

AP urges Centre to cut GST on unmanufactured tobacco to 28%

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Vijayawada: The state government has urged the Centre to reduce the Goods and Services Tax (GST) on unmanufactured tobacco (HSN 2401) from the existing 40% to 28%, contending that the current tax structure is hurting tobacco farmers, dealers, and exporters across Andhra Pradesh.

A delegation comprising state ministers and MPs submitted a memorandum to Union finance minister Nirmala Sitharaman in the Parliament on Tuesday, seeking immediate intervention to protect the interests of Flue-Cured Virginia (FCV) tobacco growers. The delegation conveyed chief minister N Chandrababu Naidu's concerns over the challenges confronting the state's tobacco sector following the increase in GST on unmanufactured tobacco to 40%. It clarified that the request pertains exclusively to unmanufactured tobacco classified under HSN 2401 and does not seek any concession for manufactured tobacco products.



According to the memorandum, the higher GST has disrupted the FCV tobacco value chain in Andhra Pradesh, one of India's largest tobacco-producing states. The increased tax burden, the government argued, has reduced the competitiveness of farmers and traders, adversely affecting returns from tobacco cultivation and exports.

The state maintained that reducing the GST rate to 28% would provide much-needed relief to tobacco farmers, dealers, and exporters while enhancing the global competitiveness of Indian tobacco. It said the move would help safeguard the livelihoods of thousands of farming families dependent on tobacco cultivation and strengthen the state's export-oriented tobacco industry.

Urging the Centre to act swiftly, the delegation said the proposal seeks to rationalise taxation on raw agricultural produce and is not intended to benefit processed tobacco products.

The delegation included Union civil aviation minister Kinjarapu Ram Mohan Naidu, Union minister of state for steel Bhupathiraju Srinivasa Varma, AP agriculture minister Kinjarapu Atchannaidu, energy minister Gottipati Ravi Kumar, and social welfare minister Dola Bala Veeranjaneya Swamy. MPs D Purandeswari, Lavu Sri Krishna Devarayalu, Kalisetti Appala Naidu, Magunta Srinivasulu Reddy, Bastipati Nagaraju, and Beeda Mastan Rao, among others, were also present during the meeting.

The delegation expressed confidence that the Union government would favourably consider the proposal and reduce the GST on unmanufactured tobacco, providing relief to the farming community while boosting India's tobacco exports.

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