

# GST: Tobacco growers' federation accuses Centre of discrimination

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Unlike other agricultural crops exempted from the Goods and Services Tax (GST), tobacco growers in the State have begun paying 18% of GST on the service charge collected by the Tobacco Board. The Tobacco Board collects one per cent of sales proceeds from the tobacco grower as well as buyers as service charges. "We have begun collecting 18% GST only on service charges, which is one per cent of the sales proceeds," board officials said. As the GST is applicable only on the service charge of one percent, Tobacco Board officials described the amount as "nominal" for the farmers, who are receiving a good price for their produce this year.

However, President of Tobacco Growers' Federation of **Karnataka** Javare Gowda has accused the Centre of singling out tobacco farmers for imposition of GST. "I don't know of farmers of any other crop who are paying GST," Mr. Gowda said. "It is unscientific and unnecessary burden on tobacco growers," he said.



Growers have to pay 18% GST on service charge collected by Tobacco Board

Inquiries with the cocoon market at Ramanagaram also revealed that the Sericulture Department officials are not collecting GST on the service collected from cocoon growers and buyers as market fee. "We are not collecting any GST on cocoons", the market supervisor told *The Hindu*.

Mr. Gowda, who is also the former vice-chairman of the Tobacco Board, said the federation will shortly be representing to the Centre to withdraw the GST imposed on tobacco growers. Though the Board has been collecting GST from the farmers since the auction season began on September 7 this year and has not faced any resistance from the growers, the federation representatives felt that most of the growers may not be aware of the deductions.

Meanwhile, the auction platforms have witnessed a good demand for tobacco from buyers across the globe this season. "Even though markets began about a week ahead this year, a total of 14.65 million kg of tobacco has been marketed as on today against 7.3 million kg marketed on the corresponding day last year," a Tobacco Board official said.

The sanctioned crop size for tobacco in Karnataka this year is 99 million kg though the Indian Tobacco Association (ITA), comprising manufacturers and exporters, had submitted an indent to the board demanding 105 million kg from the State.

Also, the average price of tobacco so far this season is ₹138 per kg as against ₹124 per kg on the corresponding date last year. Last year, the auction season closed with an average price of ₹124.58 per kg. Though the crop size has been fixed at 99 million kg this year, the federation is anticipating tobacco crop to exceed by two or three million kg this year.

Though the region received a large amount of rainfall during the last two months, destroying crops, particularly vegetables, the tobacco farmers were spared as they had harvested their produce before the rains. They take up plantation in April and harvest the crop by August.

Source: <http://www.thehindu.com/news/national/karnataka/gst-tobacco-growers-federation-accuses-centre-of-discrimination/article19914434.ece>