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Press Release

FAIFA Lauds Hon'ble PM 'Vocal for Local' Campaign: Appeals to adopt the same in letter and spirit with respect to policies impacting Indian FCV tobacco farmers

- *Appeals to shun the legacy of tobacco control policies that ape the West and adopt frameworks which are rooted into the reality of Indian tobacco consumption through equitable taxation*
- *Requests not to get influenced by the propaganda of the global tobacco control NGOs*
- *Appeals not to take policy decisions in present Pandemic that increases instability and adverse impact on the livelihood of Indian FCV tobacco farmers while promoting foreign smuggled tobacco brands*
- *Over 120 million kgs of FCV Tobacco worth around 2000 crores remains unsold in Andhra Pradesh and Karnataka*
- *More than Rs 5,000 crore loss to the FCV Tobacco Farming community in last 6 years*

New Delhi, 29 May, 2020: 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. today lauded Shri Narendra Modi Ji's 'Vocal for Local' campaign and appealed to the government to shun the legacy of tobacco control policies aping the Western world and adopt policies that are rooted into the reality of tobacco consumption pattern of India. The Federation also appealed to the Government to be sensitive towards the financial distress faced by FCV tobacco farmer because of COVID pandemic and reduce cigarette taxes to pre-GST levels so the market share of smuggled foreign brands can reduce and Indian industry and farmer can benefit in line with the Vocal for Local vision of the prime minister.

India has a unique pattern of tobacco consumption and cigarettes are the smallest component of tobacco consumption in India and constitute only 9% of tobacco use. However, it is facing the brunt of these most draconian and stringent regulations in the world. Also, the per capita annual consumption of cigarettes in India is just 96, amongst the lowest in the world. Only 3% of the adult population consumes cigarettes. While, Smokeless tobacco product users and bidi smokers outnumber cigarette smokers by 6 times and 3 times respectively. However, Cigarettes account for more than 80% of revenue from tobacco taxation, while the contribution to tax collections from the other two segments is insignificant. Majority of the tobacco industry (68%) is in the untaxed or unorganized sector.

In view of the current weakening economic scenario and the rising unemployment in the country due to COVID, the Government should remain mindful of the fact that no such policy decisions are taken that brings instability in farm prices and have an adverse impact on the livelihood of Indian FCV tobacco farmers. Indian tobacco farmers are already facing huge losses due to delays in marketing their crop.

As per FICCI CASCADE's recent study the total loss to the economy because of cigarette smuggling has been Rs 16,138/- crores while the total employment opportunity lost in the sector is about 3.34 lakh. Any further unreasonable regulations proposed by the tobacco control NGOs would have a direct impact on the livelihood of 4.5 crore Indians engaged in the sector.

In Andhra Pradesh only around 17 million kgs of the authorised FCV tobacco crop out of 136 million kgs valued at around Rs 2,000 crores has been sold so far, due to lockdown and delayed resumption of auctions. Similarly in Karnataka, which had reached the last leg of auctioning in March 2020, the auction floors were shut due to COVID lockdown and around 3 million kgs of the FCV tobacco is still to be auctioned. Further, the Tobacco Board

has already announced a reduced crop size for the next Karnataka crop, downsizing it from earlier planned 99 million kgs to 88 million kgs.

Mr. Javare Gowda, President, Federation of All India Farmer Associations (FAIFA), said, “In the last few years, under the influence of WHO FCTC, the Government has imposed harsh tobacco regulations such as increasing the size of pictorial warnings, imposing punitive taxation on Cigarettes with the tax burden more than trebling since 2012-13 and has even withdrawn export benefits. These policies are a result of the legacy of aping the western world by the previous governments where cigarettes represent 91% of tobacco consumed as compared to India where cigarettes are only 9% of the tobacco being consumed. All these are leading to adverse consequences on livelihood of crores of Indians without providing any alternatives livelihood opportunities or help to farmers who cannot grow any other equally remunerative crop in the dry and arid regions they reside in.”

Mr. Murali Babu, General Secretary, Federation of All India Farmer Associations (FAIFA), said, “We appeal for an equality in taxation of all components of tobacco consumption. In addition, the unorganised and untaxed segments in India could be brought into the tax net by having a system whereby the input quantity and output quantity could be matched.”

“Excessive regulations and punitive taxation are hugely incentivizing Illegal Cigarette Trade which is already 1/4th of the Indian Cigarette market and destroying the incomes of millions dependent on tobacco and causing huge losses to the exchequer. These extreme Regulations are clearly anti-farmer and have been influenced by vested interests. By adopting the prime minister’s Vocal for Local approach and favouring the domestic sector, the growth of foreign brands through smuggled route can be arrested”

Tobacco farmers have lost more than Rs.5,000 crores over the last 6 years due to drop in off take of their produce. Smuggled Cigarettes do not use tobaccos grown by Indian farmers and in effect farming jobs are exported to countries like Zimbabwe, Malawi etc. that are continuously incentivising their tobacco farmers. Drop in tobacco production in India benefits other FCV tobacco producing countries which have raised their production to maintain global production levels. At the same time India is losing its advantageous position in global tobacco production and exports.

India is the second largest producer of tobacco in the world and a large exporter. Tobacco is cultivated in 13 States in the country providing livelihood to 4.57 crore people, that includes lakhs of farmers, labourers, poor rural population and tribals and their families. There is no other country in the world like India which has a huge dependence on the tobacco crop for livelihood.

We, the farming community appeals to Government that tobacco Policies should be reasonable and fair so that they do not affect the legal domestic Industry with severe consequences on tobacco farmers livelihood.

Yours Sincerely,
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