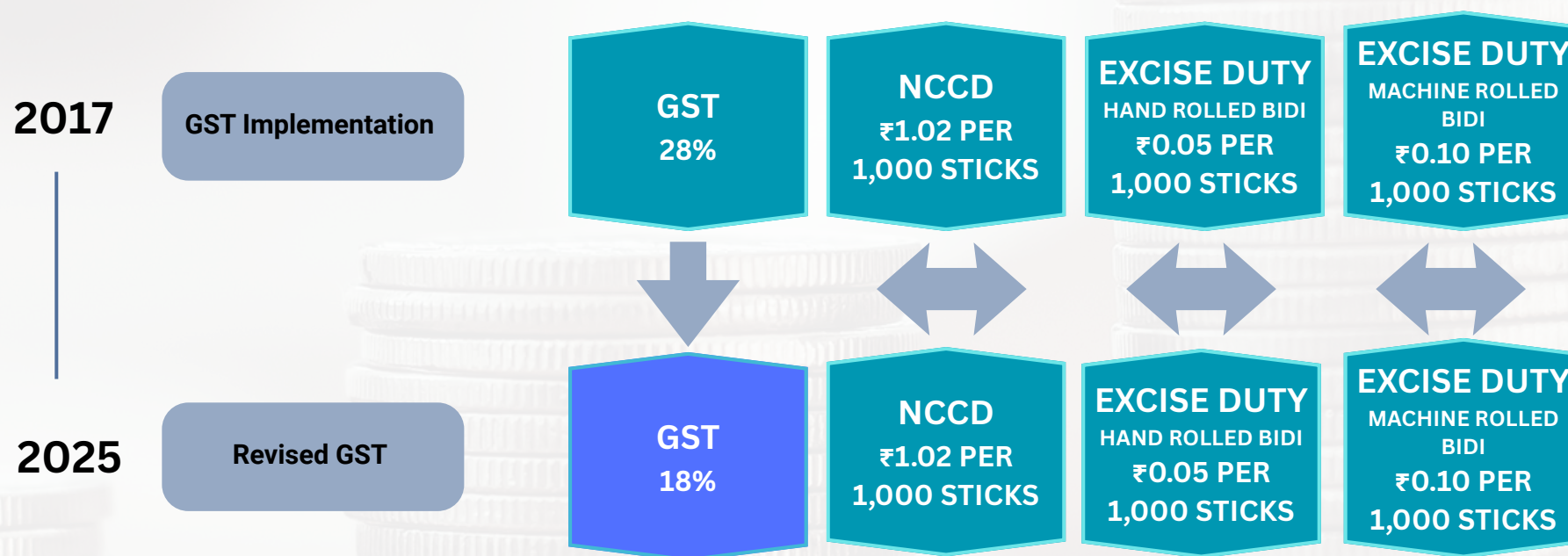


BIDI TAXATION IN INDIA: TRENDS, CHALLENGES, RATIONALE AND POLICY IMPERATIVES

THE CHANGING LANDSCAPE OF BIDI TAXATION SINCE 2017

Taxes are the most underutilised tools for bidi consumption control, and serves as a crucial policy tool within the broader framework of tobacco control. Imposition of higher taxes on bidis have the potential to serve as a vital measure, with the potential to reduce consumption and avert substantial health and economic burdens, particularly among low-income and rural populations. Despite the well-established harms of bidi use, the industry continues to benefit from subsidies and tax exemptions, remaining the least taxed among tobacco products, presenting an imbalance that warrants urgent policy review. This factsheet presents projections on the health and economic gains achievable through increased bidi taxation in India and outlines recommendations for aligning national tax structures with global best practices.

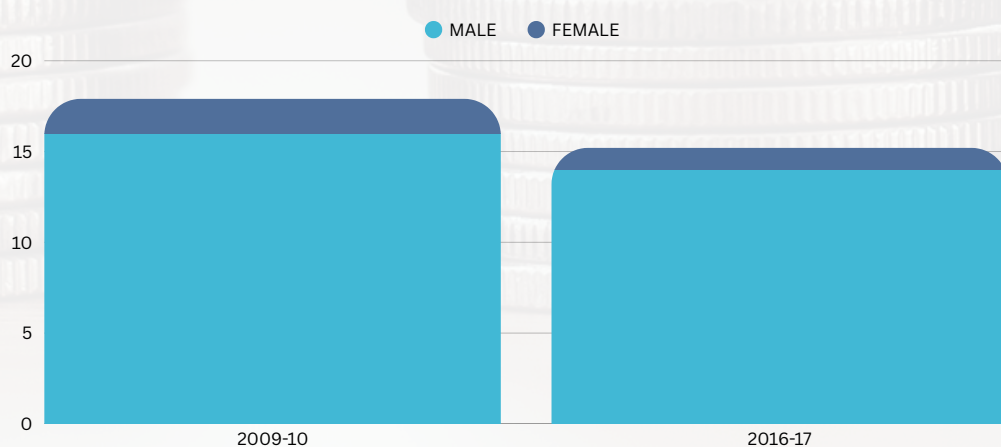
BIDI TAXATION SINCE 2017



PREVALENCE OF BIDI CONSUMPTION

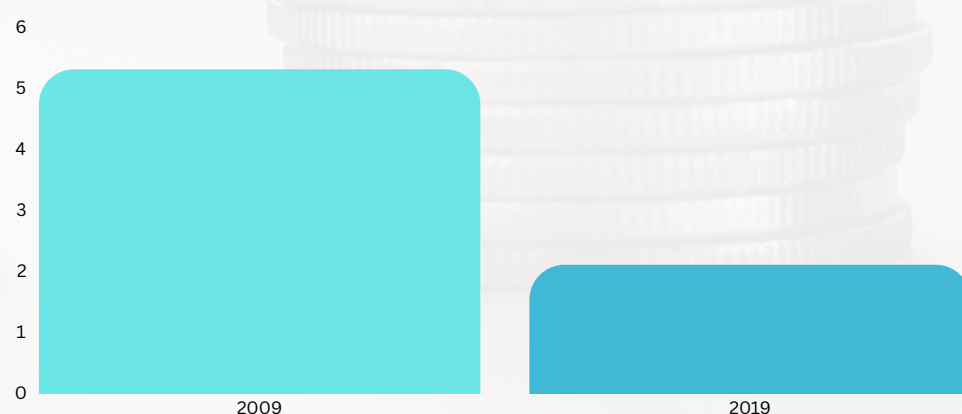
Smoking Trends: The Adult Story (in Percentage)

Global Adult Tobacco Survey (GATS) data show decline in bidi smoking prevalence among both males and females from GATS-1 to GATS-2.



Smoking Trends: The adolescent story (in Percentage)

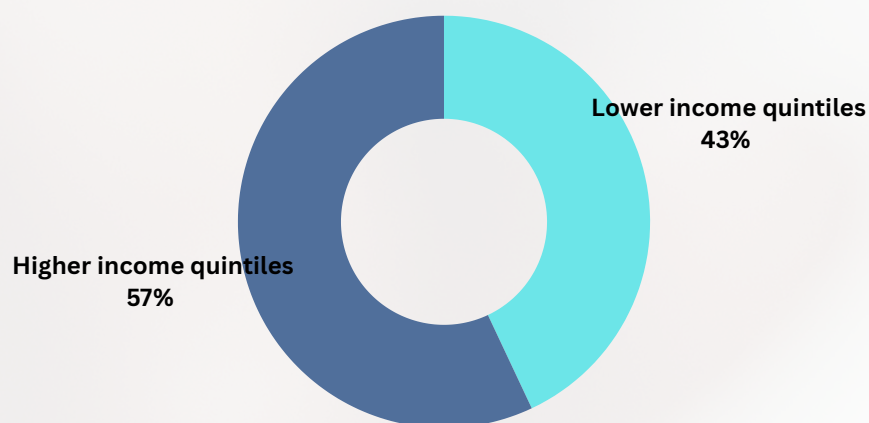
Global Youth Tobacco Survey (GYTS) data show a decline in bidi smoking prevalence among adolescent (13 to 15 years) from GYTS-3 to GYTS-4.



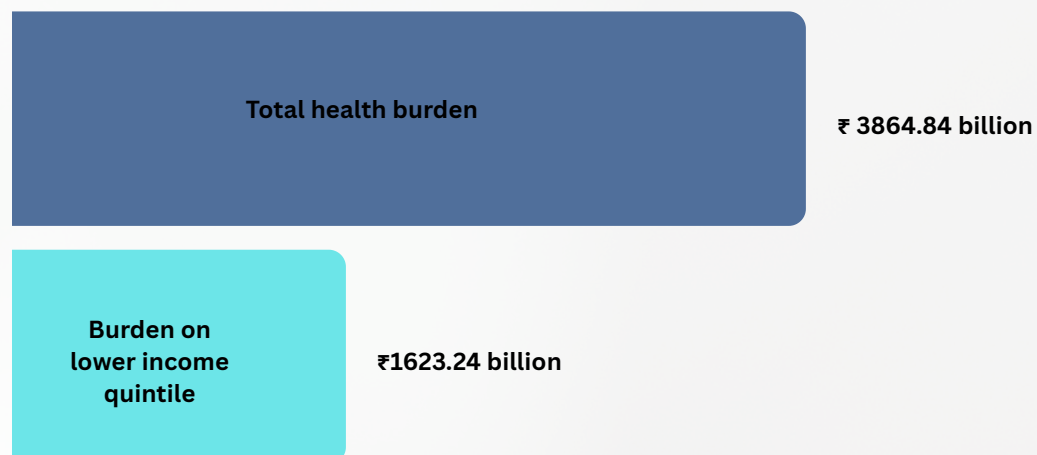
HEALTH BURDEN OF BIDI CONSUMPTION

The prevalence-based attributable-risk approach was used to estimate the economic cost of bidi-attributable diseases, including both medical and non-medical expenditures.

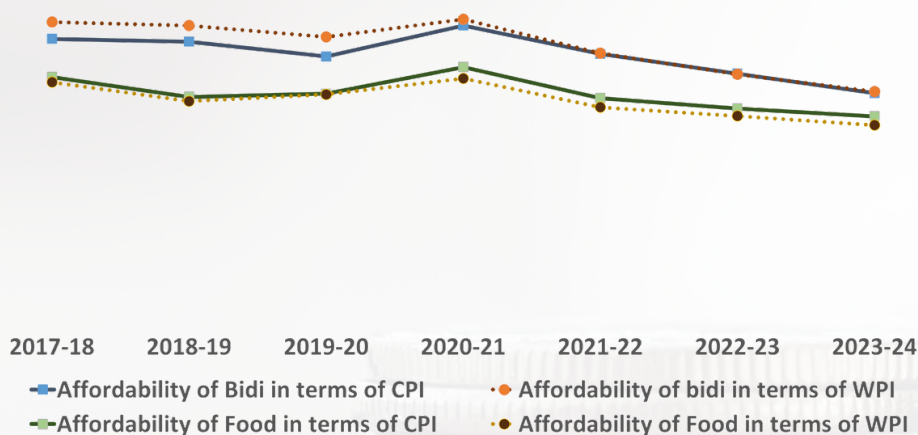
Who Smokes More?



Behind the Smoke: A Growing Health Crisis



BIDI BECOMING MORE AFFORDABLE FROM 2017 TO 2024?



- Bidi has become more affordable over time.
 - In terms of Consumer Price Index (CPI), the affordability gap with food items have declined over time

IMPACT OF PROPOSED CHANGE IN GST (28% → 18%)

Based on the recommendations of the 56th GST Council meeting held in September 2025, bidi will continue to be taxed at the existing rate of 28% plus compensation cess for now. Once the compensation cess obligations are fully met, bidis are expected to be subject to the GST rate, which has been reduced from 28% to 18%.

The GST rate on bidis is set to be reduced from 28% to 18% which is in contrary to Article 6 of WHO Framework Convention on Tobacco Control (FCTC) which calls for tax policies that include a uniform tax rate across all tobacco products to discourage consumption and enhance revenue generation.

Impact of reduction in GST (28% → 18%)

Public Health Impact:

- Increase in prevalence: 3.36%
- Expected increase in the number of bidi users: 2.72 million
- Expected additional deaths: 16,048
- Expected additional premature life years lost (YLLs) annually: 0.35 million

Lower Tax Revenue:

- Proportion of tax in price: 15%
- Estimated revenue loss: from ₹54.50 billion to ₹18.29 billion

Impact of proposed increase in GST (28% → 40%)

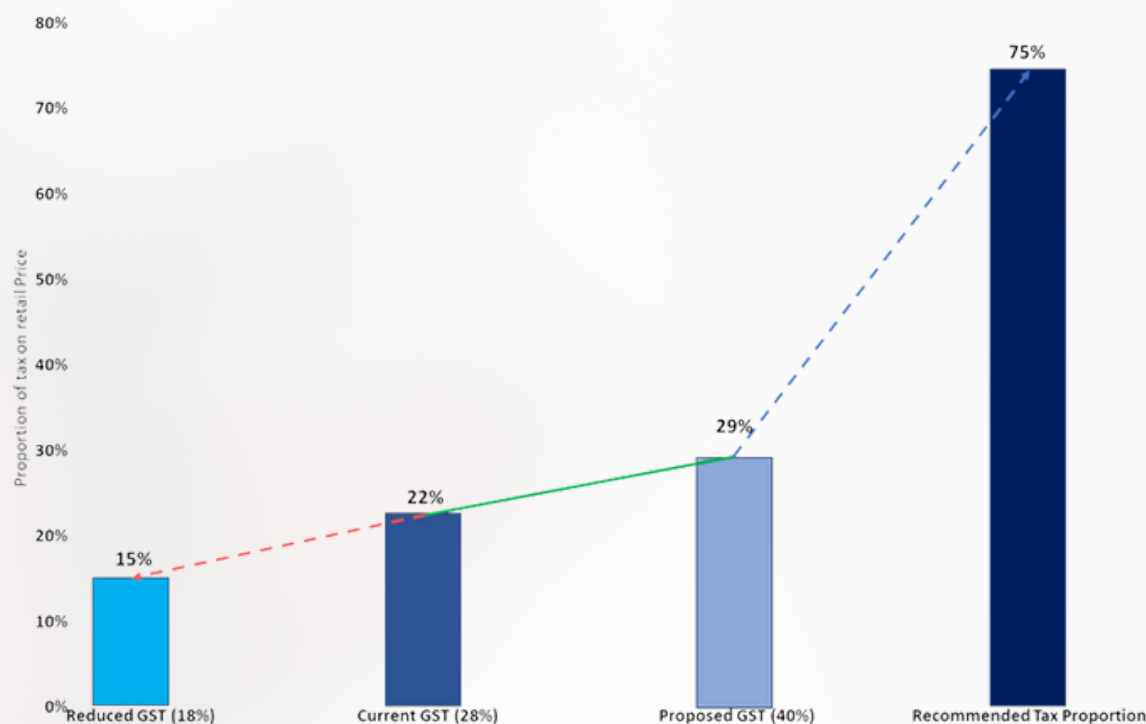
Public Health Impact:

- Prevalence reduction: 4.03%
- Expected additional annually lost premature life years (YLLs) averted: 0.43 million
- Expected additional Deaths averted: 19,258

Higher Tax Revenue:

- Proportion of tax in price: 42.86%
- Revenue is estimated to increase from ₹54.50 billion to ₹74.72 billion

TAX AS A SHARE OF RETAIL BIDI PRICE (IN PERCENTAGE)



RECOMMENDATIONS

Strengthen bidi Taxation Policy

Align with WHO FCTC Best Practices

Increase GST on Bidi Products

Remove Abatement/ Discounting Provisions

Introduce a Bidi Tax Escalator Mechanism

- Higher taxation remains a proven and effective strategy for reducing tobacco consumption.
- In line with the WHO FCTC, all nations should ensure that the total tax constitutes at least 75% of the retail MRP of all tobacco products. Currently, the tax share on bidi is only 22%, resulting in substantial excise revenue losses. Raising the tax proportion will help align India's policy with global best practices and significantly reduce bidi smoking rates.
- The GST component of the total tax on bidi should be increased to 40%. This will not only enhance government revenue but also strengthen funding for public health programs and tobacco control initiatives.
- Remove the ₹4 million Tax Exemption for Beedi Manufacturers.
- BED and NCCD should be revised annually in line with inflation to ensure regular price increase.

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