

Withdraw additional cess on cigarettes: FAIFA

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Farmers' body FAIFA on Sunday sought roll back of the proposal to levy additional duty on cigarettes, saying the hike in tax will have an adverse impact on the livelihood of already struggling tobacco growers.

While presenting the Union Budget for 2020-21, Finance Minister Nirmala Sitharaman proposed to increase the National Calamity Contingency Duty (NCCD) on cigarettes, hookah, chewing tobacco, snuff and tobacco extracts and essence.

"The hike in tax is a major set-back to the FCV (Flue Cured Virginia) tobacco farmers who have been fighting torrential and unseasonal rains this year in Andhra Pradesh and Karnataka.



Representative Image

"We did not expect such NCCD hike ..after you (Government) were made aware of our current situation through several representations..," Federation of All India Farmer Associations (FAIFA) said in a statement.

It is unfortunate that the finance ministry has not even responded to many of FAIFA's representations which were submitted personally by the farmers, it added.

"What more can a legal tax paying FCV tobacco farmer can do? It is a death bed to all the FCV tobacco farmers when trusting and relying on Government is not yielding the required results, whereas unorganised sectors like Bidi industry was free of tax burdens," the association said.

Steep increase in taxes on cigarettes has led to increase in illegal trade, including smuggling of such items.

"Tax increases since 2012-13 have led to a 36 per cent increase in illegal cigarette trade, increasing from 19.5 billion sticks in 2011 to 26.5 billion sticks in 2018," FAIFA noted.

It said that the government has already removed export incentives on tobacco, making Indian produce less competitive in the global market.

"This lack of support from the Government is resulting in reduction in crop size and farmers voluntarily exiting the FCV tobacco cultivation. In this backdrop, the present NCCD hike is levied only on tobacco and it is against the fundamental principles of GST, hence we request Hon'ble Finance Minister to reconsider and withdraw the NCCD hike on Tobacco," FAIFA said.

Source: <https://www.deccanherald.com/business/budget-2020/withdraw-additional-cess-on-cigarettes-faifa-800883.html>