

JUST IN



Bengaluru: The Tobacco Institute of India (TII), today hosted the '16th' TII TobaccoFarmers award'.The Tobacco Institute of India instituted these awards in 1999 with a view to felicitate and encourage the cigarette leaf tobacco farming community for its effort in adopting modern and scientific farming practices, which would help improve yields, produce improved varieties and make Indian tobaccos competitive in the global market. More importantly, through these awards, TII expresses its unstinted support to the cigarette tobacco farmers and acknowledges their significant socio-economic contribution to the country's economy.





The event took place in the presence of

Honourable Members of Parliament Shri R Dhruvanarayana, Shri PratapSimha and Shri C S Puttaraju along with the Members of the Legislative Assembly - Shri K Venkatesh, Shri H P Manjunatha and Shri A Manju. Shri Bipin Bihari Chowdary -Director, Auctions of the Tobacco Board, Bengaluru and Dr. D Damodar Reddy - Director of Central Tobacco Research Institute represented their respective organisations.

Tobacco is a very important commercial crop, providing livelihood to 45.7 million people, comprising farmers, farm labours, workers, retailers etc. and their families. However, the current domestic market scenario is not only impacting the earnings and causing distress to the farmers but is also posing a serious challenge for the next crop season. In view of a sluggish domestic market, the Tobacco Board has restricted the authorized crop size for Andhra Pradesh and Karnataka for the next season to 220 Million Kgs. compared with 276 Million Kgs. this year. With no equally remunerative, viable alternative crop, which the farmers can grow on their unused land, the situation is grave for the FCV tobacco growers, as less production would severely affect their earnings in the next season auctions.



The FCV Tobacco growers of Karnataka,

Andhra Pradesh and Telangana are largely dependent on the Legal Cigarette Industry in the country. However, the cumulative impact of successive years of sharply escalating taxes and extreme tobacco control regulations continue to penalize the tax-paying, compliant legal industry causing sharp decline in volumes and leading to shift of consumption to non-cigarette tobacco product forms and contraband cigarettes which do not use domestic tobacco.

Consequently, over the last three decades, the legal cigarette share of total tobacco consumption in India has declined from 21% in 1981-82 to 11% currently while the overall tobacco consumption in the country has increased by 36% during the same period.

The decline in legal cigarette volumes has been particularly severe in the last few years with successive and large increases in excise duty rates on legal cigarettes with a cumulative impact of a 98% increase. In addition, legal cigarettes continue to attract very high rates of VAT and other state level taxes. As a result of such punitive taxation, legal cigarette volumes in India have declined sharply from 110 billion sticks in 2011-12 to 95 billion sticks in 2014-15 and are estimated to decline further in 2015-16. According to a recent FICCI study, illicit cigarettes account for 20.2% of the cigarette industry having grown from 15.7% in 2010, resulting in revenue loss of more than Rs.9,000 crores to the exchequer.

"It is very distressful to see lakhs of FCV farmers in the 2nd largest tobacco producing and a major tobacco exporting country of the world facing such serious threat to their livelihood. While declining volumes of legal duty-paid cigarettes in the country has adversely impacted domestic demand for leaf tobacco, the situation has worsened due to a corresponding fall in export demand and the withdrawal of export incentives under the new Foreign Trade Policy. Hence, we humbly urge the Government to recognize the huge

