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Budget fails to tax bidis...Healis criticizes govt

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Rising taxes on bidis by even a meager 1 paisa per bidi would not only increase the revenues of the government by Rs 1,000 crore but curtail bidi smoking thereby improving the public health.

Healis - Sekhsaria Institute for Public Health, an anti-tobacco advocacy group, criticized the Union finance ministry of showing preferential treatment to bidi makers by not imposing taxes on bidis but announced an 11-18% hike in duties on cigarettes, cigars and cigarillos in the 2010 Budget.

According to Dr. Prakash C Gupta, Director Healis – Sekhsaria Institute for Public Health, “India, accounts for more than 85% of the world's bidi production. Our country produces about trillion bidis every year. Rising taxes on bidis by even a meager 1 paisa per bidi would not only increase the revenues of the government by Rs 1,000 crore but curtail bidi smoking thereby improving the public health. Bidi smoke contains high levels of tobacco specific nitrosamines - the two most potent cancer causing agents. It is high time the government took bidi smoking seriously.”

There has always been question raised on bidi not being taxed at the same level as the rest of the tobacco industry although bidi smoking is one of the largest killers in India compared to all other forms of tobacco combined and causes the same diseases as cigarette smoking does. Currently, taxes on bidis are 30 times lower than that of cigarettes on per kilo basis while the Health Ministry has recommended that taxes be on par with non-filter cigarettes, which would raise the price of a pack of 25 bidis from Rs 4 to Rs 8.

Dr Gupta also pointed out that bidis must be taxed because of the harmful health consequences and not only because cigarettes are taxed. The existing taxation system allows bidi companies to evade paying taxes, taking advantage of the fact that manufacturers producing less than two million bidis in a year are exempt from excise duty. He further stated that higher taxation on cigarettes may lead to higher consumption of other smokeless tobacco products and the availability of other tobacco products makes the possibility of a strong substitution effect quite high.

The finance ministry even proposed enhancement of excise duty on all non-smoking tobacco such as scented tobacco, snuff, chewing tobacco and others. In addition, the Budget introduced a compounded levy scheme for chewing tobacco and branded unmanufactured tobacco. However, it showed preferential treatment to bidis sector by not imposing any taxes.

According to Dr Gupta bidis account for more than half of the tobacco consumed in the country with an estimated 100 million people - mostly the poor and illiterate – smoking bidis. More Indians die from smoking bidis than from all other forms of tobacco combined – Indians smoke eight times as many bidis as cigarettes. He further stated that bidi smoking increases the risk of oral cancer, cancer of the lung, stomach and oesophagus, heart disease, chronic lung disease, asthma and tuberculosis. Bidi smoke has proven a carcinogens, toxins and poisonous substances. While there are various campaigns and awareness drives against cigarette smoking, no one seems to be mentioning bidis, which is the biggest killer.