

FAIFA appeals to policy makers to sustain market price of finished goods to protect livelihoods of FCV farmers

INDO-ASIAN NEWS SERVICE

NEW DELHI, 20 JANUARY

Federation of All India Farmer Associations (FAIFA), a non-profit organisation representing the cause of millions of farmers and farmworkers of commercial crops across the states of Andhra Pradesh, Telangana, Karnataka, Gujarat, on Thursday flagged that consumption price of legal cigarettes in India has reached the maximum limit to what the purchasing capacity of consumers can absorb against the backdrop of cheaper and fast growing illicit cigarettes and alternatives, and any further increase in taxes would lead to a severe reduction in Flue Cured Variety (FCV) cultivation and impact the livelihoods of farmers.

As per Euromonitor International, Illicit cigarette volumes in India registered a whopping 44 per cent in a decade from 19.5 billion sticks in 2011 to 28.1 billion sticks in 2020. This takes the market share of illicit cigarettes in the country from 21.3 per cent in 2015 to 27.6 per cent in 2020. This increase has resulted in shrinkage of FCV crop size by a sharp 39 per cent from 316 million kg per annum to 194 million kg per annum between 2013-14 to 2021-22.

The FCV cultivation acreage in India has also witnessed a huge drop from 2,21,385 hectares in 2013-14 to 1,22,257 hectares in 2020-21 leading to 35 million man-days of employment loss.

Today, legal cigarettes have become unaffordable in India. Cigarette in India cost amongst the highest in the world as a percentage of per capita GDP at 7.70 per cent in comparison to 0.46 per cent for the US and 1.14 per cent for China (WHO Report). This is even though cigarettes are only 8 per cent of tobacco consumed in the country while 92 per cent is other forms of tobacco. This is in stark contrast to the rest of the world where tobacco is synonymous with Cigarettes representing 90 per cent of tobacco consumption.

The World Health Organisation (WHO) in a report on the Global Tobacco Epidemic, 2021 has acknowledged that the affordability of legal cigarettes in India reduced sharply from 11.10 per cent in 2010 to 13.78 per cent in 2020. These findings were further corroborated with the results of the American Cancer Society study which observed that India has one of the lowest per capita cigarette consumptions in the world.