

CM Urges Centre to Review Tobacco Tax Hike to Protect Farmers

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Vijayawada: Chief Minister Chandrababu Naidu has sought the Centre’s immediate intervention to “correct” the revised taxation policy it has imposed on cigarettes.

Expressing serious concern over the hardships faced by tobacco growers in Andhra Pradesh, he wrote separate letters to finance minister Nirmala Sitharaman and commerce minister Piyush Goyal.

The CM stated that the revised tax structure, implemented from February 1, 2026, has severely affected Flue-Cured Virginia (FCV) tobacco farmers. The GST on cigarettes was increased from 28 per cent to 40 per cent, while excise duty was enhanced from Rs.2,050 to Rs.8,500 per 1,000 cigarettes depending on category and length.

Naidu said the cumulative burden of GST, excise duty and the national calamity contingent duty had resulted in a “tax-on-tax” effect, slowing cigarette sales and weakening market demand for tobacco. The opening auction price of tobacco had dropped from Rs.280 per kg last year to Rs.250 per kg this season.

The CM explained that cigarette manufacturers had reduced procurement volumes, causing substantial losses to farmers. He also said exporters were facing difficulties due to the uncertainties in international markets.

Naidu warned that the livelihood of nearly 43,000 tobacco farmers and lakhs of agricultural labourers dependent on the sector was under threat. Excessive taxation on legal cigarettes could encourage the growth of illegal tobacco products in the market.

The chief minister appealed to the Centre to review the enhanced taxation and excise duty structure to protect farmers’ interests and stabilise the tobacco market.

Source: <https://www.deccanchronicle.com/amp/southern-states/andhra-pradesh/cm-urges-centre-to-review-tobacco-tax-hike-to-protect-farmers-1957413>