

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO-2288**  
ANSWERED ON – 21.03.2023

**INCREASE IN TAXES ON TOBACCO PRODUCTS**

2288. SHRI BINOY VISWAM:

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

(a) the details of the current tax burden on the sale of tobacco products such as beedis, cigarettes, and smokeless tobacco in the country;

(b) whether Government intends to increase the taxes imposed on tobacco products to meet the minimum tax of 75 per cent of the retail price as recommended by Article 6 of the WHO Framework Convention on Tobacco Control (WHOFCTC); and

(c) the details of the steps taken by Government to implement and comply with Article 6 of WHOFCTC?

**ANSWER**

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

**(a):** 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).

Tobacco products such as beedis, cigarettes, chewing tobacco, gutkha, etc. attract GST at the highest rate of 28%.

Compensation Cess is leviable on specified tobacco products such as cigarettes, chewing tobacco, gutkha, etc. at varying ad valorem 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.

Basic Excise Duty is leviable on specified tobacco products such as beedis, cigarettes, chewing tobacco, gutkha, etc. at varying ad valorem 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) is leviable on specified tobacco products such as beedis, cigarettes, chewing tobacco, gutkha, etc. at varying ad valorem rate ranging from 25% to 60% or specific rate ranging from Rs. 1 per thousand to Rs. 850 per thousand (through Provisional Collection of Taxes Act, 1931 invoked in Finance Bill, 2023).

**(b) and (c):** Article 6 WHO-Framework Convention on Tobacco Control (FCTC) relates to the price and tax measures to reduce the demand for tobacco. Government has been reviewing and recalibrating the duty rates on tobacco products from time to time. In Union Budget 2023-24, *vide* clause 153 of the Finance Bill, 2023, it is proposed to amend the Seventh Schedule to the Finance Act, 2001, to increase the rate of National Calamity Contingent Duty (NCCD), a duty of excise, on specified cigarettes by about 16%.

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