



TOBACCO-FREE *Times*

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Tobacco Endgame Series Edition 5: Pricing and Taxation on Tobacco Products in India

E-RCTC: A stream of data

The E-Resource Center for Tobacco Control, a collaboration between PGIMER and The Union, is actively promoting tobacco control in the country and providing resources for program implementers, academia, and researchers to improve their skills in advancing tobacco control in their states/Union territories. This center adds to India's existing tobacco control data and includes circulars, orders, pamphlets, and other information from state and federal levels. The center aims to enhance existing tobacco control efforts by sharing evidence-based strategies used by various tobacco control advocates across India.

Tobacco Free Times 22nd Edition Released



The 22nd edition of the bi-monthly publication "Tobacco Free Times" featuring Tobacco Vendor Licensing (special edition) was released in three days "2nd National Conclave on Best Practices in Tobacco Control in India" organized by Resource Centre for Tobacco Control, Postgraduate Institute of Medical Education and Research, Chandigarh. Dignitaries like Dr. Suneela Garg, Programme Advisory Committee, NIIHFW, Ministry of Health and Family Welfare (MoHFW), New Delhi; Dr. Prakash Gupta, Director, Healis Sekhsaria Institute for Public Health, Navi Mumbai; Dr. Rana J Singh, Deputy Regional Director, International Union Against Tuberculosis and Lung Disease, South East Asia; Dr. Rakesh Gupta, Director, Cancer Foundation, Jaipur and Dr. Sonu Goel, Project Director of the Resource Center for Tobacco Control at PGIMER were present. The event was held by the Department of Community Medicine, School of Public Health at PGIMER, Chandigarh in collaboration with the International Union Against Tuberculosis and Lung Diseases (The SEA) from January 12-14, 2023 at the Hotel Shivalik View in Chandigarh.

EDITOR'S SPEAK



Tobacco taxation is a crucial tool in reducing tobacco consumption. Higher taxes on tobacco products lead to increased prices, making them less affordable for many, particularly young people and low-income individuals. This results in decreased smoking rates and increased quit rates. Additionally, tobacco taxation generates revenue for governments, which can be used to fund health programs aimed at reducing tobacco use. The E-Resource Center for Tobacco Control is dedicated to providing valuable information on diverse aspects of tobacco control which is immensely useful for implementers, academia, and researchers working in the field of tobacco control. This current issue focuses on Tobacco taxation, which is an important instrument to achieve the "Tobacco Endgame". Through this issue, we aim to raise awareness of the importance of tobacco taxation and encourage governments to take action to reduce tobacco use through effective taxation policies.

- Dr Sonu Goel,

Director, E-RCTC & Professor, PGIMER Chandigarh

EXPERTS' SPEAK



The E-Resource Centre for Tobacco Control is a great initiative as it emerges as a one-stop shop for nationwide tobacco control efforts. Not only it allows a versatile experience at a glance through updated newsletters, user-friendly courses, workshops, and webinars; but it also provides a go-to repository for all the national and sub-national policy documents.

- Dr. Shivam Kapoor,

Technical Advisor-STOP, The Union - SEA Office



In a very short period, E-RCTC has become a trusted knowledge exchange for all key stakeholders in Tobacco Control. It's praiseworthy. For greater & faster impact, this Centre can emerge as a Thought Leadership Institution and play a greater and more strategic role in Public Health and in Tobacco-Endgame.

- Dr. Ramesh Gandhi,

President, Gandhi Foundation, Jaipur, India



E-RCTC (Electronic Repository of Circulars, Tobacco Control) is a noteworthy initiative of PGIMER Chandigarh and the Union government. It effectively reinforces the National Control Tobacco Programme (NTCP) by providing the latest notifications and circulars from the national and state governments. This makes it easy for all stakeholders to stay informed of best practices under the program.

- Awadhesh Kumar, Executive Director, Balajee Sewa Sansthan



2nd National Conclave on Best Practices of Tobacco Control in India

The three-day 2nd National Conclave on Best Practices for Tobacco Control in India was held under the aegis of the Resource Centre for Tobacco Control (RCTC) at the Department of Community Medicine and School of Public Health (DCM and SPH), PGIMER, Chandigarh in collaboration with the International Union Against Tuberculosis and Lung Disease (The Union) concluded on 14th, 2023. The conclave witnessed senior national and state officials from the Government of India, academia, and NGOs across 15 states to discuss and compile 22 good, replicable, and innovative practices for the effective implementation of tobacco control in India. 'A Compendium of Good, Replicable and Innovative Practices in Tobacco control in India will be published which will list all 25 best practices of tobacco control in the country', said Dr. Sonu Goel, Professor at the DCM & SPH at PGIMER Chandigarh and Program Coordinator. Guests of honor like Dr. Suneela Garg, Chair of the Programme Advisory Committee at NIHF, Ministry of Health and Family Welfare (MoHFW), New Delhi. Dr. Rana J Singh, Deputy Regional Director of The UNION, SEA, New Delhi, Dr. PC Gupta, Director of Healis Sekhsaria Institute for Public Health, Navi Mumbai, and Dr. Rakesh Gupta, President of Rajasthan Cancer Foundation, Jaipur appreciated PGIMER for highlighting the importance of documenting best practices in tobacco control in India.



Some of the best practices discussed at the conclave included WHO FCTC article 5.3, Tobacco control through public health associations, Social marketing intervention tobacco control, Tobacco Industry Interference, Tobacco cessation, E cigarettes-END, Tobacco exposure, and OTT platform, Implementation of Tobacco-free educational institutions, the formation of Section 5 committees, the creation of a smoke-free Junjhunu district, a Tobacco-free Char Dham yatra, the Rose campaign, Tobacco-free generation, the involvement of children in tobacco control, Tobacco endgame and a ban on smokeless tobacco.

Regional Level Capacity Building Workshop on NTCP for Key Stakeholders/Program Implementers of National Tobacco Control



Mission in Himachal Pradesh, India. The workshop was concluded by Dr. Kishore Yadav Jothula, Assistant Professor of Family Medicine and Community Medicine, by delivering the vote of thanks.

A Regional Level Capacity Building Workshop on NTCP for Key Stakeholders/Program Implementers of National Tobacco Control was successfully organized by the Resource Center for Tobacco Control at PGIMER in Chandigarh in collaboration with AIIMS Bibinagar and supported by the International Union Against Tuberculosis and Lung Diseases- South East Asia from November 1-3, 2022. Various high-level dignitaries from premier institutes across the country were present at the consultation, including Dr. Vikas Bhatia, Executive Director of AIIMS Bibinagar; Dr. B.S. Charan, Assistant Director General of MoHFW in New Delhi; Dr. Puneet Chahar, Manager of Monitoring and Evaluation for NTCP at The Union; Mr. Deepak Mishra, Executive Director of Socio-Economic and Educational Development Society (SEEDS) in New Delhi, India; and Dr. Gopal Chauhan, State Program Officer for NTCP at the National Health

State-level Workshop on framing/implementation of WHO-FCTC Article 5.3- Puducherry

A state-level workshop on the framing and implementation of the World Health Organization Framework Convention on Tobacco Control (FCTC) Article 5.3 was held at the MEU Hall in IGMCRI Puducherry on December 26, 2022. The workshop was attended by 40 delegates from various stakeholder departments in Puducherry. The objective of the workshop was to sensitize officials from these departments on FCTC Article 5.3. During the workshop, there was a healthy discussion on the current status of FCTC Article 5.3 in Puducherry and potential future actions that could be taken.

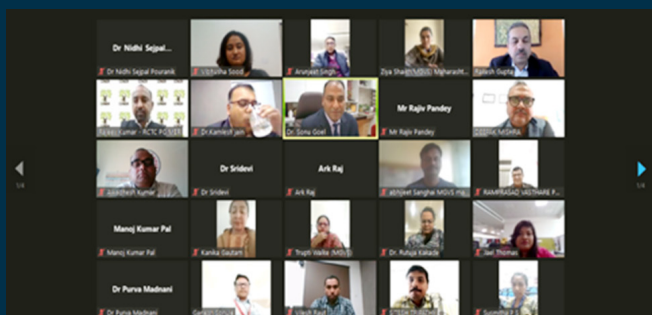


Capacity Building Workshop / Sensitization Workshop/Webinar: Telangana



On January 24th, 2023, a district-level capacity-building workshop on the National Tobacco Control Programme (NTCP) was successfully conducted in Kamareddy district of Telangana. The workshop was held in the District Collector Office auditorium and featured active participation from a variety of departments, including Health, Municipal Administration, School Education, Police, Food Safety, Public Relations, Intermediate Education, Agriculture, Sales Tax, Local NGOs, and Panchayat Raj. The chief guest of the workshop was Venkatesh Dhotre, IAS, Additional Collector (Local Bodies) Kamareddy, while the guests of honor were Additional Superintendent of Police, J. Anyonya and Dist. Medical & Health Officer, Dr. Lakshman Singh.

National Webinar on Tobacco Vendor Licensing: A Roadmap Towards Tobacco Endgame Conducted

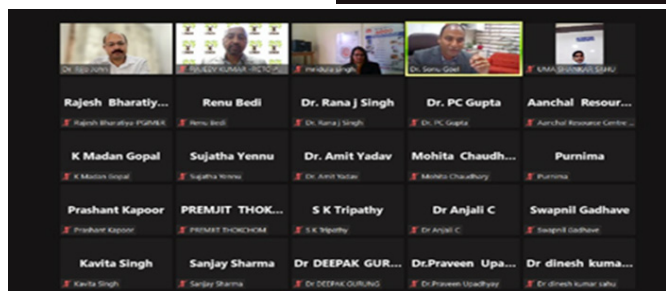


A National Webinar on "Tobacco Vendor Licensing: A Roadmap Towards Tobacco Endgame" was organized by the Resource Center for Tobacco Control at the Postgraduate Institute of Medical Education and Research (PGIMER) in Chandigarh, supported by

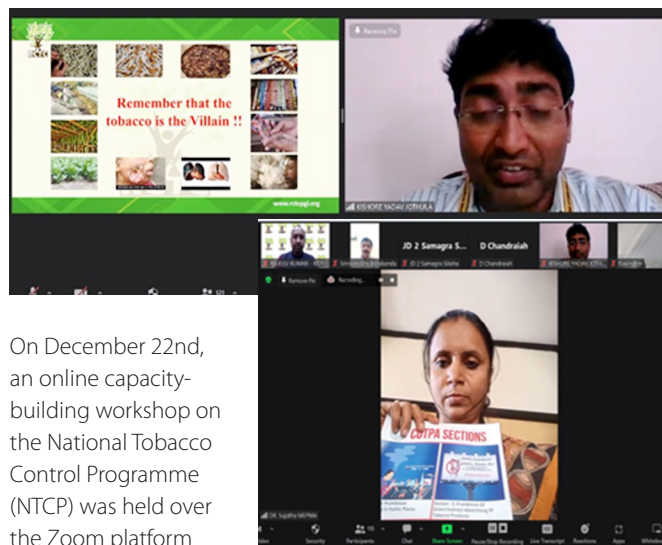
The UNION, on November 23, 2022, from 11:00 AM to 1:00 PM. The webinar was conducted on Zoom and featured panelists Dr. Nirmalaya Mukherjee, Director of Tobacco Control at MANT in Kolkata; Dr. Deepak Mishra from SEEDS in New Delhi; Dr. Sridevi Deshpande, State NTCP Consultant in Karnataka; and Dr. Rakesh Gupta, President of the Rajasthan Cancer Foundation in Jaipur. Dr. Nidhi Sejal Puranik, Sr. Technical Advisor from The UNION in South East Asia, gave a presentation on "What is Tobacco Vendor Licensing, its need, benefit, and initiative: across the globe to local." Dr. Rana J Singh, Deputy Regional Director of The UNION SEA, Dr. Kamlesh Jain, Professor of Community Medicine at Pt. JNM Medical College in Chhattisgarh, India, Mr. Ranjit Singh, Legal Advisor at the Supreme Court of India, and Mr. Rajiv Pandey, Legal Advisor at the Supreme Court of India were the guests of honor. The webinar was attended by over 90 participants virtually.

National Webinar on Pricing and Taxation on Tobacco Products in India

On December 28th, 2022, a national webinar was conducted on the pricing and taxation of tobacco products in India. The objectives of the webinar were to provide an overview of the current pricing and taxation policies for tobacco products in India, including the types of taxes applied and the tax rates, examine the impact of these policies on the tobacco industry, including the production and sale of tobacco products, as well as the revenue generated from taxes, facilitate a dialogue between policymakers, industry representatives, and public health advocates on the most effective approaches to pricing and taxation of tobacco products in India, and identify potential areas for reform or improvement in the current pricing and taxation policies for tobacco products in India. The webinar also aimed to generate recommendations for future action. The webinar was attended by a diverse group of attendees, including faculty, public health professionals, researchers, program officers, and students.



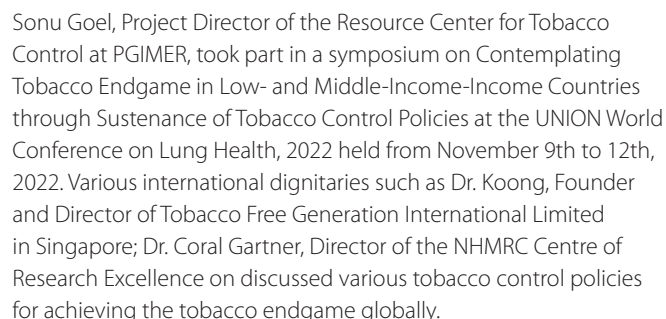
State-Level workshop on the National Tobacco Control Programme (NTCP) for Urban Development Officials: - Telangana



On December 22nd, an online capacity-building workshop on the National Tobacco Control Programme (NTCP) was held over the Zoom platform in Telangana. The

workshop was attended by representatives from the Municipal Administration and Urban Development and School Education departments in Telangana. Key dignitaries at the workshop included Smt B. Venkatanarasamma, Joint Director of School Education, and Dr. Sujatha, the State Mission Coordinator of Municipal Administration and Urban Development.

Two abstracts were presented at the UNION World Conference on Lung Health held from November 8th-11th, 2022. An e-poster on an abstract entitled “Bibliometric Analysis of Scientific Publications on Tobacco Endgame during the Period 2011-2021” and an oral paper on “Framework Development of the Tobacco Endgame Hub (TEDH): A Roadmap to Eradicate ‘TOBACCO USE’ were presented during the conference.



On January 5th, 2023, 37 government officials successfully completed the Advanced Course on Tobacco Control (ACTC) which was conducted virtually from 2:30-3:30 PM. The six-month course, which lasted for a total of 17 weeks of teaching, 6 weeks of practicum, and 1 week of post-testing, aimed to enhance the knowledge and skills of participants who were interested in supporting tobacco control initiatives in Odisha, as well as strengthening tobacco control policies both nationally and globally. During the course, participants were exposed to more advanced topics in tobacco control, including the economics of tobacco control, behavioural change communication in tobacco control, multi-stakeholder engagement and integration, second-hand smoke, managing special and vulnerable groups, emerging challenges and opportunities in tobacco control, monitoring and evaluation, and many more.

The Resource Centre for Tobacco Control at PGIMER Chandigarh officially launched the second batch of the Basic Course on Tobacco Control on November 21st, 2022. Dr. Suneela Garg, Chair of the Program Advisory Committee at NIHFW and Co-Chair of the MDRU at DHR; Dr. Prakash Gupta, Director of the Healix Sekhsaria Institute for Public Health in Navi Mumbai, India; Dr. Kamlesh Jain, Professor of Community Medicine at Pt. JNM Medical College in Chhattisgarh, India; Dr. Rana J Singh, Deputy Regional Director of The Union in SEA; and Dr. Ravi Mehortha, Adjunct Professor at Emory University were the guest speakers of the event. 48 participants from twelve states across India attended the launch event.



State Civil Society Consultation on NCDs and UHC: Accelerating efforts for embedding meaningful involvement of people living with NCDs within Punjab's NCD and Universal Health Coverage (UHC) Action plans.

A State Level Consultation on NCDs and Universal Health Coverage (UHC) was organized by the Strategic Institute for Public Health Education and Research in collaboration with the Resource Center for Tobacco Control at PGIMER Chandigarh from 10:00 AM on November 12th, 2022 at Hotel Shivalik View in Chandigarh. Mr. Arun Verma, Director of Finance and Operations at the Strategic Institute for Public Health Education and Research (SIPHER); Ms. Radhika Shrivastav, Healthy India Alliance (HIA) representative and Senior Director of HRIDAY; Dr. Rakesh Gupta, President of SIPHER; Dr. Shikha Bhasin, HIA representative and Senior Programme Manager at HRIDAY; Dr. Gurman Sekhon, Lead Manager of AACCS, HWCS & NTCP at the National Health Mission; Dr. Gopal Chauhan, State Program Officer for NCDs and Palliative Care in Himachal Pradesh; Prof. J S Thakur of DCM SOPH; Ms Vandana Saxena, Principal; Ms Nikita Dwivedi, Special Educator; and

students Kashish and Aditi from Educational Institutes: The Tribune School, were among the dignitaries who put forth their views on the inclusion of NCDs and Universal Health Coverage.

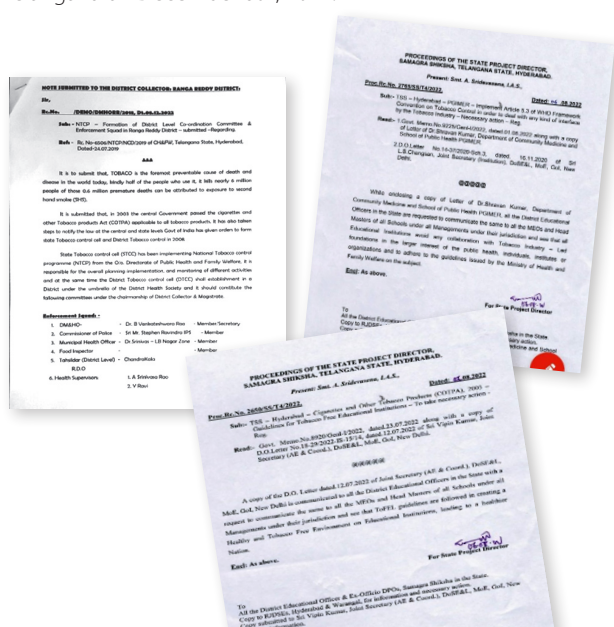


Circular/notification/order: Telangana Two Circulars were released by Smt. A. Devasena, IAS, Commissioner & Director of the School Education department, Telangana

1. A circular letter Vide Proc.Rc.No.2765/SS/T4/2022 was issued to implement article 5.3 of the WHO Framework Convention on Tobacco Control.
2. A circular vide Proc.Rc.No.2650/SS/T4/2022 was issued for all Districts, Mandal Education Officers and all Principals to implement the Tobacco Free Educational Institutions guidelines (ToFEI) in their respective schools.

Released by District Collector:

1. A circular of formation of the DLCC committee has been approved by the District Collector of Ranga Reddy district in Telangana on December 8th, 2022.



DLCC Meeting held in Telangana

1. On January 24th, 2023, a meeting of the District Level Coordination Committee (DLCC) was held in Kamareddy district of Telangana prior to the start of the workshop. The meeting was chaired by Additional Collector Venkatesh Dhotre, IAS. The objective of the workshop was to make the district collector building a tobacco-free building. It was advised to the Police department to issue challans for violations of the Cigarette and Other Tobacco Products Act (COTPA) sections.



2. A DLCC meeting was held in Vikarabad district on November 2nd under the chairmanship of District Collector Smt Nikhila, IAS. During the workshop, Dr. Mariya Afreeen, Program Officer of Vikarabad, explained about the COTPA sections and the harmful effects of tobacco. The DLCC was attended by 26 members from different government departments.



Tobacco Free Time –Pricing and Taxation on Tobacco Products in India

Background

Tobacco taxation and pricing are important tools in reducing tobacco consumption and promoting public health. By increasing the cost of tobacco products, governments can discourage individuals from starting to smoke and encourage current smokers to quit. Studies have shown that higher tobacco taxes are associated with decreased smoking rates and improved health outcomes (1). Adam Smith, in his work "An Inquiry into the Nature and Causes of the Wealth of Nations" in 1776 argues that certain luxury goods, such as sugar, rum, and tobacco, are not necessary for survival and are consumed by a large portion of the population. Therefore, they are well-suited for higher taxation.

The reasoning behind this is that these goods do not contribute to the overall well-being and productivity of society, and instead impose negative externalities on society, such as increased healthcare costs due to tobacco-related illnesses. By taxing these goods, governments can raise revenue to fund public goods and services, and also discourage the consumption of these harmful goods. Additionally, by taxing tobacco, governments can reduce the number of deaths caused by smoking and the health care costs associated with it (2).

In addition to reducing consumption, tobacco taxation can also generate revenue for governments. This revenue can be used to fund public health programs, such as smoking cessation services and anti-smoking education campaigns. Additionally, by making tobacco products more expensive, governments can also decrease the financial burden on society caused by smoking-related illnesses. Overall, implementing effective tobacco taxation and pricing policies is a crucial step in creating a tobacco-free future.

Global experiences

Tobacco taxation is a widely used policy tool for reducing tobacco consumption and promoting public health globally. Many countries around the world have implemented various forms of tobacco taxation, including excise taxes, value-added taxes, and specific taxes. Excise taxes are taxes imposed on a specific good, such as cigarettes, and are typically calculated as a percentage of the retail price. Value-added taxes (VATs) are taxes imposed on the value added to a good at each stage of production or distribution. Specific taxes are fixed amounts of tax imposed per unit of a good, such as per pack of cigarettes.

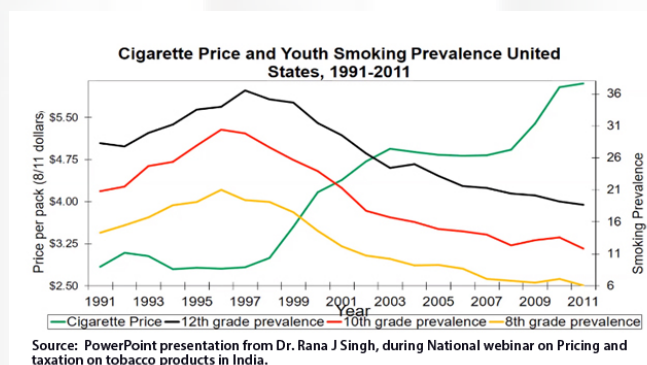
Retail price and tax incidence can vary significantly for smokeless tobacco products across different countries. In some countries, taxes on smokeless tobacco may be low or non-existent, which can result in lower retail prices for these products. In other countries, taxes on smokeless tobacco may be high, which can lead to higher retail prices for these products. In the European Union, for example, member states have the freedom to set their own excise tax rates on tobacco products, but there is a minimum excise tax rate set by EU law. This has resulted in significant price differences between member states, with some having much higher taxes than others. Spain has implemented various cigarette tax increases throughout the years, which have been associated with changes in the illegal

cigarette market. From 1991 to 2008, the government of Spain increased cigarette taxes several times, which led to a significant increase in the retail price of cigarettes.

In Australia, the government has implemented a comprehensive tobacco control strategy, which includes high excise taxes and plain packaging requirements. As a result, Australia now has some of the highest cigarette prices in the world and one of the lowest smoking rates.

In Africa, the tobacco industry is one of the largest employers, making it difficult for governments to implement high taxes. Thus, many countries have relatively low taxes on tobacco products, making them more affordable and accessible to the population. In the United States, cigarette prices have increased significantly due to various federal and state-level tax increases from 1991 to 2011. This led to a corresponding decrease in youth smoking prevalence. In the United States, federal and state taxes on cigarettes vary widely, with some states having very low taxes while others have much higher taxes. The federal tax on cigarettes is currently \$1.01 per pack.

Cigarette Price and Youth Smoking Prevalence United State, 1991-2011



Overall, while tobacco taxation is a powerful tool for reducing consumption and promoting public health, its implementation and effectiveness can vary widely across countries depending on political, economic, and social contexts.

History of tobacco taxation in India

The history of tobacco taxation in India can be traced back to as early as 20th century when the British colonial government first imposed taxes on tobacco products as a source of revenue. These taxes were initially low and were primarily used to generate revenue for the government. In the post-independence era, the Indian government continued to impose taxes on tobacco products as a way to generate revenue. However, over time, the government began to recognize the negative health effects of tobacco use and the financial burden it placed on society. As a result, the government gradually increased taxes on tobacco products in order to discourage consumption.

In the 1990s, India began implementing more comprehensive tobacco control measures, including higher taxes on tobacco

products. The government increased excise taxes on cigarettes and other tobacco products several times in the following decades.

The history of tax on bidis in India can be traced back to the early 20th century when bidis were first taxed at the state level. The taxes on bidis have traditionally been lower due to the fact that it is considered as poor men enjoyment. Also, taxing of it might affect the larger cottage industry in the country.

The scenario of tobacco taxation in India prior to the implementation of the Goods and Services Tax (GST) in 2017 was characterized by multiple taxes at both the central and state levels leading to variation in price of tobacco products across states.

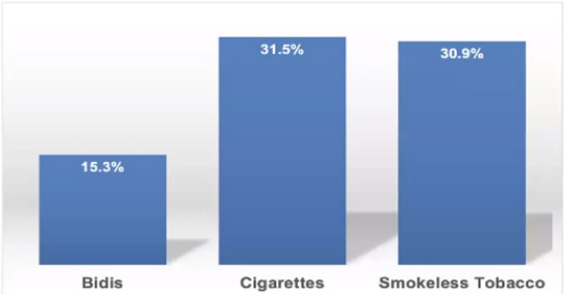
Some of the key taxes included Excise Duty, Value Added Tax (VAT), and Additional Excise Duty (6). After the implementation of GST, the taxation of tobacco products in India has undergone significant changes. Under the GST regime, tobacco products fall under the highest tax bracket of 28% along with an additional cess. The cess on

compounded levy system, also known as presumptive taxation. This system requires manufacturers to pay a fixed amount of duty per packing machine used in the production of SLT products such as chewing tobacco, pan masala, and gutkha. The amount of duty is determined based on the retail price of the pouches produced by the packing machine (9).

Three types of duties are imposed on SLT, including the Basic Excise Duty (BED), the Additional Duty of Excise, and the National Calamity Contingent Duty (NCCD). The NCCD was introduced in 2001 to provide financial resources for natural disasters and was set at a rate of 10% for chewing tobacco, pan masala, and snuff tobacco, without any changes from 2001 to 2013 (9). In 2005, the Government of India (Gol) also imposed a new duty called the health cess on pan masala and other tobacco products to provide financial resources for the National Rural Health Mission (9).

Tobacco taxes are relatively low, particularly for bidis. The average cost of a pack of bidis is just Rs 4, and taxes on bidis only account for 9% of the retail price. In contrast, taxes on cigarettes make up around 38% of the retail price, which is significantly lower than the

Average VAT on Tobacco (FY 2015-16)



Source: John, RM et al. Estimated impact of the GST on tobacco products in India. Tobacco Control Vol. 28, 506–512 (2019)

Central Excise Taxes on Tobacco Products

Products	2016-		Growth	2017-18	
	2015-16	17			Growth
Cigarettes (per 100 Sticks)					
Non-filter ≤ 65 mm	1440	1585	10%	1681	6%
Non-filter 65 to 70 mm	2590	2850	10%	3021	6%
Filter ≤ 65 mm	1440	1585	10%	1681	6%
Filter 65 to 70 mm	1900	2090	10%	2216	6%
Filter 70 to 75 mm	2590	2850	10%	3021	6%
Other	3790	3790	10%	4421	6%
Bidis (Hand-made) (per 1000)	16	16	0%	16	0%
Chewing Tobacco/Zarda/Gutka	86%	97%	12.8%	103%	6%

*Constitute Basic excise duty, National Calamity Contingent Duty (NCCD), Health Cess, Bidi Welfare Cess.

Source: Union Budget Documents, various years

tobacco products was introduced to compensate for any revenue loss to the states as a result of the implementation of GST. As of January 2023, the current GST rate on tobacco products in India is 28% + Rs. 5 per 1000 sticks of cigarettes (for cigarettes not exceeding 65 mm), and 28% + Rs. 1,591 per 1000 sticks of cigarettes (for cigarettes exceeding 65 mm) (7.8).

The taxation on smokeless tobacco (SLT) products follows a

recommended rate of 65-80% suggested by the World Bank for countries with effective tobacco control policies. Additionally, taxes in India are complex and vary depending on the type of tobacco product. For example, cigarettes are taxed based on their length, and there are differential taxes on hand-rolled versus machine-rolled bidis, which contributes to the availability of cheap tobacco products. Furthermore, tobacco taxes in India are not regularly

Taxation of tobacco products in India- pre GST and post-GST (FY 2017-2018)

Tobacco Item	Pre-GST structure		Post-GST Structure			
	Excise	VAT	GST	NCCD	Compensation cess	
	INR/1000 sticks				Specific	Ad valorem
					INR/1000 sticks	
Cigarettes (weighted average)	2504.1	31.54%	28%	116.2	2882.1	10.1%
Non-filter <65 mm	1681	31.54%	28%	90	2076	5%
Non-filter 65–70 mm	3021	31.54%	28%	145	3668	5%
Filter <65 mm	1681	31.54%	28%	90	2076	5%
Filter 65–70 mm	2216	31.54%	28%	90	2747	5%
Filter 70–75 mm	3021	31.54%	28%	145	3668	5%
Other	4421	31.54%	28%	235	4170	36%
Bidi (weighted average)	16.38	15.25%	28%	1.02	0	0
Machine-made	35	15.25%	28%	2	0	0
Hand-made	16	15.25%	28%	1	0	0
	103%	30.94%	28%	10%	0	104%

Excise duty pre-GST also includes the NCCD. Specific taxes (excise, compensation cess and NCCD) on cigarettes and bidi are per 1000 sticks. Average excise duties for cigarettes and bidi are weighted based on market share for different tiers while average VAT rates on all products are weighted based on states' consumption shares. The compensation cess on SLT is a simple average of the cesses for all chewing tobacco varieties under tariff item 2403 listed by the Central Board of Excise and Customs. VAT, GST and ad-valorem cesses are applied on pretax value added at each stage of the supply chain. US\$1=INR 68.

GST, goods and services tax; INR, Indian rupee; NCCD, National Calamity Contingent Duty; SLT, smokeless tobacco; VAT, value-added tax.

Source: PowerPoint presentation from Dr. Rijo M John during National webinar on Pricing and taxation on tobacco products in India.

adjusted for inflation, which means that over time tobacco products are becoming increasingly affordable.

As of 2021, the excise tax on cigarettes ranges from Rs.2875 to

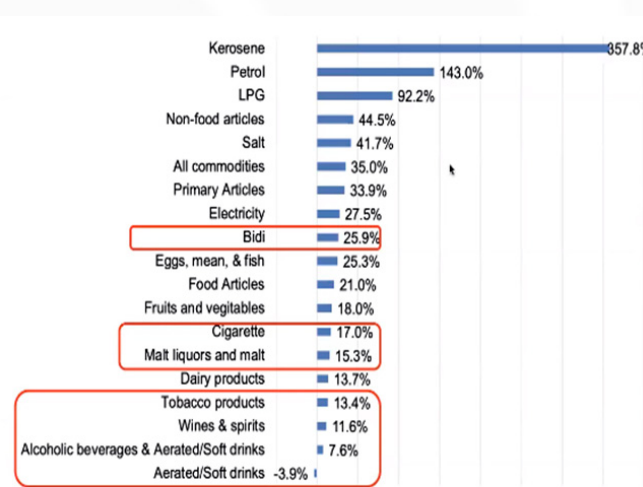
Rs.4209 per thousand sticks. Value-added taxes (VAT) on tobacco products vary from state to state, with some states imposing higher rates than others. In addition, specific taxes are also imposed on certain tobacco products, such as gutkha and pan masala.

Current Tax Structure (FY 2021-22)

	GST	NCCD	Compensation Cess		Excise Tax (2019-20)
Cigarettes (length in mm)			Specific	Ad Valorem	
Non-Filter <65	28%	200	2076	5%	5
Non-Filter 65-70	28%	250	3668	5%	5
Filter <65	28%	440	2076	5%	5
Filter 65-70	28%	440	2747	5%	5
Filter 70-75	28%	545	3668	5%	5
Filter 75-85	28%	735	4170	36%	10
Other	28%	735	4170	36%	10
Bidis	28%	1.02	0	0	0.05
Smokeless Tobacco	28%	25%	0	104%	0.5%

Note: Values not in % are INR/1000 sticks of bidis/cigarettes.
Source: PowerPoint presentation from Dr. Rijo M John during National webinar on Pricing and taxation on tobacco products in India.

Inflation from the time of GST



Note: What is shown is the wholesale price inflation from the month of Jul 2017 to Jul 2022.
Source: Estimated using data from the Ministry of Commerce and Industry, Gol.

Impact of GST on Cigarettes across Indian states

States	Pre-GST baseline (estimated): 2017–2018				Post-GST: 2017–2018		
	VAT	Retail price (INR per pack of 10)	Tax burden	Quantity (million sticks)	VAT revenue (INR million)	Change in quantity (%)	Change in SGST revenue compar with VAT (%)
All India	31.5%	87.36	52.6%	83100	1 74 051	−0.28%	—
Rajasthan	65.0%	113.39	61.5%	1684	7523	8.0%	−85.6%
Uttar Pradesh	45.0%	97.65	56.7%	12105	36 683	3.6%	−79.7%
Jammu & Kashmir	40.0%	93.80	55.3%	2702	7240	2.3%	−77.3%
Madhya Pradesh	37.0%	91.50	54.4%	1325	3275	1.5%	−75.6%
Himachal Pradesh	36.0%	90.74	54.1%	254	611	1.2%	−74.9%
Maharashtra	35.0%	89.98	53.8%	3168	7390	1.0%	−74.3%
West Bengal	35.0%	89.98	53.8%	12 460	29 067	1.0%	−74.3%
Punjab	33.0%	88.47	53.1%	1911	4194	0.4%	−72.8%
Jharkhand	32.0%	87.71	52.8%	3864	8217	0.1%	−72.0%
Gujarat	30.0%	86.20	52.1%	1116	2219	−0.5%	−70.3%
Kerala	30.0%	86.20	52.1%	4518	8988	−0.5%	−70.3%
Assam	30.0%	86.20	52.1%	2670	5312	−0.5%	−70.3%
Mizoram	30.0%	86.20	52.1%	681	1354	−0.5%	−70.3%
Tamil Nadu	30.0%	86.20	52.1%	8359	16 628	−0.5%	−70.3%
Meghalaya	27.0%	83.95	51.1%	1485	2650	−1.5%	−67.2%
Odisha	25.0%	82.46	50.4%	2004	3305	−2.1%	−64.7%
Goa	25.0%	82.46	50.4%	70	116	−2.1%	−64.7%
Nagaland	25.0%	82.46	50.4%	306	504	−2.1%	−64.7%
Tripura	25.0%	82.46	50.4%	917	1513	−2.1%	−64.7%
Sikkim	22.0%	80.23	49.2%	229	331	−3.2%	−60.2%
Chhattisgarh	21.5%	79.86	49.1%	357	504	−3.4%	−59.3%
Haryana	21.0%	79.48	48.9%	997	1375	−3.5%	−58.4%
Arunachal Pradesh	20.0%	78.75	48.5%	310	407	−3.9%	−56.4%
Bihar	20.0%	78.75	48.5%	3071	4031	−3.9%	−56.4%
Chandigarh	20.0%	78.75	48.5%	56	73	−3.9%	−56.4%
Karnataka	20.0%	78.75	48.5%	5500	7219	−3.9%	−56.4%
Andhra Pradesh	20.0%	78.75	48.5%	5894	7736	−3.9%	−56.4%
Delhi	20.0%	78.75	48.5%	1466	1925	−3.9%	−56.4%
Telangana	20.0%	78.75	48.5%	1851	2430	−3.9%	−56.4%
Uttarakhand	20.0%	78.75	48.5%	491	644	−3.9%	−56.4%
Manipur	13.5%	73.97	45.7%	1279	1126	−6.4%	−36.7%

Source: PowerPoint presentation from Dr. Rijo M John during National webinar on Pricing and taxation on tobacco products in India.

Impact of GST on Bidi across Indian states

Table 4 Impact of the GST on *bidi* across Indian states

States	Pre-GST baseline (estimated): 2017–2018				Post-GST: 2017–2018		
	VAT	Retail price (INR per pack of 25)	Tax burden	Quantity (million sticks)	VAT revenue (INR million)	% change in quantity	Change in SGST revenue compared with VAT (%)
All India	15.3%	15.00	16.0%	2 60 000	20 643	–10.1%	–
Rajasthan	65.0%	22.60	41.2%	16 572	5902	25.3%	–74.9%
Jammu & Kashmir	40.0%	18.70	30.8%	1401	299	11.6%	–62.7%
Madhya Pradesh	37.0%	18.24	29.3%	9257	1824	9.6%	–60.3%
Assam	30.0%	17.18	25.5%	25 271	4008	4.6%	–52.9%
Mizoram	30.0%	17.18	25.5%	18	3	4.6%	–52.9%
Meghalaya	27.0%	16.73	23.7%	977	139	2.3%	–48.7%
Gujarat	25.0%	16.44	22.5%	10 982	1444	0.7%	–45.4%
Nagaland	25.0%	16.44	22.5%	231	30	0.7%	–45.4%
Goa	25.0%	16.44	22.5%	58	8	0.7%	–45.4%
Himachal Pradesh	22.0%	15.99	20.6%	2050	236	–1.8%	–39.3%
Arunachal Pradesh	20.0%	15.70	19.3%	358	37	–3.6%	–34.2%
Chandigarh	20.0%	15.70	19.3%	97	10	–3.6%	–34.2%
Delhi	20.0%	15.70	19.3%	3332	349	–3.6%	–34.2%
Tripura	14.5%	14.89	15.4%	2119	160	–8.7%	–13.6%
Kerala	14.5%	14.89	15.4%	3462	261	–8.7%	–13.6%
Tamil Nadu	14.5%	14.89	15.4%	13 137	991	–8.7%	–13.6%
Punjab	14.3%	14.86	15.3%	2481	185	–8.9%	–12.6%
Manipur	13.5%	14.74	14.7%	212	15	–9.7%	–8.1%
Uttar Pradesh	13.5%	14.74	14.7%	51 296	3599	–9.7%	–8.1%
Bihar	13.5%	14.74	14.7%	5329	374	–9.7%	–8.1%
Haryana	13.1%	14.69	14.4%	7174	489	–10.1%	–5.8%
Maharashtra	12.5%	14.60	13.9%	4313	280	–10.7%	–1.8%
Odisha	10.0%	14.24	12.0%	3053	158	–13.3%	19.6%
Uttarakhand	8.0%	13.95	10.3%	3562	147	–15.4%	46.0%
Chhattisgarh	5.0%	13.52	7.8%	1917	49	–18.8%	125.0%
Jharkhand	5.0%	13.52	7.8%	2165	56	–18.8%	125.0%
Andhra Pradesh	0.0%	12.81	3.2%	5010	0	–24.9%	–
Karnataka	0.0%	12.81	3.2%	8148	0	–24.9%	–
Sikkim	0.0%	12.81	3.2%	34	0	–24.9%	–
West Bengal	0.0%	12.81	3.2%	72 725	0	–24.9%	–
Telangana	0.0%	12.81	3.2%	3257	0	–24.9%	–

States are sorted in decreasing order of percentage change in revenue of *bidi* under the GST. Aggregates for India are weighted averages based on states consumption shares.

Source: PowerPoint presentation from Dr. Rijo M John during National webinar on Pricing and taxation on tobacco products in India.

Impact of GST on Smokeless Tobacco across Indian states

Table 5 Impact of the GST on Smokeless Tobacco across Indian states

States	Pre-GST baseline (estimated): 2017–2018				Post-GST: 2017–2018		
	VAT	Retail price (INR per pouch of 10 g)	Tax burden	Quantity (million 10 g pouch)	VAT revenue (INR million)	Change in quantity (%)	Change in SGST revenue compared with VAT (%)
All India	30.9%	11.50	57.1%	11 440	31 086	–6.0%	–
Madhya Pradesh	52.0%	13.64	62.4%	879	4102	9.3%	–82.8%
Rajasthan	45.0%	12.92	60.8%	415	1663	4.9%	–80.7%
Uttar Pradesh	41.0%	12.51	59.9%	2469	8982	2.2%	–79.3%
Jammu & Kashmir	40.0%	12.41	59.6%	23	82	1.5%	–78.9%
Himachal Pradesh	36.0%	12.01	58.5%	10	31	–1.4%	–77.2%
West Bengal	35.0%	11.91	58.3%	837	2585	–2.2%	–76.7%
Jharkhand	32.0%	11.61	57.4%	492	1383	–4.5%	–75.0%
Mizoram	30.0%	11.41	56.8%	16	42	–6.1%	–73.7%
Tamil Nadu	30.0%	11.41	56.8%	355	934	–6.1%	–73.7%
Gujarat	25.0%	10.91	55.3%	527	1150	–10.4%	–69.8%
Maharashtra	25.0%	10.91	55.3%	1273	2778	–10.4%	–69.8%
Nagaland	25.0%	10.91	55.3%	34	74	–10.4%	–69.8%
Odisha	25.0%	10.91	55.3%	801	1748	–10.4%	–69.8%
Tripura	25.0%	10.91	55.3%	81	176	–10.4%	–69.8%
Kerala	22.5%	10.66	54.5%	84	164	–12.7%	–67.2%
Sikkim	22.0%	10.62	54.3%	3	5	–13.1%	–66.6%
Chhattisgarh	21.5%	10.57	54.1%	399	745	–13.6%	–66.0%
Haryana	21.0%	10.52	54.0%	73	133	–14.1%	–65.3%
Arunachal Pradesh	20.0%	10.42	53.6%	24	41	–15.0%	–64.0%
Delhi	20.0%	10.42	53.6%	75	130	–15.0%	–64.0%
Telangana	20.0%	10.42	53.6%	162	282	–15.0%	–64.0%
Andhra Pradesh	20.0%	10.42	53.6%	162	281	–15.0%	–64.0%
Assam	20.0%	10.42	53.6%	560	973	–15.0%	–64.0%
Bihar	20.0%	10.42	53.6%	981	1703	–15.0%	–64.0%
Chandigarh	20.0%	10.42	53.6%	3	6	–15.0%	–64.0%
Meghalaya	20.0%	10.42	53.6%	25	43	–15.0%	–64.0%
Uttarakhand	20.0%	10.42	53.6%	56	96	–15.0%	–64.0%
Karnataka	17.0%	10.13	52.6%	456	670	–18.0%	–59.0%
Punjab	14.3%	9.87	51.5%	103	128	–20.8%	–52.8%
Manipur	13.5%	9.79	51.2%	61	71	–21.7%	–50.5%

States are sorted in decreasing order of percentage change in revenue of SLT under the GST. Aggregates for India are weighted averages based on states SLT prevalence shares.

Source: PowerPoint presentation from Dr. Rijo M John during National webinar on Pricing and taxation on tobacco products in India.

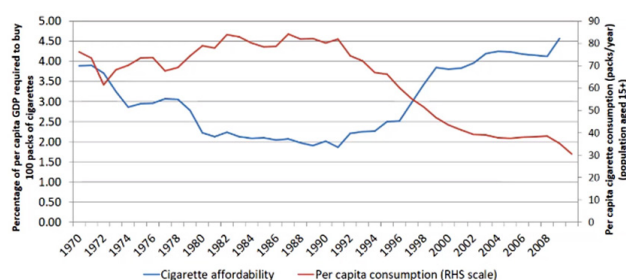
In recent years, the Indian government has been facing pressure from public health advocates to increase taxes on tobacco products in order to reduce consumption and improve public health.

However, the government has been hesitant to do so due to concerns about the impact on revenue and employment.

Roadmap of Tobacco Taxation in India - Challenges, Gaps, and Recommendations for the achievement of Tobacco Endgame

The roadmap for tobacco taxation in India to achieve the tobacco endgame (a world with minimal or no harm caused by tobacco) would need to address several challenges and gaps in the current system. One major challenge is easy affordability of tobacco products, which makes them accessible to a large population, despite the taxes imposed on them. To address this, the government would need to significantly increase taxes on tobacco products to make them less affordable and reduce consumption.

A very close relationship between cigarette consumption and affordability (r=0.98)



Source: PowerPoint presentation from Dr. Rijo M John during National webinar on Pricing and taxation on tobacco products in India.

Another challenge is the strong lobbying efforts of the tobacco industry, which often opposes higher taxes on their products. The government would need to take a strong stance against these efforts and put the health of the population first. Another gap in the current system is the lack of effective enforcement of existing laws and regulations on tobacco taxes. To address this, the government would need to improve its enforcement mechanisms and ensure that all tobacco products are properly taxed and labeled.

The operational recommendations for having taxation on Tobacco products and strengthening tobacco control activities in India are:

- Implementation of uniform taxation rate across all tobacco products, regardless of their length or type (Filtered or Non-Filtered, etc).
- Tax rate on tobacco products should be linked to inflation. (It should be at least some percentage higher than inflation to decrease affordability).
- The tax rate on all tobacco products should be increased as per the recommendation of WHO (at least, 75% of the retail price of tobacco products) since it has not changed in the last five years.
- Compensation tax should be introduced on tobacco products in addition to Natural Calamity Contingent Duty (NCCD), which should also be increased.
- Implementing taxation at every stage of the tobacco supply chain, from manufacture to sale.
- Sufficient evidence should be generated on the taxation of tobacco products and linking it with diverse areas of public health.
- Exemption, subsidy, or incentives should not be provided to small companies or cottage industries.

Conclusion

Tobacco taxation is a powerful tool for reducing tobacco consumption and promoting public health. In India, the history of tobacco taxation has been marked by a gradual shift from using taxes primarily as a source of revenue to using them as a tool for promoting public health. However, the current scenario of tobacco taxation in India is challenging, with tobacco products remaining relatively affordable and accessible to a large population.

To achieve the tobacco endgame in India, the government would need to address several challenges and gaps in the current system, such as reducing the affordability of tobacco products to the general population, counter-lobbying efforts of the tobacco industry, improving enforcement mechanisms, and strengthening public education by improving increasing taxes on tobacco products in line with the World Health Organization (WHO) guidelines.

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Bidhannagar Municipal Corporation to shut down hookah bars -The civic body has decided not to issue any licence for such joints

The Bidhannagar Municipal Corporation (BMC) in India has taken a firm stance against hookah bars, announcing its decision to shut down all such establishments in areas under its jurisdiction. In a move to support this decision, a letter has been sent to the Commissioner of the Bidhannagar police seeking assistance in implementing the ban. The BMC will not issue any licenses for hookah bars and is expected to issue a notification declaring them illegal commercial establishments. This move to close hookah bars is a step forward in promoting a healthier environment and reducing the harmful effects of tobacco use.



<https://www.telegraphindia.com/my-kolkata/news/bidhannagar-municipal-corporation-to-shut-down-hookah-bars/cid/1902231>

Ensure e-cigarettes not sold, carry out periodical checks around schools, colleges: Delhi HC to authorities

The Delhi High Court has taken a strong stance against the sale of e-cigarettes, issuing a directive to authorities to enforce laws prohibiting their manufacture, storage and sale. The court also instructed authorities to conduct periodic checks in all areas of Delhi to ensure that e-cigarettes are not readily available. This move emphasizes the government's commitment to protecting public health and reducing the harm caused by tobacco products, including e-cigarettes. The court's directive serves as a reminder to those who seek to profit from the sale of these harmful products, that they will be held accountable.



<https://indianexpress.com/article/delhi/ensure-e-cigarettes-not-sold-carry-out-periodical-schools-colleges-delhi-hc-authorities-8320618/>

New Zealand imposes lifetime ban on youth buying cigarettes



New Zealand has taken a bold step towards achieving its goal of becoming smoke-free by 2025 by passing into law a lifetime ban on the sale of cigarettes to young people. Under the new law, anyone born on or after January 1, 2009, will be prohibited from buying tobacco products. The minimum age for purchasing cigarettes will continue to increase over time, making it increasingly difficult for young people to access tobacco. This innovative approach represents a significant advancement in the fight against smoking and is a model for other countries to follow. The law serves as a clear message that New Zealand is dedicated to promoting public health and reducing the harm caused by tobacco use.

<https://www.thehindu.com/news/international/new-zealand-imposes-lifetime-ban-on-youth-buying-cigarettes/article66257705.ece>



Madhya Pradesh cabinet approves amendment bill to ban hookah lounges

The Madhya Pradesh cabinet on DEC 13 2022, approved a bill banning hookah lounges in the state. Earlier, Chief Minister Shivraj Singh Chouhan on October 2 announced hookah lounges will not be allowed to function in the state and will be razed, if necessary.

"The Cabinet has approved the State Amendment Bill-2022 of the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act 2003 to ban hookah lounges in Madhya Pradesh," said state home minister and government spokesperson Narottam Mishra.

<https://www.deccanherald.com/amp/national/north-and-central/madhya-pradesh-cabinet-approves-amendment-bill-to-ban-hookah-lounges-1171486.html>

The recommendation to ban the sale of single cigarettes

The Parliamentary Standing Committee on Health and Family Welfare has recommended in its latest report that the government ban the sale of loose cigarettes and increase taxes on all tobacco-related products.

<https://www.thehindu.com/news/national/expained-the-recommendation-to-ban-the-sale-of-single-cigarettes/article66296332.ece>



With a 'tobacco-free' tag, Naguvanahalli is all smile

Naguvanahalli, in Srirangapatna taluk of Mandya district, is among a handful of villages across Karnataka --- about 25 in all --- that have been declared "tobacco-free" in the wake of the State Anti-Tobacco Cell calling upon the District Tobacco Control Cells to work towards declaring at least one village in each taluk tobacco-free. Panchayat Development Officer T. Mahalakshmi feels that the village had managed to achieve a fair degree of voluntary compliance, thanks to the efforts of the residents and its elected representatives. Among other examples, a cluster of 21 villages in Suggenahalli Gram Panchayat in Ramanagaram district too had been declared tobacco-free.



https://epaper.thehindu.com/ccidist-ws/th/th_bangalore/issues/22700/OPS/GOGAQ476M.1+G6AAQ4S50.1.html

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