

Business Standard

'Tobacco growers lost Rs 3,000 cr since 2014'

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A pan-[India](#) body of commercial crop growers said on Thursday that tobacco growers in [India](#) have lost over Rs 3,000 crore in earnings since 2014 due to the central [government](#) continuously increasing taxes.

According to the Federation of All [India](#) Farmers Association (FAIFA) -- representing farmers from Andhra Pradesh, Telangana, Karnataka and Gujarat, among others -- due to the continuous rise in taxation there is an increase in the already huge arbitrage opportunity available to illegal tax evading operators and an enormous boost to smuggling syndicates.

"Tobacco farmers are under extreme stress because of heavy taxation on the legal cigarette industry. Since 2013-14, the earnings of FCV tobacco farmers have shrunk cumulatively by more than Rs 3,000 crore due to drop in offtake of tobacco for the manufacture of domestic legal cigarettes. This has resulted in loss of earnings and livelihoods of the farmers," said FAIFA General Secretary Murali Babu said.

According to the association, 22 tobacco farmers committed suicide in 2016 for the first time in independent [India](#).

"This year, few farmers in the region migrated to chilli farming as an alternative. However, farmers are facing significant losses due to declining exports, instability in prices and lack of sufficient cold storage facilities," said Babu.

The association urged the [government](#) to review and roll-back the increased taxation. The GST Council had raised the compensation cess rates on cigarettes in view of the reduction in tax on the demerit goods under the new indirect tax regime. This will bring the exchequer an additional Rs 5,000 crore.

Euromonitor International says illegal cigarettes have more than doubled, increased to 23.9 billion sticks in 2015 from 11.1 billion in 2004.

Business chamber FICCI has indicated that the revenue loss to the [government](#) on account of illegal cigarettes is in excess of Rs 9,000 crore per annum.

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