could cripple the sector.

Tobacco farmers in Gujarat are anxiously awaiting the upcoming Union Budget, fearing further distress to an already struggling sector amid rising taxes and input costs.

In the Kheda district of the Charotar region, tobacco growers say the steep increase in Goods and Services Tax (GST) has severely affected their livelihoods. Last year, the government raised GST on tobacco products to 40 percent from 28 percent, a move that farmers claim reduced demand and squeezed margins across the supply chain.



Adding to their concerns, the Centre has announced an additional excise duty on tobacco, set to come into effect from February 1. Farmers warn that the combined burden of higher GST and excise duty could cripple the tobacco industry in the region.

Several farmers and traders say they are considering exiting the tobacco business altogether if no relief is announced in the Union Budget. According to them, rising input costs, including fertilisers, pesticides, and labour wages, have already made cultivation increasingly unsustainable.

Farmers argue that higher taxation will further depress prices and demand, pushing many small and marginal growers into losses. They fear the move could lead to widespread job losses and disrupt the rural economy in tobacco-growing belts.

Tobacco farmers and traders have urged Finance Minister Nirmala Sitharaman to reconsider the proposed excise duty or roll back the GST rate. Without policy relief, they warn that many in the sector may be forced to abandon tobacco farming altogether.

Source: <https://english.mathrubhumi.com/multimedia/videos/union-budget-2026-tobacco-farmers-pb3ns1hs>