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Experts call for more taxes on cigarettes, bidis

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Bureau

Tobacco smoking is killing one million Indians every year. But a simple rise in excise tax of bidis and cigarettes could reverse this deadly trend.

According to a new report by leading Indian, American and Canadian economists and public health experts, if India increased its tax rate on bidis from Rs 14 to Rs 98 per 1,000 sticks (from 9% to 40% of retail price) and on cigarettes from Rs 659 to Rs 3,691 per 1,000 sticks (from 38% to 78% of retail price), 18.9 million lives could be saved every year.

The report -- 'Economics of Tobacco and Tobacco Taxation in India' -- released by two of its authors, Dr Govinda Rao of the National Institute for Public Finance and Policy and Dr Prabhat Jha of the Centre for Global Health Research, on Thursday concluded that without strong action, over 51 million Indians alive today would die prematurely from tobacco consumption.

Cigarette taxes currently account for less than 40% of the retail price of a package, far below the WHO's recommended levels of 65% to 80%.

According to experts, tobacco-related illness and death costs the Indian government around Rs 30,000 crore. Bidi and cigarette smokers die 6 to 10 years earlier than their non-smoking counterparts.

"Tobacco taxes in India are not regularly adjusted for inflation and over time, tobacco products are becoming increasingly affordable," the report said.

The report pointed out that by 2020, tobacco would be responsible for 13% of all deaths in India and estimated that without any intervention, more than 38.4 million bidi smokers and 13.2 million cigarette smokers were likely to die prematurely due to smoking.

Raising taxes on cigarettes and bidis to internationally recommended levels would generate more than Rs 18,000 crore annually in new government revenues that could be used to support efforts to reduce tobacco use and help bidi workers.

Bidis account for 85% of tobacco smoked in India.

Dr Prabhat Jha said, "Every year, smoking accounts for one in 10 of all deaths, half of them among the poor. The results highlight the crucial role that the government can play in reducing tobacco-related deaths by raising taxes on tobacco products."

Dr Govinda Rao added, "Identifying measures to dissuade consumption of tobacco should be a high priority."

Over 120 million Indians smoke, and 10% of the world's tobacco smokers live in India. India has the second largest group of smokers in the world after China. Almost a third of Indians -- 57% of all men and 11% of all women -- consume some form of tobacco and many use more than one type of tobacco product.

Dr Prakash C Gupta, director of Healis-Sekhsaria Institute of Public Health, said, "The recommendations made in the study should be considered while evaluating tobacco taxation in India. Bidi smoking is more harmful than cigarettes because they are filled with small amounts of low-grade tobacco. Bidi smoke contains high levels of tobacco specific nitrosamines -- the most potent cancer causing agents."