

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

UNSTARRED QUESTION NO:1126
ANSWERED ON:28.11.2014
TAXATION ON BEEDIS AND CIGARETTES
Azad Shri Kirti (JHA)

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

- (a) whether consumption of beedis is much higher as compared to cigarettes, constituting a large part of tobacco consumption in the country and if so, the details thereof;
- (b) whether the Government proposes to change the tax structure or alter the limits of tax on beedi production in order to curb its consumption and avoid exploitation of current laws by beedi manufacturers in the country and if so, the details thereof;
- (c) whether the World Health Organisation (WHO) has recommended higher excise duty on cigarettes' retail price, if so, the details thereof along with the follow-up action taken/proposed to be taken by the Government in this regard; and
- (d) whether the Government proposes to introduce a uniform taxation structure on cigarettes which covers all cigarette lengths and does not allow for product substitution of higher taxed cigarette lengths with lower taxed cigarette lengths and if so, the details thereof?

Answer

THE MINISTER OF HEALTH AND FAMILY WELFARE (SHRI JAGAT PRAKASH NADDA)

- (a): As per the Global Adult Tobacco Survey (GATS- INDIA 2010) conducted by Ministry of Health & Family Welfare, in the age group of 15 years and above, the consumption of bidis (9.2%) is higher than cigarettes (5.7%).
- (b): As per the information received from Ministry of Finance, currently there is no proposal under consideration to change the tax structure or alter the limits of tax on beedi production in order to curb its consumption and avoid exploitation of current laws by beedi manufacturers in the country.
- (c): The World Health Organisation (WHO) in its publication titled 'WHO technical Manual on Tax Administration' (2010) has recommended that tobacco excise taxes should account for at least 70% of the retail prices for tobacco products. Further, the guidelines framed under Article 6 of WHO Framework on Tobacco Control (WHO FCTC) which was adopted during the Sixth Session of the Conference of Parties (COP6) held in Moscow in October, 2014, recommend that all tobacco products should be taxed in a comparable way.
- (d): As per the information received from Ministry of Finance, there is no proposal under consideration as of now to introduce a uniform taxation structure on cigarettes which covers all cigarette lengths and does not allow for product substitution of higher taxed cigarette lengths with lower taxed cigarette lengths.