

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE**

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**LOK SABHA**

**UNSTARRED QUESTION NO.2941**

**TO BE ANSWERED ON MONDAY, AUGUST 7, 2023/SRAVANA 16, 1945 (SAKA)**

**TAX ON TOBACCO PRODUCTS**

†2941. **SHRI JANARDAN MISHRA:**

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has taken the cognizance of the fact that the Article 6 of the Framework Convention on Tobacco Central Calls for taxation as an effective measure to reduce the demand for tobacco and recommends a tax on tobacco products at least 75% tax on this retail price;
- (b) whether the Government is aware of the fact that more than 40 countries across the world including Sri Lanka (77 Percent) have imposed more than 75 percent tobacco tax;
- (c) whether the Government has noticed that average/effective tax on beedi, cigarette and smokeless tobacco in the country is 22 per cent, 53 per cent and 64 per cent respectively which is very less in comparison to 75 per cent of uniform tax on all tobacco products recommended by WHO; and
- (d) the steps proposed to be taken by the Government to implement and comply with Article 6 of the FCTC and increase the tax on tobacco products?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(SHRI PANKAJ CHAUDHARY)**

- (a): Government of India is a Party to the World Health Organization (WHO) Framework Convention on Tobacco Control(FCTC) and is implementing various demand and supply reduction measures for tobacco control. Article 6 of WHO-Framework Convention on Tobacco Control (FCTC) relates to the price and tax measures to reduce the demand for tobacco.
- (b): As per WHO report on the global tobacco epidemic, 2023, 41 countries were protected by tax rates at 75% or more of the price of the most popular brand of cigarettes. However, Sri Lanka (66.9%) is not one of them.
- (c): Tobacco products such as cigarettes, chewing tobacco, gutkha, etc. attract GST, Compensation Cess, Basic Excise Duty and National Calamity Contingent Duty (NCCD), while Beedis attract GST, Basic Excise Duty and National Calamity Contingent Duty (NCCD) as per the details in the Table below:

| <b>Tax/Duty/Cess</b>                     | <b>Details</b>  |
|--|---|
| GST                                      | Tobacco products such as beedis, cigarettes, chewing tobacco, gutkha, etc. attract GST at the highest rate of 28%   |
| Compensation Cess                        | Compensation Cess is leviable on specified tobacco products such as chewing tobacco, gutkha, etc., other than with declared retail sale price, cigarettes, among others, at varying <i>ad valorem</i> rate ranging from 5% to 290% and/or specific rate, on products like cigars, cigarettes, etc. ranging from Rs. 2076 per thousand to Rs. 4170 per thousand. Further, the Compensation Cess rate levied on specified commodities like gutkha, chewing tobacco, smoking mixtures for pipes and cigarettes, etc., with declared retail sale price, has been linked to retail sale price and is leviable at a rate ranging from 8% to 69% of retail sale price. |
| Basic Excise Duty                        | Basic Excise Duty is leviable on specified tobacco products such as beedis, cigarettes, chewing tobacco, gutkha, etc. at varying <i>ad valorem</i> rate ranging from 0.5% to 1% or specific rate ranging from 5 paise per thousand to Rs. 10 per thousand.  |
| National Calamity Contingent Duty (NCCD) | National Calamity Contingent Duty (NCCD) is leviable on specified tobacco products such as beedis, cigarettes, chewing tobacco, gutkha, etc. at varying <i>ad valorem</i> rate ranging from 25% to 60% or specific rate ranging from Rs. 1 per thousand to Rs. 850 per thousand   |

(d): Government has been reviewing and recalibrating the duty rates on tobacco products from time to time. In Union Budget 2023-24, the rate of National Calamity Contingent Duty (NCCD), levied as a duty of excise, has been increased by about 16% on specified cigarettes.

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