

tobacco

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Sharad Tandan

Tobacco Institute of India

Sharad Tandan, the new director of the Tobacco Institute of India, chats with *Tobacco Asia* about a proposed new draft bill, the Covid-19 crisis, and the anti-tobacco lobby.



Sharad Tandan.

On March 12, 2020, Sharad Tandan commenced his new position as director of the Tobacco Institute of India (TII), replacing the incumbent, Syed Mahmood Ahmad. A qualified chartered accountant, Tandan previously worked at India's largest tobacco company, ITC Ltd., for a long time having joined in 1985. His many years of work experience bestowed Tandan with an extraordinarily diverse in-depth understanding of tobacco industry-related issues in India.

Founded in 1992 in New Delhi, TII is a non-profit organization with membership across all stakeholders in India's cigarette-producing sector, including manufacturers, farmers, exporters, and ancillary suppliers. The institute's members account for more than 98% of the country's domestic sales of duty-paid cigarettes.

Tobacco Asia (TA): *What is the mission of TII?*

Sharad Tandan (ST): As an organization, TII always supports evidence-based, equitable, reasonable, and implementable regulations, recognizing the need to create greater awareness regarding tobacco consumption in India. The institute constantly engages with government, legislators, the media, and other stakeholders on key industry issues and communicates industry viewpoints on policy and regulatory matters. As such, TII serves as a reliable information source on all tobacco industry matters.

TA: *The Ministry of Health and Family Welfare in early January, published for public comment a proposed amendment of India's current "Cigarettes and Other Tobacco Products Act" of 2003 (COTPA). What main changes does the draft bill propose?*

ST: The major regulatory proposals included in the draft bill are:

- adding a reference of WHO Framework Convention on Tobacco Control (FCTC) to the COTPA preamble;

- removing a proviso in COTPA section 4 that allows segregated smoking areas in hotels, restaurants, and airports;
- removing of provisos (a) and (b) under COTPA section 5(2) that allow tobacco advertising at points-of-sale;
- increasing the legal age for buying tobacco products from 18 years to 21 years;
- changing the wording referring to no-sale zones around educational institutions from currently "within a radius of 100 yards" to "within a radius of 100 meters";
- requiring tobacco products to be sold in unopened, intact, and original packages only
- implementing WHO's illicit tobacco trade protocol, including its track-and-trace system; and
- tremendously increasing penalties for contravening regulations, including extremely stiff fines as well as imprisonment for certain violations.

TA: *If the draft bill should pass into law, what are its ramifications for tobacco industry stakeholders in India?*

ST: The draft bill contains several provisions that are highly problematic for stakeholders, given that the [current COTPA] already is amongst some of the most stringent regulations globally. The proposals have far-reaching consequences for 45.7 million people whose livelihoods depend on this industry, including small retailers, traders, farmers, bidi workers, and tendu leaf pickers. This kind of regulatory overreach is unwarranted. However, so far, no timeline for effecting the amendments is scheduled by the government.

TA: *Has there been any sort of opposition to the proposed amendments?*

ST: Legal experts expressed serious reservations about those amendments that severely restrict the freedom of tobacco consumers and adversely affect the legitimate trade and commerce in tobacco products.

Since the enactment of the Cigarettes (Regulation of Production, Supply and Distribution) Act of 1975, India's tobacco control measures are at least as strict as those in many developed countries; if not even more stringent. India also is one of the few countries where tobacco for cigarettes is regulated all the way from the growing stage to end consumption. The present law, therefore, is sufficient and adequate enough for addressing the social objectives of tobacco control and for creating awareness amongst tobacco users.

TA: *What should the draft bill have considered more thoroughly, then?*

By Thomas Schmid

ST: The proposal to prevent smokers from smoking in designated areas in hotels, restaurants, and airports that have adequate ventilation and protect non-smokers from exposure affects adult choices. Secondly, we already have 85% of cigarette packaging covered by health warnings while shops selling tobacco products display warning boards at their entrance. That more than adequately meets the objective of cautioning consumers. Any further restrictions, such as banning in-store display boards, infringes on consumers' rights to stay informed about available products.

Then there is the provision to sell products only in unopened, intact packaging. While manufacturers do distribute their products in intact packages, retailers sometimes must sell loose (single) sticks due to customer preference and demand. Forcing consumers to buy an entire package may actually lead to an increase in their cigarette consumption instead of lowering it and also could boost cheaper illicit cigarettes.

Tobacco products in India sell through millions of small retailers, hawkers, and street vendors - the poorer sections of society. The licensing requirements proposed by the bill as part of the track and trace mechanism is impossible for them to observe.

Also, the bill prescribes a fine of INR2,000 (US\$ 27) for smoking in public places. It is a disproportionately heavy penalty for a country with a large population of extremely low income earners.

TA: *And what could be in store for the government if the bill passes?*

ST: Excessive regulations such as these deprive the country of tobacco tax revenues amounting to more than US\$5.9 billion annually; and that only is the tax aspect of things. According to the recent ASSOCHAM TARI study (2019), India's tobacco sector directly and indirectly contributes US\$162 billion to the country's economy. The study notes that tobacco constitutes a significant percentage of the total value of commercial crops in India, generating huge socio-economic benefits in terms of agricultural employment, farm incomes, revenue generation, and foreign exchange earnings, the latter to the tune of about US\$820 million per year.

TA: *Apart from financial and economic aspects, could the bill also affect the illicit tobacco situation?*

ST: Extreme over-regulation leads to the mushrooming of illegal trade and corruption, including the appearance of spurious products that can harm public health. At the same time, the legitimate industry is undermined. Harsh regulations and excessive taxation already make India an attractive destination for cigarette smuggling. According to Euromonitor International, illegal cigarettes reached an annual volume of 28 billion sticks in 2019, making India the fourth largest and fastest growing illicit cigarette market in the world. The government loses tax revenue of more than US\$2.1 billion per annum to the illegal cigarette trade. This growing problem also leads to massive losses in earnings for FCV farmers, as contraband products do not use locally grown tobaccos.

TA: *India is one of the countries hardest hit by the Covid-19 pandemic. How has the virus crisis affected the tobacco industry?*

ST: The Covid-19 outbreak caused serious disruptions across various sectors of the economy, including the tobacco industry, affecting millions.

Lockdown-triggered limitations in FCV auctioning led to irreversible damage to the perishable crop and caused untold financial losses. But, disruptions in legal supplies [of tobacco products] also exacerbated the illicit trade, which now represents a quarter of the country's total cigarette market.

TA: *What post-Covid strategy does TII suggest for the tobacco industry?*

ST: Urgent measures need to be implemented to curb the mushrooming illicit cigarette trade in order to protect the interests of tobacco farmers. A stabilization of the domestic legal cigarette industry is essential for ensuring higher utilization of locally grown tobacco, which in turn will improve farm incomes. This assumes even greater significance when the pandemic-caused uncertainties in global tobacco markets may lead to pile-ups of excess stocks in the country. A stable legal industry is essential to meet domestic demand, avert illegal trade, garner government revenues, and ensure a remunerative market for tobacco farmers.

TA: *But there is the anti-tobacco lobby, which would probably disagree with you...*

ST: Vested interests influence tobacco control policies the world over. Anti-tobacco activists make inappropriate recommendations for tobacco control policy, seeking extreme regulations and excessive taxation on the legitimate tobacco industry while ignoring ground realities and the socio-economic significance of tobacco.

Consequently, India already has one of the most stringent tobacco regulations in the world. Pictorial health warnings cover 85% of the front and back of tobacco product packs. By virtue of this, India ranks among the world's top five countries by the size of warnings. This is despite India being the second largest producer of tobacco in the world, providing a livelihood to 45.7 million people.

TA: *Yet anti-tobacco lobbyists cite studies that tobacco is a dangerous product...*

ST: Claims that tobacco causes immense health hazards are based on epidemiological studies, usually carried out in clusters of populations in isolated regions. [The results] are then extrapolated to the entire population of [a] country.

Such studies can only show an association of a risk factor with a disease, but not causation, for which laboratory studies would have to be conducted. There are numerous other products which need to be regulated. But, they are largely ignored. So much so that even marijuana is being promoted and preferred over tobacco in many countries. ➡