



# FEDERATION OF ALL INDIA FARMER ASSOCIATIONS

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To

Date: January 13, 2022

**Smt. Nirmala Sitharaman,**  
**Hon'ble Finance Minister**  
Government of India  
New Delhi.

**Respected Madam,**

## **Sub: High Taxation & Excessive Regulations–Burden on FCV Tobacco Farmers**

We, the Federation of All India Farmer Associations (FAIFA), a non-profit organization represent the cause of millions of farmers of all the crops in India. FAIFA strives to project farmer's voice at regional, national and international levels and works towards ensuring sustenance of stable livelihood of farmers. One of the important issues that FAIFA is representing currently is the cause of millions of FCV (used in cigarettes) tobacco farmers and farm workers in India, whose livelihoods are under serious threat.

**We are writing this representation in the light of appeal for rise of taxation of India tobacco products. Madam, we, on behalf of entire FCV tobacco farming community would like to point out that, it is a complete misleading propaganda which is directly impacting the livelihood of millions of FCV tobacco farmers'. We request you to not believe or encourage such tone of publicity which got more fiction than facts.**

Madam, The Indian FCV tobacco crop provides livelihood to over 1.5 Million workers a year, the Government earns revenue of Rs 54,000 crores by way taxes / cesses from the industry which uses our produce and 1,80,000 Hectares of land is put under productive utilization, which otherwise would have been used for low value Millets and other such crops.

In recent times, FCV tobacco farmers in India are the prime victims of dry climate, excessive rain falls, Covid-lockdown phases as well as excessive taxation and extreme regulations on cigarettes. Still, we, farmers' have braved all the calamities to produce qualitative crop. But the above mentioned factors, has impacted demand for legal cigarettes and price for our domestic tobacco produce. Illicit/Smuggled/Contraband cigarette markets have taken over the legal taxpaying Indian tobacco products. At the end of the day, Farmers' were the victims of the greed of some foreign vested NGO's fake publicity and unfortunately, some foreign funded NGOs with hidden

agenda are misleading some influential personalities and section of youth for their mission. Not knowing to them, these so called influential personalities with tax rise slogan are directly impacting the livelihoods of the millions of farmers and farm labour.

**This continued excessive taxation and extreme regulations have not reduced overall tobacco consumption in the country and other cheaper tobacco products have flourished. In addition, these measures have has unintended consequences and have benefitted the illegal operators and smugglers of foreign brands with India becoming their favorite and easily accessible destination.**

**India is now the 4th largest illegal cigarette market in the world with illicit cigarettes more than doubling from a level of 11.1 billion sticks in 2004 to 25.6 billion sticks in 2018, resulting in an annual Revenue loss of Rs 13,000 crores to the Government.**

Consequently the normal FCV crop size has reduced from 316 million kgs in 2013-14 to 194 million kgs on an average in the past 7 years. The farmers have been forced to shift to alternative crops, which has been unsuccessful.

FCV tobacco farmers' have many times in the past tried alternative crops like food grains, cereals, pulses, oilseeds, vegetables, sugarcane, oil palm, and even dairy and poultry activities. Since there are no equally remunerative crop that can be grown in the rain fed, semi-arid area where tobacco is grown the farmers are now under extreme stress.

One has to take the fact in to consideration before subjecting FCV Tobacco farming community to unrealistic regulations, that, it has been declared by the Central Tobacco Research Institute of India that there is no other economically viable alternative to FCV Tobacco crop. The result was declared after evaluating all the economic, social and environment aspects of the FCV growing regions.

**With reference to above mentioned facts and current dire circumstances of the millions of FCV tobacco farmers we request the Government of India to**

- To evaluate the existing circumstances of FCV tobacco crop and reduce the taxes for cigarettes in our country in order to curb smuggled, convert consumption of illegal cigarettes to legal and prevent consumption of cheaper unhealthy & unhygienic substitutes
- Kindly reinstate the 5% export incentive and include FCV Tobacco in RODTEP scheme to make Indian tobacco export competitive. Such step will be a new ray of hope for limping Tobacco community and also in line with our Hon'ble Prime Ministers' vision of doubling farmers' income.

- We appeal to you keeping in mind the interest of FCV tobacco farming community to "Protect Our Livelihood" by keeping the taxes on cigarettes stable and ensure equality in treatment across product categories.

**In this backdrop, we once again request your Hon'ble self to not encourage or give heed to misleading propaganda of some foreign funded NGO's to increase the tax on Indian Tobacco Products as such move will be detrimental to our one and only livelihood.**

Thanking you,

Yours faithfully,

For Federation of All India Farmer Associations [FAIFA]



P S Murali Babu, General Secretary

Cc:

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