

Tobacco farmers' body urges govt for pragmatic approach on cigarette taxation

New Delhi: Tobacco farmers' body FAIFA on Thursday said hike in taxes on cigarettes announced in Budget 2020-21 will only increase smuggled cigarette trade which, in turn, will affect livelihoods of millions of tobacco growers and farm workers. The Federation of All India Farmer Associations (FAIFA) said it had also appealed to finance minister Nirmala Sithrman to have a 'pragmatic approach' on cigarette taxation at a meeting on Wednesday.

The hike in national calamity contingent duty (NCCD) on cigarettes proposed in the Budget is a major

setback to FCV tobacco farmers who have been fighting torrential and unseasonal rainfall this year in Andhra Pradesh and Karnataka, FAIFA said in a statement.

"Indiscriminate increase of excise duty on cigarettes will result in reduction in legal cigarette production and this will reduce the tobacco purchases of domestic manufacturers, impacting market prices for farmers thereby putting more pressure on farmer's earnings and causing further stress," it said.

Commenting on hike in NCCD on cigarettes, FAIFA president Javare Gowda said, "This tax increase will pro-

vide a further boost to the smuggled cigarette trade and (lead to) dip in domestic demand, resulting in weak demand in the ensuing auctions." He further said the hike in NCCD was unexpected as several representations were made to the government to make it aware of the current situation of tobacco farmers and the ground-level realities of the struggles and losses that are being faced by them due to crop damage and also smuggled and illegal cigarette markets.

In the Budget, the FM had announced increasing NCCD on cigarettes, ranging from Rs 200-Rs 735 per thousand

sticks, depending upon length of cigarette and on filter and non-filter basis.

It was increased to 60 per cent from 45 per cent on smoking mixtures for pipes and cigarettes, while on other forms of smoking tobacco (other than smoking mixtures for pipes and cigarettes) and forms of chewing tobacco, it was increased to 25 per cent from 10 per cent.

Gowda claimed that due to higher taxation, smuggled, illicit and contraband cigarettes along with WHO regulations, FCV production has come down to 210 million kg in 2019-20 from 325 million kg in 2013-14. PTI