

[Andhra Pradesh](#)

Tobacco traders urge Centre to roll back GST

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A delegation of ITA to meet Arun Jaitley soon to press their demand

Expressing serious concern over the likely fallout of Goods and Services Tax (GST) on unmanufactured tobacco, traders under the aegis of Indian Tobacco Association has urged the Centre to roll back the GST.

“Flue Cured Virginia Tobacco is a seasonal crop cultivated during February-May and it takes another 6.8 months to process the tobacco leaves. We are not sure that at what stage GST will be levied on the crop. We are presuming that the 5% of GST will be at the preliminary level of procuring the tobacco from the farmers and 28% will be on processed tobacco,” said ITA president Mittapalli Ummaheswara Rao. A delegation of ITA will shortly meet Union Finance Minister Arun Jaitley in New Delhi shortly and apprise him of the difficulties being faced by tobacco farmers.

Mr. Rao further said that the tobacco farmers had been paying the Central Excise Tax for years before former Minister Charan Singh scrapped the excise tax with the stroke of a pen. But, the imposition of GST would force the trader to pass on the burden to the farmer.

“We are producing a filler variety of tobacco the market which is shrinking globally over the years. The traders are at receiving end due to severe restrictions on crop size and the uncertainty in the global markets. Now, the GST has raised fresh concerns over the future of tobacco trading,” Mr. Rao said.

Tobacco is grown in different agro climatic zones in the States of Andhra Pradesh, Telangana, Karnataka, Maharashtra, Gujarat, Uttar Pradesh and West Bengal and fetches foreign exchange to the tune of ₹6,000 crore annually.

The tobacco traders have presumed that 5% GST will be levied on raw tobacco purchased from Tobacco Board or directly from the growers and is payable under reverse mechanism method. It is payable irrespective of its going for export or domestic sale. They also assume that 28% GST would be levied on unmanufactured tobacco in case of domestic sale to manufacturers or exporters.

“It is shocking and regret to note that the Central government has proposed to impose GST on unmanufactured tobacco industry. The Tobacco industry is already going through a very bad phase due to lack of demand from global markets due to stiff competition from countries like China and fall in consumption locally.

At this juncture imposing GST will further cripple the industry,” Mr. Rao added.

Source: <http://www.thehindu.com/news/national/andhra-pradesh/tobacco-traders-urge-centre-to-roll-back-gst/article18967759.ece>