

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

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**LOK SABHA**

**UNSTARRED QUESTION NO.2774**

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

**LOWEST PRICE OF TOBACCO PRODUCTS**

**2774. SHRI UNMESH BHAIYYASAHEB PATIL:  
DR. SUJAY RADHAKRISHNA VIKHE PATIL:  
DR. KRISHNA PAL SINGH YADAV:  
DR. HEENA VIJAYKUMAR GAVIT:  
DR. SHRIKANT EKNATH SHINDE:  
PROF. RITA BAHUGUNA JOSHI:**

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

- (a) whether India has one of the lowest prices for tobacco products and there is a need to increase taxes on tobacco products to utilize the additional revenue gained for cancer prevention and awareness, if so, the details thereof;
- (b) the details of the current tax burden on beedi, cigarette and smokeless tobacco products in India;
- (c) whether the Government has received any recommendations from any States to increase Compensation Cess on tobacco products; and
- (d) if so, the details thereof?

**ANSWER**

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

(a): No such data is available with the government. 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.

(b): 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 paisa 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

(c) and (d): In the recent past, representations have been forwarded by States of Punjab, Chhattisgarh and Haryana, wherein it has been proposed to increase the applicable rate of Compensation Cess on tobacco products like cigarettes and smokeless tobacco products.

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