

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1057
ANSWERED ON:12.08.2013
CESS ON TOBACCO PRODUCTS
Karunakaran Shri P.;Ray Shri Rudramadhab

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Tobacco Board has proposed a special cess on cigarettes and other tobacco products for handing over directly to the World Health Organisation (WHO);
- (b) the nature of talks and agreement between the Tobacco Board and WHO or other agencies to raise funds in India for its schemes within and outside India;
- (c) whether the Tobacco Board is under any obligation for raising of funds for international agencies including WHO and if so, the details thereof along with the revenue raising plans of the Tobacco Board for international agencies;
- (d) whether there are instances of illegal trade in the tobacco sector and if so, the quantum of tobacco products illegally traded/smuggled in the country; and
- (e) the details of the effective action taken by the Government to prevent the smuggling of tobacco products in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. D. PURANDESWARI)

- (a) No , Madam. the Tobacco Board has not made any such proposal.
- (b) Does not arise.
- (c) No , Madam
- (d) Yes Madam, some cases of evasion of excise duty are detected against the manufacturers of tobacco products including clandestine production and removals. These cases are booked at the field level i.e. at various commissionerates of Central Board of Excise and Customs(CBEC) spread all over India. No centralized data at the level of CBEC is maintained in respect of such cases. However, Directorate General of Central Excise Intelligence, an apex organization under the CBEC, also books cases of evasion of excise duty. The details of cases of evasion of Central Excise Duty in tobacco trade, booked by the Directorate General of Central Excise Intelligence during last three years is as under:

(Rs. in crore)				
Year	Product	No. of Cases	Duty Amount	Realized
2010-2011	Gutkha/ Khaini	14	354.66	29.55
	Cigarettes	5	49.59	0.23
	Tobacco	1	0.49	0.49
	Total	20	404.74	30.27
2011-12	Gutkha	7	90.18	2.80
	Cigarettes	11	0.40	0.35
	Zafrani Zarda	1	4.00	1.15
	Total	19	94.58	4.30
2012-13	Gutkha	1	1.14	-
	Cigarettes	1	0.17	0.01
	Tobacco	2	6.00	2.40
	Total	4	7.31	2.41

(e) All customs field formations including the Directorate of Revenue Intelligence have been sensitized to be alert and keep constant vigil to thwart any attempt at illegal trade in tobacco. Similarly, the Central Excise field formations including the Directorate General of Central Excise Intelligence have also been sensitized to be alert and keep vigil on the units manufacturing tobacco products prone to evasion of Central Excise duty and collect Intelligence/ information and book cases of duty evasion against such units where required.