Public health groups call for Covid cess on cigarettes, beedis

NEW DELHI, DHNS

Ahead of its crucial meeting on August 27, public health groups and economists have reached out to GST Council urging it to impose a special Covid cess on cigarettes, beedis and smokeless tobacco products, to raise upto Rs 50,000 crore.

The Council in its special meeting, called to discuss the only agenda of how to raise collections in the compensation cess, a kitty which goes to meet the revenue shortfall of states, is expected to mull over setting up a market borrowing mechanism to compensate states on their revenue losses due to the implementation of GST.

Looking for new avenues to tax goods and services, the Council may also include some more items in the list of sin goods, which are taxed at the highest 28% and also levy cess on a few new services. Non-virginia tobacco could be one of those aiming to curtail its widespread consumption, protecting health of citizens and bring it under a taxation structure.

Smokeless tobacco in India is currently used majorly for unorganised manufacturing of chewing tobacco, gutka, pan masala variants, zarda and others.

According to a study published in BMC Medicine, India accounts for 70% of deaths globally caused due to chewing of smokeless tobacco. The need for regulations to curtail their use is even greater during Covid-19 as this variant of tobacco is mostly chewed and spat, thereby aiding the spread of the virus. The requirement for regulations is driven further by the fact that India, as per the research, is a hotspot for smokeless tobacco consumption.

While India has an expansive set of rules and laws to restrict and regulate tobacco used in cigarettes and cigars at par with international norms, smokeless tobacco products and variants do not fall under this umbrella despite 85% of the tobacco being grown in India across 15 states.

This largely unorganised and unregulated sector sees consumers of all age groups with the average age of tobacco consumers being as early as 17.4 years, according to Global Adult Tobacco Survey.

“The debilitating state of the smokeless tobacco sector demands a regulatory structure akin to that in place for other tobacco products. If smokeless tobacco is traded or processed through auction platforms governed by the Tobacco Board of India or via APMCs then it will ensure fair pricing and ample taxation. Regulations will also ensure that manufacturers do not evade taxes in this highly unorganised sector,” the body wrote to Finance Minister Nirmala Sitharaman.