

India sharply hikes 'sin tax' on cigarettes

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India's finance minister introduced a double-digit hike in "sin tax" on cigarettes Thursday in his budget as the country seeks to reduce a massive death toll from tobacco use.

Finance Minister Arun Jaitley told parliament he was raising the excise duty—the tax generally imposed at the manufacturing level and passed onto consumers—by as much as 72 percent.

Analysts said the rise in the excise duty could increase the price of a pack of cigarettes by as much as 20 percent.

"I propose to increase the specific excise duty on cigarettes in the range of 11 percent to 72 percent," Jaitley said as he presented the maiden budget of India's new right-wing government.

The size of the increase in duty would depend on the length of the cigarette.

"Similar increases are proposed on cigars, cheroots and cigarillos," Jaitley said.

"These are healthy measures and I hope everyone would welcome them from the point of view of human and fiscal health," Jaitley said.

According to an Indian government report, India is the world's second-highest consumer of tobacco products and the third-largest producer of tobacco.

India accounts for around one million of the estimated 5.5 million people across the world who die from [tobacco](#) use every year.

"Cigarette prices could roughly increase by 15 to 20 percent," Rajrishi Singhal, senior fellow in geoeconomics at the Mumbai-based think tank Gateway House, told AFP.

Analysts said cigarette companies were likely to lobby hard against the hike contained in the proposed budget for the 2014-15 financial year, which must be approved by parliament.

The [finance minister](#) also proposed imposing an additional five percent excise duty on fizzy drinks containing sugar.

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