

**Confidential**

**COMMITTEE ON SUBORDINATE LEGISLATION**  
**(SIXTEENTH LOK SABHA)**  
**(2015-2016)**

**“THE CIGARETTE AND OTHER TOBACCO PRODUCTS (PACKAGING AND LABELLING)  
AMENDMENT RULES, 2014”**

**ELEVENTH REPORT**

**(PRESENTED ON 15.3.2016)**

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**LOK SABHA SECRETARIAT**

**NEW DELHI**

**March, 2016 / Phalguna, 1937 (Saka)**

**COSL No. 30**

**PRICE: Rs.**

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fourteenth Edition) and printed by the Manager, Government of India Press, Minto Road, New Delhi.

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**COMPOSITION OF THE COMMITTEE ON SUBORDINATE LEGISLATION**  
**(2015-2016)**

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4. Smt. Vidya Mohan                            -              Committee Officer

## INTRODUCTION

I, the Chairperson, Committee on Subordinate Legislation having been authorized by the Committee to submit the report on their behalf, present this Eleventh Report on Cigarette and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014 (GSR 727-E of 2014).

2. The matters covered by this Report were considered by the Committee at their sittings held on 15.7.2015, 30.7.2015, 4.8.2015, 7.8.2015, 12.8.2015, 27.8.2015 and 10 September, 2015.

3. The Committee also wish to express their thanks to various NGOs/Stakeholders who have furnished their valuable comments/suggestions to the Committee on the subject matter. The list of NGOs/Stakeholders is appended to the Report.

4. The Committee took oral evidence of the Ministry of Commerce, Ministry of Micro, Small and Medium Enterprises, Ministry of Labour & Employment, Ministry of Agriculture, Ministry of Finance on the subject matter and wish to express their thanks to the representatives of the Ministries/Departments who have furnished their valuable comments/suggestions to the Committee on the subject matter.

5. The Committee considered and adopted this Report at their sitting held on 11.3.2016. The Minutes of the sittings relevant to this Report are appended to it.

New Delhi;  
March, 2016 / Phalgun, 1937 (Saka)

(DILIPKUMAR MANSUKHLAL GANDHI)  
CHAIRPERSON,  
COMMITTEE ON SUBORDINATE LEGISLATION

## **PART- I**

### **CHAPTER - I**

#### **BACKGROUND**

#### **The Cigarettes and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014 (GSR 727-E of 2014)**

Under Section 31 of the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003, the Cigarettes and other Tobacco Products (Packaging and Labelling) Rules, 2008 were framed and notified by Ministry of Health & Family Welfare vide GSR 182-E dated 15.3.2008. These Rules were amended from time to time and the last amendment was notified vide GSR 727-E dated 15.10.2014 which was published in the Gazette of India, Extraordinary, Part-II, Section 3(i) dated 15.10.2014 and was scheduled to come into force w.e.f 1.4.2015. The amended Rules envisages modification to Rule 3(1) (b) to increase the size of the specified Health warning from 40% to 85% of the Principal display area of the package of all kinds of tobacco Products. Further, as per the newly inserted Rule 3(1)(h), every package of cigarette or any other tobacco product shall contain the particulars like name of the product; name and address of the manufacturer, importer, packer; origin of the product, quantity of the product; date of manufacture; and any other matter as may be required by the Central Government in accordance with the international practice. As this subject was under examination by the Committee on Subordinate Legislation, the Committee received a large number of representations from different groups like tobacco farmers / growers / Beedi workers Association / NGOs as well as Members of Parliament. Besides this, a large number of similar kind of representations (approximately 2,00,000 lakhs) from Beedi workers / tobacco growers from all over the country were also received by the Committee against the proposed Notification (No. 727-E dated 15 October, 2014).

1.2 In the representations received by the Committee, serious apprehensions were expressed about the likely adverse impact of the modified Rules on the livelihood of a large number of people directly or indirectly involved in Beedi & Tobacco trade. These representations alongwith the points noticed by the Committee were referred to the Ministry of Health & Family Welfare for furnishing their comments.

1.3 The Committee also held a briefing meeting with the representatives of the Ministry of Health & Family Welfare on 4.2.2015 and further deliberated over the issue during its sitting held on 9 March, 2015. Taking into consideration the large number of representations received by the Committee expressing serious apprehensions about the adverse impact of the modified rules on the livelihood of large number of people directly or indirectly associated with the tobacco industry, was examined comprehensively. The Committee also decided to hear the views of experts/NGOs/stakeholders and other Ministries of the Government of India viz. Labour & Employment; Micro, Small and Medium Enterprises; Finance; Agriculture; Commerce, etc. for the purpose of having a clear picture on various aspects raised in the representations received by the Committee.

1.4 As the issue involved were large, it was not possible for the Committee to complete their examination by 1 April, 2015 i.e. the date on which the proposed Notification on tobacco products was to come into force, the Committee presented an interim Report (4<sup>th</sup> Report) on the subject on 18.3.2015 urging the Government to keep the notification viz. GSR 727-E dated 15.10.2014 in abeyance till the Committee finalize the examination of the subject and arrive at conclusions and presents an objective Report to the Parliament.

1.5 For the purpose of comprehensive examination of various issues, the Committee, thereafter, held detailed discussions with various experts / NGOs / stakeholders like Indian Cancer Institute, Voluntary Health Organization, Advocacy Forum for Tobacco Control, Tobacco and NCD Control Programmes, All India Beedi Federation, Karnataka Growers Association, Pan shop owners Association, ITC, Tobacco Institute of India, Godfrey Philips, Smokeless Tobacco Federation (India), Tendu Leaf Pluckers Association etc. and heard their views on the subject. The Committee also took oral evidence of the representatives of the Ministries of Commerce, Labour & Employment, Micro, Small and Medium Enterprises, Agriculture and Finance (Department of Revenue) (Central Board of Excise and Customs), Tobacco Board, etc.

1.5 The various issues which came up before the Committee are dealt with in the subsequent paragraphs:



## CHAPTER-II

### INCREASE IN SIZE OF PICTORIAL HEALTH WARNING ON ALL TOBACCO PRODUCTS.

#### A. INTRODUCTION

Section 7 and 8 of Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 mandates depiction of specified warning including pictorial warnings which should be legible, prominent and conspicuous in respect of size and colour. On October, 15, 2014, the Ministry of Health & Family Welfare issued a gazette notification mandating the display of specified health warnings covering eighty five percent ( 85%) of each side or face of the principal display area of the package of which sixty percent ( 60%) shall cover pictorial health warning and twenty-five percent (25%) shall cover by textual health warning. The new Rules called the **Cigarettes and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014** were supposed to come into effect from 1 April, 2015. In pursuance of the proposed notification some apprehensions have been expressed about the adverse impact of modified Rules on the livelihood of millions of manufacturers, farmers, growers, traders, workers directly or indirectly involved in the industry. At the same time Government Agencies/NGO's/Societies/Forum etc. favoured the modified rules and had opinion that it will reduce the tobacco use.

#### OPINIONS OF NGO's/SOCIETIES/ASSOCIATIONS/FORUM ETC.

2.2 On 15.7.2015, the Committee invited NGOs /Societies/Forum etc. to know their views on the impact of pictorial warnings on the tobacco consumption in any form.

#### NEED FOR INCREASE IN DISPLAY AREA OF PICTORIAL HEALTH WARNING

2.3 Referring to the proposed notification, **Voluntary Health Association of India**, have submitted a written memoranda on the need for 85% picture health warnings (front and back) on all tobacco packets in India as under:-

"Effective package warnings increase awareness of the health effects and reduce tobacco use. As a result of health warnings, consumers receive more information, not less. Consumers are entitled to be fully informed of the many health effects of tobacco products, and the package is the best way to do that. Studies show that consumers, including children, underestimate the health effects, in low, middle and high income countries. A larger size means that warnings are more visible, more important, and have more impact. A larger size allows for bigger and better pictures, a larger font size and/or additional information, including cessation information. Further, a larger size makes it more difficult

for the branded promotional part of the package to distract the consumer's attention away from the warning. That larger sizes are more effective is confirmed by the considered decisions of the governments worldwide where the trend is very much to increase warning size. Pictures can convey a message with far more impact than can a text-only message. A picture really does say a thousand words. Pictures are particularly significant for individuals who are illiterate or who have low literacy, an aspect especially important in many countries. Pictures are also important to immigrants, temporary workers as well as individuals from minority language groups who may not yet be able to read the national language. Where tobacco advertising is not yet banned, tobacco companies use colour pictures in tobacco advertising. Further, the tobacco industry has often printed colour pictures on packages. If tobacco companies have used pictures to promote tobacco products, then governments should be able to use pictures to discourage tobacco use. The feasibility of implementing picture warnings has been demonstrated in more than 70 countries/jurisdictions. If these countries can do it, then all countries can. It is notable that often in the very same cigarette factory some packages have picture warnings and some do not, depending on the country of destination. To ensure better visibility and impact, picture warnings should be placed on both the front and back of the package (not just one of these), and should be placed at the top of the front/back, not the bottom, as provided in the Article 11 of the Guidelines."

2.4 Supporting the issue, the representative from the Voluntary Health Association have also deposited before the Committee as under:-

"All the people and groups such as tobacco victims, hospitals, voluntary institutions, bidi workers, women, youth organizations, members of various political parties have extended their full support to implement 85 percent warnings."

2.5 On the issue, the Indian Cancer Society also submitted to the Committee:-

"Pictorial warning on all forms of tobacco are an important Health Communication tool particularly for the illiterate population. They are intended to put off new users attracted by slick packaging and bright colours. They also deter seasoned users to remember there is a price to pay for playing with fire! The increase in size of pictorial warnings is effective in communicating the potential hazards because it directly reaches the target group at the point of purchase and use. "

2.6 Another NGO Advocacy Forum for Tobacco Control working in the field have submitted their views before the Committee as under:-

"Implementing 85% Pictorial Health Warnings will build a Tobacco free future for youth in India. Tobacco is an enormous health and economic burden for India. Nearly 10 lakh Indians die annually (about 2700 daily) from tobacco related diseases in India. 50% of all cancers in India are due to tobacco use. Highest numbers of oral cancer cases in the world occur in India and 90% of these are tobacco related. Tobacco use is a leading cause of tuberculosis related mortality in India. 1, 04,500 crore Indian rupees are spent on

healthcare costs to treat tobacco related diseases. Pictorial health warnings (PHWs) are the most effective way of communicating ill effects of tobacco use, particularly among those with low literacy or no formal education. In a country like India, where one-third of the population is illiterate, pictorial health warnings communicate health messages effectively and can influence decisions. Large and effective PHWs discourage non-users, particularly youth, from starting, encourage current users to stop and prevent relapse of those who have already quit. They detract from the glamour and appeal of tobacco product packages and help gaining public acceptance for other tobacco control measures such as establishing tobacco-free norms.

Further submitting, the Forum informed the Committee as under:-

"Evidence from Canada, Australia, Brazil and other countries shows that pictorial warnings increase awareness about the health risks of tobacco use, reduce consumption and motivate tobacco users to quit. Pictorial warnings are recommended as best practice for reduction in tobacco use under Article 11 of the WHO Framework Convention on Tobacco Control. Rotation of images helps ensure that users and youth continue to notice the labels and react positively to their message. Nepal currently has the largest warnings in the world at 90% of the package front and back, followed by Thailand at 85% front and back, Australia at 82.5% (75% front, 90% back) and Uruguay at 80% front and back. Australia is the first country in the world to adopt plain packaging of tobacco products to protect youth from tobacco imagery and promotion. Countries like France, Ireland and New Zealand are about to go plain packaging."

2.7 On the above issue one of the representative from the Forum deposed before the Committee as under:-

"If the people are aware that tobacco can cause cancer or it is fatal and still they are using it, I would like to say only that a lot of people who are actually consuming tobacco start consuming tobacco at a school age. At this age, they do not know how tobacco affect human body. It feels disgusting to see this warning and it is very fearful. If youth using it for first or second time are shown these warnings, it may be used as a deterrent. They will not use tobacco again or they will think twice before its use. Since this campaign has been taken up in many schools in Delhi, today, many students are informed before actually making a choice as to whether to use tobacco or not. I have senior in my school who might be consuming tobacco. While they are actually approaching the shop to take an individual packet, they do not really see the particular symbol which shows that tobacco causes cancer or tobacco kills. They cannot see this picture as the shopkeepers selling these products, keep it in such a way that this 45% pictorial warning is not visible as it is on one side. If they are on both sides, then the youth, who are actually using it for the first time, are very uncertain, it will deter them from using it further."

2.8 One of the representative from the Forum deposed as under:-

"Regarding livelihood, as I had stated earlier as well, there would be no immediate effect, be it farmers or the bidi rollers. Putting the best of tobacco control measures will start bringing down prevalence in very many years and the reduction would be very small. It will be one per cent reduction per year. It will take a lot of time but we have to put the best of policies to make that impact."

2.9 Elaborating it further, another representative stated as under:-

"We have tested the products for size of the warning. The larger is the size, the better will be the impact and effectiveness. Increasing the size further will increase the noticeability of the warning. The size for branding is reduced. You can see this packet. If warning occupies 85% space, then they will have 15% space for branding and they will be unable to put misleading description or to make an attractive pack. They will get less space for branding. People will first see the warning."

### **R&D EFFORTS OF THE MINISTRY**

2.10 On being asked about the details pertaining to research carried out by the Government, if any, regarding tobacco usage and its side effects on health and also the steps taken by Government to rehabilitate Beedi farmers and workers etc. in case of closure of some Beedi industry because of increase in the size of specified health warning from 40% to 85%, the witness deposed before the Committee as under:-

"Ministry of Health & Family Welfare has taken an initiative with the Ministry of Commerce and Industry to reduce tobacco cropping. They have also written to Ministry of Agriculture to work on schemes for both Beedi and chewing tobacco farmers. Also Government has sanctioned grant to Central Tobacco Research Institute to launch a pilot project on alternative cropping system. Also the Report submitted by National Commission on Enterprises, Ministry of Micro, Small & Medium Enterprises to Ministry of Labour and Employment about the status and welfare of Beedi workers."

### **OPINIONS OF MANUFACTURERS/BEEDI TRADERS/GROWERS/FARMERS/WORKERS ETC.**

2.11 The Committee took oral evidence of cigarette manufacturers / Beedi traders / growers / farmers / workers etc. to know their main objections / suggestions on the provision relating to increase in display area of specified health warning on the packages of tobacco products from 40% to 85%

2.12 In the connection, the All India Beedi Industry Federation have submitted a written representation to the Committee as under:-

"it is not possible to print specified health warning on packages of Beedi bundles as per amended rules. Beedis are packed in bundles of 10 to 25 Beedis and length of Beedis varies between 55mm to 75mm. If 85% of area is earmarked for printing specified health warning, there is virtually no space left for printing brand logo. Without brand logo, Beedis cannot be sold. Besides brand logo the Beedi manufacturers are also required to print details such as name and address of manufacturer, number of Beedis, customer care no. etc. under the Legal Metrology (Packaged Commodities) Rules, 2011. Further other disclosures are also required under Rule 2(h) of the Rules for which there is no/very little space. Hence, 100% legal compliance is not possible."

2.13 Elaborating it further, the Federation have submitted the practical difficulties before the Committee as under:-

Conical packages are packed manually by pasting two corner side ends of rectangular/square paper (say of 125mm x 125mm) and there is overlap. The Beedis are conical in shape and hence the packing/wrapping is not even. If the Beedis were cylindrical like a soft drink can, then the surface areas all around would be even. This is not the case in a conical shape. The paper is cut at a diagonal, that it, one side is larger than the opposite side. By placing the Beedis at a diagonal i.e. across the corners of the opposite end of the wrapper only, can the Beedis be wrapped such that the packing is even. This causes the wrapping paper to come at a diagonal across the packet. The end result is of two triangles caused by the overlapping the opposite ends of the wrapper. Hence it is practically not possible to print specified health warning on reverse side of conical package as required by the rule."

2.14 On being asked about the study over the impact of tobacco legislation on employment in the tobacco sector, the Federation in the post evidence reply submitted as under:-

"One Dr. P. Pulla Rao was commissioned by the Ministry of Labour & Employment in the year 1997 to study the impact of Anti-Tobacco Legislation (including a ban on advertising) on direct employment in the Tobacco sector. Dr. P. Pulla Rao studied the matter and he had submitted his report on 2<sup>nd</sup> April, 1998. The overall findings of the report are as under:-

Scenario	Base year Employees	Expected employees			Net reduction in Employees		
		5 <sup>th</sup> year	10 <sup>th</sup> year	15 <sup>th</sup> year	5 <sup>th</sup> year	10 <sup>th</sup> year	15 <sup>th</sup> year
If 5% Decline in Consumption	5522927	5262787	5009769	4768916	260140	513158	754011
If 10% Decline in Consumption	5522927	5021773	4556800	4134880	501154	966127	1388047

2.15 When asked to clarify whether the labour working in the tobacco factories suffering from tobacco related diseases, the Federation submitted as under :-

"I went to the hospital and have spoken to the doctors. There is a hospital within the Beedi workers colony which is known as Beedi Welfare Workers Hospital. I have personally spoken to the doctors and we got the record. I do not have the video but I can get it and give it to you where he says that there is nobody who has come there for any disease related to rolling of tobacco."

2.16 Federation of Karnataka Virginia Tobacco Grower's have also submitted their viewpoint as under:-

"The proposed amendment to increase the picture size to 85% fails to take into account the importance of tobacco to the Indian farming community and their livelihoods and requested not to take any such measures with stricter regulations. Whatever has to be done should be carried out gradually considering the plight of the major stakeholders, the farmers. Tobacco is a crop of enormous significance in India, the Government should involve & consult with the relevant stakeholders whose lives are at stakes and will be adversely affected while formulating tobacco control policy. Keeping the above mentioned reasons in mind, we of the strong opinion that the current levels of pictorial warnings are sufficient and there is no reason to increase it even by 1%."

2.17 Elaborating further, the representative from the Federation on the issue have submitted before the Committee as under:-

"We are able to produce quality tobacco and export to various countries thereby earning foreign exchange to the tune of Rs. 6000 crore per year in addition to generation of employment to one million people who are depending on tobacco cultivation. However, a thunderbolt has hit tobacco cultivation. Since the last two-three years, because of the Government policies, our fortune has changed. Our fortune has declined. We face depleting farm income from the income of Rs. 1300 core to Rs. 1000 crore thereby we are losing Rs. 300 crore every year. It is because of the policy of the Government which means heavy taxation, entry of illegal cigarette into our country. It has taken away our demand. More than 20 million kgs of illegal tobacco is entering the country. So, our income has started declining and we are losing our income every year. As I have already submitted, we are generating income. We have provided employment to one million people. Farmers are not only depending on tobacco but also tobacco cultivation is giving employment to the labour class, ancillary workers and various other who are involved in this area. There is no pictorial warning to the foreign illegal cigarettes. They do not use our tobacco. They do not purchase or use our Indian tobacco. Tobacco which is produced in other countries is entering into our country through illicit cigarette thereby there will be low demand, low income and hitting the livelihood of the farmers. Majority of people here are

advocates. Article 21 of the Constitution provides guarantee the livelihood to the human beings. Our livelihood is involved in this area."

2.18 When asked about relation between the cancer and the consumption of tobacco as deposed by some NGOs before the Committee, the Federation stated as under :-

"We do not agree with their studies. We are all 100 year old companies. In our 100 years of existence, we have all smoked Beedis. Shri Rajnikant Patel who is present here is already 74 years old. He has seen his father smoke Beedis and not get affected. He has seen his uncle smoke Beedis for 50, 60 or 70 years and not get affected. There is no further example than living examples of people in all our companies. I am from Mangalore Ganesh. We are 75 years and all our partners smoke Beedis, our grandfathers smoked. No single labourer or person known to us has ever contracted any form of cancer at all as far as we know.

2.19 Thereafter, Pan Shop Owners Association have submitted their plea as under:-

"Most of our members are illiterate and belong to economically weaker section of the society and their livelihood is dependent on selling tobacco products. Since the proposed excessive warning on tobacco products will impact our daily earnings we demand that the Govt. first provide for alternative means of earning for our members including providing training for new profession. Otherwise there would be large-scale unemployment and resultant law and order issues as around 48 lakh paanwalas in the country are dependent on the sale of tobacco products."

2.20 Tobacco Farmers Federation also have put forth their views on the issue as under:-

"Excessive tobacco warnings will create panic threatening to the livelihood of 4.57 crore people dependent on Tobacco Industry. This will further compound the problem of unemployment in India especially in rural areas and create social unrest. Excessive regulation is already hurting FCV tobacco farmers. This year there is huge drop in volume off take and current prices are 7% below last year prices causing distress and panic amongst the tobacco farming community. Large quantity of Beedis sold in rural India are without brands and carry no pictorial warning and it is permitted to be sold without payment of excise duty. Unbranded Beedis would appear to be safer than branded Beedis."

2.21 Further, ITC one of India's foremost multi business enterprises have submitted their grave apprehensions on the enlarged graphic health warning as under:-

"Current Graphic Health Warnings have been found to be adequate to inform and caution the consumers. There is also no evidence to suggest that large graphic health warnings reduce consumption

- The proposed GHWs will impact only the organized industry since large unorganized sector continues to be non-compliant with tobacco control regulations.
- Large Graphical Health Warnings provide a boost to illegal cigarettes since they do not carry the Health Warnings.
- Large Warnings will lead to Infringement on the Intellectual Property Rights of Trade Mark Owners.
- Over 60% of the countries in the world do not have graphic health warning. None of the major tobacco producing or consuming countries has excessively large graphic health warnings.
- Tobacco supports millions of livelihoods India and generates significant revenue to the exchequer. Farmers do not have an economically viable alternative for tobacco. Therefore, it is important for a country like India to balance health, employment & economic imperatives.
- This will severely impact the Indian farmer, Indian industry and the Indian consumer with benefit to foreign farmers and foreign cigarette manufacturers – a big blow to the 'Make in India' initiative."

#### 2.22 Elaborating further they submitted as under:-

"A detailed study needs to be carried out of the socio-economic impact of the proposed large graphic health warnings so that a balanced and well calibrated framework can be developed to address our concerns. The study may entail identification of an alternate crops that are equally remunerative, the impact on Indian cigarette industry due to increase in illegal trade and independent scientific study to understand the efficacy, effectiveness and correctness of the pictorial health warnings which are being proposed. Rather than increasing the size of specified warnings and making them more gruesome, the Government needs to stress on education and awareness programmes that have proven to be more effective in controlling tobacco consumption."

#### 2.23 The Tobacco Institute of India (TII) representing farmers, exporters, manufacturers and ancillaries of the Cigarette segment of the tobacco Industry in India submitted on the issue as under:-

"When the Act empowers the Government to specify a health warning, it goes without saying that such warning must be based on scientific facts and that it must inform the consumers and not traumatize them. Unfortunately, the proposed warnings fail on both these counts. ....On the other hand, COTPA itself lays down that this specified warning should be 'legible and prominent' and should be visible to the consumer before he opens the package. The current warning "Smoking Kills" accompanied by a picture occupies 40% of the front panel of the package and fully satisfies this requirement..... The new warnings have been notified without any consultation with the stakeholders of the tobacco industry that will be severely impacted. We believe that for a pragmatic and reasonable tobacco



control policy there should be wide consultation involving all stakeholders and experts, including the Industry, considering that the livelihood of more than 45.7 million people depends on Tobacco Industry in India. One of the major unintended consequences of such an extreme measure would be the huge boost that it will provide to the illegal cigarette trade which is non-compliant with regulations in India. This unfettered growth in illegal trade will impact farmer incomes, the livelihood of millions employed in the Industry and affect Government's revenue collections.”

Supplementing their opinion on the matter, the Tobacco Institute of India (TII) have further submitted as under:-

“Being the world's 2nd largest producer, tobacco is an extremely important commercial crop for India. It provides livelihood to more than 45.7 million people, including farmers, farm labour, rural poor, women, tribals etc., more than 70% of whom are engaged in the agricultural sector.

As regards the number of Countries which have implemented graphic warnings, the Tobacco Institute of India (TII) have submitted as under:-

“Only 72 out of 180 countries that have ratified WHO's Framework Convention on Tobacco Control (FCTC), have implemented graphic warnings with India as one of them. Further, there are as many as 39 countries which do not have any warnings and 69 which have only text based warnings.

Status of Warnings	No. of countries
FCTC Ratified	180
Graphic Warnings	72
No Graphic Warnings	108
Text Warnings	69
No Warning	39

Leading tobacco producing countries which together account for more than 90% of global tobacco production (estimates for 2012/13) have not adopted excessive, over-sized health warnings as is evident from the table below:

Country	Warning Type	Size(%) of Principal Display Area
China	Text	30 (front & back)
India	Graphic	40 (front)
Brazil	Graphic	50 (0% front 100%back)
USA	Text	(only on side panel)
Malawi	No Warning	0
Zimbabwe	Text	20 (front & back)

Notably, some of the largest cigarette consuming countries like United States, China & Japan, which account for 51 % of global cigarette consumption, have not opted for graphic

health warnings. Instead, they have opted for text-based warnings which adequately caution the consumers.

Country	Annual Cigarette Consumption	Per Capita Adult Cigarette Consumption	Warning Size
USA	282	1028	Text (only on side panel)
China	2512	1711	Text - 30% (front & back)
Japan	193	1841	Text - 30% (front & back)
India	99	96	Pictorial - 40% (front)

2.24 Further, the institute in their post evidence reply submitted as under:-

"excessively large 85% warnings will have severe impact on the livelihood of farmers and other industry stakeholders by providing a huge boost to the illegal cigarette trade in the country. The unfettered growth in illegal cigarette trade will adversely impact farmer incomes, the livelihood of millions dependent on the legal Industry and affect Government's revenue collections."

S.No.	Product	Consumption in million kgs	Share of Total Tobacco Consumption
1	Legal Cigarettes	68.5	12%
2	Illegal Cigarettes	17.1	3%
3	Beedis	130	23%
4	Cigars	35	6%
5	Chewing Tobacco	265	46%
6	Gutkha	24	4%
7	Zarda	19	3%
8	Others	18	3%
	Total	576.6	100%

2.25 On being enquired whether it is injurious to health or not and also, on the extent of the hazardous effect of the product, the representative from the Institute during the evidence deposed before the Committee that:-

"life and livelihood both are important. The 40% warning at this time is enough. It is adequate, you take it to 85% and illegal cigarettes are growing. It is not that consumption will go down".

2.26 Elaborating it further:-

"If there is 20% in 40%, it is a balanced regulation. Parliament has passed a rule for 40% keeping in view all the things. I want to say that if this 40% is increased to 85%, it will be promoted. Moreover, there are a lot of consequences of making it 85% such the legal industry will get a shock, the livelihood of the farmers who use Indian tobacco would be affected as these are imported cigarettes and Indian tobacco or the tobacco produced in India is not used in them. The cigarettes being produced outside the country or the tobacco being in Brazil, America or China will be promoted. It will adversely affect our farmers, their livelihood would be affected. Their livelihoods would be affected. Forty-six million Indian livelihoods are dependent on tobacco."

2.27 Smokeless Tobacco Federation (India) vide its representation dated 23 July, 2015 inter-alia, stated as under :-

" Smokeless Tobacco Federation of India is an Association established to promote and protect the trade, commerce and industries in India connected with chewing tobacco and allied products. The Association represents the chewing tobacco/zarda/khaini and allied manufacturers of India and more than 450 chewing tobacco companies and associations of Retailers and Distributors are its members. The Association on a day-to-day basis is concerned with the tobacco industry in all its facets, such as to ensure quality in the products being sold, correct and timely implementation of the government's policies etc. The subject of publication of pictorial warnings on tobacco product packs was hotly debated before the initial Pictorial Warning was implemented w.e.f 31<sup>st</sup> May, 2009. It was only after due discussions, deliberations and lots of research that the then committee of Hon'ble Group of Ministers, keeping in tune with the practical aspects of the issue considered it deem and at least forty percent (40%) of the principal display area of only the front panel of the pack as against the initial proposal to have it on both sides of the pack. This representation is to express our concern to the Notification GSR 727-E dated 15.10.2014 vide which the Ministry of Health & Family Welfare has proposed an amendment in the Cigarettes and other Tobacco Products (Packaging and Labelling) Rules, 2008, that the specified health warning shall cover at-least eighty five percent (85%) of the principal display area of both the sides of the package, to be effective from 1.4.2015. The applicant Association is only seeking clarity as to how to implement the said rules and thereby strike a balance between the notification dated 15.10.2014 vide which the Ministry of Health & Family Welfare has notified that the area of both the sides of the package and on the other hand, the Legal Metrology (Packaged Commodities) Rules, 2011 where in certain information with specifications, are to be mandatorily declared on the packages of tobacco. The Applicant is at a loss to understand as to how to fill the mandatory declarations under the Legal Metrology Rules, 2011 after the pictorial occupies 85% of the total display area on both the sides of the pack and thereby implement the said notification. If the manufacturer prints the specified health warning occupying 85% of the principal display panel on both the sides, there will not be any space left to declare the mandatory declarations under the Legal Metrology (Packaged

Commodities) Rules, 2011 with the specifications given thereunder, thereby contravening the provisions therein and inviting penalty/prosecution. In view of the above facts and circumstances, it is humbly prayed that:- The substance area to carry the pictorial message should be retained to the existing area i.e. not more than 40% of the pack size. The proposed warning should be printed on one face/panel of the pack instead on both sides of the packs. Pictorial warnings of cigarettes be changed so as to link the harmful effect of the same with the organ associated with it i.e. the lungs. Infact the Sri Lanka Ministry of Health adopted regulations requiring tobacco products to contain graphic pictorial health warnings on 80% of the pack. One of the tobacco company challenged the notification inter-alia on the ground that the regulations exceed the authority of the Ministry. The court of Appeal of Sri Lanka vide order dated 12.5.2014 reduced the size of the warnings to between 50% to 60% of the cigarette pack in order to give tobacco companies more space in which to display their trademark. The court said that it was balancing the need to protect the health of citizens against the rights of a business to use its trademarks to help identify and sell its products. The court ordered the Ministry to issue new regulations allocating between 50% to 60% of the package for pictorial health warnings. Industry welcomes science based regulation on tobacco products. However, notified Rules on pictorial warnings are without any scientific evidence and they are contrary to Global scenario. Elaborating further: "85% warning on both sides becomes impractical and other laws will have to be violated (including information required by COTPA) in order to follow these impractical Rules. The warning size should be in proportion to health hazard based on Government Studies conducted in India for various tobacco products. The warning picture should be a actual disease caused by that product and not any picture selected just to frighten the consumer. Hold public consultation before any revision in Labeling requirements".

2.28 Another Tobacco company, namely Godfrey Philips also submitted their grievance against the proposed notification of enlarged Graphic Health Warnings on Tobacco packs as under:-

"The purpose of a warning is to caution or warn but not to shock the consumer. The proposed warnings are gruesome, highly excessive and virtually amount to terrorizing a consumer. As defined by Oxford dictionary 'a warning is a statement or event that warns of something or that serves as a caution'. The objective behind issuing health warnings should be to inculcate a sense of prudence and warn the consumers and not to horrify or alarm the consumer".

2.29 On being enquired about the impact of notification on direct or indirect employment, the Minor Forest Produce (Trade & Development Cooperative) Federation, Madhya Pradesh submitted in a brief Note as under :-

"Madhya Pradesh is largest Tendu leaves producing state of India. Collection rate of one standard bag of Tendu leaves has been enhanced from Rs. 400 in 2004 to Rs. 950 in 2014. Out of total profit earned through trade of Tendu leaves, 70% is returned back to collectors in the form of bonus, 15% of the profit is ploughed back for the development and maintenance of Non Timber Forest Products (NTFP) and Forest resource for their sustainable management and remaining 15% for infrastructure development of villages.

(Quantity: in lakh bags  
Amount: in Rs. Crores)

Year	Collection rate per standard bag in Rs.	Total quantity collected	Total collection wages	Quantity sold	Total sale price
2010	650	21.24	138.11	21.21	332.89
2011	750	17.06	110.85	17.06	310.06
2012	750	26.06	195.45	26.06	634.13
2013	950	19.92	189.28	19.92	401.60
2014	950	16.99	161.42	16.58	305.56
2015	950	16.05	152.47	15.92	326.95

Out of total profit earned through tendu trade, 15% is used for development of village infrastructure establishment. Rs. 37.66 crore has been sanctioned till date for this purpose, which involves construction of 593 structures like stop dam, ponds, community centres, tube wells, hand pumps, well, culvert approach road, village electrification work. Federation also runs certain beneficiary schemes for forest produce collectors like group insurance scheme and Eklavya Shiksha Yojna. All collectors are covered under these schemes. Under the group insurance scheme, a total of 2,26,600 forest produce collectors took benefit of this scheme since 1991 and a sum of Rs. 91.00 crore has been disbursed to collectors for settlement of claims. Under the Eklavya Shiksha Yojna, 3381 children of MFP collectors got benefitted since 2010 and scholarship amount of Rs. 1.89 crore has been provided."

2.30 The Telengana State Beedi Leaves Forest Contractors Association, Hyderabad made the following submission:-

"Reserving 85% of display area for pictorial warnings is excessive and leaves no space for printing brand logo. Printing of pictorial warnings on both sides of Beedi package is practically not possible because of overlap of wrapping paper. Stamping date of manufacture on each package of Beedis is practically not possible due to daily usage of crores of wrappers. Printing of pictorial warning of minimum size of 3.5 cm x 4.0 cm on Beedi package of 10-15 Beedis is practically not possible. There will be drastic fall in production of Beedis and consequent fall in demand for Beedi leaves. This will directly affect over 40,00,000 tribal/advasis income in summer season. They may join naxalite movement as most of them live in naxal infested area. Increased naxal activities will result in bomb blasts etc. affecting lives of innocent people and security forces."

## **B. OPINIONS OF MINISTERIE'S / GOVERNMENT'S ORGANISATION**

### **REASONS FOR IMPLEMENTING PICTORIAL HEALTH WARNINGS**

2.31 On 4 August, 2015, the Committee took oral evidence of the representatives of the Department of Commerce and Tobacco Board to hear their viewpoint on implementing coverage of 85% space by specified health warning when globally 108 countries including leading tobacco consuming countries like United States, China, Japan, etc. do not have specified health warnings on tobacco products. The Ministry of Commerce & Industry in their written reply submitted as under :-

"The Tobacco Board has reported that as per WHO Report on the Global Tobacco Epidemic, 2015, the implementation of health warnings (text) in USA, China and Japan on cigarettes in comparison with India are as follows.

Country	Average	Front	Back
USA	50%	50%	50%
China	30%	30%	30%
Japan	30%	30%	30%
India	20%	40%	0%

In fact, as per the report "Cigarette Package Health Warnings – International Status Report, (2014), 135 countries display larger health warnings on Cigarette packs than India. About 108 countries do not display pictorial warnings."

2.32 Expressing their views on increasing the size of specified health warning on packages of tobacco products from 40% to 85%, the Ministry of Commerce & Industry in their written reply submitted as under:-

"India is a signatory to the WHO FCTC and is committed to adhere to the provisions prescribed."

2.33 In another written communication, the Department of Commerce furnished the following comments on the points raised in the representation given by various people/organisation:-

"The pack warnings in India, in terms of size and its placement (front/back), are not compliant to WHO FCTC. Further as per the report "Cigarette Package Health Warnings - International Status Report (2014) published by Canadian Cancer Society in Sep, 2014, India is ranked 136 on its status of compliance with the Cigarette Package Health Warnings, and is ranked much below countries like Pakistan, Bangladesh, Nepal Thailand, etc., having higher proportion of pack warnings on the principal display areas of the cigarette packs. Pictures are particularly significant for individuals who are illiterate or who have low literacy, an aspect especially important in many countries. Pictures are also

important to immigrants, temporary workers as well as individuals from minority language groups who may not be able to read the national language(s). According to the Global Adult Tobacco Survey (GATS) conducted by the Ministry of Health, 2009-2010, within 2 years from the date of implementation of Pictorial Warning more than 60% of Tobacco users were aware of Pictorial Warnings. Today, with Pictorial warning having been in force for over 6 years, the awareness levels can be reasonably assumed to be 100%, making the current size of the pictorial warnings adequately serving the purpose of cautioning the consumers. The deliberations are on the increasing of the size of the health warnings to 85% of the principal display area (i.e. front + back panels) on package containing the tobacco products from the current 40% of the front panel.”

## 2.34 **CONSEQUENCES OF INCREASE IN DISPLAY AREAS OF SPECIFIED HEALTH WARNINGS**

Highlighting the consequences of increase in display areas of Specified Health Warnings on the Cigarette Packets the Department stated as under:-

“Numerous studies including that of Global Consultancy Firm, Deloitte's assessment of tobacco regulations in 27 countries, London Economics, etc. have shown no impact of large and gruesome health warnings. It was for this very reason that US Circuit Court struck down the large Graphic Health Warnings proposed by the US Food and Drug Administration. While there are no seemed benefits from the proposed amendment, the unintended consequences of this will be severe and irreversible. Excessive tobacco warnings may result in a significant rise sales of illicit tobacco products in the country. The growth in smuggled cigarettes has had a drastic impact on public health objectives. These tax evaded cigarettes are cheaper and increase affordability and accessibility of tobacco products among the youth. These illicit products do not have warnings or have milder health warnings giving the impression to the consumer that they are safer products. It is also important to realize that the proposed health warnings will only impact domestic cigarette industry. A large portion of the non-cigarette tobacco products escape this regulation since they are sold in un-packaged and unbranded form. Large warnings will lead to an increase in overall tobacco consumption and illegal cigarettes; when large quantities of non-cigarette tobacco products from unorganized sector are sold loose and or without any health warnings, it gives an impression of these products being relatively safer than cigarettes. Combined with the fact that these are cheaper than cigarettes due to lower tax incidence and / or tax evasion, it will lead to increase in consumption of other illegal tobacco products. Not only will the proposal of increasing the size of graphic health warnings result into a revenue loss to the government, but most importantly, they severely affect the Indian Flue Cured Virginia (FCV) tobacco farmers. They threaten the livelihood of 36 million people including farmers, farm labourers, rural poor, women, tribal, etc. Warning labels may have no effect among smokers who are not confident that they can quit, which lead the policy makers to recommend exploring different, potentially more effective methods of behavioral change. The more of increasing the size of the graphic health warnings may lead to increase the overall consumption of illicit tobacco products and

other non smoking tobacco products and threaten the livelihood of the Indian growers. Any policy made should be equitable, rational, reasonable, balanced and scientific.”

“Keeping all the above points into consideration and in view the vulnerability of the Indian tobacco growers, the growing menace of illicit tobacco products and the overall objectives of improving public health, it is proposed that the pictorial warnings are maintained at 40% or Indian being a signatory to Frame Convention on Tobacco Control (FCTC) and being Regional Coordinator for the South-East Asian Region we may think of increasing the pictorial warnings to 50% as per the Article 11(iv) where it is defined as "should be 50% or more of the principle display areas but shall be no less than 30% of the principal display areas.”

2.35 Thereafter, on 7.8.2015 the Committee took oral evidence of the representatives of the Ministry of Micro, Small & Medium Enterprises and Labour & Employment. The Ministry of Micro, Small & Medium Enterprises submitted their views on the issue as under :-

"the size of pictorial warning on packs of tobacco products may be increased as it would held caution the tobacco consumers and save their lives. However, such measures may lead to reduction in the demand of tobacco products and adversely affect domestic tobacco industry. In order to compensate the loss of industry, some incentives may be provided to tobacco manufacturers in the form of tax concession, interest free bank loans, insurance etc."

2.36 Commenting on the above issue, the Ministry of Labour submitted as under :-

"Increase size of pictorial warning will adversely impact Beedi Industry as well as livelihood of the existing Beedi workers. Sustained Audio Visual Campaign against tobacco may be more effective alternative for discouraging consumption of Beedi".

### **TYPES OF TOBACCO GROWN IN VARIOUS STATES**

2.37 Thereafter, the Committee took oral evidence of the Ministry of Agriculture on 12.8.2015 and enquired about the cropping pattern and production profile of tobacco in India, list of various products/fields viz. medicine, smoking, chewing etc. in which tobacco is used, the Ministry of Agriculture stated that different types of tobacco is grown in different states of India. The state wise pattern of tobacco cultivation are:-



S.No.	Types of Tobacco	States
1.	FCV Tobacco	Andhra Pradesh & Karnataka
2.	Beedi Tobacco	Gujarat & Nipani area of Karnataka
3.	Cigar & Cheroot	Tamil Nadu & West Bengal
4.	Hookah Tobacco	Assam, West Bengal, Bihar & Uttar Pradesh
5.	Chewing & Snuff	Tamil Nadu, West Bengal, Bihar, Assam & Uttar Pradesh
6.	Natu, Burley, Lanka & HDBRG	Andhra Pradesh
7.	Pilla Tobacco	Orissa

Tobacco is grown mainly in the States of Andhra Pradesh, Gujarat, Karnataka, Uttar Pradesh, Bihar, Tamil Nadu and Maharashtra. This includes different types of tobacco viz., cigarettes tobacco, Beedi tobacco, chewing tobacco, hookah tobacco, cheroot tobacco, cigar wrapper tobacco, cigar filler tobacco, oriental tobacco, dark fire curet tobacco, etc."

### AREA, PRODUCTION & YIELD OF TOBACCO IN INDIA

The Area, Production & Yield of Tobacco in the country during 2012-13 and 2013-14 is as under:-

States	Area ('000 ha)		Production ('000 tonne)		Yield (Kg/ha)	
	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14
Andhra Pradesh	134	143	268	276	2000	1930
Gujarat	124	137	212	240	1710	1752
Karnataka	106	109	67	90	632	826
Uttar Pradesh	23.79	26	51.05	57.20	2146	2200
Bihar	10.91	12.11	20.63	23.01	1891	1900
Tamil Nadu	4.18	3.73	6.39	5.69	1529	1525
Maharashtra	1.00	2.00	1.00	2.00	1000	1000
Others	22.16	23.02	30.92	41.12	1395	1786
<b>All India</b>	<b>426.04</b>	<b>455.86</b>	<b>656.99</b>	<b>735.02</b>	<b>1542</b>	<b>1612</b>

Tobacco is chiefly consumed for smoking, chewing or inhaling as snuff. In North India, and Persia, Water Pipes or "Hookah" is also used for smoking. But at present times at great majority of tobacco is consumed for making cigarettes."

### **AREA, PRODUCTION & YIELD OF TOBACCO IN OTHER COUNTRIES**

2.38 The Ministry of Agriculture submitted that Tobacco is one of the important commercial crops being cultivated all over the world. The major tobacco growing countries are China, Brazil, USA, EU, Zimbabwe, Turkey, Indonesia and Malawi. As per Food & Agricultural Organisation (FAO) statistics, area and production of tobacco in major tobacco growing countries and world from 2009 to 2013 is as below:-

Sr.No.	Country	Area (lakh ha)					Production (lakh tonne)				
		2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
1	China	13.92	13.46	14.62	14.81	15.28	30.68	30.06	31.59	31.28	31.50
2.	Brazil	4.42	4.42	4.50	4.55	4.10	4.05	8.63	7.88	9.52	8.11
3	USA	1.43	1.37	1.32	1.36	1.36	3.73	3.26	2.71	3.46	3.46
4	Indonesia	2.04	2.16	2.29	2.70	2.70	1.77	1.36	2.15	2.61	2.60
5.	Turkey	1.16	0.81	0.77	1.08	1.36	0.85	0.55	0.45	0.75	0.90
6.	Zimbabwe	0.93	0.93	0.93	0.93	1.15	0.85	1.10	1.12	1.15	1.50
7.	Malawi	1.83	1.66	1.63	0.71	1.20	2.08	1.73	1.75	0.73	1.33
	Total	39.40	39.56	42.13	40.90	42.38	70.57	68.90	74.49	72.48	74.35

### **IMPACT OF TOBACCO WARNING ON ITS PRICES AND CULTIVATION**

2.39 When further asked to clarify if implementation of tobacco control regulations such as increase in pictorial warnings on tobacco products, results in continuous fall in the demand for tobacco causing proportionate plummeting of farm prices of tobacco and decrease in tobacco cultivation, the Ministry of Agriculture submitted as under:-

"Department of Agriculture & Cooperation (DAC) does not implement any tobacco development scheme since 2002 to discourage tobacco use. DAC does not monitor production and prices of tobacco and does not take any step to address fall in tobacco

prices or decrease in tobacco cultivation. DAC is not in position to comment whether implementation of tobacco control regulations such as increase in pictorial warnings on tobacco products will result in continuous fall in the demand for tobacco causing proportionate plummeting of farm prices of tobacco and decrease in tobacco cultivation. India is the world's second largest tobacco producing country after China and produces around 800 million kgs of tobacco every year accounting for more than 12% of the world's raw tobacco production. The production of flue-cured virgina (FCV) tobacco is about 300 million kg from an area of 0.20 million hectares, while 450 - 500 million kg Non-FCV tobacco is produced from an area of 0.25 million hectares. About 15 states in the country grow tobacco. FCV, Beedi, Hookah, Chewing, Cigar-wrapper, cherrot, burley, oriental, HDBRG, Sun Cured Country, Dark Western Fire Cured, Lanka, Pikka, Motihari, Jati etc. are the different types of tobacco grown in the country. FCV, Burley and Oriental tobacco are the major cigarettes types of tobaccos and are mostly exported. Of the 11 varieties grown in India, only FCV tobacco (Flue Cured Virginia/Cigarette Tobacco) is under the purview of Tobacco Board. FCV tobacco cultivation is regulated by Tobacco Board as per the mandate given by the Tobacco Board Act, 1975. This means that out of total 800 million kgs production of tobacco in India, only 300 million kgs (37%) is under Commerce Ministry's control, while the rest of production is totally unregulated. Remaining all other tobacco does not come under the purview of the Ministry of Commerce and as such it has no role to play in reducing the cropping in other tobaccos. No institutional mechanism is present to oversee the regulation of Non-FCV tobaccos. Though, the respective State Governments are care takers of this production, we are not aware of any interventions that are in place to regulate the production."

## **REVENUE EARNING**

2.40 Thereafter on 10.9.2015, the Committee took oral evidence of the representatives of Ministry of Finance (Department of Revenue) (Central Board of Excise & Customs) was asked about the total percentage of tobacco produced in the country which is used in manufacturing cigarettes and also the percentage of revenue from cigarettes as compared to other Tobacco products. The Ministry of Finance submitted as under:-

"According to Tobacco Board the quantity of tobacco utilized for manufacturing cigarettes is 12.52% of the total tobacco produced in the country. In the year 2014-15 the Central Excise duty from cigarettes as a proportion of tobacco products is 87%. "

The percentage of revenue from excise duty on cigarettes are compared to other tobacco products, over the last 5 years is given as under :-

	Central Excise Revenue (Rs. In crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Cigarettes	11170	12133	14854	15228	16676
Total of Tobacco products	15502	17414	19892	17855	19255
Percentage excise revenue from cigarettes compared to total tobacco products	72%	70%	75%	85%	87%

## **CHANGES REQUIRED IN COTPA VIS-À-VIS CUSTOM & CENTRAL EXCISE ACT**

2.41 On being asked about the kind of changes needed to be carried out in COTPA to make it consistent with Customs Act & Central Excise Act, the Ministry of Finance in their written reply stated as under :-

"The nature of legislative proposals may include - introduction of new definitions, the manner of maintenance of records relating to production, clearance, storage, warehousing and transportation in respect of tobacco and tobacco products, etc., either within the country or sourced through export/import, track/trace mechanism, etc. Further, enabling provisions would be required to be made in COTPA to make it consistent with Customs Act and Central Excise Act."

## **HARMFUL INGREDIENTS IN TOBACCO**

2.42 When enquired about the harmful ingredients present in the tobacco which are apprehended for being responsible for causing cancer amongst tobacco users, the Ministry of Health & Family Welfare submitted as under:-

"Tobacco smoke contains more than 7000 harmful chemicals/toxins and 69 carcinogens (cancer causing agents) including nicotine, tar, radioactive components, cigarette smoke consists components like ammonia, arsenic, carbon monoxide, hydrogen cyanide, DDT, formaldehyde etc which cause many health problems, the most deadly being cancer. Smokeless tobacco contains more than 3000 chemicals including several that cause cancer. Smokeless Tobacco products contain large array of chemicals, which include nicotine, nitrosamines (which are carcinogenic), nitrosamine acids, polycyclic aromatic hydrocarbons (PAHs), and aldehydes metals. Other constituents are aromatic hydrocarbons, aldehydes, ketones, amines, nitrites, and heterocyclic hydrocarbons, pesticides, alkali nitrates and at least 30 metallic compounds."

## **RESEARCH REQUIRED FOR TOBACCO CROP REPLACEMENT**

2.43 On being asked about any research that has been carried out or proposed to carry out for evolving a replacement of present form of tobacco crop which would be less harmful for such

people who are addicted to tobacco use, the Ministry of Health & Family Welfare in their written reply submitted as under:-

"No such studies have been commissioned by the Ministry of Health & Family Welfare for evolving a replacement of present form of tobacco crop which would be less harmful. There is ample scientific evidence to prove that all forms of tobacco are harmful and addictive and that there is no safe level of tobacco."

### **NUMBER OF PEOPLE INVOLVED IN TOBACCO FARMING AND BEEDI INDUSTRY**

2.44 Regarding any study which may have been carried out by the Ministry of Health & Family Welfare to assess the number of people whose livelihood is dependent on tobacco farming/ cultivation / manufacturing etc., and more particularly, the people engaged in the Beedi industry, the Ministry submitted that:-

"No study has been conducted/commissioned by Ministry of Health & family Welfare to assess the number of people whose livelihood is dependent on tobacco farming/ cultivation / manufacturing and Beedi rolling. However, as per the Central Tobacco Research Institute,(vision document 2050) Tobacco cultivation, processing and manufacture are a source of employment to about 36 million people in the country. In addition as per the report titled 'Beedi Smoking and Public Health' (2009), published by the Ministry of Health & Family Welfare there are 44 Lakh Beedi rollers in India. At present there is no evidence to suggest that introduction of large warnings ever had any adverse effect on the livelihood of people, while there is ample evidence to prove that millions of people in India face economic and health hardship because of their present engagement in tobacco farming, manufacturing of tobacco products and related work. On the other hand there is sufficient evidence about the health hazards of Beedi rolling and the exploitation of Beedi rollers. The intent and purpose of the Pictorial health warnings is to create awareness about the serious and adverse health consequences of tobacco usage especially among the youth, children, illiterate/semiliterate and the uninitiated, who are either the primary users of tobacco or who may be vulnerable to use tobacco products".

### **TOBACCO CONSUMPTION AND CANCER**

2.45 On being asked whether the Ministry of Health and Family Welfare carried out any authentic study which precisely bring out the fact that cancer is mainly caused by the tobacco consumption and the percentage of cancer cases caused by the tobacco consumption, the Ministry of Health & Family Welfare submitted that:-

"Extensive research has been carried out which conclusively prove that tobacco causes cancer. Tobacco kills more than 981,100 Indians every year. Tobacco is the cause of 14.3% of male deaths and 4.7% of female deaths in India. In India, smoking is the third leading risk factor for Disability Adjusted Life Years (DALYs) lost<sup>1</sup>. Tobacco use also leads

to cardiovascular diseases and chronic obstructive pulmonary diseases<sup>2</sup>. In India, tobacco-related cancers represented 42·0% of male and 18·3% of female cancer deaths with twice as many deaths from oral cancers as lung cancers<sup>3</sup>. India also has one of the highest rates of oral cancer in the world as the consequence of high prevalence of smokeless tobacco use<sup>4</sup>. MoHFW has undertaken a national tobacco survey that provides data on national and state level prevalence and policy impact on reduction of tobacco use. The next survey is being conducted and the results will be available next year. It is submitted that large pictorial health warnings are an effective means of prevention of tobacco use as they prevent young people from initiating tobacco use and also induce quit behaviour. A study in India shows that warnings with pictures are significantly more likely to draw attention, improve memory for the accompanying text and act as deterrent. An opinion poll conducted in four major cities of India before the implementation of pictorial health warnings in India revealed an overwhelming support (99%) of Indians for large pictorial health warnings on all tobacco products. Several other studies conducted in the country have supported implementation of stronger and larger pictorial health warnings on all tobacco products. As per Surgeon General Report (2010), tobacco smoke including Second hand Smoke contains a deadly mix of more than 7,000 chemicals. About 70 of these can cause cancer and hundreds are toxic.”

<sup>1</sup> World Health Organization. 2008. The global burden of disease: 2004 update. Available at: [http://www.who.int/healthinfo/global\\_burden\\_disease/GBD\\_report\\_2004\\_update\\_full.pdf](http://www.who.int/healthinfo/global_burden_disease/GBD_report_2004_update_full.pdf). Accessed on 30 November, 2009.

<sup>2</sup> Gupta R, Prakash H, Gupta VP, et al. Prevalence and determinants of coronary heart disease in a rural population in India. *J Clin Epidemiol* 1997;50:203–9.

<sup>3</sup> Dikshit R et al. Cancer mortality in India: a nationally representative survey. *The Lancet*. 2012 DOI:10.1016/S0140-6736(12)60358-4

<sup>4</sup> Dikshit R, Kanhere S. Tobacco habits and risk of lung, oropharyngeal and oral cavity cancer: a population-based case-control study in Bhopal, India. *Int J Epidemiol* 2000;29:609–14

## **IMPACT OF PICTORIAL WARNING ON USE OF TOBACCO PRODUCTS**

2.46 When Committee further enquired on what basis the Government has now come to the conclusion that with increase in pictorial warning the use of tobacco products will decrease especially amongst youth, the Ministry of Health & Family Welfare in their written reply submitted as under:-

"There is sufficient evidence to show that prominent health warnings and messages on tobacco product packages increase both the awareness of risks and the desire to quit among smokers. As per the Global Adult Tobacco Survey-India (GATS -2010) conducted in the age group 15 years and above, 70.8% of cigarette smokers noticed health warnings on cigarette package and 38% thought of quitting because of warning label; 62% of Beedi smokers noticed health warnings on Beedi package and 29% thought of quitting because of warning label and; 62% of users of smokeless tobacco noticed health warnings on smokeless tobacco product package and 34% thought of quitting because of warning label. This shows the important role these warnings play as a preventive and promotive public health measure. In view of the large prevalence of tobacco use in all age groups and concomitant mortality, morBeedity & economic burden due to huge health cost a need for large pack warnings was felt to create awareness about the harmful effects as well as deter the current users and potential users from taking tobacco. In addition, the experience and learnings from other countries like Thailand, Canada and Australia shows that large and graphic warnings are effective in discouraging smoking and increasing public awareness of the health effects of smoking was also used as a reference. There is at present no evidence to suggest that introduction of large warnings on tobacco products packages has any adverse effect on the livelihood of people involved in tobacco growing, manufacturing or sale. On the other hand, there is ample evidence to prove that large number of people in India face economic hardships and health problems because of their present engagement in tobacco farming and tobacco products manufacturing. This Ministry has taken up the issue of alternate crops to tobacco and providing alternate livelihood to tobacco workers with the concerned ministries and departments at appropriate level. Tobacco is the foremost preventable cause of death and disease in the world today. Tobacco use is also a major risk factor for 4 major Non Communicable Diseases. As per the Global Adult Tobacco Survey - India (GATS - 2010) 35% of the adults aged 15 years and above in India (more than 27 crores) consume tobacco in some form or the other. Nearly 48% males and 20% females consuming tobacco in the country. Almost 50% of cancers in males and 20% cancers in females are directly attributed to tobacco use as per ICMR. According to WHO Global Report on "Tobacco Attributable Morality" 2012, seven percent of all deaths (for ages 30 and over) in India are attributable to tobacco. It is estimated that nearly 10 lakh persons die every year as a result of tobacco use in India. Besides being a major health risk, the use of tobacco and the associated mortality and morBeedity are a significant economic burden on society."

## CHAPTER - III

### NEED FOR SEPARATE RULES FOR DIFFERENT TOBACCO PRODUCTS

#### RULE POSITION

The amended rules envisages modification to Rule 3(1)(b) to increase the size of the specific health warning from 40% to 85% of the principal display area of the package which reads as under:-

"(b) the specified health warning shall cover at least eighty-five per cent (85%) of the principal display area of the package of which sixty per cent (60%) shall cover pictorial health warning and twenty-five per cent (25%) shall cover textual health warning and shall be positioned on the top edge of the package and in the same direction as the information on the principal display area. Provided that for conical package, the widest end of the package shall be considered as the top edge of the package:

"Provided further that on box, carton and pouch type of package, the specified health warning shall appear on both sides of the package, on the largest panels and for cylindrical and conical type of package, the specified health warning shall appear diametrically opposite to each other on two largest sides or faces of the package and the specified health warning shall cover eighty-five per cent (85%) of each side or face of the principal display area of the package of which sixty per cent (60%) shall cover pictorial health warning and twenty-five per cent (25%) shall cover textual health warning."

3.2 Further Rule 3(1)(h) amended as under:-

"prescribed that every package of cigarette or any other tobacco product shall contain the following particulars, namely:—

- (a) Name of the product;
- (b) Name and address of the manufacturer or importer or packer;
- (c) Origin of the product (for import);
- (d) Quantity of the product;
- (e) Date of manufacture; and
- (f) Any other matter as may be required by the Central Government in accordance with the international practice."



## **OPINIONS OF VARIOUS STAKEHOLDERS**

3.3 In regard to the amended provision, the various stakeholders involved in the Beedi industry viz. All India Beedi Federation, Godfrey Philips, Smokeless Tobacco Federation (India) put forth their concern and apprehensions about the drastic changes in packaging and labeling requirements, submitted their views before the Committee as follows:-

"it is not possible to print specific health warning on packages of Beedi bundles as per amended rules. Beedis are packed in bundles of 10 to 25 Beedis and length of Beedis varies between 55mm to 75mm. If 85% of area is earmarked for printing specified health warning, there is virtually no space left for printing brand logo. Without brand logo, Beedis cannot be sold. Besides brand logo the Beedi manufacturers are also required to print details such as name and address of manufacturer, number of Beedis, customer care no. etc. under the Legal Metrology (Packaged Commodities) Rules, 2011."

3.4 It was also submitted that conical packages are packed manually by pasting two corner side ends of rectangular/square paper (say of 125mm x 125mm) and there is overlap. The Beedis are conical in shape and hence the packing/wrapping is not even. If the Beedis were cylindrical like a soft drink can, then the surface areas all around would be even. This is not the case in a conical shape. The paper is cut at a diagonal, that it, one side is larger than the opposite side. By placing the Beedis at a diagonal i.e. across the corners of the opposite end of the wrapper only, can the Beedis be wrapped such that the packing is even. This causes the wrapping paper to come at a diagonal across the packet. The end result is of two triangles caused by the overlapping the opposite ends of the wrapper. Hence it is practically not possible to print specific health warning on reverse side of conical package as required by the rule.

3.5 As regards the printing of date of manufacture on every package, the Smokeless Tobacco Federation stated as under:-

"Beedis are packed manually. Each packer packs about 75000 to 100000 Beedis in a day. He uses about 3000 to 4000 wrappers. Everyday approximately 125 crore Beedis are manufactured and packed. Daily requirement of wrappers is about 6,25,00,000. It is virtually impossible to put date stamp on each wrapper before it is taken for packing. According to the Legal Metrology (Packaged Commodities) Rules, 2011. Beedi manufacturers are exempted from printing 'month of manufacture' and 'MRP' due to peculiar nature of industry."

3.6 The Federation further submitted as under:-

"Transformation of people of their habits cannot be through regulation or legislation. If lives are to be saved, people should be made aware and educated about the ill-effects of tobacco and its abuse. There is not any easy fix to this issue except education and social mobility. Wide scale and holistic education are desperately needed to solve the problem. Further, the measures like imposition of a very high incidence of excise duty and levies to make tobacco consumption prohibitive are already in place. Similarly various measures have also been in effect in terms of Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003, to discourage the consumption of tobacco products. The advertisement of tobacco products, in all forms, is banned. The sale of tobacco products to minors is prohibited. There is also a ban on sale of tobacco within specified area of a school, college or government offices etc. No space shall be left for brand name and logo, since 15% remaining space is required for sealed area and nothing can be printed in top space adjacent to photocell. All products shall look alike and this shall give rise to inferior and spurious tobacco products in the market thereby worsenning the situation on health front. Hence, put forth before the Committee that there should be separate printing and labelling rules for different tobacco prdocuts like cigarettes, Beedis, gutkhas etc. whose packages vary in dimensions."

3.7 Based on apprehensions put forth before the Committee, a view has emerged and felt that there should be separate packaging and labelling rules in respect of separate tobacco products like cigarettes, Beedis, gutkha, pan masala, khaini etc., which come under different physical shapes of the tobacco packaging.

**OPINIONS OF MINISTRIES/DEPARMENTS**

3.8 On the issue of having separate Rules for different tobacco products, the Ministry of Health & Family Welfare in their written reply submitted as under:-

"With respect to the packaging and labeling rules and keeping in mind the different sizes, dimensions etc. of the tobacco product packages, the provisions related to principal display areas for conical type, box type, carton, pouch, cylindrical and conical type have been explicitly defined in the rules. Under the new Rules dated 15.10.2014, a minimum size of 3.5 cm (width) × 4 cm (height) for the specified health warnings ensures that the difference in pack size, dimensions etc, does not impinge the effectiveness of the warnings and that the warnings remain legible, prominent and conspicuous as per the mandate of Section 8 of COTPA.

However with regard to separate tobacco products like cigarettes, Beedis, gutkha, pan masala, khaini etc. it is not feasible neither practicable to notify separate rules as the kind of products available in the country are huge.

The warnings on the products are already classified on the basis of the nature of the product i.e. whether it is smoking form or smokeless form and are respectively linked to the diseases/risks associated with use of these products."

3.9 However, the Ministry Micro, Small & Medium Enterprises, Agriculture, Commerce & Industry did not give any comment on the need for having separate Rules for different kind of tobacco products by submitting that such issue does not come under the domain of their jurisdiction.

## **CHAPTER - IV**

### **ALTERNATIVE MEANS OF LIVELIHOOD FOR PEOPLE ENGAGED IN TOBACCO TRADE**

In a country like India when agriculture is the one of primary source of livelihood and is highly dependent on vagaries of monsoon, where droughts conditions are very common, tobacco farming is a commercially viable proposition as it can be cultivated in semi-arid regions with limited irrigation facilities. In the absence of a suitable replacement, tobacco farming is the only viable option for the farmers. There is no alternative crop for Beedi tobacco farmers or alternative employment for Beedi rollers and tendu collectors.

4.2 The Committee examined the suggestions and views of various organizations such as Voluntary Health Association of India, Indian Cancer Society and Advocacy Forum for Tobacco Control. Committee also took oral evidence of the representatives of the Ministries of Commerce, MSME, Labour & Employment, Agriculture and Finance. The Committee also heard views of the NGO's such as All India Beedi Federation, Tobacco Farmers Federation Andhra Pradesh, Federation of Karnataka Virginia Tobacco Growers' Association, All India Pan Shop Owners Association, ITC Limited, The Tobacco Institute of India, Godfrey Philips India, Smokeless Tobacco Federation of India.

### **ALTERNATIVE MEANS OF LIVELIHOOD FOR FARMERS/WORKERS**

4.3 The Ministry of Agriculture submitted to the Committee as under:-

"Department of Agriculture & Cooperation is already implementing several Centrally Sponsored Schemes of Agriculture sector as a whole & particularly promotion of food & horticulture crops. Department of Agriculture & Cooperation implements its crop development schemes through the State Department of Agriculture / Horticulture. The major crop development schemes are being implemented on various crops such as rice, wheat, pulses, millets, sugarcane, jute & cotton under National Food Security Mission (NFSM), Oilseeds/Oil Palm under National Mission on Oilseeds & Oil Palm (NMOOP) and fruits & vegetables under Mission for Integrated Development of Horticulture (MIDH). For promoting micro-irrigation, Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) has been launched. National Mission on Agricultural Extension and Technology (NMAET) is implemented for input support and extension activities. Rashtriya Krishi Vikas Yojana (RKVY) also provides opportunity to the states to strengthen & diversify agriculture & allied activities. The State Governments can utilize these schemes and their own resources in promoting alternative crops to replace tobacco crop. The Department of Agriculture & Cooperation has already written to the tobacco growing States to evolve strategies for reduction of area under all types of tobacco cultivation in the state & to explore feasibilities for promotion of alternative crops to tobacco growers. The State Government have also been advised to take steps to initiate sensitization and awareness programme for tobacco farmers as well as policymakers on health and environmental impacts to tobacco farming and long term benefits of shifting to other crops. The Department proposes to include

promotion of alternate crops among the tobacco farmers as a part of sub-scheme of existing Crop Diversification Programme (CDP) under Rashtriya Krishi Vikas Yojana (RKVY)."

#### **FUNDING OF ALTERNATIVE CROP**

4.4 With regard to the issue of funding of alternative crop to replace tobacco crop, the Ministry of Agriculture stated as under:-

"The Ministry of Health & Family Welfare has written to Department of Agriculture & Cooperation (DAC) on schemes for tobacco farmers. Recently, Secretary, Department of Health & Family Welfare has requested DAC to assist regarding alternative crops for tobacco farmers in a pilot project of Tobacco Board. DAC has requested Ministry of Health & Family Welfare to call a meeting with Tobacco Board, Agriculture Production Commissioners (APCs) of Andhra Pradesh and Karnataka to discuss the matter. Ministry of Agriculture is not promoting tobacco crop through any developmental/ promotional scheme since 2002 is discourage the tobacco use. The Tobacco Board, Ministry of Commerce & Industry regulates the production and processing of Flue Cured tobacco (FCV) tobacco as per the provisions of the Tobacco Board Act, 1975. The State Department of Agriculture of tobacco growing States, Ministry of Commerce & Industry, Ministry of Health & Family Welfare and other stakeholders coordinate for the implementation of tobacco control strategies time to time. The Department of Agriculture & Cooperation supplementing the efforts of the States through implementation of Centrally Sponsored Schemes of Agriculture sector as a whole and particularly promotion of food and commercial crops for various agro-climatic regions of the country. Department of Agriculture & Cooperation implements its crops development programmes schemes through the State Department of Agriculture / Horticulture. From 2015-16 the States have been asked to share expenditure on Centrally Sponsored Schemes on 50:50 basis between Central and State Government. Under the schemes of DAC, all farmers including tobacco farmers are eligible for benefits for approved activities. The major crop production schemes are being implemented on various crops such as rice, wheat, pulses, millets, sugarcane, jute & cotton under National Food Security Mission (NFSM) and Oil Seeds / Oil Palm under National Mission on Oil Seeds and Oil Palm (NMOOP) and fruits and vegetables under Mission on Integrated Development Horticulture (MIDH). Rashtriya Krishi Vikas Yojna (RKVY) also provides opportunity to the states to strengthen and diversify agriculture and allied activities. The State Governments can utilize these schemes and their own resources in promoting alternative crops to replace tobacco crop. "

4.5 With regard to the representation made to the Committee that tobacco is grown in semi-arid and non-irrigated lands where no other remunerative cultivation is possible, the Ministry of Health & Family Welfare acknowledged this in their Study titled "Report on Tobacco Control in India-2004", stating that "Given the existing level of technology, the possibility of an alternative crop to

tobacco, purely on economic grounds does not exist". WHO has also endorsed the view that large scale studies are required to determine viable alternative to tobacco crop.

4.6 Commenting on the issue, the Ministry of Agriculture submitted as under:-

"About 51% tobacco area in the country is irrigated. Unique feature of tobacco production in India is that varied styles of Flue-Cured Virginia (FCV) and different types of non-FCV tobacco are produced under diverse agro-ecological situations spread all over the country. Tobacco is grown mainly in the states of Andhra Pradesh, Gujarat, Karnataka, Uttar Pradesh, Bihar, Tamil Nadu, Maharashtra, West Bengal, Assam and Odisha. The cultivation of tobacco is not confined to only semi-arid and non-irrigated lands. The tobacco growing areas also cultivate many other crops in these states/regions. As per the statistics area coverage under tobacco has fluctuated year to year. During 2000-01 area under tobacco was 2.6 lakhs ha which increased to 3.5 lakhs ha during 2001-02 and further increase to 4.9 lakh ha during 2010-11. The fluctuation in area coverage indicates the diversion of some area from tobacco to alternate crops and vice versa. Thus, the agro climatic conditions of the tobacco growing areas are suitable for other crops as well. In areas where tobacco crop is being grown, other crops also being sown. The tobacco crop by nature is suitable for semi-arid, dry land rainfed conditions and can be grown in shallow soils with low fertility. The research work carried out by Central Tobacco Research Institute (CTRI), Indian Council of Agricultural Research (ICAR) revealed that no single crop is as remunerative as tobacco. However, a remunerative cropping system rather than a sole crop can be a viable alternative to sole tobacco crop. Alternative crops/cropping systems like maize, rice, wheat, ragi, cotton, soybean, mustard, castor, groundnut, black gram, chilly, chickpea, potato, giner, sugarcane, jute, areca nut, banana, oil palm, eucalyptus along with dairy/poultry /fishery have been identified for the benefit of farmers and farm workers in tobacco growing areas in India.

CTRI has identified crops/cropping system for various tobacco growing states as under:-

Tobacco Type	State	Crops/Cropping Systems identified
Chewing Tobacco	Tamil Nadu	1. Annual moringa + Chilli 2. Annual moringa + onion 3. Maize - Sunflower
Chewing Tobacco	West Bengal	1. Potato 2. Maize 3. Wheat 4. Mustard
Beedi Tobacco	Karnataka	1. Sugarcane 2. Soybean - sorghum 3. Groundnut - Sorghum
Beedi Tobacco	Andhra Pradesh	1. Maize - Sunflower 2. Maize - Blackgram 3. Maize - Chickpea
Beedi Tobacco	Gujarat	1. Castor - Pearl millet 2. Cotton - Groundnut 3. Pearl millet - Rajma - Pearl millet

Rustica Tobacco	Gujarat	1. Paddy - Greengram - Pearl millet 2. Soybean - Maize - Paddy 3. Pearl millet - Mustard - Greengram
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4.6 The representatives of the Tobacco Institute of India expressed their views on alternative crops as under:-

"Tobacco is grown in semi-arid and non-irrigated lands where no other remunerative cultivation is possible. The Ministry of Health & Family Welfare has acknowledged this in its Study titled 'Report on Tobacco Control in India - 2004', stating that 'Given the existing level of technology, the possibility of an alternative crop to tobacco, purely on economic grounds does not exist'. WHO has also endorsed the view that large scale Studies are required to determine viable alternative to tobacco crop. In this context the Working Group in their Report to FCTC CoP6 (2014), made the following recommendations. Regular studies on alternative crops need to be taken up simultaneously in the major tobacco-growing regions before any conclusion regarding crop shifting can be drawn. As diversification of tobacco cultivation is a long term task, financial support for the information and support centers undertaking this work should be ensured for at least 10 years to facilitate sustainable diversification and alternative livelihoods. In fact the Ministry of Commerce & Industry, has recently (December, 2014) underlined the fact that the 'Government is responsible for promotion of appropriate economically viable alternatives for tobacco growers, workers, whose livelihoods are affected as a consequence of tobacco control programmes".

4.7 The All India Beedi Federation also submitted a quote from the Text of ILO on alternative crops as under:-

"the Beedi Industry is also under pressure due to public health concerns against the growing tobacco use. Since there are millions of workers engaged in tobacco and tobacco related industry, any move towards the banning of tobacco products and discouraging tobacco use must begin with finding and promoting alternatives for workers involved in this industry. The failure to do so would not only create social problems but will also be an infringement on the right to livelihood of these workers."

4.8 Asked further whether the Tobacco Board has carried out or assisted in carrying out any research to enable the farmers to switch over to alternative cash crops other than tobacco, the Ministry of Commerce stated as under:-

"Tobacco Board in collaboration with CTRI conducted two national seminars on "Alternative crops to FCV tobacco" on 19<sup>th</sup>-20<sup>th</sup> September 2011 at CTRI, Rajahmundry for Andhra Pradesh and on 17<sup>th</sup> October 2011 at Mysore for Karnataka. The objective is to identify and create awareness among the farmers about alternatives available to tobacco by spreading the information. In the seminar conducted in Andhra Pradesh it is opined that no single crop is as remunerative as tobacco and the tobacco farmers were advised to take up integrated farming system, integrated cropping system and cultivate various economically viable crops as recommended along with integrated agri-based industries viz., cattle

rearing, sheep rearing, vermin-compost-making, silk worm rearing, mushroom production, apiculture. The following crops and cropping systems have been suggested as alternatives to FCV tobacco in the seminar.

FCV Tobacco growing area	Soil type	Alternative crops to tobacco	
		Kharif	Rabi
Northern Black Soils (N.B.S)	Heavy black soils (Vertisols)	Maize, Paddy, Cotton, Soybean, Redgram	Bengalgram, Paddy, Mustard, Fodder Crops
		<b>Annual Crop:</b> Sugarcane, <b>Perennial:</b> Oil Palm	
Southern Black Soils (S.B.S)	Medium black soils (Inceptisols/ Alfisols)	Greengram, Pigeonpea +Greengram, Sesamum, Fodder Crops	Bengalgram, Maize, Pigeonpea, Castor,
		Orchards, Social Forestry (Eucalyptus, Subabul)	
Southern Light Soils (S.L.S)	Deep sandy clay loams (Alfisols)	Pigeonpea + Groundnut/ Greengram, Sesamum – Groundnut, Greengram- Castor, Maize, Blackgram, Mustard, Pigeonpea, Fodder crops, Social Forestry (Eucalyptus)	
Northern Light Soils (N.L.S)	Sands and sandy loams (Alfisols)	<b>Annual Crops:</b> Zero tillage Maize (Kharif, Rabi), Hybrid Seed Production in Maize, Chilli, Cotton, Sugarcane, Pigeon pea +Maize–Groundnut/ Fodder Crops. <b>Perennial Crops:</b> Oil Palm + Cocoa, Coconut + Cocoa, Cashew, Mango, Citrus, Guava, Papaya, Eucalyptus, Bamboo.	

The following crops/cropping systems have been suggested as alternatives to FCV tobacco in Karnataka in the seminar conducted at Mysore.

- H.D.Kote area - Cotton, Turmeric, Sugarcane, Banana and Ginger
- Hunsur area – Ragi, Field Bean, Maize, Horticulture crops (Sapota, Tamarind, Banana, Mango, Coconut) and Sericulture
- K.R.Nagar area – Rice, Sugarcane, Coconut and Vegetables
- Periyapatna area – Maize, Ginger, Turmeric, Arecanut, Coconut and Banana
- Shimoga area – Arecanut, Chilli, Cotton and Maize
- Ramnathapura and Arakalgud area (Hassan Dist.) – Ginger, Rice, Potato, Arecanut, Coconut and Maize.

Tobacco Board had printed a booklet on crop management practices of different alternative crops viz., maize, oil palm, cotton, pigeon pea, chilli, paddy, sugarcane, mustard, chickpea, soyabean, castor, black gram and green gram and other crops to tobacco and distributed to all extension staff and growers for dissemination of Knowledge on alternative crops.

Tobacco Board has been conducting several awareness programmes on cultivation of alternative crops every year, while appealing to growers to divert at least 25-30% of their holdings for alternative crops.



## **Pilot Project on Rehabilitation Package to wean away the Flue Cured Virginia (FCV) tobacco growers**

4.9 The Ministry of Agriculture have furnished the views of the Ministry of Commerce on the above issue as under:-

"In the year 2009-10, Tobacco Board had submitted a Pilot Proposal on rehabilitation package for FCV growers shifting to alternative crops, providing a financial payment of Rs.5.00 lakhs per barn spread over a period of three years on the instructions of the Ministry of Commerce with an outlay of Rs.127.55 crores. The initial proposal was to fund this project by levy of cess on sale of cigarettes.

The Ministry of Health and Family Welfare, Department of Industrial Policy & Planning and Department of Revenue had agreed, in principle to the proposal. However, the funding proposal was not agreed to by the Department of Revenue and instead, it was suggested for providing financial support to rehabilitation package through budgetary route. As the Department of Commerce has no budgetary head or any scheme under which the rehabilitation package for tobacco farmers can be taken up, Ministry of Health & Family Welfare (MOHFW) was requested to consider funding the project under 'National Tobacco Control Programme'.

The MOHFW in its letter dated 24<sup>th</sup> February 2011 did not accept to fund it and suggested that the necessary budget provision for rehabilitation package may be made in the budget of Ministry of Agriculture and the Ministry of Commerce should also assume responsibility for implementing the project. It was also stated in the letter that it is the responsibility of other concerned Ministries to look at the demand and supply reduction strategies as envisaged in WHO FCTC and COTPA 2003.

Keeping in view, the future reductions in demand for FCV tobacco and in the interest of providing economically viable alternatives to FCV tobacco growers, the rehabilitation package for FCV tobacco growers, may have to be revived with suitable funding."

4.10 When Committee taken the view of the Ministry of Micro, Medium & Small Enterprises on the above issue, it was submitted as under:-

"there is need for an in-depth study on the socio-economic input to address the concern of farmers, farm labours, Beedi workers, tendu leave pickers, tribal etc. Covering aspects like finding alternative cash crops and viable means of livelihood, development of skill requirement for transition to such alternatives in time-frame with capital required for new alternatives."

4.11 The Ministry of Health & Family Welfare on being asked to suggest the alternative remedial measures, if any, which may be taken up for ensuring that the tobacco farmers could switch over to alternative means of livelihood, the Ministry submitted as under:-

"The Ministry of Health & Family Welfare in collaboration with the Central Tobacco Research Institute (CTRI) , under the Ministry of Agriculture launched the pilot project on 'Alternative crops to Beedi and chewing tobacco in different Agro-Ecological Sub regions of the Country' (2009-10) . The study revealed that none of the mono crops were as remunerative as tobacco. However, a combination of crops (two or more) was found to yield higher returns than solely tobacco."

## Chapter-V

### NEED FOR NATIONAL POLICY ON TOBACCO CONTROL

While taking the views of the NGOs/stakeholders on the proposed notification regarding Cigarettes and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014 the Committee observed that there is lack of coordination amongst various stakeholders for the purpose of achieving objectives sought to be achieved under the COTPA, 2013 as well as the Rules/ Regulations framed thereunder. Moreover, only about 25% of the tobacco production in the country falls under regulated sector and the rest of the production has remained unregulated.

5.2 The Committee wanted to know whether the Government has taken any action or proposed to be taken by bringing the entire tobacco production in the country in the domain of regulated sector so as to achieve the regulated production of tobacco in the country. Any need for review of the Tobacco Board Act to make the provisions in line with the provisions in time with the provisions of COTPA, 2003. The Committee also wanted to know whether there is any need for framing a 'National Tobacco Control Policy' with well defined objectives and goals so that all the organs of the Government as well as the other stakeholders function in tandem with each other for the purpose of achieving the overall objectives sought to be achieved under tobacco control and usage.

5.3 The Ministry of Health & Family Welfare on the above aspect have submitted as under:-

"The Government of India has developed a National Non-Communicable Disease (NCD) Monitoring Framework and Action Plan, which is in consonance with the World Health Organization (WHO) Global Action Plan and Monitoring Framework and in pursuance of this it has set up voluntary target of relative reduction in prevalence of tobacco use by 15% by 2020 and 30% by 2025 and also the United National Sustainable Development Goals target of reducing NCD burden by 30% by 2030. To supplement this as stated above, an Inter-Ministerial Committee of Secretaries has been formed under the Chairmanship of Cabinet Secretary to develop a comprehensive policy on tobacco and tobacco related issues. MoHFW has already implemented the National Tobacco Control Programme that outlines the national policy on tobacco control. However considering that tobacco control is a multi-stakeholder issue, MoHFW through the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, production, Supply and Distribution) (Amendment) Bill 2015, has proposed constitution of a National Tobacco Control Organization (NTCO), to implement and monitor the provisions of COTPA, 2003 and to undertake other functions related to tobacco control as assigned by the Central

Government, including for implementation of WHO FCTC. The purpose of establishing a National Tobacco Control Organization (NTCO) is to create an autonomous body that will be the nodal agency for tobacco control issues including:

- i. Monitoring and enforcement of the Tobacco Control Laws (COTPA, 2003),
- ii. Defense of court cases, and
- iii. Product regulations / testing through accredited or standalone laboratories."

5.4 The Ministry of Commerce deposed their view before the Committee that a national policy should be based on consensus of all stakeholders.

5.5 The Ministry of Micro, Small & Medium Enterprises also agrees to the proposal that National Tobacco Control Policy may be put in place which should safeguard the interest of Beedi/Tobacco manufacturers as well as consumers.

5.6 On being enquired from the Ministry of Finance on the above issue it was stated that the Ministry of Health & Family Welfare is the nodal Ministry for tobacco control. Ministry of Health & Family Welfare has informed that an inter-ministerial Committee of Secretaries under the chairmanship of the Cabinet Secretary was formed in November, 2014 to review and develop a comprehensive policy on tobacco and tobacco related issues.

## Chapter-VI

### WORKING CONDITION OF BEEDI WORKERS / TENDU LEAVE PLUCKERS ETC.

During the course of examination on the proposed notification regarding Cigarettes and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014 the Committee felt that a majority of workers engaged in Beedi trade are paid very low wages and they are living in extreme poverty conditions. The National Commission for Enterprises in Unorganized Sector has submitted reports relating to, 'the challenge of employment in India' and 'Report on condition of work and Promotion of Livelihoods in the unorganized sector'. In these reports the commission has given its observation on the adverse conditions of Beedi workers described as under:-

"Beedi workers are not appointed on regular basis and most of them are hired on contract basis. 60% of the Beedi workers are home workers which include women and children. Because of handling tobacco, these home workers suffer from asthma, tuberculosis, spondilitis and back strain. They are exploited by the middle man who deduct wages for 'rejection'. Many a times middleman withheld partial payment to maintain a hold on the workers. Since most of them work from home they are not covered under important regulations in India such as Beedi workers Act, hazardous industries under the child labour Act of 1986, Beedi and Sigar workers (condition of employment) Act, 1966. Their physical environment such as facilities of creche and shelter for rest is found to be poor. Only 3.5% of workers are provided with housing facility."

6.2 When taken the view on the above aspect, one of the NGO, the Advocacy Forum for Tobacco Control submitted as under:-

"Beedi rollers work in very unhealthy conditions and in rooms without ventilation. The International Labour Organization (ILO) 2001 report stated that Beedi workers suffer from various occupational hazards. A large literature has examined the health effects on Beedi workers in India to reveal similar respiratory, dermatological, ophthalmic and podiatric issues. Most common morBeedity among Beedi rollers is fatigue, musculoskeletal problem, followed by eye and respiratory problems. Besides the musculoskeletal problems they suffer from cough, breathlessness, acidity, generalized weakness, skin diseases (dermatitis) and tuberculosis. Most of them are not aware of the benefits provided for them. Beedi companies pay very low wages, as low as Rs 23/per 1000 Beedis rolled in certain parts of India. Due to this reason, this work is mostly done by women and children. Majority of the tobacco workers want to shift from their present occupations which have kept them in unending poverty, to safer alternative means of livelihood."

6.3 Similarly, the All India Beedi Industry Federation submitted as under:-

"Beedis are manufactured by hand only by using sun dried Beedi Tobacco and Tendu leaves in its natural state. No carcinogenic flavouring agents or preservatives or any other additives are used. Raw Beedis are roasted on charcoal, no electricity or power is used in the entire process. The industry does not create environmental damage/pollution. Beedi is a natural product. It is very small as compared to cigarettes and there is very little tobacco in each Beedi."

6.4 Further in the Post Evidence reply, the Federation submitted about the impact on manpower employment in Beedi industry as under:-

Scenario	Base year Employees	Expected employees			Net reduction in Employees		
		5 <sup>th</sup> year	10 <sup>th</sup> year	15 <sup>th</sup> year	5 <sup>th</sup> year	10 <sup>th</sup> year	15 <sup>th</sup> year
If 5% Decline in Consumption	5522927	5262787	5009769	4768916	260140	513158	754011
If 10% Decline in Consumption	5522927	5021773	4556800	4134880	501154	966127	1388047

The International Labour Organization has opined that no tobacco control measures should be implemented on the Beedi industry as the Beedi rollers are wholly dependent on the industry. Social unrest will follow if the Beedi rollers are put out of jobs. The High Court of Karnataka has also passed an order in 2015 directing the Central government to formulate tobacco control measures only after giving alternative employment to Beedi rollers and farmers."

6.5 The Ministry of Micro, Small & Medium Enterprises on the aspect stated that Beedi manufacturing is primarily a house hold activity in which many poor and illiterate workers are engaged. These workers work under conditions which are hazardous for their health. Ministry of Labour and Ministry of Commerce implement schemes for the welfare of the workers employed in Beedi / tobacco industry as well as for the promotion of the sector.

6.6 The National Commission for Enterprises in the Unorganized Sector has presented a comprehensive analysis of the working condition and livelihood among Beedi workers. In summary the NCEUS has found:-

"Beedi workers are the most exploited among all rural labour, and women among these are worst affected. With low level of income and uncertain employment in the Beedi industry, the workers are unable to meet their basic necessities and fulfill other social and cultural

responsibilities. The level of indebtedness among them is very high. In rural areas the lowest average daily wage was received by workers in the tobacco industry, (mainly women). About 92 per cent of them received wages below the National Minimum Wage norm. Average Daily Earnings of Casual Workers in Manufacturing by Industry and Gender 2004-05 was the lowest for men and women across all sectors and regions.

6.7 On being enquired about the initiative taken by the Tobacco Board for welfare of poor people engaged in tobacco industry, the Tobacco Board submitted as under:-

"Tobacco Board is operating the Tobacco Board's Growers Welfare Schemes for the welfare of the registered tobacco growers and their family members in the states of Andhra Pradesh & Karnataka. Under this scheme Tobacco Board has created a Tobacco Board's Growers Welfare Fund in 2009-10 with a corpus of Rs. 25.00 crores. The Welfare scheme provides financial assistance in the form of grants / loans to meet the educational, social and health needs of the growers and their family members in addition to assistance in times of natural calamities. As on 31.3.2015 Rs. 43.35 crores are available in the fund."

6.8 On the above aspect, the Ministry of Labour & Employment submitted their view as under:-

"The workers engaged in Beedi trade are paid wages by the companies as per the rate fixed by the State Governments from time to time and the enforcement machinery under the Act are appointed by the State Governments. As regards alternative employment to Beedi workers, a scheme to provide vocational training to these Beedi workers is implemented by the Welfare Commissioners of the different regions of Labour Welfare Organization as per the guidelines of this Ministry. Special camps were conducted with the help of various agencies working for this purpose. Under the Beedi Workers Welfare Fund Act, 1976 the Beedi workers and their dependents are provided health care facilities. The workers engaged in Tobacco Industries are not covered under the Beedi Worker Welfare Fund Act, 1976. Increased size of pictorial warning will adversely impact Beedi industry as well as livelihood of the existing Beedi workers. Sustained Audio visual campaign against tobacco may be more effective alternative for discouraging consumption of Beedi."

### **Condition of Tendu Leaf Pluckers**

6.9 Tendu leaves collection is a labour intensive, short duration activity lasting for about 20-25 days from last week of April to 3rd week of May. Tribals and other people staying in the villages near the forest areas depend on the income generated from tendu leaves collection during the tendu season to meet their major expenses, as in addition to collection charges, they are also entitled to get incentive wages on pro rata basis.

6.10 Madhya Pradesh is the largest Tendu leaves producing state of India. Collection are of one standard bag of Tendu leaves has been enhanced from Rs. 400 in 2004 to Rs. 950 in 2014. Out of total profit earned through trade of Tendu leaves, 70% is returned back to collectors in the form of

bonus, 15% of the profit is ploughed back for the development and maintenance of NTFP and Forest resource for their sustainable management and remaining 15% for infrastructure development of villages.

Table

Year	Collection rate per standard bag in Rs.	Total quantity collected	Total collection wages	Quantity sold	Total sale price
2010	650	21.24	138.11	21.21	332.89
2011	750	17.06	110.85	17.06	310.06
2012	750	26.06	195.45	26.06	634.13
2013	950	19.92	189.28	19.92	401.60
2014	950	16.99	161.42	16.58	305.56
2015	950	16.05	152.47	15.92	326.95

To Provide fair price to the MFP collectors and enhance their income level, federation collects 10 species Harra, Baheda, Neem seed, Honey, Karanj seed, Mahua flowers, Achar guithli, lac, Mahua gully and Sal seed at minimum support price.



## Chapter - VII

### ILLICIT TRADE IN TOBACCO PRODUCTS

The World Health Organization's (WHO) Framework Convention on Tobacco Control (FCTC) defines Illicit (illegal) trade as "any practice or conduct prohibited by law and which relates to the production, shipment, receipt, possession, distribution, sale or purchase, including any practice or conduct intended to facilitate such activity. From many angles, the illicit trade of tobacco products is a major global concern, including health, legal and economic, governance and corruption.

7.2 The three broad categories of illegal cigarette Trade are:-

(i) **International cross smuggling**

Products diverted from the legitimate supply chain and sold in a country different than the intended market without paying taxes.

(ii) **Domestic Tax-Evaded Manufacture**

Products manufactured within the country and sold in the domestic market without payment of taxes.

(iii) **Counterfeit Products**

Products protected by Intellectual Property Rights (IPR) which are manufactured without authorization from the rights owners.

7.3 The Committee felt that illegal cigarette trade obstructs economic development, undermines Government health policy objectives such as youth access prevention and the rule of law. It supports corrupt practices, funds organized crime and terrorism and encourages the expansion of criminal activity. It has also been represented before the Committee that there has been a 31% rise in sale of illicit cigarettes since the implementation of pictorial warning in India in 2008.

7.4 Further quoting a press clipping in Times of India dated 22.6.2015 that currently 22 billion cigarettes sold in India are illicit which constitutes more than 21% of the legal cigarettes sales. This has made India the 5<sup>th</sup> largest consumer of illicit cigarettes in the world resulting in loss to Govt. of more than Rs. 9000 crores. These cigarettes are cheaper and have no warnings or milder warnings giving the impression that they are safer products. The biggest problem with these illicit

cigarettes is that they are directly threatening the livelihood of millions of farmers because illicit cigarettes do not use Indian tobacco.

7.5 The Committee therefore in order to see the factual position bringing out correlation if any between the pictorial size and the rise of illicit cigarette market, invited comments from various organizations like Indian Cancer Institute, Voluntary Health Organization, Advocacy Forum for Tobacco Control, Tobacco and NCD Control Programmes, All India Beedi Federation, Karnataka Growers Association, Pan shop owners Association, ITC, Tobacco Institute of India, Godfrey Philips, Smokeless Tobacco Federation (India), Tendu Leaf Pluckers Association etc. had submitted their views on the subject before the Committee. The Committee also took oral evidence of the representatives of the Ministries of Commerce, Tobacco Board, Labour & Employment, Micro, Small and Medium Enterprises, Agriculture and Finance on the matter.

#### **A. REVENUE LOSS DUE TO ILLEGAL CIGARETTES PENETRATION**

7.6 With regard to revenue loss due to illegal cigarettes, the Tobacco India Institute submitted to the Committee as under:-

"Illegal cigarettes account for 1/5<sup>th</sup> of the Cigarette Industry resulting in Revenue loss of Rs.9,000 crores to the Exchequer. Illegal Products are not compliant with Indian Pictorial Warnings and thus create an impression that they are safer than the Regulation-aBeeding Legal Products and will be preferred by consumers."

7.7 As a consequence, despite the regulatory framework, consumption has shifted to low priced, low revenue yielding, non-compliant alternatives which are largely in the unorganized sector and to illegal products. Consequently, cigarette consumption in India as informed by Tobacco Institute of India (TII) has been declining over the past few decades even as the overall tobacco consumption is increasing as evident from the following chart:

(million kgs.)

Year	Cigarettes	Non-Cigarette forms	Total
1981/82	86	320	406
2013/14	68	509	577
Difference	-18	+189	+171

7.8 A dangerous outcome of the increasing illegal trade is that it encourages the entry of organized criminal syndicates, which could have serious consequences for the maintenance of law and order. Internationally, it has been reported that illegal profits from cigarette smuggling have been used to fund criminal activities.

7.9 On being asked to furnish the details about the amount of illicit tobacco products that have been seized since COTPA Act came into force, the Ministry of Finance submitted:-

Product	Quantity Seized	Value in Rs. Lakh
Cigarettes (2003-04 to 2014-15)	101.44 million sticks	2097.13
Gutkha (2011-12 to 2014-15)	3254 kg	112.18
Tobacco (2010-11 to 2014-15)	231 kg	5.23

7.10 It has also been reported in the Hindustan Times dated 20.11.2015 that Delhi is emerging as one of the biggest and fastest growing markets for illegal cigarettes and as per a rough estimate, the government suffers as annual tax loss of Rs. 200 crore. The Delhi government had seized imported cigarettes worth Rs. 50 lakh last week and said it would intensify checking to stop smuggling. "Illegal brands are fast gaining popularity in the city. Even retail vendors prefer to stock these brands as the profit margin on these brands is as high as 100% compared to around 15% on brands that are legally cleared to be sold in the market. In the absence of a printed MRP, the smuggler and vendors make a handsome margin and thus smuggled cigarette are available at almost every outlet. It has been estimated that over 60 million illegal cigarette sticks are sold in Delhi every month".

When asked further about the volume and estimated value of cigarette and other products seized by the Central Board of Excise & Customs (CBEC) at various borders, ports, airports or any other place within the country, the Ministry of Finance furnished the following information to the Committee as under:-

**Seizures made under the Customs Act**

**Value of Tobacco Products Seized (Rs. Lakh)**

Year	Cigarette	Gutkha	Tobacco	Beedi	Hukka	Gul	Khaini
2010-11	517.03	3.88	13.7	1.01	2.72	0.00	0.00
2011-12	281.02	6.25	3.67	7.88	0.00	0.00	0.00
2012-13	2294.14	7.94	1.68	3.30	0.00	0.00	0.00
2013-14	2011.12	42.87	0.00	3.54	0.00	0.00	0.14
2014-15	8938.48	108.02	20.56	5.42	0.00	2.33	0.00
Total	14041.79	168.96	54.09	21.15	2.72	2.33	0.14

**Seizure made under Central Excise Act**

**Value of Tobacco Products Seized (Rs. Lakh)**

Year	Cigarette	Chewing Tobacco	Pan Masala	Zarda	Khaini
2010-11	534.66	21.98	246.01	0.00	0.00
2011-12	71.14	63.21	0.00	0.00	0.00
2012-13	48.45	16.27	0.00	0.00	49.68
2013-14	80.52	0.00	26.63	10.00	0.00
2014-15	468.90	0.00	0.00	297.3	0.00
Total	1203.67	101.46	272.64	307.3	49.68

7.11 Elaborating further the Ministry of Finance submitted that CBEC has instructed the field formations to ensure that while disposing of seized cigarettes only the cigarette packages meeting the labelling requirements under COTPA are allowed to enter into the market.

## **Size of Pictorial Warning and illicit cigarette market**

7.12 On the aspect, the Ministry of Health & Family Welfare submitted their views in their written reply as under:-

"No such study has been commissioned by the Ministry of Health & family Welfare to suggest any correlation between the size of pictorial warning and the rise of illicit cigarette market. However, research demonstrates that stringent regulations are not the most important factor in determining the level of illegal or illicit trade in a country. Other factors determine illicit trade which includes the ability of a government to enforce tax policy and collect duties, the ease and cost of smuggling tobacco in a country, the presence and level of development of organized crime networks, the extent of tobacco industry participation, and the overall level of corruption. It is also known that companies manufacturing tobacco products often themselves indulge in illegal trade to evade taxes. Hence the decision to buy illicit tobacco products is driven by their availability and price and has no link with packaging. Large health warnings on the contrary may result in decrease in illicit trade as counterfeiters will continue to use branded packaging and omit health warning. This would make it easier to spot the counterfeit goods as the genuine packs with large warnings will be easily identifiable. It is pertinent to mention here that evidence on Australia's Plain Packaging Law, which is a form of homogenous packaging has shown decrease in consumption as well as decrease in illicit trade of tobacco products after the implementation of plain packaging. It is submitted that the only way to combat illegal trade in tobacco products is by enforcing customs controls, strengthening tax administration/monitoring and use of anti-counterfeiting and traceability technology. Section 7(3) of COTPA, 2003 prohibits import of any tobacco products without the pack warnings. Guidelines have been framed and officers from the Department of Customs have been authorized through Rules under COTPA, 2003 to implement the said provision. Further for strengthening the traceability of the tobacco products the impugned Rules mandates display of details such as the name of the product, name and address of the manufacturer or importer or packer, origin of the product (for import), date of manufacture etc. Even the tobacco industry backed reports do not mention PHWs as a contributor to illicit trade in tobacco. While the industry lists corruption, weak enforcement, lack of official controls in free zones, inadequate legislation and sanctions, growth in illegal distribution networks among others as key contributors to illicit trade in tobacco. India must ratify and implement the provisions of WHO-FCTC Protocol on Prohibition of Illicit Trade in Tobacco Products to curb illicit trade of tobacco products in the country. Tobacco industry not only over-estimates illicit trade of tobacco products, but itself has been found to be involved in the illicit trade of tobacco products. According to WHO, contrary to tobacco companies' claims, pictorial health warnings are quick and cheap to apply, and do not increase illicit trade, rather helps government authorities identify counterfeit products. At present there is no such evidence to suggest that increase in the size of pictorial warning will boost the illegal trade in tobacco products, on the contrary it is just an apprehension and illicit trade is innate to any trade/business and tobacco is no exception to it. Globally, nearly 80 countries require pictorial health warnings on tobacco products among which 60 countries require the

warnings to cover more than 50%. NONE of the countries in the world have reported increase in counterfeiting or smuggling or illicit trade in tobacco products due to increase in pictorial warnings. On the contrary, due to strict requirement of product labelling it becomes more difficult to produce a counterfeit product and any illicit or smuggled product is easily identified and visible for the regulators to take action against such illegal activity.

## **B. IMPACT ON THE LIVELIHOOD OF FARMERS AND OTHER STAKEHOLDERS**

7.13 With regard to the impact on the livelihood of farmer, the Tobacco Institute emphasized that the excessively large 85% warnings will have severe impact on the livelihood of farmers and other industry stakeholders by providing a huge boost to the illegal cigarette trade in the country. The unfettered growth in illegal cigarette trade will adversely impact farmer incomes, the livelihood of millions dependent on the legal industry and affect Government's revenue collections. Further extreme regulations produce counter-productive results. They do not reduce demand for tobacco, but merely shift it from the legal segment to cheaper, regulation non-compliant illegal options of suspect quality, thereby undermining public health objectives.

7.14 Federation of Karnataka Virginia Tobacco Growers Association informed the Committee that current global regulatory environment and undue influence by WHO / FCTC the Government of India has taken several drastic decisions to reduce the tobacco consumption in India. In reality this impractical regulations only helping the illegal traders and in turn harming the people dependent on the tobacco crop. As there are no alternative remunerative crops to tobacco and millions of livelihoods are dependent on the tobacco crop, the Government of India should support the tobacco farmers and farm labour in framing the policies.

7.15 The Tobacco Institute submitted as under:-

"Contraband Products do not use Indian Tobaccos resulting in huge loss of earnings to Indian Tobacco Farmers. Illegal Products affect the livelihood of millions of law abiding retailers as business passes into the hands of illegal operators. Moreover, the Agro-Climatic Conditions do not allow economically viable alternatives to Tobacco in regions where tobacco is grown as acknowledged by the MoH, WHO and the FAO".

7.16 Commenting on the above view, the Ministry of Finance submitted the view of Ministry of Health & Family Welfare that at present there is no such evidence to suggest that increase in the

size of pictorial warnings will boost illegal trade in cigarettes in the country. There is also no evidence to suggest that the size of the pictorial warnings will result in an impact on the livelihood of farmers and other stakeholders. It is just an apprehension. Illicit trade is innate to any trade / business and tobacco is no exception to it. As per data from the Directorate of Economics & Statistics (Reference reply date 12.8.2015 of Ministry of Agriculture & Cooperation) the Area, Production and Yield of Tobacco in the country during 2012-14 has increased. As per data from Food & Agriculture Organization (FAO), during the period from 1995 to 2010, the area harvested in India under tobacco crop increased by about 1.2 times. Further, the production of tobacco leaf in India grew from 5,66,000 metric tonnes in 1995 to 8,30,000 metric tonnes in 2013 (an increase of almost 47%). In this background, the introduction of larger pictorial health warnings is not likely to have an impact on the livelihood of farmers and other stakeholders. It may not be appropriate to link introduction of larger pictorial health warnings to the livelihood of farmers and other stakeholders. These warnings are meant only for educating the consumer about the health consequences of tobacco use, which is an important public health measure. Globally, nearly 80 countries, require pictorial health warnings on tobacco products among which 60 countries require the warnings to cover more than 50% of the principal display area. None of the countries in the world has reported increase in counterfeiting or smuggling or illicit trade in tobacco products due to increase in size of the pictorial warnings. On the contrary, due to such strict requirement, any illicit or smuggled product is easily identified and visible for the regulators to take action against such illegal activity. Research demonstrates that stringent regulations are not the most important factor in determining the level of illegal or illicit trade in a country. Other factors determine illicit trade in a country. Other factors determine illicit trades which include the ability of a government to enforce tax policy and collect duties, the ease and cost of smuggling tobacco in a country, the presence and level of development of organized crime networks, the extent of industry participation, and the overall level of corruption. At times, the companies manufacturing tobacco products often themselves indulge in illegal trade to evade taxes. Hence the decision to buy illicit tobacco products is driven by their availability and price and has no link with packaging or the printing of pictorial health warnings thereon. Larger health warnings on the contrary may result in decrease in illicit trade as counterfeiters will continue to omit health warnings. This would make it easier to spot the counterfeit goods as the genuine packs with large warnings will be easily identifiable. It is

pertinent to mention that evidence on Australia's Plain Packaging Law, which is a form of homogenous well as decrease in illicit trade of tobacco products after the implementation of plain packaging. Illegal trade in tobacco products can be curbed by enforcing customs controls, strengthening tax administration/monitoring and use of anti counterfeiting and traceability technology. Section 7(3) of COTPA, 2003 prohibits import of any tobacco products without the pictorial health warnings on the packages. Guidelines have been framed there-under, and officers from the Department of Customs have been authorized through Rules notified under COTPA, 2003 to implement the said provisions. Further for strengthening the traceability of the tobacco products the new Pack Warning Rules, 2014 includes provision that mandates display of details such as the name of the product, name and address of the manufacturer of importer or packer, origin of the product (for import), date of manufacture etc. Even the industry backed reports do not mention pictorial health warnings as a contributor to illicit trade in tobacco. The industry lists corruption, weak enforcement, lack of official controls in free zones, inadequate legislation and sanctions, growth in illegal distribution networks among others as key contributors to illicit trade in tobacco. An analysis of illicit trade data of 13 Latin American countries revealed that there is no evidence that tobacco control measures including pictorial health warnings) increased illicit trade of tobacco products in Latin America. According to WHO, contrary to tobacco companies claims, pictorial health warnings are quick and cheap to apply, and do not increase illicit trade, rather help government authorities identify counterfeit products. Larger pictorial health warnings make production and marketing of illicit tobacco more difficult. There are many other ways of fighting the illicit trade of tobacco products, invisible markings, which may make it easy for enforcement officials to distinguish illegal cigarettes.

7.17 It has also been reported in the Times of India dated 14.1.2016 that 'illegal sales driving farmers in AP to suicide'

"Growing at a rate of 31% a year, the illegal foreign cigarette market is taking a heavy toll on tobacco farmers of Andhra Pradesh. For the first time, tobacco farmers have resorted to suicide in AP and Karnataka, and farm bodies claim, it's primarily due to the rise of the illegal cigarette business. Tobacco is a 'strong' crop that can withstand the vagaries of nature and tobacco farmers, therefore, always end up with profits. But the spurt in illegal sale of foreign cigarettes, observers note, has affected the income of local farmers to the extent that they are forced to the extent that they are forced to end their lives. About 10 crore illegal cigarette sticks, estimates suggest, were seized in the last one year alone by



Customs authorities. "Illegal and contraband cigarettes do not carry any mandated health warnings. They thus create an impression that such products are safer than the legal, regulated domestic products. This along with high taxes on legal cigarettes has led to quantum growth of illegal tobacco and cigarettes in the state" said Gadde Seshagiri Rao, general secretary, Farmers' Welfare Association. About a dozen tobacco farmers committed suicide in the state last year. Apart from leaving several dead, the rise in sale of illegal cigarettes has affected the livelihood of about 45 million people including farm labour. "If the recent seizure of contraband cigarettes is any indication, India has emerged as the world's most lucrative tobacco market for smugglers," pointed out B V J Gowda, president of Virginia Tobacco Growers' Association. Andhra Pradesh produced 172 million kg of authorized tobacco during 2014-15 and tobacco board had reduced the size to 120 million kgs during 2015-16. Farmers argue that the health warning on cigarette packs has damaged the income of farmers even as it encouraged illegal sale of cigarettes. They demand that the government withdraw its move to increase the pictorial warning size from the present 40% to 85%.

7.18 The Ministry of Commerce submitted their view on the aspect to the Committee that excessive tobacco warnings may result in a significant rise sales of illicit tobacco products in the country. The growth in smuggled cigarettes has had a drastic impact on public health objectives. These tax evaded cigarettes are cheaper and increase affordability and accessibility of tobacco products among the youth. These illicit products do not have warnings or have milder health warnings giving the impression to the consumer that they are safer products. It is also important to realize that the proposed health warnings will only impact domestic cigarette industry. As large portion of the non-cigarette tobacco products escape this regulation since they are sold in unpackaged and unbranded form. Large warnings will lead to an increase in overall tobacco consumption and illegal cigarettes; when large quantities of non-cigarette tobacco products from unorganized of these products being relatively or without any health warnings, it gives an impression of these products being relatively safer than cigarettes. Combined with the fact that these are cheaper than cigarettes due to lower tax incidence and / or tax evasion, it will lead to increase in consumption of other illegal tobacco products. Not only will the proposal of increasing the size of graphic health warnings result into a revenue loss to the government, but most importantly, they severely affect the Indian FCV tobacco farmers. They threaten the livelihoods of 36 million people including farmers, farm labourers, rural poor, women, tribal, etc. It is to be noted that globally 108 countries do not have pictorial warnings on tobacco products. Leading tobacco consuming countries like the United States, China & Japan, which account for 51% of the global tobacco consumption do not have Pictorial Health Warnings, and have only text based warning,

which adequately caution the consumer. Leading tobacco producing countries of the world which together account for more than 90% of the world's tobacco production have not adopted excessive, over-sized health warnings, as evident from the table below:

Country	Size of Graphic Health Warnings
United States	Only Text - Only on one of the side panels
China	Only Text - 30% of the principal display area
Malawi	No Warnings
Brazil	50% of the principal display area
Zimbabwe	Only Text - 20% of the principal display area
India	40% of the principal display area (Front)

These countries have adopted a pragmatic tobacco control policy keeping in mind the livelihoods of the tobacco growers in their countries, and this should be kept in mind while formulating any tobacco control policy. In India, tobacco is also grown in semi-arid and non-irrigated lands where no other alternate economically viable crops exist. Warning labels may have no effect among smokers who are not confident that they can quit, which leads the policy makers to recommend exploring different, potentially more effective methods of behavioural change. The move of increasing the size of the graphic health warnings may lead to increase the overall consumption of illicit tobacco products and other non smoking tobacco products and threaten the livelihoods of the Indian growers. Any policy made should be equitable, rational, reasonable, balanced and scientific. Keeping all the above points into consideration and in view the vulnerability of the Indian tobacco growers, the growing menace of illicit tobacco products and the overall objectives of improving public health, it is proposed that the pictorial warnings are maintained at 40% or Indian being a signatory to FCTC and being Regional Coordinator for the South-East Asian Region we may think of increasing the pictorial warnings to 50% as per the Article 11(iv) where it is defined as "should be 50% or more of the principle display areas but shall be no less than 30% of the principle display areas".

### **C. WHO/FCTC**

7.19 The WHO Framework Convention on Tobacco Control (WHO FCTC) is the first treaty negotiated under the World Health Organisation and is an initiative to curb the growing tobacco

epidemic. The signatories of this treaty pledge to give priority to protect public health as enumerated in the preamble of the WHO FCTC. This convention is an evidence-based treaty that reaffirms the right of all people to the highest standard of health. The objective of FCTC is to protect present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke by providing a framework for tobacco control measures to be implemented by the Parties at the national, regional and international levels in order to reduce continually and substantially the prevalence of tobacco use and exposure to tobacco smoke. The Convention entered into force on 27 February 2005 – 90 days after it had been acceded to, ratified, accepted, or approved by 40 States. WHO FCTC has 180 countries as its party, including India. India played a leading role in FCTC negotiations to finalize its provisions and was the regional coordinator for the South- East Asian countries. India was one of the first countries to ratify WHO FCTC i.e., on 5<sup>th</sup> February, 2004 and is a party to the convention. The primary aim and of the FCTC is to take appropriate measures to reduce the demand and supply of tobacco products.

**Measures relating to the reduction of demand for tobacco(Article 6-14):**

- price and tax measures for reducing tobacco use in countries.
  - Non-price measures to reduce the demand for tobacco, namely:
    - Protection from exposure to tobacco smoke;
    - Regulation of the contents of tobacco products;
    - Regulation of tobacco product disclosures;
    - Packaging and labelling of tobacco products;
    - Education, communication, training and public awareness;
    - Tobacco advertising, promotion and sponsorship; and,
    - Demand reduction measures concerning tobacco dependence and cessation.
- The core supply reduction provisions in the WHO FCTC(Articles 15-17):
- Illicit trade in tobacco products;
  - Sales to and by minors; and,
  - Provision of support for economically viable alternative activities.

7.20 The Committee wanted to know whether the WHO/FCTC provisions are mandatory for the countries for being followed or are they only recommendatory in nature and also want to have view that whether all the countries who have ratified the conversion have implemented the 85%.

Pictorial warning on packets of tobacco products, the Ministry of Health & Family Welfare submitted in their written reply as under:-

"A framework convention is a legally binding international treaty establishing general guidelines and principles for international governance on a particular issue. As a standard practise, if a country ratifies a given convention or protocol it shows its intent to implement the various provisions/articles under the convention through appropriate domestic legislations and / or policy / administrative options. As per Article 253 of the Constitution of India the Parliament has power to make any law for the whole or any part of the territory of India for implementing any treaty, agreement or convention with any other country or countries or any decision made at any international conference, association or other body. Under Article 51, India commits itself to make endeavour to 'foster respect for international law and treaty obligations'. Further Parliament has enacted an enabling legislation COTPA that incorporates most of the provisions of WHO FCTC. Therefore WHO FCTC provisions relating to pictorial health warnings (PHWs) (Article 11) and its guidelines recommending that health warnings and messages should cover as much of the principal display areas as possible and on both sides of a tobacco pack are mandatory. The guidelines adopted by the Parties for implementation of the PHWs recommend larger and stronger PHWs including encourage Parties to implement plain packaging of tobacco products. Further the tobacco control law COTPA, 2003, enacted by India, vide section 7 & 8 mandates that every package of cigarettes or any other tobacco products shall bear thereon, or on its label pictorial health warning that shall be-legible, prominent and conspicuous as to size and colour. Many countries which are party to WHO FCTC have adopted larger pictorial health warnings. Globally, nearly 80 countries require pictorial health warnings on tobacco products among which 60 countries require the warnings to cover more than 50% whereas countries with the largest warnings are in the South East Asia Region, i.e. Nepal require 90%, Thailand 85%, Sri Lanka 80%. Australia leads the world with plain packaging of tobacco products with pictorial warnings covering 82.5%. Considering India's high burden of tobacco use, high proportion of young vulnerable population, low literacy level of tobacco users and increasing rate of tobacco consumption, it is imperative to implement the 85% pictorial health warnings on both sides of the tobacco packages. Evidence from various countries shows that PHWs have reduced tobacco use among tobacco consumers and have increased their readiness to quit. As per the GATS India Report, 2010, one of three current users thought of quitting on seeing the PHW on tobacco packs. The GATS-2010 survey further shows that 70.8% of cigarette smokers noticed health warnings on cigarette package and 38% thought of quitting because of warning label; 62% of Beedi smokers noticed health warnings on Beedi package and 29% thought of quitting because of warning label and 62% of users of smokeless tobacco noticed health warnings on smokeless tobacco product package and 34% thought of quitting because of warning label. The majority of this adult population who had noticed the pictorial health warnings and even thought of quitting tobacco are illiterate and semi-literate. Hence there is a reasonable belief that the increased size of the specified health warning notified will have much better impact in creating awareness amongst the user about the health risks of tobacco use and also motivate them to quit."

7.21 It has also been recently reported in Times of India that "High Sun tax boosts illegal Cigarettes' which inter-alia stated by Tobacco Institute of India as inflation increase by 73% during the period from 2008-09 to 2014-15, the incidence of tax per 1000 cigarettes has gone up by 126%. This confirms that the growth in cigarette taxation is well ahead of inflation. According to TII only 11% of total tobacco is consumed in the form of legal cigarettes in India. The balance 89% is consumed in other forms of tobacco and illegal cigarettes. However, legal cigarettes contribute 87% of the excise revenue from tobacco despite their very small share of total tobacco consumption in the country. The TII statement adds that steep increases in excise duty on cigarettes in recent years have resulted in widening the differential in excise collections (on per kg of tobacco basis) between cigarettes and other tobacco products from 28 times in 2005-06 to over 53 times currently. While legal cigarettes' share of total tobacco consumption has declined from 21% in 1981-82 to 11% currently, overall tobacco consumption in the country has increased by 38% during this period. "It is thus evident that the excessive taxation on cigarettes does not decrease overall tobacco consumption. It simply catalyses the growth of non-cigarette tobacco forms and compels people to switch to cheaper illegal cigarettes - often of low quality, manufactured in unhygienic conditions," concludes the statement.

## Chapter-VIII

### DEADDICTION/CESSATION PROGRAMMES ON TOBACCO

Global Adult Tobacco Survey India Report (2009-2010) (a joint initiative of the Ministry of Health & Family Welfare, Government of India, the World Health Organization and the Center for Diseases Control and Prevention) reveals that 35% of our population i.e. about 275 millions consume some form of tobacco. In this regard, the Committee wanted to know the steps taken by Government towards helping the tobacco addicts to come out of such addiction, the Ministry of Health & Family Welfare in their written reply have submitted to the Committee that:-

"MoHFW had collaborated with WHO in 2001-02 to initiate Tobacco Cessation Clinics (TCCs) in different health care facilities. 18 TCCs were established in government and non-government health facilities all over the country with support from WHO. Provisioning Tobacco Cessation Centres (TCCs) at the district level is an integral part of the National Tobacco Control Programme (NTCP). Under the programme, the Government of India (GoI) supports establishment of TCCs in each district. The NTCP was launched by the Ministry of Health and Family Welfare (MoHFW), Government of India in 2007-08, during the 11th five year plan. In 2007-08, NTCP was launched in 9 States covering 18 districts. In 2008-09, the programme was up-scaled to cover 12 new States covering 24 districts. It was proposed to upscale the NTCP in the 12th five year plan, in synergy with the 'National Health Mission' and the 'National Programme for the Noncommunicable Diseases', in order to cover all districts in the country under the programme in a phase-wise manner. Thrust areas for the NTCP during the 12th five year plan period include setting-up and strengthening of cessation facilities at the district level. Currently, the programme is under implementation in 108 districts across 31 States. Setting up tobacco cessation centre (in district hospitals) is one of the key district level activities under the National Tobacco Control Programme (NTCP) which has been subsumed under the Flexi-pool of Non-Communicable Diseases under the umbrella Programme of National Health Mission (NHM). The Government of India has also released funds to Vallabh Bhai Patel Chest Institute (VPCI), an Institute under the administrative control of Ministry of Health & Family Welfare to set-up National Quit-Line to provide online quit line services to those desirous to Quit tobacco use. The Ministry of Health & family Welfare has also decided to provide training on tobacco cessation to all the Counsellors working at Integrated Counselling and testing centre (ICTC) under the National Aids Control Programme. In addition, under the NTCP, funds have been released to the State and the District Tobacco Control Cells to train private practitioners on counselling, so that they also take up cessation as a part of their ongoing activities. The position of social worker is supported in all the TCCs under the programme at the district-level. In order to build capacity of the NTCP staff in tobacco cessation activities, standard tobacco dependence treatment guidelines have been formulated by the National Tobacco Control Cell (NTCC) in the MoHFW. Besides, separate training modules are in place for doctors, health workers, and teachers. Efforts are underway to integrate tobacco cessation services in ongoing health programmes such as

National AIDS Control Programme and Revised National Tuberculosis Control Programme. MoHFW is also collaborating with the World Health Organization (WHO) and the International Telecommunications Union (ITU) for implementing nationwide Health for tobacco cessation project. The text messages using mobile phone application would be sent to tobacco users who intend to quit tobacco use. The State Government of Rajasthan has expanded the scope of the Medical Advice Service Scheme (tollfree 104) to provide online (24 x 7) counselling services to tobacco users. In addition, tobacco cessation services are available at many Regional Cancer Centres (RCCs), de-addiction clinics, mental health clinics, dental colleges and general hospitals all over the country."

8.2 When asked about the kind of medical facilities including appropriate equipments, doctors, psychiatrists, etc. are available in these centres, particularly in the rural areas. The Ministry have submitted as under:-

"One Counsellor/ Psychologist has been provided in each Tobacco Cessation Centre (TCC) established under the NTCP. The TCC is supported by basic equipments for running the cessation clinic. Certain equipments like Carbon Monoxide monitor and Spiro-meter are useful in providing effective cessation facilities. A separate non-recurring grant of Rs. 250,000 has been provided under the TCC budget for procurement of equipments for setting and running the TCC under the NTCP. Besides, in the 12th FYP period, there is a separate provision of Rs. 200,000 per year under the budget of District Tobacco Cessation Center (DTCC) for providing Pharmacological Treatment of Tobacco Dependence at the district level."

8.3 The Kind of social responsibility of the Government to help out such vast number of people who have become tobacco addicts to quit the habit instead of only concentrating on preventive measures, the Ministry have submitted that:-

"the MoHFW, remains committed to its social responsibility to help out such vast number of people who have become tobacco addicts by providing adequate cessation services and ensuring that the de-addiction/cessation centres are fully equipped and proper medical facilities and counselling is provided."

## PART-II

### Observations / Recommendations of the Committee

#### Overview

The Committee note that Cigarettes and other Tobacco Products (Packaging and Labeling) Rules, 2008 were notified under the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulations of Trade and Commerce, Production, Supply and Distribution) Act, 2003. These rules have been amended by the Government from time to time and the last amendment, which has been primarily dealt with in this Report, was notified on 15.10.2014 and scheduled to come into force from 1.4.2015. The proposed amendment envisages increase in size of pictorial health warning from the existing 40 % on one side to 85% on both the sides of the principal display area of all kinds of tobacco products including beedis. Moreover, rule 3 (1)(h) of the amended rules prescribes that in addition to the specified health warning, other information like name of the product, name and address of the manufacturer, brand name and logo, quantity, date of manufacture etc. are also required to be published on the remaining area of the package. In case of non compliance, strong penal provisions have been prescribed. In this regard, the Committee have received huge number of representations from the entire tobacco industry including Beedi manufacturers, Beedi Workers Associations, Cigarette manufacturers, Farmers and Tobacco Growers, Tendu Leave Pluckers Association and Paan Walahs etc. expressing strong apprehensions that it is practically not possible to print such kind of specified health warnings on conical shaped beedi packets and simultaneously printing all kinds of other required information. Similarly, the Cigarette manufacturing industry also represented before the Committee that such kind of proposed pictorial health warning would adversely affect their trade and would lead to rise in illicit trade of cigarettes. As the issues involved were large and it was not possible for the Committee to complete their examination by 1 April, 2015 i.e. the date on which the proposed Notification on tobacco products was to come into force, the Committee presented an interim Report (4<sup>th</sup> Report) on the subject to the Parliament on 18.3.2015 urging the Government to keep the notification viz. GSR 727-E dated 15.10.2014 in abeyance till the Committee



**finalize their examination of the subject and arrive at conclusions and present an objective Report to the Parliament. Subsequently, in pursuance of the interim report of the Committee, the Government deferred the implementation of the Tobacco Product (packaging and labeling) Rules, 2014 which were to come into force w.e.f. 1 April, 2015 vide Ministry of Health and Family Welfare Notification dated 26 March, 2015. Subsequently, the Rajasthan High Court in their judgment dated 3 July, 2015 on a writ petition Rahul Joshi Vs Union of India and others, stayed the operation of the above deferment notification of the Ministry and directed the Government to enforce the 2014 Rules. Accordingly, pending final Report of the Committee on Subordinate Legislation on this subject, the Ministry of Health and Family Welfare vide their notification no. GSR 739-E dated 28.9.2015 notified that the proposed amendment rules of 2014 would come into force w.e.f. 1 April, 2016. Meanwhile, the Committee have now completed the examination of the subject and the observations / recommendations of the Committee are as under:-**

**(l) Impact on Beedi Industry**

As per the picture emerged before them, the Committee note that the Beedi Industry is a unique feature of our country which is specific to India only. It is a kind of Small Scale Cottage Industry involving livelihood of millions of people directly or indirectly engaged in this trade. According to the submission made by the Secretary, Ministry of Labour and Employment, during deposition before the Committee, crores of people could be there who are engaged in this trade. Similarly, as per the Central Tobacco Research Institute (vision document 2050), Tobacco Cultivation, processing and manufacturing are a source of employment to about 3.6 crore people in the country. In addition, as per the Report "Beedi Smoking and Public Health (2008)" published by the Ministry of Health and Family Welfare, there are 44 lakhs beedi rollers in India.

Unlike packaging of other tobacco products, beedis are mainly packed manually in conical shape bundles. The entire manufacturing process of beedis involves plucking of tendu leaves from the forests by the tribal people, drying of tobacco in natural sun light, rolling and threading of beedis and manual packaging of beedis in conical shape bundles involving cutting and pasting of papers. Beedis are packed in bundles of 10 to 25 and length of beedis vary from 55 mm to 75mm. If 85% of area is earmarked for printing specified health warning, there is virtually no space left for printing brand logo, name and address of manufacturer, no. of beedis, customer care no. etc. as required under the Legal Metrology (Packaged Commodities) Rules, 2011. The Committee also heard the views of Indian Cancer Institute, Voluntary Health Organization, Advocacy Forum for Tobacco Control, Tobacco and NCD Control Programmes, All India Beedi Federation, Karnataka Growers Association, Pan shop owners Association, ITC, Tobacco Institute of India, Godfrey Philips, Smokeless Tobacco Federation (India), Tendu Leaf Pluckers Association. All of them during their deposition before the Committee strongly contended that beedi industry would not be able to survive if the amendment rules in their present shape are enforced upon them.

The Committee note from the submission made before them that it is impossible to print the pictorial warnings on both the sides as the beedi packet has practically only a single round surface. Also, it is not possible to print the dates of manufacture on beedi packets as the same are packed manually involving many stages and because of this fact only, the Ministry of Legal Metrology have exempted the beedi industry from printing the date of manufacturing. Moreover, the views of the beedi industry were not sought by the Ministry of Health and Family Welfare while drafting the amendment rules. According to them, the implementation of such kind of amended rules would hammer a death knell for the entire beedi industry and millions of people involved in this trade would become jobless and this would lead to social unrest. The Committee note from the written reply of the Ministry of Labour which are the nodal Ministry for administration of Beedi Workers Welfare Fund Act, 1976, that the matter regarding increase in size of the pictorial warning on Beedi and Cigarettes packets needs to be examined in depth taking into account the size of the beedi packet, as this will affect the livelihood of the large number of people involved in Beedi and tobacco products manufacturing. During evidence before the Committee on 7th August, 2015, the Secretary, Ministry of Labour and Employment candidly admitted that enforcement of 85% size of pictorial health warning on Beedi packets is impractical and is likely to affect the livelihood of millions of people involved in Beedi Trade. According to him, the decision taken in consultation with the Hon'ble Labour Minister was that the issue needs thorough examination and it would be better to take into consideration the size and shape of Beedi packet in deciding about the size of the Pictorial Health Warning instead of enforcing the same rule across all tobacco products. The Committee therefore, are of the considered opinion that it is of utmost importance that before enforcing the amended rules on the beedi industry, the Government must take into consideration the socio economic problems associated with Beedi Trade involving livelihood of millions of poor people of the country. The Committee strongly feel that the Government need to re-consider their decision to cover beedi industry under the amended rules and recommend that a practical approach in the matter may be adopted by increasing the size of warning up to 50 percent on one side of the beedi pack, chewing tobacco and other tobacco

**products namely Zarda, Khaini, Misri etc. which will be feasible to follow and which would also ensure that a large number of people in the trade will be saved from being rendered unemployed.**

**In this regard, the Committee also note that the Union Finance Minister in his Union Budget Speech 2016, has recognized a special status to beedi industry by exempting them from the proposed hike in the excise duty by 10-15% on other tobacco products.**

**(II) Impact of the Health Warning**

The Committee note that the proposed amendment in the Cigarette and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014 envisages increase in the pictorial health warning from the existing 40% on one side of the principle display area of the packet of all tobacco products to 85% on both sides of the package, which effectively amount to an increase of more than 400%. It has also been represented before the Committee that the new warning have been notified without any consultation with the stakeholders of the tobacco industry. The Committee, therefore, carefully considered the views and suggestions of the representatives of the Government as well as Non-Governmental Organizations and Manufacturers on increase of pictorial warning on the cigarettes and other Tobacco Products. According to the Ministry of Labour and Employment, if the Government goes ahead with the implementation of 85% health warning, it would have adverse affect on the livelihood of millions of people who would be likely to be deprived of their vocation. The Ministry of Labour have, therefore, come to the conclusion that this issue requires detailed study. The Committee further note from the information furnished by the Department of Commerce that numerous studies including that of Global Consulting Firm, Deloitte's assessment of tobacco regulations in 27 countries have shown 'no impact' of large and cumbersome health warnings and as such, unintended consequences will be severe and irreversible. Moreover, besides causing significant rise in illicit tobacco products in the country, the proposed health warning would severely impact the domestic cigarette industry while a large portion of non- cigarette tobacco products coming from unregulated sectors would escape this regulation. Moreover, not only it will result in a revenue loss to the Government but would affect the livelihood of FCV tobacco farmers in the country also. The Secretary, Ministry of Commerce, during deposition before the Committee on 4 August, 2015 submitted that after introduction of pictorial Health Warnings on tobacco packages in 2008-09, the consumption of domestic tobacco has not witnessed any decline but as a matter of fact, the same has increased and this information is based on hard evidence. The Committee also note that leading tobacco companies of the world which together account for 90%

of the world's tobacco production have not adopted the excessive, over sized health warnings by following a pragmatic tobacco control policy keeping in mind the livelihood of tobacco growers in their countries. As per the information received by the Committee from various stakeholders as well as their deposition, the Committee find that tobacco plays a very important role in the economy of the country supporting crores of livelihood and generating significant tax revenues and foreign exchange for the country. However, the proposed Graphic Health Warnings have the potential of severely affecting the Indian farmers and Indian Companies with gains to the unscrupulous elements who manufacture and sell illicit tobacco products and those foreign countries from where these goods are smuggled into India. In the opinion of the Committee, our efforts should be for discouraging tobacco use and to find and promote alternatives for workers involved in beedi industry. The failure to do so would not only create social problems but will also act as an infringement on the right to livelihood of these workers. The Committee feel that the Government need to stress on education and awareness generation programmes that have proven to be more effective in controlling tobacco consumption and at the same time protect the livelihood of the millions of tobacco workers involved in it. The Committee are of considered view that in order to have a balanced approach, the warning on the cigarette packets should be 50% on both sides of the principal display area instead of 85% of the principal display area as it will be too harsh and as deliberated in the earlier Paras, will result in flooding of illicit cigarettes in the country.

### **(III) Rehabilitation of Tobacco Workers**

The Committee note that the Ministry of Labour and Employment has initiated action for rehabilitation of the beedi workers by way of providing them alternate source of employment / livelihood as there are apprehensions among beedi manufacturers / Beedi Workers Associations that employment may be reduced in the Beedi industry due to amendment in the labeling and packaging Rules, 2014 envisaging increasing the size of pictorial warning on beedi packets. Also the Articles 17 and 18 of the WHO FCTC mandates alternative viable option for tobacco growers.

In this regard, the Committee note that in the court case Cancer Patients Aid Association Vs The State Government of Karnataka and Others, (W.P.No. 55697/2014), filed in the High Court of Karnataka inter-alia against granting of subsidies for tobacco farming, in contravention to the Government of India's obligations under the WHO -Framework Convention on Tobacco Control ("FCTC") and objective of COPTA, 2003, the Hon'ble Karnataka High Court vide order dated 01.06.2015, disposed of the writ petition with the following directions:-

*"The Departments of the Central Government and the State Government, in co-ordination with each other, shall take steps for reduction in local demand and supply of tobacco products and shall also, consider a policy for rehabilitation of the tobacco growers and tobacco related workers, particularly the beedi workers. The authorities shall, also, consider the continuance of direct and indirect incentives and subsidies for production of tobacco for local consumption and, also, to tobacco farmers and tobacco related workers, in the interest of justice."*

The Committee feel that the above judgement of the Hon'ble High Court strengthen the viewpoint of the Committee that instead of merely focusing on implementation of the stricker warning norms on tobacco products and more particularly the beedi industry, the Government need first take necessary steps for reduction in local demand and supply of tobacco coupled with putting into place a policy for rehabilitation of beedi workers and continuance of subsidies for production of tobacco for local consumption.

#### **(IV) Impact of Amended Rules on Illicit Cigarettes**

The Committee note from the representation made to them by various stakeholders, that there has been a 31% rise in sale of illicit cigarettes in the Country after implementation of pictorial warnings in India in 2008. The Committee has been given to understand that currently 22 billion cigarettes sold in India are illicit which constitutes more than 21 % of legal cigarettes sales market in India, making it the 5th largest consumer of illicit cigarettes in the world and resulting in a revenue loss of more than Rs.9000 crore to the Government. The Committee also find that there has been a sudden spurt in the value of seized illicit cigarettes under Customs Act which increased from Rs.20.11 cr in 2013-14 to Rs.89.38 cr during 2014-15. Similarly, as per the seizure made under Central Excise Act, the value of seized cigarettes rose from Rs.0.8 cr in 2013-14 to Rs.4.69 cr during 2014-15. In this regard, though the Ministry of Health and Family Welfare have denied that stringent regulations are contributory in determining the level of illicit trade, the Ministry of Commerce have opined that excessive tobacco warnings may result in a significant rise in sales of illicit tobacco products in the country. This is further corroborated by the comments of the Ministry of Finance (Central Board of Excise and Customs) wherein it has been stated that according to the intelligence inputs, seizures effected by the Department indicate that of late, smuggling of cigarettes through cargo, passenger baggage as well as courier modes have increased considerably . The Committee also feel that another factor which might have contributed in rise of illicit trade of cigarettes is the high and discriminatory central Excise duty as it is evident from the fact that whereas only 12.52 % of the total tobacco production in the country is being utilised for manufacturing cigarettes, the Central Excise duty from cigarettes as a proportion of overall duty on tobacco products constitutes about 87% of the total excise value for the year 2014-15. The Committee, therefore, wish to bring above facts and figures for consideration by the Government. In this regard, the Committee note that to prevent illicit cigarettes trade there are only two agencies at the Central Level i.e. Customs Department which can seize the illicit products at the border of the country and the Excise Department which ensures that when products leave the factory, it is in accordance with the rules. The other



**enforcement aspects lies with State Governments like State Police, Sales Tax Agencies etc. having the power to do search and seizures at various places. In this regard, as per the representatives of the Central Board of Excise and Customs's admission before the Committee during their deposition on 10 September, 2015, during 2014-15, there is a definite increase in the illicit tobacco trade. The other prominent facts are corruption, weak enforcement, lack of official legislation and sanctions, growth in illegal distribution networks etc.**

**In the opinion of the Committee, such unfettered growth of illicit cigarettes non-compliant with country's regulations will severely impact farmers income, the livelihood of millions employed in industry. The Committee feel that the Government can adopt effective policies to control smuggling of tobacco products incorporating prominently, tax stamps and warnings in local language on cigarette packs as well as aggressive enforcement and consistent application of tough penalties to deter smugglers. The Union Government should take stringent measures to restrict the illicit trade practices in India. At the same time, India must ratify and implement the provisions of WHO-FCTC Protocol on Prohibition of Illicit Trade in Tobacco Products to curb illicit tobacco trade products in India.**

**(V) Tobacco Cessation Programmes**

From the information furnished by Ministry of Health and Family Welfare, the Committee note with concern that 34.6% of all adults of the country use tobacco in one form or the other. However, the efforts of the Government in helping this one third of the country's population to come out of this addiction appear to have been negligible. Despite claims made by the Ministry of Health and Family Welfare that under National Tobacco Control Programme, the Ministry are implementing nation wide tobacco cessation projects, the Committee find it worrying that very meager amounts of Rs. 13.48 lakh for District Tobacco Control Cells and Rs.7.52 Lakh for State Tobacco Control Cells under the 11th Five Year plan were allocated which were marginally increased to Rs. 47.50 lakhs and Rs.40.00 lakhs respectively during the 12th Five Year Plan. The Committee find this effort just negligible and meaningless as it has failed to create any visible impact. On one hand the Ministry of Health and Family Welfare are claiming that tobacco related diseases cost the Indian economy over Rs.1,04,500 crores for the year 2011, on the other, the budgeting of such meager amounts on cessation programmes cast doubts on the seriousness of the Government in really tackling the menace of tobacco amongst the adults as there is no significant impact on the consumption of tobacco in the country. Moreover, the Ministry have not been able to estimate the number of people who have quit tobacco consumption after availing the tobacco cessation services provided by the Government. The Committee, therefore, strongly recommend that the Government instead of just focusing on stringent regulatory measures, should also make concerted efforts on promoting its tobacco cessation projects so as to assist the one third of the tobacco addicted population of the country to come out of this habit.

**(VI) Need for Alternative Cash Crops to replace Tobacco**

The Committee have carefully considered the views and suggestions of the representatives of the Government as well as non-governmental organizations on the question of switching over to alternative crops in place of tobacco. The Committee look at this problem in its totality. The serious health hazards caused to the millions by the use of tobacco and the insidiously damage being done to the whole generation of youth cannot be ignored. At the same time the Committee is fully conscious of the need to protect the economic interest of farmers and the livelihood of millions workers partially or fully engaged in the industry. All the representatives who appeared before the Committee were of the view that the farmers should be persuaded for smooth transition to alternative crops.

The Committee, therefore, feel that the Government is responsible for promotion of appropriate economically viable alternative for tobacco growers and workers, whose livelihoods are affected as a consequence of stringent regulation. The Committee, however, note with concern that according to the representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation) who appeared before the Committee on 12 August, 2015, there is no centralized scheme of the Government which is tobacco specific but it is only for the State Governments to encourage the farmers to switch over to other cash crops. According to them, no other crop is as remunerative as tobacco and as far as combination of crops is concerned, for such system, proper irrigation facilities are required which are difficult to be implemented. Even in respect of other tobacco producing countries, the information available with the Ministry of Agriculture clearly indicates that so far no country has cut down the size of their tobacco production. Even amongst the 180 FCTC signatory countries, including Brazil, China and USA, which are amongst the largest tobacco producers, there is no evidence to show that they have tried to cut down their tobacco cultivation. The Committee, therefore, feel that this issue alongwith its entire ramifications needs to be addressed by the Government in accordance with the objectives sought to be achieved.

**(VII) Need for National Tobacco Control Policy**

After comprehensive examination of the subject and keeping into view the comments of various NGOs and the concerned Ministries / Departments of the Government of India, the Committee find that there is a lack of coordination amongst various Governmental agencies in achieving the objectives of tobacco control in the country.

This is evident from the fact that whereas the Ministry of Labour and Employment have viewed that proposed amendment in the Cigarettes and other Tobacco Products Packaging and Labeling Rules is likely to have an adverse impact on the livelihood of crores of people engaged in tobacco trade and the issue needs thorough examination, the Ministry of Commerce have viewed that it may lead to increase in the illicit trade of cigarettes besides adversely affecting local growers and manufacturers of tobacco products and loss to the Government revenue. Similarly, the Ministry of Agriculture have pointed out that no single crop is as remunerative as tobacco and it is very difficult to persuade tobacco growers to switch over to alternate cash crops. In addition to this the Committee note that approximately 800 million kg of tobacco is annually produced in the country and out of this only 300 million kg i.e. 37% (cigarette tobacco) is under regulated sector by way of control by the Ministry of Commerce while the rest of production is totally unregulated. In view of this, the Committee find it intriguing as to how such huge production of unregulated tobacco can be regulated by way of Rules and Regulation framed under the COTPA, 2003 when the compliance and enforcement are extremely difficult.

Moreover, the Committee observe that whereas it is a standard practice to undertake a consultation process with various stakeholders before carrying out any important policy decision, but unfortunately the Ministry of Health and Family Welfare did not appear to have followed this practice while coming out with the amendment Rules of 2014. The Committee, therefore, feel that there is an urgent need for framing a "National Tobacco Control Policy" with well defined objectives and goals so that all the organs of the Government as well as other stakeholders function in tandem with each other for the purpose of synergizing their efforts in

achieving the overall objectives sought to be achieved under the National Tobacco Control Programme coupled with the need to bring the entire tobacco production in the country under some kind of regulatory regime so that the objectives sought to be achieved under the National Tobacco Control Programme can be achieved in a meaningful manner. The Committee, therefore, strongly recommend that the National Tobacco Control Policy should be equitable, pragmatic and implementable and should be in line with Indian scenario taking into account the various factors like tobacco consumption pattern in the country, agricultural employment, export potential and revenue generation etc. instead of being modelled on the pattern of other countries where the economic significance of tobacco is of limited relevance.

**(VIII) Working conditions of Beedi Workers**

The Committee note that according to a Report of the National Commission for Enterprises in Unorganised Sector, the Beedi Workers are the most exploited among all rural labour, and women among them are most affected. They are paid much below the National Minimum Wage Norms and they are unable to meet even their basic needs. Since most of them work from their home, therefore, they are not covered under important Regulations in India like Beedi Workers Welfare Fund Act, 1976, Hazardous Industries, Under the Child Labour Act, 1986, Beedi and Cigar Workers (Condition of Employment) Act, 1966. In this regard, according to the Ministry of Labour and Employment, the workers engaged in Beedi Trade are paid wages by the Companies as per the rates fixed by the State Governments. Moreover, under the Beedi Workers Welfare Fund Act, 1976, the Beedi Workers and their dependants are provided health care facilities. The Committee, therefore, strongly recommend that till such time the alternate sources of livelihood and rehabilitation programmes are put into place in a gradual manner, the Government must ensure proper implementation of the welfare schemes under appropriate statutes for millions of such beedi workers and more particularly women and also address the concerns raised in the Report of the National Commission for Enterprises in Unorganised Sector.

**(IX) Quality standards for Tobacco Products.**

While not denying the harmful effects of Tobacco consumption, the Committee find that nearly 35% of the country's population is in the habit of consuming tobacco in one form or the other. In order to minimize the damage being caused on account of tobacco consumption by such a large population, the Committee feel that the Government should have prescribed the quality standards for various kind of tobacco products being manufactured in the country. In this regard, the Committee are at a loss to find that no quality standards in respect of tobacco have so far been framed or prescribed by the Ministry of Health and Family Welfare, Government of India. Moreover, no Government agency has been approved or accredited by the Ministry of Health and Family Welfare for testing quality of tobacco products being sold in the country. While strongly deprecating this irresponsible attitude of the Ministry in neglecting this important aspect, the Committee note that the Ministry are in the process of setting standards of tobacco testing and establishing Apex and Regional tobacco testing labs in the country to prevent fake and spurious tobacco products from entering the market under the 12th Five Year Plan under the national tobacco control programme.

**(X) Need for generation of awareness**

The Committee after an in-depth consideration of all the issues involved find that there has been a substantial increase in production of tobacco during the last two decades. In this backdrop, the Committee taking a realistic view feel that much is needed to be done for controlling the demand and supply of tobacco and tobacco products in the country. In the considered opinion of the Committee such initiatives may include, creating awareness amongst young children/school students on harmful effects of tobacco by including awareness programmes in the school curriculum by way of dedicated chapters. Also taking note of the fact that in spite of various studies on finding alternative cash crops for tobacco farmers, hardly any farmer has switched over from tobacco farming to other crops. The Committee, therefore, desire that the Government and in particular, the Ministry of Agriculture and Ministry of Commerce to take all necessary steps for convincing the farmers to switch over to alternative and equally profitable cropping systems, so as to reduce overall tobacco production in the country.



**(XI) Authentic Study on harmful effects of Tobacco**

The Committee note from the deposition of various experts and NGOs before the Committee that tobacco and more particularly, Beedi and Cigarette smoking is responsible for majority of cancer cases in the country. The Committee noted from the submission of the Ministry of Health and Family Welfare that extensive research has been carried out which conclusively prove that tobacco causes cancer and kills more than 98100 Indians every year. The Committee find it also pertinent to take note of Hon'ble Supreme Court observations in this regard in a hearing held on 8 March, 2016 as reported in Media. The Committee are of the considered view that there needs to be an authentic study from a holistic perspective taking all aspects of the matter into consideration.

New Delhi;  
March, 2016 / Phalguna, 1937 (Saka)

(DILIPKUMAR MANSUKHLAL GANDHI)  
CHAIRPERSON,  
COMMITTEE ON SUBORDINATE LEGISLATION

## **Appendix - I**

**(vide Para 3 of the Introduction of the Report)**

### **List of NGOs/Stakeholders/Experts who had furnished their comments/suggestions.**

1. Voluntary Health Association of India
2. Indian Cancer Society
3. Advocacy Forum for Tobacco Control (AFTC)
4. The Union South East Asia Office
5. Tobacco Institute of India, Delhi
6. Smokeless Tobacco Federation of India
7. Tobacco Farmers Federation, Andhra Pradesh
8. ITC Limited
9. All India Beedi Industry Federation
10. Federation of Karnataka Virginia Growers
11. All India Pan Shop Owners Association
12. Godfrey Phillips India
13. C.G. State Tendupatta Union
14. Maharashtra Forest Department
15. Chhattisgarh Beedi Leaves Association
16. Chhattisgarh State Minor Forest Produce
17. The Telengana State Beedi Leaves Forest Contractors Association, Hyderabad

## **Appendix - II**

**(vide Para 4 of the Introduction of the Report)**

### **List of Ministries/Departments who had furnished their views on the subject.**

1. Ministry of Commerce & Industry (Department of Commerce)
2. Ministry of Labour and Employment
3. Ministry of Micro, Small and Medium Enterprises
4. Ministry of Agriculture (Department of Agriculture & Cooperation)
5. Ministry of Finance (Department of Revenue)

## Appendix III

### The Cigarette & other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014

#### MINISTRY OF HEALTH AND FAMILY WELFARE

(Department of Health and Family Welfare)

#### NOTIFICATION

New Delhi, the 15th October, 2014

**G.S.R. 727(E).**—In exercise of the powers conferred by sub-section (1) of Section 7, Section 8, sub-section (2) of Section 9, Section 10 and Section 31 of the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (34 of 2003), the Central Government hereby makes the following rules further to amend the Cigarettes and other Tobacco Products (Packaging and Labelling) Rules, 2008, namely:—

1. (1) These rules may be called the Cigarettes and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014.  
(2) They shall come into force with effect from the 1<sup>st</sup> day of April, 2015.

2. In the Cigarettes and other Tobacco Products (Packaging and Labelling) Rules, 2008,—

(a) in rule 3, in sub-rule (1), —

(i) for clause (b), the following clause shall be substituted, namely:—

“(b) the specified health warning shall cover at least eighty-five per cent. (85%) of the principal display area of the package of which sixty per cent. (60%) shall cover pictorial health warning and twenty-five per cent. (25%) shall cover textual health warning and shall be positioned on the top edge of the package and in the same direction as the information on the principal display area:

Provided that for conical package, the widest end of the package shall be considered as the top edge of the package:

Provided further that on box, carton and pouch type of package, the specified health warning shall appear on both sides of the package, on the largest panels and for cylindrical and conical type of package, the specified health warning shall appear diametrically opposite to each other on two largest sides or faces of the package and the specified health warning shall cover eighty-five per cent. (85%) of each side or face of the principal display area of the package of which sixty per cent. (60%) shall cover pictorial health warning and twenty-five per cent. (25%) shall cover textual health warning.”;

(ii) for clause (d), the following clause shall be substituted, namely:—

“(d) no messages, images or pictures that directly or indirectly promote the use or consumption of a specific tobacco brand or tobacco usage in general or any matter or statement which is inconsistent with, or detracts from, the specified health warning are inscribed on the tobacco product package.”;

(iii) for clause (f), the following clause shall be substituted, namely:—  
“(f) the textual health warning shall be inscribed in the language used on the package:

Provided that where the language used on a package or on its label is—

- (a) English, the health warning shall be expressed in English;
- (b) English and Indian languages, the health warning shall be expressed in English and any one of the Indian languages in which the brand name appears;
- (c) Hindi and other Indian languages, the health warning shall be expressed in Hindi and any one of the Indian language in which the brand name appears;
- (d) any Indian language, the health warning shall be expressed in such Indian language;
- (e) Indian languages, the health warning shall be expressed in any two Indian languages in which the brand name appears;
- (f) foreign language, the health warning shall be expressed in English;
- (g) foreign and Indian languages, the health warning shall be expressed in English and any one of the Indian languages in which the brand name appears;

Provided further that the textual health warning shall appear in not more than two languages used on the package:

Provided also that the textual health warning in one language shall be displayed on one side or face of principal display area and the textual health warning in the other language shall be displayed on the other side or face of principal display area of the package.”;

(iv) after clause (g), the following clause shall be inserted, namely:—

“(h) every package of cigarette or any other tobacco product shall contain the following particulars, namely:—

- (a) Name of the product;
- (b) Name and address of the manufacturer or importer or packer;
- (c) Origin of the product (for import);
- (d) Quantity of the product;
- (e) Date of manufacture; and
- (f) Any other matter as may be required by the Central Government in accordance with the international practice.”;

(b) for rule 5, the following rule shall be substituted, namely:—

“**5. Rotation of specified health warning.**—(1) The specified health warning on tobacco product package shall be rotated every twenty-four months from the date of commencement of these rules or before the period of rotation as may be specified by the Central Government by notification.

(2) During the rotation period, there shall be two images of specified health warning for both smoking and smokeless form of tobacco products and each of the images of the specified health warning shall appear consecutively on the package with an interregnum period of twelve months.

(3) At the end of the twelve months period, the first image (image 1) of specified health warning shall be replaced with the second image (image 2) of specified health warning, which shall appear for the next twelve months.

(4) At the end of each twelve months of the rotation period, the Central Government may allow the distributors, retailers and importers of cigarettes and other tobacco products a grace period, not exceeding two months to clear the old stock of package of tobacco products bearing the warning specified for the expired period of twelve months of the rotation period.

(5) The distributors, retailers and importers of cigarettes and other tobacco products shall not distribute or sell any package having the specified health warning of the expired period of twelve months after the grace period of two months.”;

(c) In the Schedule,—

(i) for the paragraph 1, the following paragraph shall be substituted, namely:—

**“1. Components of specified health warning.**—The components for the specified health warning shall include the following, namely:—

(i) **Textual Health Warning.**—For smoking forms of tobacco products, the word “WARNING” shall appear in white font colour on a red background and the words “Smoking causes throat cancer” shall appear in white font colour on a black background. For smokeless forms of tobacco products, the word “WARNING” shall appear in white font colour on a red background and the words “Tobacco causes mouth cancer” shall appear in white font colour on a black background. The textual health warning shall cover twenty five per cent. (25%) of the principal display area of the package. The intensity of color in the background of the textual health warning shall be: White: C:0%, M:0%, Y:0% K:0%, Red: C:0%, M:100%, Y:100% K: 0% and Black: C:0%, M:0%, Y:0% K: 100%. The textual health warnings shall be printed with four colors with printing resolution of minimum 300 DPI (Dots per inch). The font type and colour of the health warning shall be exactly as in the soft copy provided in the Compact Disk (CD) accompanying these rules or as uploaded on the web sites [www.mohfw.nic.in](http://www.mohfw.nic.in) and [www.ntcptobaccocontrolpsa.in](http://www.ntcptobaccocontrolpsa.in).

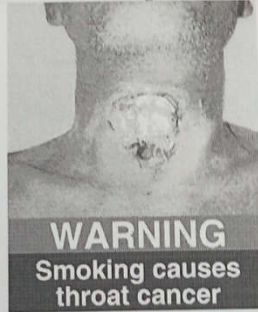
(ii) **Pictorial Health Warning.**—A pictorial representation of the ill effects of tobacco use on health shall be placed above the textual health warning, covering sixty per cent. (60%) of the principal display area of the package. It shall be printed with four colors with printing resolution of minimum 300 DPI (Dots per inch). The pictorial health warning should appear in the same colour and resolution exactly as in the soft copy provided in the CD accompanying these rules or as uploaded on the web sites [www.mohfw.nic.in](http://www.mohfw.nic.in) and [www.ntcptobaccocontrolpsa.in](http://www.ntcptobaccocontrolpsa.in).”;

(ii) for the paragraph 2, the following paragraph shall be substituted, namely:—

“2. The specified health warnings shall be—

(a) For packages containing smoking forms of tobacco products Image (1), the specified health warning contained in these rules shall be valid for a period of twelve months following its commencement.

Image- 1



(b) For packages containing smoking forms of tobacco products - Image (2), the specified health warning contained in these rules shall come into effect following the end of twelve months from the date of commencement of specified health warning of image (1).

Image- 2



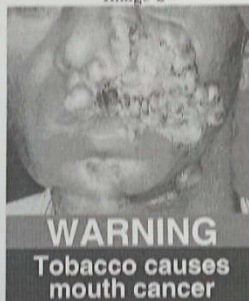
(c) For packages containing smokeless forms of tobacco products—Image (1), the specified health warning contained in these rules shall be valid for a period of twelve months following its commencement.

Image-1



(d) For packages containing smokeless forms of tobacco products—Image (2), the specified health warning contained in these rules shall come into effect following the end of twelve months from the date of commencement of specified health warning of image (1).

Image-2



**Note.** - These rules shall be accompanied by a (CD) that contains a soft copy of these specified health warnings, the soft copies of these specified health warnings shall also be uploaded on the websites [www.mohfw.nic.in](http://www.mohfw.nic.in) and [www.ntcptobaccocontrolpsa.in](http://www.ntcptobaccocontrolpsa.in), for inclusion in printing of tobacco product package.”;

(iii) for the paragraph 3, the following paragraph shall be substituted, namely:—

“**3. Size of the specified health warning.** - (1) The size of the specified health warning on each panel of the tobacco package shall not be less than 3.5 cm (width) × 4 cm (height), so as to ensure that the warning is legible, prominent and conspicuous.

(2) The size of all components of the specified health warning shall be increased proportionally according to increase of the package size to ensure that the specified health warning covers eighty-five per cent (85%) of the principal display area of the package of which sixty per cent (60%) shall cover pictorial health warning and twenty-five per cent (25%) shall cover textual health warning.”;

(iv) for the paragraph 4, the following paragraph shall be substituted, namely:—

“**4. Language.**- Each health warning shall be specified in English, Hindi and any other regional languages. Appropriate language combination shall be selected from the combination provided in the (CD) to ensure that the language selected for health warning is in conformity with the language used on the package by the manufacturer or importer or packer.”.

[F. No. P-16011/05/2012-PH-I]

ANSHU PRAKASH, Jr. Secy.

**Note.**- The Principal rules were published *vide* number G.S.R. 182 (E), dated the 15th March, 2008 and subsequently amended *vide* number G.S.R. 693(E), dated the 29th September, 2008, *vide* number S.O. 2814(E), dated the 28th November, 2008, *vide* number G.S.R. 305(E), dated the 3rd March, 2009, *vide* number G.S.R. 176(E), dated the 5th March, 2010, *vide* number G.S.R. 411(E), dated the 17th May, 2010, *vide* number G.S.R. 985(E), dated the 20th December, 2010, *vide* number G.S.R. 417(E), dated the 27th May, 2011, *vide* number G.S.R. 570 (E), dated the 26th July, 2011 and *vide* number G.S.R. 724(E), dated the 27th September, 2012.



## Appendix IV

(Vide Para 5 of the Introduction of the Report)

### MINUTES OF THE ELEVENTH SITTING OF THE COMMITTEE ON SUBORDINATE LEGISLATION (2014-2015)

The Eleventh sitting of the Committee (2014-15) was held on Wednesday, the 15<sup>th</sup> July, 2015 from 1500 to 1715 hours in Committee Room No. 62, Parliament House, New Delhi.

#### PRESENT

1. Shri Dilipkumar Mansukhlal Gandhi Chairperson

#### MEMBERS

2. Shri C.R. Chaudhary
3. Shri P.P. Chaudhary
4. Shri Jhina Hikaka
5. Shri S. P. Muddahanumegowda
6. Shri Chandulal Sahu
7. Adv. Narendra Keshav Sawaikar
8. Shri Ram Kumar Sharma
9. Shri Nandi Yellaiah
10. Shri Birendra Kumar Chaudhary

#### SECRETARIAT

1. Shri Shiv Singh - Joint Secretary
2. Shri Ajay Kumar Garg - Director
3. Smt. Jagriti Tewatia - Deputy Secretary

#### WITNESSES

##### NAME OF NGOs/EXPERTS

- I. Voluntary Health Association of India
  1. Ms. Bhavna Mukhopadhyay, Executive Director  
Voluntary Health Association of India
  2. Ms. Seema Gupta, Director  
Tobacco Control, Voluntary Health Association of India

3. Dr. Vishal Rao, Member  
High Power Committee on Tobacco Control,  
Govt. of Karnataka
4. Ms. Vandana Shah Agarwal, Director,  
South Asia Programs, Campaign for Tobacco Free Kids
5. Ms. Jaspreet Kaur Pal, Director  
External Relations, Campaign for Tobacco Free Kids
6. Ms. Nandini Verma  
India Central Policy Director,  
Campaign for Tobacco Free Kids
7. Mr. Abbin Theepura,  
Consultant Public Affairs

**II. Indian Cancer Society**

8. Mrs. Jyotsna Govil, Hony. Secretary  
Indian Cancer Society
9. Mrs. Sunita Gupta, Hony. Jr. Secretary  
Indian Cancer Society
10. Mr. Mohamd Islam, Survivor / Victim

**III Advocacy Forum for Tobacco Control (AFTC)**

11. Dr. Dorairaj Prabhakaran, Vice President  
Public Health Foundation of India  
Former Professor, Deptt. of Cardiology, AIIMS  
New Delhi
12. Dr. Monika Arora, Director  
Public Health Foundation of India
13. Ms. Radhika Shrivastav, Deputy Director,  
HRIDAY
14. Mr. Devarshi Paul, Youth Advocate,  
HRIDAY

**IV Tobacco & NCD Control Prog. The Union South East Asia Office**

15. Dr. Rana J. Singh, Senior Technical Advisor,  
The Union South-East Asia
16. Mr. Pranay Lal, Technical Advisor,  
The Union South-East Asia
17. Mr. Ashsish Pandey, Technical Officer,  
The Union South-East Asia

2. At the outset, the Chairperson welcomed the Members of the Committee. Thereafter, the representatives of Voluntary Health Association of India, Indian Cancer Society, Advocacy Forum for Tobacco Control (AFTC) and The Union South-East Asia Office were called in.

3. The Chairperson then welcomed the witnesses to the sitting of the Committee and also drew their attention to Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings and Direction 58 regarding evidence liable to be treated as public. The Committee then heard the views of representatives of Voluntary Health Association of India, Indian Cancer Society, Advocacy Forum for Tobacco Control (AFTC) and Tobacco & NCD Control Programme one by one on amendment to the Cigarettes and other Tobacco Products (Packaging and Labelling) Rules, 2008 issued *vide* Notification no. GSR 727-E published in the Gazette of India, Part-II, Section 3, Sub section (i) dated 15 October, 2014 framed under the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003. The representatives of the above organisations placed their views before the Committee by means of power point presentations. They highlighted before the Committee the serious repercussions of the tobacco use on the health of humans, the effect & impact of printing of big and visible pictorial warning on different tobacco products viz. Cigarette, bidi & pan masala packs on the illiterate and the youth of the country, the position of India vis-a-vis other countries in printing size of pictorial warning on tobacco products etc. The Committee then desired to know about the details pertaining to research carried out by the Government, if any, regarding tobacco usage and its side effects on health, steps taken by Government to rehabilitate Bidi farmers and workers etc. in case of closure of some bidi industry because of increase in pictorial warning size from 40% to 85%. In response the witnesses submitted before the Committee that the Ministry of Health & Family Welfare has taken an initiative with the Ministry of Commerce & Industry to reduce tobacco cropping. They have also written to Ministry of Agriculture to work on schemes for both bidi and chewing tobacco farmers. Also Government has sanctioned grant to Central Tobacco Research Institute to launch a pilot project on alternative cropping system. The Committee were also apprised of the Report submitted by National Commission on Enterprises, Ministry of Micro, Small & Medium Enterprises to Ministry of Labour & Employment about the status and welfare of bidi workers.

5. The Chairperson finally thanked the witnesses for presenting their valuable inputs on the subject before the Committee.

6. The witnesses then withdrew.

7. A verbatim record of the proceedings of the sitting has been kept separately.

The Committee then adjourned.

## MINUTES OF THE TWELFTH SITTING OF THE COMMITTEE ON SUBORDINATE LEGISLATION (2014-2015)

The Twelfth sitting of the Committee (2014-15) was held on Thursday, the 30 July, 2015 from 1500 to 1930 hours in Committee Room 'E', Parliament House Annexe, New Delhi.

### PRESENT

1. Shri Dilipkumar Mansukhlal Gandhi Chairperson

### MEMBERS

2. Shri Idris Ali
3. Shri C.R. Chaudhary
4. Shri P.P. Chaudhary
5. Shri Jhina Hikaka
6. Shri S.P. Muddahanume Gowda
- 7.. Shri Prem Das Rai
- 8.. Shri Chandulal Sahu
9. Adv. Narendra Keshav Sawaikar
10. Shri Ram Kumar Sharma
11. Shri Birendra Kumar Chaudhary

### SECRETARIAT

1. Shri Shiv Singh - Joint Secretary
2. Shri Ajay Kumar Garg - Director
3. Smt. Jagriti Tewatia - Deputy Secretary

## WITNESSES

### **S.No. Name of Organisation / Stakeholders**

#### **I. Tobacco Institute of India, Delhi**

1. Mr. Syed Mahmood Ahmad
2. Mr. Devraj Lahiri
3. Dr. Rohinton Mehta
4. Mr. R. Rajasekhar
5. Mr. Rakesh Koul
6. Mr. Pamal Kumar Arora

#### **II. Smokeless Tobacco Federation of India**

1. Mr. Rajesh Malpani
2. Mr. Sanjay Bechan, Executive Director
3. Mr. Prashant Runwal
4. Mr. Manoj Gupta
5. Mr. Vivek Kohli

#### **III. Tobacco Farmers Federation, Andhra Pradesh**

1. Mr. P.S. Murali Babu
2. Mr. G. Seshagiri Rao
3. Mr. N. Chimpiraiah
4. Mr. P.N. Rambabu

#### **IV. ITC Limited**

1. Mr. Sanjiv Puri, President, FMCG Businesses
2. Mr. Anil Rajput, Senior Vice President, Corporate Affairs

3. Mr. Hemant Malik, Chief Operating Officer, Cigarette Brands
4. Mr. Shatanshu Panda, Associate General Counsel

**V. All India Bidi Industry Federation**

1. Mr. Rajnikant P. Patel, President
2. Mr. Mustak Hossain, Vice President
3. Mr. Sudhir Sable, Secretary
4. Mr. Hitubhai Upadhyay, Joint Secretary
5. Mr. Rampriyadas, Advisor
6. Mr. Umesh S. Parekh, Advisor

**VI. Federation of Karnataka Virginia Growers**

1. Mr. B.V. Javaregowda
2. Mr. Vikram Raj Urs
3. Mr. R.V. Vishawanath
4. Mr. A.J. Kalegowda
5. Mr. Shivanna

**VII. All India Pan Shop Owners Association**

1. Mr. Mohd. Afzaluddin, Advocate
2. Mr. Mohd. Abdul Nazeer, Associate Advocate
3. Mr. Mohd. Salahuddin Dakhni, General Secretary

**VIII. Godfrey Phillips India**

1. Ms. Nita Kapoor, COO - Domestic
2. Mr. Harmanjit Singh, Vice President, Corporate Affairs
3. Mr. Rajesh Nair, Vice President, Legal

2. At the outset, the Chairperson welcomed the Members of the Committee. Thereafter, the representatives from ITC, Godfrey Phillips India, Tobacco Farmers Federation, Andhra Pradesh, All India Bidi Federation, Federation of Karnataka Virginia Growers, Smokeless Tobacco Federation of India, All India Pan Shop Owners Association and Tobacco Institute of India Delhi were called in.

3. The Chairperson then welcomed the witnesses to the sitting of the Committee and drew their attention to Direction 55 (1) of the Directors by the speaker regarding confidentiality of the proceedings and Direction 58 regarding evidence liable to be treated as public. The Committee then heard the views of the representatives of Cigarette manufacturing Companies viz. ITC Ltd., Tobacco Institute of India, Godfrey Phillips India on amendment to the Cigarettes and other Tobacco Products (Packaging and Labelling) Rules, 2008 dated 15 October, 2014 under the Cigarette and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade & Commerce, Production, Supply and Distribution Act, 2003. The representatives of the above organisations placed their views before the Committee by means of a power point presentation highlighting therein the issues viz. impact of increase in pictorial warning on illegal trade of cigarettes and on Tobacco Industry, livelihood conditions of Indian tobacco growers, farmers, status of revenue earned by export and domestic consumption of flue cured tobacco, socio economic and security impacts of the illicit trade in tobacco etc. Thereafter, the representatives of Karnataka Virginia Tobacco Growers' Association, Tobacco Farmers Federation highlighted their issues before the Committee regarding the implications of excessive pictorial warnings, reasons for economic non viability of alternative crop options. Further, All India bidi Industry Federation, All India Pan Shop Owners Association and Smokeless Tobacco Federation of India submitted before the Committee about practical difficulties in printing of brand name, logo and other statutory information etc. after implementation of the increase in pictorial warning upto 85%. Livelihood issues of 40 lakh adivasis engaged in Tendu leaves collection and 48 lakh panwallas etc. were also discussed.

4. The Chairperson finally thanked the witnesses for presenting their valuable inputs on the subject before the Committee.

5. The witnesses then withdrew.

6. A verbatim record of the proceedings of the sitting has been kept separately.

The Committee then adjourned.

## MINUTES OF THE THIRTEENTH SITTING OF THE COMMITTEE ON SUBORDINATE LEGISLATION (2014-2015)

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The Thirteenth sitting of the Committee (2014-15) was held on Tuesday, the 4<sup>th</sup> August, 2015 from 1500 to 1630 hours in Committee Room No. 62, Parliament House, New Delhi.

### PRESENT

1. Shri Dilipkumar Mansukhlal Gandhi                      Chairperson

### MEMBERS

2. Shri C.R. Chaudhary
3. Shri P.P. Chaudhary
4. Shri Jhina Hikaka
5. Shri Chandulal Sahu
6. Shri Ram Prasad Sarmah
7. Adv. Narendra Keshav Sawaikar
8. Shri Birendra Kumar Chaudhary

### SECRETARIAT

1. Shri Ajay Kumar Garg                      -              Director
2. Smt. Jagriti Tewatia                      -              Deputy Secretary

### WITNESSES

#### Ministry of Commerce & Industry

1. Ms. Rita Teatota - Secretary
2. Shri Ravi Capoor - Joint Secretary
3. Shri A.B. Chavan - Director
4. Shri C.S.S. Patnaik - Secretary (Tobacco Board)
5. Shri CH. V. Maruthi Prasad,  
Auction Superintendent (Production)



2. At the outset, the Chairperson welcomed the Members of the Committee. Thereafter, the representatives of Ministry of Commerce & Industry/Tobacco Board were called in.

3. The Chairperson then welcomed the representatives of the Ministry & Tobacco Board to the sitting of the Committee and also drew their attention to Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Committee then heard the views of representatives of the Ministry of Commerce & Industry/Tobacco Board on amendment to the Cigarettes and other Tobacco Products (Packaging and Labelling) Rules, 2008 issued *vide* Notification no. GSR 727-E published in the Gazette of India, Part-II, Section 3, Sub section (i) dated 15 October, 2014 framed under the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003. The representatives of the Ministry briefed the Committee about the production and sales status of Cigarettes in India, pictorial warning size in different countries, terms & conditions laid down by WHO FCTC, role of Tobacco Board in providing assistance to Tobacco farmers/growers, research/initiatives taken by the Board to apprise farmers to switch over alternative cash crops other than tobacco, welfare schemes and rehabilitation package for FCV tobacco growers etc.

4. The Chairperson then asked the representatives of the Ministry of Commerce & Industry to furnish written replies to those points which could not be answered during the discussion.

5. The Chairperson finally thanked the representatives of the Ministry for presenting their valuable inputs on the subject before the Committee.

6. The witnesses then withdrew.

7. XX XX XX

8. A verbatim record of the proceedings of the sitting has been kept separately.

The Committee then adjourned.

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\*\*Omitted portion of the Minutes are not relevant to this Report

## MINUTES OF THE FOURTEENTH SITTING OF THE COMMITTEE ON SUBORDINATE LEGISLATION (2014-2015)

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The Fourteenth sitting of the Committee (2014-15) was held on Friday, the 7 August, 2015 from 1500 to 1645 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

### **PRESENT**

1. Shri Dilipkumar Mansukhlal Gandhi Chairperson

### **MEMBERS**

2. Shri C.R. Chaudhary
3. Shri P.P. Chaudhary
4. Shri Chandulal Sahu
5. Shri Ram Prasad Sarmah

### **SECRETARIAT**

1. Shri Ajay Kumar Garg - Director
2. Smt. Jagriti Tewatia - Deputy Secretary

### **WITNESSES**

#### **I. Ministry of Labour and Employment**

1. Shri Shanker Aggarwal, Secretary
2. Shri B.B. Mallick, Joint Secretary
3. Shri N.K. Prasad, Welfare Commissioner (HQ)
4. Shri Deepak Dan Barnwal, Under Secretary

#### **II. Ministry of Micro, Small and Medium Enterprises**

5. Shri S.N. Tripathi, Addl. Secretary
6. Shri B.H. Anil Kumar, Joint Secretary
7. Shri Duni Chand, Consultant Parliament

2. At the outset, the Chairperson welcomed the Members of the Committee. Thereafter, the representatives of Ministries of Labour and Employment and Micro, Small and Medium Enterprises were called in. After welcoming the witnesses, the Committee drew their attention to Dir 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings.

3. After customary introduction, the representatives of the Ministry of Labour first briefed the Committee about the different welfare schemes available to tobacco workers pertaining to their Health, Housing, Education, recreation, provision of vocational training through ITI Training Scheme to the registered labourers under the Bidi Workers Welfare Fund Act, 1976 etc. and other benefits which are financed out of the proceeds of cess levied on manufactured bidis. The Committee were also apprised about the procedure being followed for collection of cess from Bidi workers and about enhancement of cess rate from Rs. 5 to Rs. 8, provision of alternative employment to bidi workers/farmers engaged in bidi trade. The Committee further sought information regarding the number of Adivasis working in Tendu leaves plucking, their socio-economic condition, necessity for framing National Tobacco Control Policy etc.

4. Thereafter, the witness from the Ministry of Micro, Small and Medium Enterprises in their submission before the Committee submitted that the size of the pictorial warning on packs of tobacco products may help to caution the tobacco consumers and save their lives, but it may also lead to reduction in the demand of tobacco products resulting in adverse affect on the domestic tobacco Industry. They also apprised the Committee about the findings in the Report submitted by the National Commission for Enterprises in unorganized sector.

5. The Chairperson then asked the representatives of both the Ministries viz Labour and Employment and Micro, Small and Medium Enterprises to furnish their written replies to those points which could not be answered during the discussion.

6. The Chairperson finally thanked the representatives for presenting their valuable inputs on the subject before the Committee.

7. The witnesses then withdrew.

8. A verbatim record of the proceedings of the sitting has been kept separately.

The Committee then adjourned.

## MINUTES OF THE FIFTEENTH SITTING OF THE COMMITTEE ON SUBORDINATE LEGISLATION (2014-2015)

The Fifteenth sitting of the Committee (2014-15) was held on Wednesday, the 12 August, 2015 from 1500 to 1630 hours in Committee Room 'C', Parliament House Annexe, New Delhi.

### PRESENT

1. Shri Dilipkumar Mansukhlal Gandhi Chairperson

### MEMBERS

2. Shri C.R. Chaudhary
3. Shri P.P. Chaudhary
4. Shri Chandulal Sahu
5. Shri Ram Prasad Sarmah
6. Adv. Narendra Keshav Sawaikar
7. Shri Birendra Kumar Chaudhary

### SECRETARIAT

1. Shri Ajay Kumar Garg - Director
2. Smt. Jagriti Tewatia - Deputy Secretary

### WITNESSES

#### I. Ministry of Agriculture (Department of Agriculture & Cooperation)

1. Shri Siraj Hussain, Secretary
2. Shri Raghav Chandra, AS & FA
3. Dr. Sangeeta Verma, ESA
4. Shri Sanjay Lohiya, Joint Secretary
5. Shri Sanjeev Chopra, Joint Secretary

6. Shri S.K. Malhotra, Hort. Commissioner
7. Shri S.J. Chiru, Director
8. Shri A.P. Singh, Addl. Commissioner
9. Shri D.P. Malik, Addl. Commissioner

**II. ICAR**

- 10 Shri P.K. Chakrabarty, ADG (PP), ICAR
11. Shri D. Damodar Reddy, Director (CTRI)

**III. (Department of Commerce)**

12. Shri Ajit B. Chavan, Director

**IV. Department of Health & Family Welfare**

13. Shri K.C. Samria, Joint Secretary

2. At the outset, the Chairperson welcomed the Members of the Committee. Thereafter, the representatives of Ministry of Agriculture were called in.

3. The Chairperson welcomed the representatives of the Ministry of Agriculture as well as the accompanying representatives of other Ministries / Departments and drew their attention to the provisions of Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings and Direction 58 regarding evidence liable to be treated as public. The Committee then heard the views of representatives of the Ministry of Agriculture on amendment to the Cigarettes & other Tobacco Products (Packaging & Labelling) Rules, 2008 issued vide Notification No. GSR 727(E) published in the Gazette of India, Part II, Section 3(i) dated 15 October, 2014 framed under Cigarettes & other Tobacco Products (Prohibition of Advertisement and Regulation of Trade & Commerce, Production, Supply and Distribution) Act, 2003. The representatives of the Ministry briefed the Committee on the subject matter and about the role of the Agricultural Department of the State Governments to educate the farmers engaged in tobacco farming for switching over the alternative cash crops. The Committee also sought information regarding status of the tobacco production in the country; nature of tobacco seed; time consumption in growing cycle, types of tobacco; usage of tobacco in medicines; any scheme being introduced by Government for rehabilitation of tobacco farmers; remunerative returns to farmers etc. The Committee further discussed in detail the issues pertaining to research carried out by the Tobacco Board, if any, regarding impact on health of farmers engaged in tobacco cultivation etc. The representatives of the Ministry furnished clarifications on the queries raised by the Committee.

4. On some of the points raised by the Committee, the information on which was not readily available with the representatives of the Ministry, the Chairperson asked the representatives of the Ministry of Agriculture to furnish written replies to those points which could not be answered during discussion within 15 days to the Lok Sabha Secretariat.

5. The Chairperson then thanked the representatives for presenting their inputs on the subject before the Committee.

6. The witnesses then withdrew.

7. A verbatim record of the proceedings of the sitting has been kept separately.

The Committee then adjourned.

## MINUTES OF THE SIXTEENTH SITTING OF THE COMMITTEE ON SUBORDINATE LEGISLATION (2014-2015)

The Sixteenth sitting of the Committee (2014-15) was held on Thursday, the 27 August, 2015 from 1500 to 1630 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

### PRESENT

1. Shri Dilipkumar Mansukhlal Gandhi Chairperson

### MEMBERS

2. Shri Idris Ali
3. Shri C.R. Chaudhary
4. Shri P.P. Chaudhary
5. Shri Chandulal Sahu
6. Shri Ram Prasad Sarmah
7. Adv. Narendra Keshav Sawaikar
8. Shri Ram Kumar Sharma
9. Shri Birendra Kumar Chaudhary

### SECRETARIAT

1. Shri Shiv Singh - Joint Secretary
2. Shri Ajay Kumar Garg - Director
3. Smt. Jagriti Tewatia - Deputy Secretary

### WITNESSES

#### I. C.G. State Tendupatta Union

1. Shri Vasu Chakravarty, Chairman

#### II. Maharashtra Forest Department

1. Shri A. Ashraf, B. Addl. Principal Chief Conservator of Forests
2. Shri T.S.K. Reddy, Chief Conservator of Forests

**III. Chhattisgarh Beedi Leaves Association**

1. Shri Abdul Rashid

**IV. Chhattisgarh State Minor Forest Produce**

1. Shri B.L. Saran, PCCF & Managing Director

**V. The Telengana State Beedi Leaves Forest Contractors Association, Hyderabad**

1. Shri Mohammed Omer, Joint Secretary
2. Shri Ismail Ahmed
3. Shri Ch. Narayana Reddy, Vice President

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the representatives of various Tendu Leaves Pluckers Association were called in.

3. After extending a warm welcome to the witnesses to the sitting of the Committee Hon'ble Chairperson drew their attention to the provisions of Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Committee then heard the views of representatives of the Tendu Leaves Pluckers Associations on amendment to the Cigarettes & other Tobacco Products (Packaging & Labelling) Rules, 2008 issued vide Notification No. GSR 727(E) published in the Gazette of India, Part II, Section 3(i) dated 15 October, 2014 framed under Cigarettes & other Tobacco Products (Prohibition of Advertisement and Regulation of Trade & Commerce, Production, Supply and Distribution) Act, 2003. The representatives at the outset apprised the Committee in detail about the complete procedure involved in plucking of tendu leaves from the forest, its marketing, revenue generation, use of tendu leaf in different fields especially in bidi rolling etc. They submitted before the Committee that tendu leaf is exclusively used in bidi rolling and is a national property. Its price is fixed by the Government. The livelihood of tendu leave pluckers and their family depends on plucking of tendu patta season, which lasts for only 3 months every year. If, the bidi industry will have any adverse effect of the Notification issued for increase in pictorial warning size from present 40% to 85% on all tobacco products, it will directly effect the tendu leaf pluckers' livelihood. Moreover, bidi is completely herbal. They, therefore, submitted before the Committee that Cigarette & bidi should be governed by separate rules/Act as it used to be initially. The Committee further sought information regarding disease caused if any, due to consumption of tobacco, number of tendu leaves pluckers in all States where tendu leaves are grown, total revenue generation by the Government through tendu leaves plucking, etc. The Committee also desired to know if any research has been done to prove that tendu leaves are herbal in nature and its usage has no side effects. In response, the witnesses furnished their clarification on the queries raised by the Committee.



4. On some of the points raised by the Committee on which the information was not readily available with the representatives, the Chairperson asked the representatives to furnish written replies to those points.

5. The Chairperson then thanked the representatives for presenting their valuable inputs on the subject before the Committee.

6. The witnesses then withdrew.

7. A verbatim record of the proceedings of the sitting has been kept separately.

The Committee then adjourned.

## MINUTES OF THE FIRST SITTING OF THE COMMITTEE ON SUBORDINATE LEGISLATION (2015-2016)

The First sitting of the Committee (2015-16) was held on Thursday, the 10 September, 2015 from 1500 to 1600 hours in Committee Room 62, Parliament House, New Delhi.

### PRESENT

1. Shri Dilipkumar Mansukhlal Gandhi Chairperson

### MEMBERS

2. Shri Birendra Kumar Chaudhary
3. Shri S.P. Muddahanume Gowda
4. Shri Jhina Hikaka
5. Shri Ram Prasad Sarmah
6. Shri Ram Kumar Sharma
7. Shri Nandi Yellaiah

### SECRETARIAT

1. Shri Ajay Kumar Garg - Director
2. Smt. Jagriti Tewatia - Deputy Secretary

### WITNESSES

#### **I. Ministry of Finance (Department of Revenue)**

1. Dr. Hasmukh Adhia, Revenue Secretary
2. Shri Najib Shah, Chairman, CBEC
3. Mrs. Neerja Shah, Member (Central Excise), CBEC
4. Mrs. Kajal Sing, Member Commissioner (RI&I), CBEC
5. Shri M.K. Sinha, Commissioner (Central Excise), CBEC

2. At the outset, the Chairperson welcomed the Members of the Committee to the sitting of the Committee which was convened to hear the views of representatives of the Ministry of Finance on amendment to the Cigarettes & other Tobacco Products (Packaging & Labelling) Rules, 2008 issued vide Notification No. GSR 727(E) published in the Gazette of India, Part II, Section 3(i) dated 15 October, 2014 framed under Cigarettes & other Tobacco Products (Prohibition of Advertisement and Regulation of Trade & Commerce, Production, Supply and Distribution) Act, 2003. Then the representatives of Ministry of Finance were called in and the Chairperson drew their attention to Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings and Direction 58 regarding evidence liable to be treated as public.

3. The representatives of the Ministry briefed the Committee on the subject matter and the role and functions of the Central Board of Excise and Customs in so far as the issues related to tobacco and more particularly the illegal cigarettes were concerned. The Committee were further apprised that the Customs Department seizes the tobacco products which are not in conformity with prescribed Indian law and prevent such products from coming into the country by way of smuggling. As regards the Excise Department, the Committee were informed that the Excise Department ensures that before the products moves out of the premises of the factory, it is ensured that excise duty is paid on such products. The Committee then sought information regarding total percentage of tobacco production in the country, percentage of revenue from excise duty on cigarettes, preventing of illegal trade in tobacco products, framing of National Tobacco Control Policy etc. The Committee further desired to know the revenue loss incurred on account of manufacture of tobacco products in unregulated sector and whether any plans are there to bring such tobacco products within the ambit of regulated sector. The representatives of the Ministry furnished clarifications on the queries raised by the Committee. In respect of queries on which the information was not readily available, the Chairperson asked the representatives of the Ministry of Finance to furnish their written replies to such points within a week.

4. The Chairperson thanked the representatives of the Ministry for presenting their valuable inputs on the subject before the Committee.

5. The witnesses then withdrew.

6. A verbatim record of the proceedings of the sitting has been kept separately.

The Committee then adjourned.

## MINUTES OF THE NINTH SITTING OF THE COMMITTEE ON SUBORDINATE LEGISLATION (2015-2016)

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The ninth sitting of the Committee (2015-16) was held on Friday, the 11<sup>th</sup> March, 2016 from 1300 to 1400 hours in Chairperson's Chamber, Room No. 146, Parliament House, New Delhi to consider and adopt draft Eleventh Report on 'The Cigarette and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014'.

### PRESENT

1. Shri Dilipkumar Mansukhlal Gandhi                      Chairperson

### MEMBERS

2. Shri Birendra Kumar Chaudhary
- 3.. Shri Jhina Hikaka
4. Shri Chandulal Sahu
5. Shri Ram Prasad Sarmah
6. Shri Nandi Yellaiah

### SECRETARIAT

- |    |                         |   |                     |
|----|-------------------------|---|---------------------|
| 1. | Shri Ravindra Garimella | - | Joint Secretary     |
| 2. | Shri Ajay Kumar Garg    | - | Director            |
| 3. | Shri Nabin Kumar Jha    | - | Additional Director |
| 4. | Smt. Emma C Barwa       | - | Deputy Secretary    |

2. At the outset, the Chairperson welcomed the members to the sitting of the Committee (2015-16).

3. The Committee, then, considered the draft 'Eleventh Report' on the subject and adopted the same with some modifications. The Committee also authorised the Chairperson to finalise the Report on their behalf and present the same to the House.

4. The Committee also decided to undertake a study visit during the second Week of April, 2016.

The Committee then adjourned.

