India Factsheet

BEEDI - A DEMERIT GOOD

EVIDENCE BASE FOR HIGHER TAXATION

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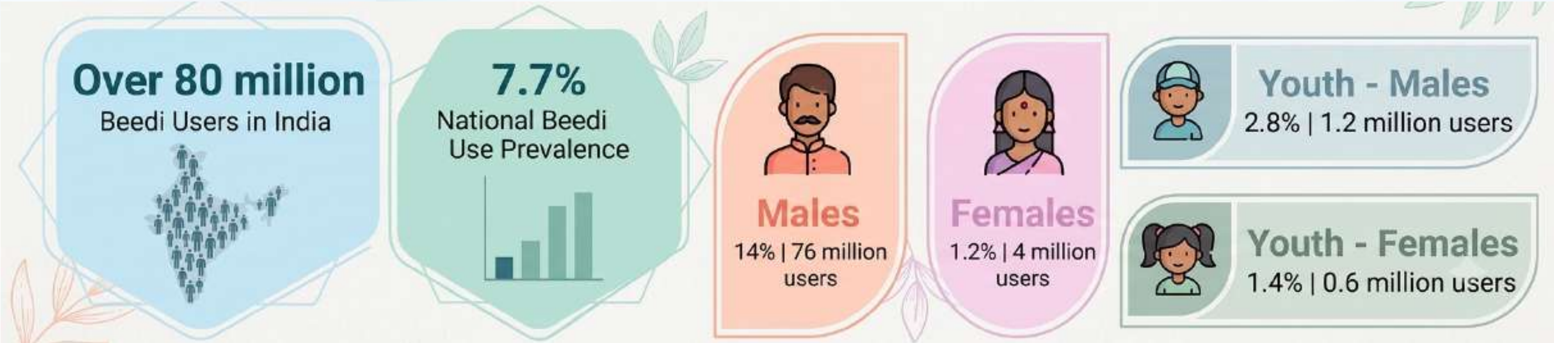
Beedi Use Landscape of India



Beedi remains India's most widely smoked tobacco product, with **over 80 million users nationwide and a national prevalence of 7.7% (GATS-2 India, 2016–17)**. Use is particularly high among males and youth, with beedi often serving as an initiation pathway to other addictive substances. Continued consumption also increases the risk of sustained nicotine addiction and a growing future disease burden. Given the overwhelming evidence linking beedi smoking to substantial health, economic, and social costs, the product exhibits all the characteristics of a **demerit (sin) good**. However, relative to its harmful impacts, beedi remains significantly under-taxed, limiting the effectiveness of taxation as a tobacco control measure. This factsheet presents a comprehensive evidence base on the health harms, economic burden, affordability, taxation, and policy landscape of beedi, making the case for its recognition as a sin good and for taxation that adequately reflects its true societal costs.

Burden of Beedi Consumption in India

Health Burden

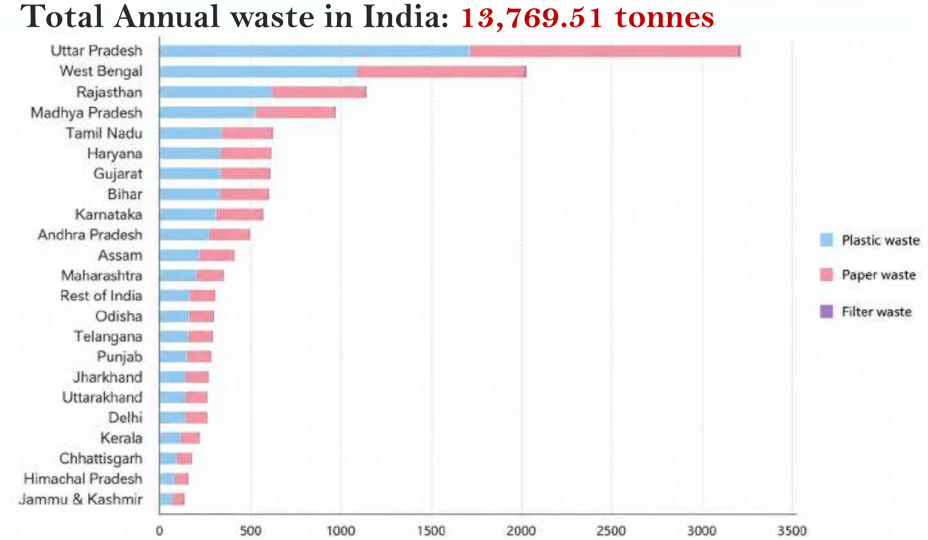
Annual Deaths due to Beedi: 7,57,590
Annual DALY due to Beedi: 2,01,68,490

Economic Burden

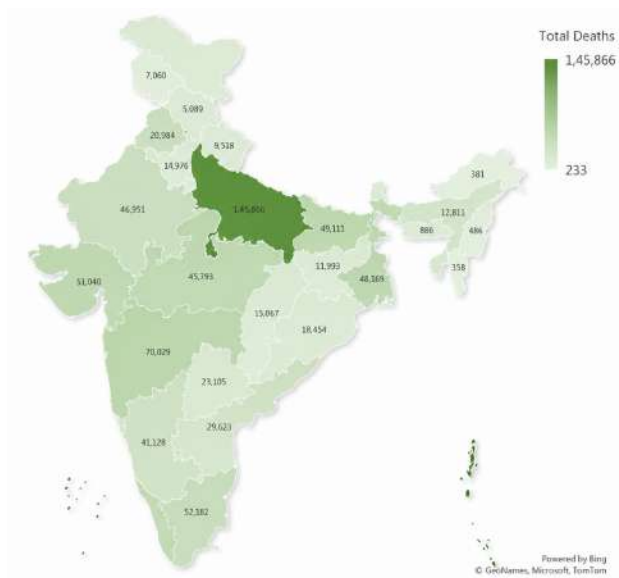
Total GDP loss: INR 2.1 lakh crores
Proportion of Annual National GDP: 1.08%

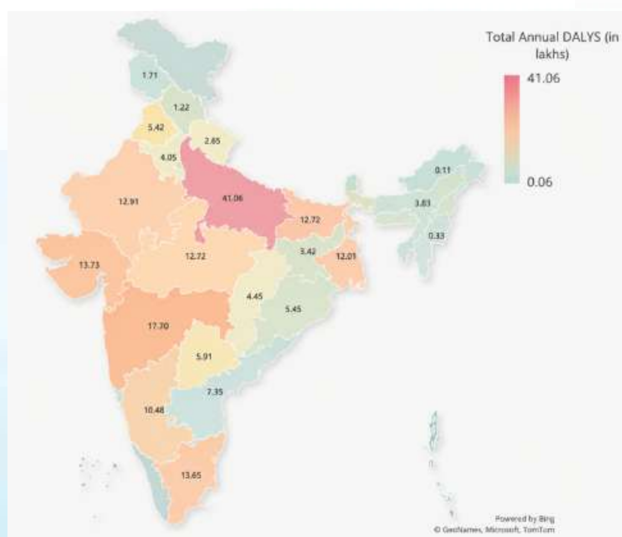
Environmental Burden

Annual Plastic Waste: **7,418.81 tonnes**
Annual Paper Waste: **6,311.63 tonnes**
Annual Filter Waste: **39.07 tonnes**
Total Annual waste in India: 13,769.51 tonnes

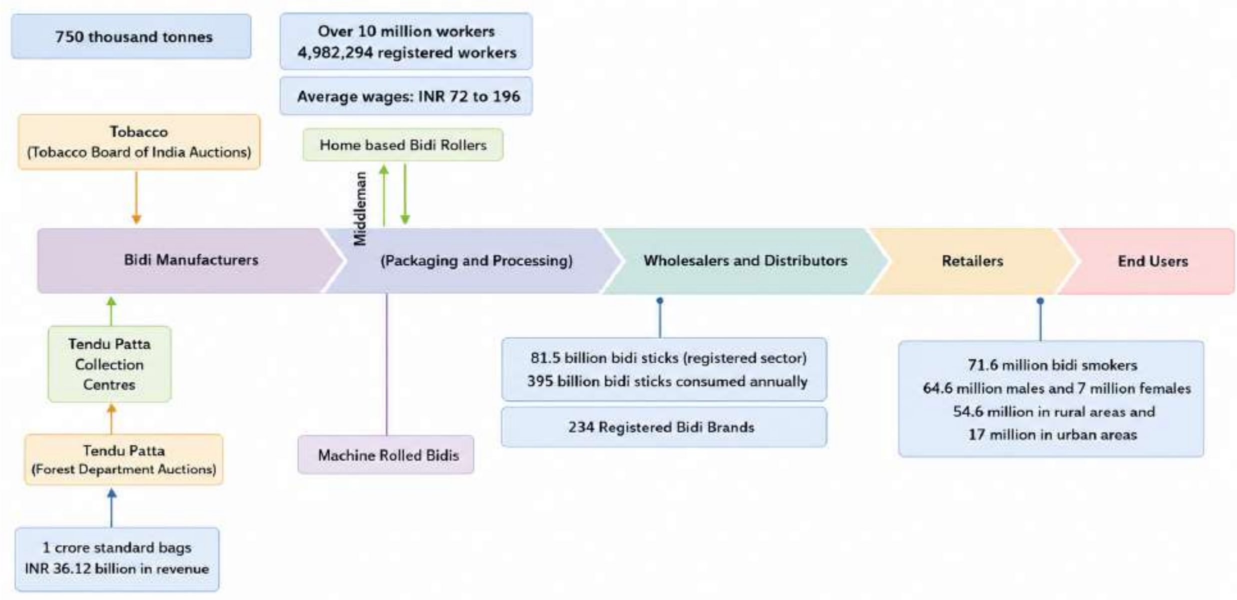


State-wise distribution of Annual Waste by different components of beedi (in tonnes)



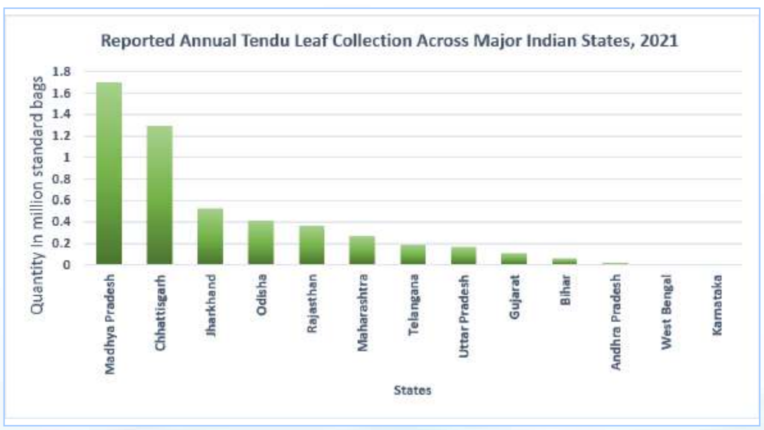


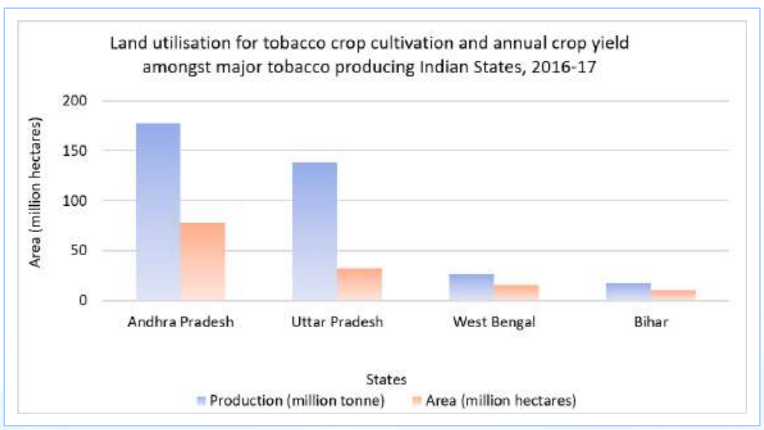
State wise annual estimated deaths (top) and DALYs (bottom), attributable to beedi consumption in India

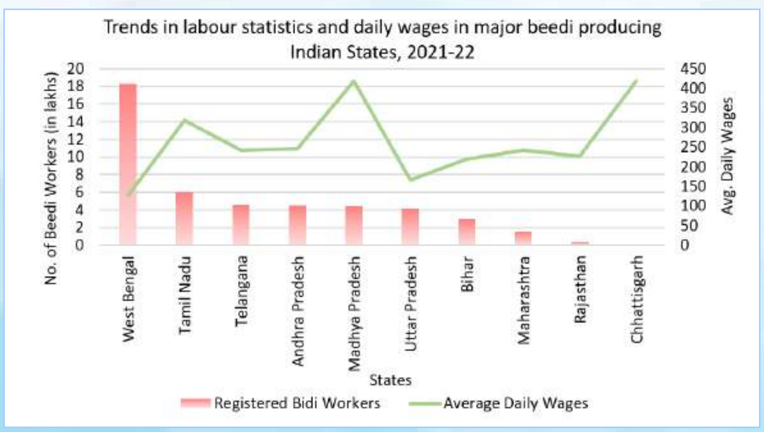


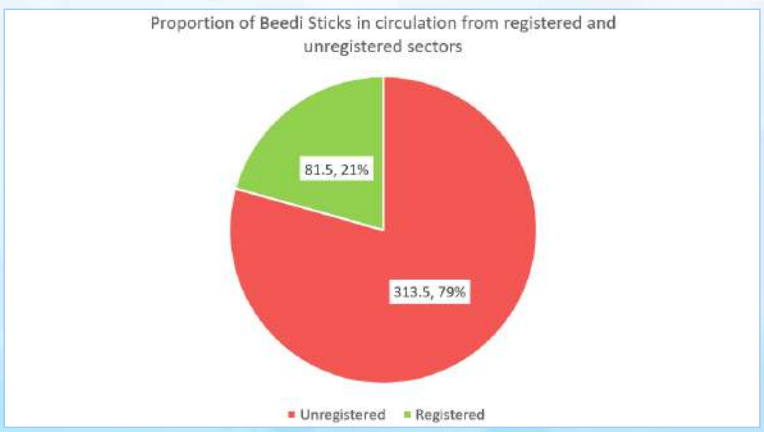
Beedi Life-cycle: A Resource Intensive Industry with Low Worker Returns

INDUSTRY ASPECT	DETAILS AND IMPACT ANALYSIS
Supply Chain & Labor Economics	The beedi industry depends on an extensive supply chain involving **tobacco cultivation, tendu leaf collection, manufacturing, rolling, packaging, and distribution**, engaging **over 10 million workers** and consuming substantial agricultural and forest resources. Despite its scale, economic returns remain disproportionately low for workers, with beedi rolling largely dependent on **home-based, informal labour earning wages as low as INR 72 per 1,000 sticks.**
Demographics, Social Concerns & Resource Alternatives	Production is predominantly supported by **women workers**, with documented concerns regarding **child involvement, non-provision of government-mandated pension and health security benefits, and intergenerational dependence on beedi work.** At the same time, significant **land, water, forest, and labour resources** are committed to producing a harmful commodity that generates limited livelihood gains at the household level. Redirecting these resources toward **alternative crops and sustainable livelihoods** could generate higher incomes, improved working conditions, and greater long-term social and economic benefits.





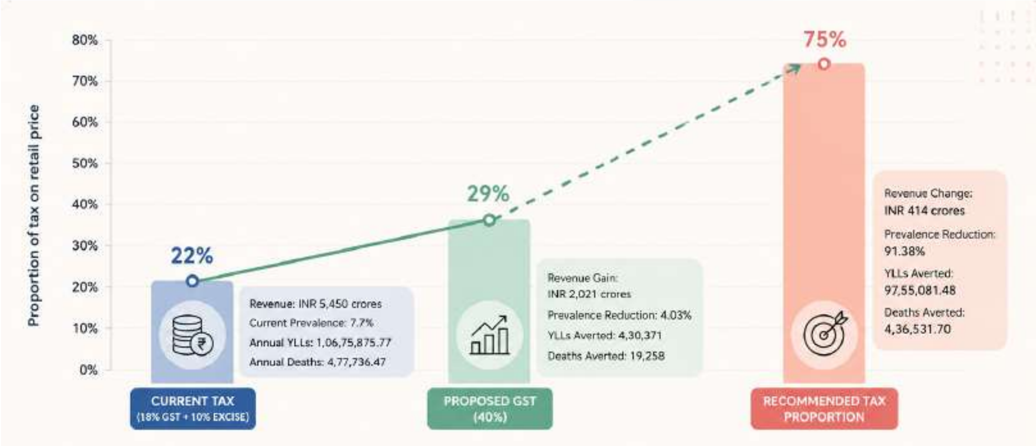




TAX CUTS ON BEEDI: PUBLIC HEALTH AND FISCAL CONSEQUENCES

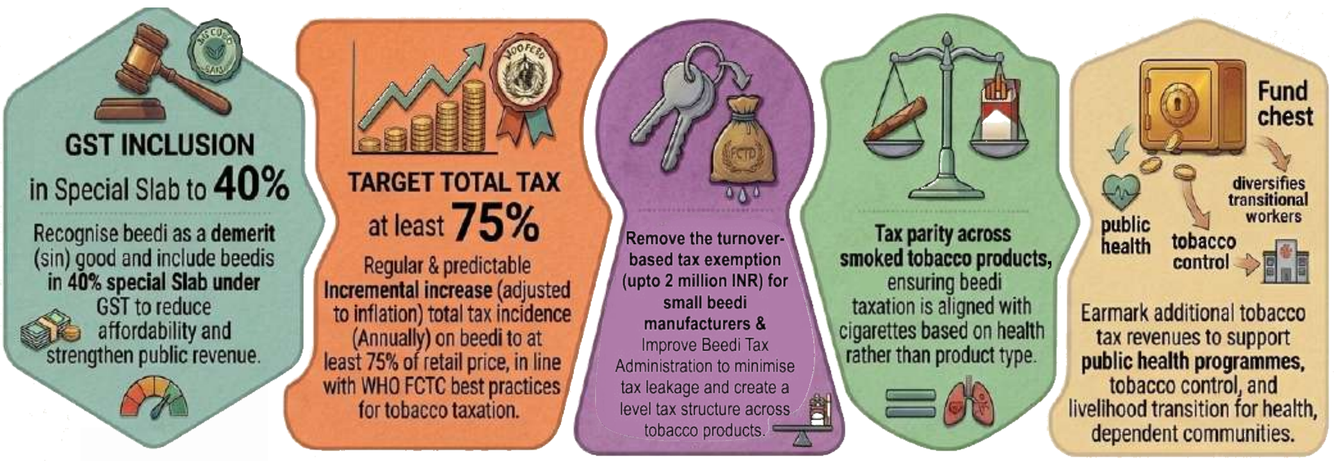
Under the GST 2.0 reforms, Cigarettes and SLT were placed in the special slab of 40%, however for Beedi the slab was reduced to 18%. With revision in the excise duty for Beedi, overall tax remain 28% (18% GST + 10% Excise Duty) in GST 2.0, thus keeping the tax burden on beedi (22%) broadly unchanged.

In contrast, increasing GST on beedi to 40% (in line with other sin-products) is projected to generate substantial health and fiscal gains. Estimates indicate a 4.03% reduction in prevalence, preventing approximately 19,258 deaths annually and averting 430 thousand premature YLLs each year. Simultaneously, increasing the tax share in price to 42.86% is projected to raise annual revenue by □20.22 billion, demonstrating that higher taxation can achieve both improved population health outcomes and increased government revenue.



Projected Impact of Changes in Beedi Taxation on Revenue and Health Burden

RECOMMENDATIONS



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