

Tobacco production jolted by war on terror

By Razi Syed

KARACHI: The war against terror in Buner and other parts in Swat Valley is taking its toll on the cultivation of tobacco and it has been hampered in war-affected zones.

Annually around eight million kilograms of Virginia tobacco (fine quality), worth Rs 9.9 billion is cultivated in Buner and almost 50 percent of the cultivable land is utilised for tobacco farming.

Tobacco export stood around \$2.70 million in April 2008 as compared with \$2.33 million in the same month last year due to enhanced quality of Virginia tobacco (fine quality) in the country, the traders said Tuesday.

Minister of State for Commerce Hamid Yar Hiraj said the government would introduce certain amendments in Tobacco Board Ordinance 1968, keeping in view the interests of the country's tobacco growers.

"The proposed amendments will make PTB more efficient, functional, professional, goal-oriented and manageable, which will be in the interest of tobacco growers," Hamid Yar Hiraj said.

The board has not been reconstituted for the last two years as against the past practice, as the board is a statutory body, the Ministry of Commerce has the prerogative to issue any orders in this respect.

The Ministry of Commerce had directed the board authorities to continue functions until further orders, he added.

The tobacco is one of the major exports of the country and its farming is the backbone of exports, a senior member of the Pakistan Tobacco Board (PTB) said.

He said PTB advised growers to plan production of the crop 2009 keeping in view the required purchase targets of tobacco industry.

"PTB has projected requirement of flue-cured Virginia and dark air-cured tobacco crop for 2009 at 3.85 percent and 40 percent higher than the production or purchase of tobacco crop by companies during 2008 crop".

A senior member of Pakistan Tobacco Traders (PTT), Omar Hassan said the export could be enhanced manifold if the necessary measures were be taken to modernise tobacco farming in the country.

He said due to potential of tobacco industry and farming, the PTB established in 1968 with headquarters in Peshawar had been attached to the Ministry of Commerce.

Mr Hassan said the board is to promote tobacco cultivation on scientific lines for domestic use and export. It regulates, controls, grades and exports tobacco products, undertakes research and training for the tobacco industry, renders assistance for the development of existing and growing areas and establishment of model farms.

He said in 2008, over Rs 36.5 billion were contributed to the federal exchequer as Central Excise Duty and Sales Tax.

He said being a highly labour-intensive crop, more than eighty thousand persons are involved in its cultivation, nearly fifty thousand are engaged in more than 24 factories of the tobacco industry and another one million find indirect employment through its trading.

He said though tobacco cultivation occupies a small area of around 0.30 percent of the total irrigated land in the country and slightly more than 3 percent in NWFP, it is of great significance as a source of revenue, employment and foreign exchange earnings to the country.

He said this is the only sector in the country where the tobacco industry makes prompt payments to tobacco farmers, which is not the case for other crops like sugarcane, cotton and fruits. He said tobacco farming was

initiated in 1963 in the region to provide an economic substitute for opium growers.

He said that lack of research setup, modern techniques, un-availability of natural gas supply had marred the well being of tobacco farmers.

The projected requirements of flue-cured Virginia type tobacco for year 2009 would be more than 69 million kilogram, dark air-cured 1.75 million kilogram, white patta 2.875 million kilogram and Burley 1.850 kilograms.

Tobacco at present is grown over nearly two percent of the total area under cultivation, making Pakistan the fifth largest tobacco producing country. The share of this crop in GDP is about four percent.

The Federal Board of Revenue last year collected Rs 66 billion as sales tax and central excise duty from tobacco industry. The industry, directly or indirectly, provides jobs to some 100,000 people, whereas 70,000 families earn their livelihood through cultivation of the crop.

The growers' representative bodies allege that total yield of tobacco is always under-stated so that levies on raw (green) tobacco imposed by the government could easily be evaded.

This impacts payment of development cess, central excise duty, sales tax paid by tobacco industry.

Market sources estimate the total consumption of cigarettes at 78 billion while only 60 billion sticks are on record, which results in evasion of Rs 7.4 billion under the head of sales tax.

A wide ranging surveys conducted by international bodies say that the area under tobacco cultivation is 57,000 hectares while the yield is above 1,20,000 tonne.

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