

The tobacco conundrum

Tobacco accounts for a million deaths in India every year. The health costs of tobacco are very high. While one arm of the government, the Health Ministry, makes all-out efforts to curb the use of tobacco in the country, some other arms of the government are active in negating these efforts. In fact, it is the job of the Tobacco Board and the Central Tobacco Research Industry to bat for the tobacco sector. Why does this happen?

THE TOBACCO ECONOMY

Tobacco is one of the most economically significant agricultural crops. It is a drought-tolerant, hardy and short-duration crop that can be grown in soils where other crops cannot be cultivated profitably. About 15 States in the country grow tobacco. Indian tobacco accounts for 10 per cent of the area cultivated globally and 9 per cent of the total production.

LIVELIHOOD

The bidi industry provides six times as many jobs as the cigarette industry. Thirty-six million people are dependent on tobacco: six million farmers, 20 million labourers engaged in tobacco farming and 10 million people who work in processing, manufacturing and exports.

Bidi rolling alone provides employment to 4.4 million people, and 2.2 million tribal people are involved in collecting tendu leaf for bidi-making. The industry's main beneficiaries are small and marginal farmers, rural women, tribal youth and weaker sections of society.



Cultivated area and production in 2009-10

State	Area (*000 Hectares)	% to All India	Production (*000 Tonnes)	% to All India
Andhra Pradesh	199.00	44.79	360.00	51.99
Gujarat	62.00	13.96	101.00	14.59
Karnataka	118.00	26.56	91.00	13.14
Uttar Pradesh	23.39	5.26	79.76	11.52
Bihar	9.24	2.08	17.25	2.49
Tamil Nadu	7.05	1.59	10.74	1.55
Maharashtra	5.00	1.13	7.00	1.01
Others	20.60	4.64	25.74	3.72
All India	444.28	100.00	692.49	100.00

India enjoys an edge over other leading tobacco-producing countries in terms of low production cost, average farm prices and export prices.

CASH COW

Tobacco accounts for 8-9 per cent of the total excise receipts. The provisional data for 2011-12 (up to January 2012) show that excise revenue from tobacco was Rs.14,804 crore out of a total collection of Rs.1,14,046 crore.

Budget 2012 increased the excise duty on 'demerit' goods such as certain cigarettes, hand-rolled bidis, pan masala, gutkha, chewing tobacco, un-manufactured tobacco and scented tobacco.

The rate of tax on tobacco and tobacco products was raised from 13.5 per cent to 20 per cent. The Ministry of Health and Family Welfare has asked all States to either levy or increase VAT on all tobacco products.

ITC supplies four out of every five cigarettes sold in India. Cigarettes contribute 81 per cent of its profit share.

Percentage of smokers by State (All India 35%)

TOP 5

Mizoram 67

Nagaland 57

Tripura 56

TOBACCO AND HEALTH

Tobacco accounts for 5.5 million deaths worldwide every year, according to the World Health Organisation. China has the most tobacco users (300.8 million), followed by India (275 million). China has the most smokers (300.7 million), while India has the most smokeless tobacco users (205.9 million).

Sixty-three per cent of all deaths worldwide are caused by non-communicable diseases, for which tobacco use is one of the greatest risk factors.

There are over 4,000 different chemicals in tobacco and tobacco smoke. More than 60 of these are known to cause cancer. Nicotine, a highly addictive drug, is found in tobacco.

According to V. Rao and P. Chaturvedi ("Tobacco and health in India", *Indian Journal of Cancer* 2010), health consequences arising from tobacco consumption virtually affect every organ of the human body, leading to ill health, morbidity, and mortality.

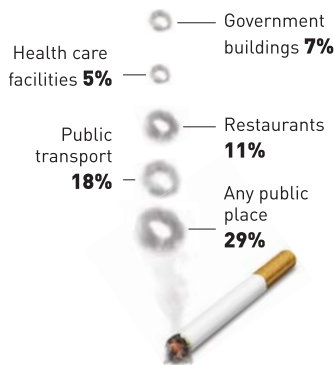
The most important health hazards are cardiovascular diseases (CVDs), pulmonary diseases, and cancer. CVD is one of the world's leading causes of death and far outweighs the deaths from cancer. Lung infections, tuberculosis, and asthma are the other major ailments caused by tobacco or exposure to tobacco smoke.

Tobacco consumption also adversely affects reproductive health, the digestive process, vision, bone metabolism and dental hygiene and perhaps causes diminished performance in virtually every functioning cell.

COST BURDEN

According to *The Tobacco Atlas*, the direct health cost of smoking in India is \$1,195 million, a figure based on estimates of both private and public direct medical costs of

Where exposure to secondhand smoke takes place



treating tobacco-related illnesses, which are only a portion of the total cost of tobacco to society. India spends approximately Rs.30,000 crore annually on the treatment of tobacco-related illnesses, accounting for roughly one-fourth of all health spending.

CESSATION

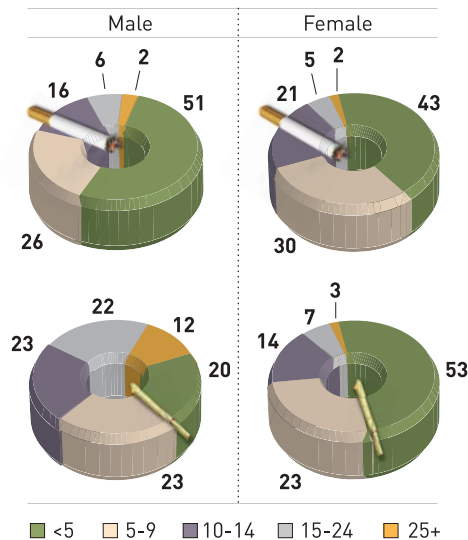
The WHO Framework Convention on Tobacco Control (WHO FCTC) and its guidelines provide the foundation for countries to implement and manage tobacco control (India is a signatory). To help make this a reality, WHO introduced the MPOWER measures. These measures, contained in the WHO FCTC, are intended to assist in the country-level implementation of effective interventions to reduce the demand for tobacco. They are:

- Monitor tobacco use and prevention policies.
- Protect people from tobacco smoke.
- Offer help to quit tobacco use.
- Warn about dangers of tobacco use.

Enforce bans on tobacco advertising, promotion and sponsorship.

Raise tax on tobacco. According to a study, "The Economics of Tobacco and Tobacco Taxation in India", "Taxes on cigarettes are low, while taxes on bidis have historically been close to zero in rupee terms. The result is that tobacco products have become increasingly affordable in India over the past decade. Significant and sustained increases in taxes across all tobacco products would dramatically reduce tobacco consumption, mortality, and morbidity while also raising substantial government revenues."

How many cigarettes/bidis they smoke a day (in per cent)



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Source: Ministry of Health and Family Welfare, Ministry of Agriculture, Ministry of Finance, Global Adult Tobacco Survey, India 2009-2010, Central Tobacco Research Institute, Tobacco Board, Indian Journal of Cancer, Economic & Political Weekly, The Tobacco Atlas, and others.

BOTTOM 5

