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Press Release

Tobacco Farmers Express Concern at the Duty Hike in Union Budget

New Delhi, 3 February, 2017: The Federation of All India Farmer Associations (FAIFA), a non-profit organization representing the cause of millions of farmers and farm workers of commercial crops across the States of Andhra Pradesh, Telangana, Karnataka, Gujarat etc. had appealed to the Hon'ble Finance Minister to salvage tobacco farmers from the onslaught of heavy taxation on the legal cigarette industry in order to help bring stability in farm prices and farmer earnings.

However, we are extremely concerned that the Union Budget 2017-18 has once again increased the excise duty on Cigarettes. The increase in duty rates will lead to further drop in farm earnings as illegal cigarettes will continue to increase and cause a further drop in the off take of domestic tobaccos grown by Indian farmers.

Mr. Murali Babu, General Secretary, Federation of All India Farmer Associations (FAIFA), said, "The duty increase announced in the 2017 Budget is a blow to the livelihood of FCV (Cigarette) tobacco farmers, who have been facing unprecedented hardships due to sharp drop in demand for their produce. The resulting loss in earnings of farmers and the acute financial distress faced by them has even led to unfortunate cases of suicides by farmers in the tobacco growing states of Andhra Pradesh, Telangana and Karnataka last year."

FAIFA appreciates that the Union Budget is focused on agricultural growth and seeks doubling of farmer incomes in the country. However, the plight of tobacco farmers whose earnings have reduced sharply in the past recent years has been completely neglected and no relief whatsoever or export incentives have been provided which will increase offtake of our produce.

FAIFA would like to reiterate that India has a huge and wide-spread dependence on tobacco for livelihood. The ongoing distress of FCV tobacco farmers and others dependent on tobacco for their livelihood makes it very important for policy makers in India to strike a balance between the country's excessive taxation, regulatory overreach and the livelihood of people. The socio-economic importance of tobacco and its employment-generation capacity should not be overlooked while framing policies in this area.

FAIFA appeals to the Government to take appropriate measures to protect the livelihood and earnings of farmers in the country so that unfortunate incidents of farmer suicides are not repeated in future.

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