

**GOVERNMENT OF INDIA
HEALTH AND FAMILY WELFARE
LOK SABHA**

UNSTARRED QUESTION NO:6893
ANSWERED ON:07.05.2010
TAXES ON TOBACCO PRODUCTS
Owaisi Shri Asaduddin

Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

- (a) whether tobacco related illness and deaths cost the Government around Rs. 30,000 crore;
- (b) if so, the details thereof;
- (c) whether cigarette taxes currently account for less than 40 per cent of the retail price of package which is far below the World Health Organisation's (WHO's) recommended level of 65 per cent to 80 per cent;
- (d) if so, the details thereof;
- (e) whether the Government proposes to increase the taxes on tobacco related products to discourage their consumption in the country; and
- (f) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF HEALTH & FAMILY WELFARE (SHRI S. GANDHISELVAN)

(a) & (b) As per the report, Tobacco Control in India, 2004, about 8-9 lakh persons die annually due to diseases attributable to tobacco use. The health cost of only three tobacco attributable diseases, viz. cancers, lung disorder and cardio vascular ailment was estimated in that expenditure at Rs. 30,833 Cr. (2002-03).

(c) & (d) Currently, the incidence of Central Excise duty on major brands of cigarettes calculated on the MRP of the product ranges from 28% to 69%. The incidence would be even higher when calculated on factory gate prices. In addition, cigarettes bear state taxes such as VAT, Octroi etc.

(e) & (f) In the 2010-11 budget, the Government has increased the basic excise duty on all tobacco products, except beedis, by around 20%. Chewing tobacco, unmanufactured tobacco and Jarda scented tobacco have been brought under the purview of compounded levy scheme wherein the excise duty is paid based on the number of machines installed in the factory of production. Gutkha is already under the compounded levy scheme since July 2008.

In addition, some States also levy VAT on tobacco products.