

## Budget 2023: Cigarettes to cost more as Budget proposes 16% hike in duty

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### Synopsis

Noting that the health care burden due to tobacco consumption in India is around 1.04 per cent of GDP, pushing many into poverty, Arvind Mohan, Professor and Head, Department of Economics, University of Lucknow, had said a substantial increase in tax on these lethal items would close the gap.

Finance Minister Nirmala Sitharaman on Wednesday announced a 16% increase in National Calamity Contingent Duty (NCCD) on cigarettes.

A substantial hike in tax on all tobacco items and stronger laws will not only bring the best out of human capital by ensuring better health of citizens, but also help in achieving Prime Minister Narendra Modi's vision of a five trillion dollar economy by 2025, experts have asserted.

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According to experts, taxation on tobacco can be a very effective tool to generate revenue because the product being elastic in nature, high tax will have no adverse impact on revenue earnings of the government.

Following the Budget announcement, the stock of ITC, one of the top brands to sell cigarettes, has fallen.

India is among 182 countries which signed the WHO framework convention on tobacco control which recommends at least 75 per cent tax on retail price of all tobacco products. However, in India, tax on cigarettes is 52.7 per cent, 'bidis' 22 per cent and chewing tobacco 63.8 per cent

According to Global Adult Tobacco Survey-India (GATS -2016-17), nearly 27 crore adults of 15 years age and above used tobacco in some form or the other. India is the second largest consumer and the third largest producer of tobacco.

**Source:** <https://economictimes.indiatimes.com/news/economy/policy/budget-2023-cigarettes-to-cost-more-as-budget-proposes-16-hike-in-duty/articleshow/97516903.cms>