

# Tax remission sought on FCV tobacco exports

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## **‘Illegal cigarette trade is taking a toll on livelihood of farmers’**

The Federation of All India Farmer Associations (FAIFA) has appealed to the Centre to include FCV tobacco in the Remission of Duties or Taxes on Export Product (RoDTEP) scheme and encourage exports through aggressive promotion schemes.

The Centre has removed incentives for tobacco export, making the country a weak competitor in the global market, whereas other countries such as Zimbabwe, Malawi and etc. are encouraging their tobacco farmers by doling out incentives and subsidies, said Javare Gowda, president of FAIFA.

The FAIFA organised a gathering of farmers in various tobacco growing locations of Andhra Pradesh and Karnataka in strict compliance with the COVID-19 protocols on Wednesday, marking the World Tobacco Growers’ Day. It also appealed to the government to adopt a consultative approach and include tobacco farmers while framing tobacco control regulations.

“FCV tobacco growers have incurred losses of over ₹6,000 crore, with a drop in production from 325 million kg in 2014-15 to 210 million kg in 2019-20. This is because of the rise in illicit cigarette trade in India on account of higher and punitive taxation on cigarettes due to which legal cigarette sales have dropped significantly,” said Javare Gowda, president, Federation of All India Farmer Associations (FAIFA).

At present, India is the fourth largest and fastest growing illegal cigarette market in the world. The market in India has doubled from 13.5 billion sticks in 2006 to 28 billion sticks in 2019, he said.

”As smuggled cigarettes do not use Indian tobacco, the offtake of tobacco for the manufacture of legal cigarettes in India is declining. As a result, FCV cultivation is reducing and farmers are incurring a loss in excess of ₹1300 crore every year. We demand strict regulations to curb the illicit cigarette trade,” he said.

FAIFA vice-president Gadde Seshagiri Rao said that tobacco sector provides direct and indirect employment to more than 45.7 million people, around 70% of whom are in the agricultural sector. Tobacco is a highly remunerative crop providing economic benefits to farmers.

”Studies conducted by the Central Tobacco Research Institute (CTRI) have also shown that there is no other equally remunerative crop in the tobacco growing regions. Hence, it is important that Government of India extends the required support to FCV growers in meeting international standards,” he said.

**Source:** <https://www.thehindu.com/news/national/andhra-pradesh/tax-remission-sought-on-fcv-tobacco-exports/article32967555.ece>