

Bidi Prices in India: Findings from a Cross-Country Survey of 3240 Tobacco Packs

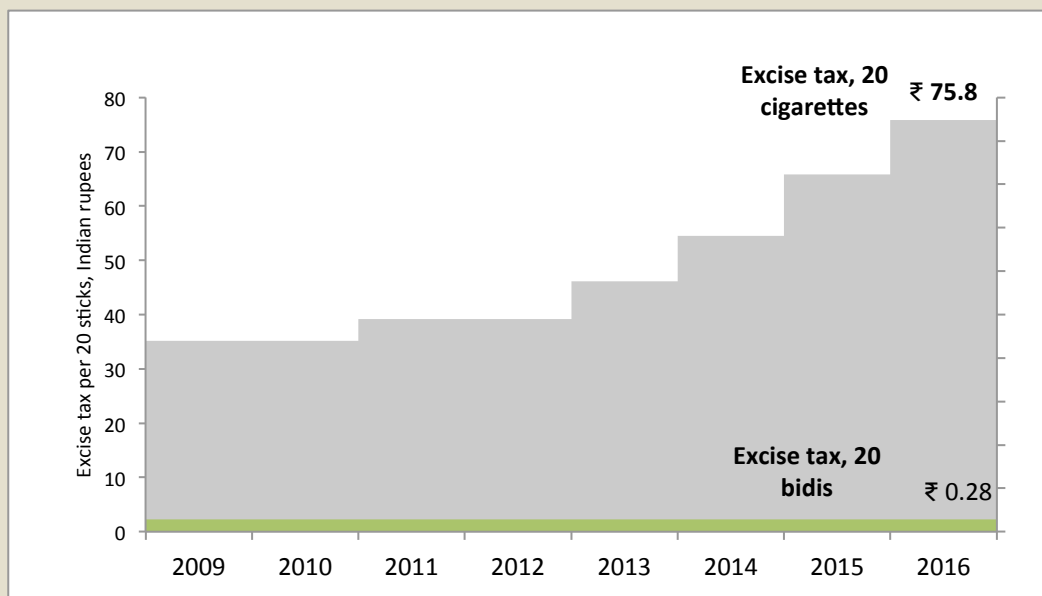
Background

Bidis are the primary form in which tobacco is smoked in India, with 1.6 bidi smokers for every adult cigarette smoker in the country, given current adult smoking prevalence of 9.2% for bidi smoking and 5.7% for cigarette smoking.¹ Bidis account for nearly 50% of the manufactured tobacco sector by weight,² with 8 times as many bidis being sold as cigarettes.³ Bidi smoking increases the risk for oral, lung, stomach, and esophageal cancer and is associated with a more than threefold increased risk for coronary heart disease and acute myocardial infarction.³

Policy context

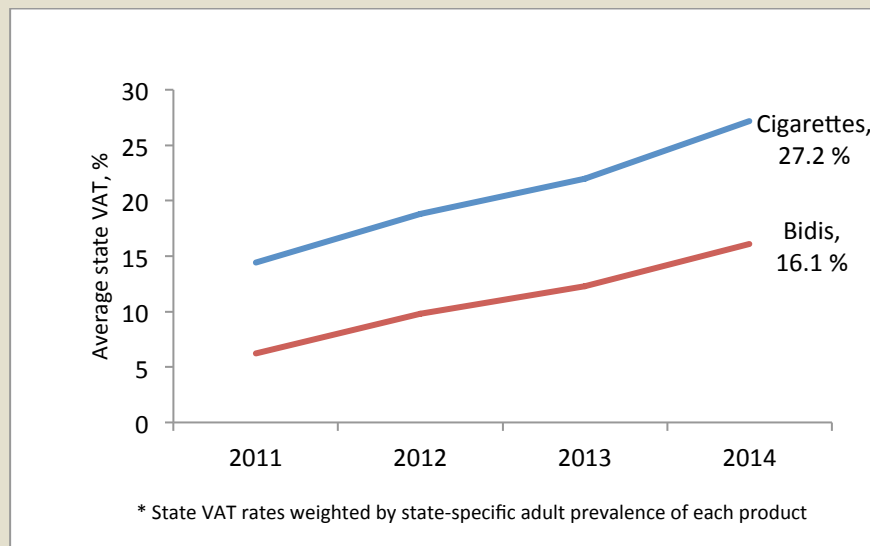
Bidis in India are treated differently from cigarettes. Bidis are produced in the small scale manufacturing sector and receive preferential treatment. Excise taxes on bidis are less than 1 percent of the tax on cigarettes. In the fiscal year 2015-16, the central excise tax was 16 rupees per 1000 handmade bidi sticks while it was 3790 rupees for 1000 cigarettes of lengths of 75 mm and over.⁴ Within bidis as a group, handmade bidis (98% of bidis were handmade) are subject to lower excise taxes. Excise taxes on cigarettes have risen over time, while the tax on bidis has stayed unchanged (in effect declining in real terms).

Central excise tax on 20 sticks of smoked products in India, 2009-2016



Since 2008, many states in India have imposed some form of value added taxes on tobacco products to replace and augment sales taxes. The differential treatment of bidis has extended to these taxes: among states that levy value-added taxes on tobacco products, bidis have been subject to lower VAT rates, or have been exempt.

Average state VAT on smoked tobacco products in India, %*



Methods

The Tobacco Pack Surveillance System (TPackSS) is a surveillance system for tobacco packs in the 14 low- and middle-income countries with the greatest number of smokers,⁵ designed to construct, to the extent possible, a census of “unique” pack presentations available for purchase in each country. A unique tobacco pack was defined as any pack with at least one difference in an exterior feature of the pack including: stick count, size, brand name, colors, cellophane, and inclusion of a promotional item.

In each of the 14 countries, one of every unique tobacco pack was purchased from a sample of retailers located within 12 low, middle and high socioeconomic neighborhoods in 3 of the country’s 10 most populous cities. Pack prices were recorded at the time of purchase, and were converted into US dollars as of the year 2013 to enable comparisons. The protocol required that retailers not to pass on any bulk discounts, coupons or other price promotions, which were not offered to the regular consumer; this served to ensure that retail conditions were standard across packs and countries.⁶

Findings

In India, 169 packs (135 cigarette packs and 34 bidi packs) were collected in 2013 from three cities, Mumbai, New Delhi and Chennai. Bidis retailed in two broad types of packs – conical paper packs (some of which had an inner plastic wrapper), and rectangular plastic packs with heat-sealed or zipper-sealed openings.

Examples of bidi packages purchased in India



Prakash bidi "Budget Pack", 20 sticks, Mumbai, October 2013, ₹ 14

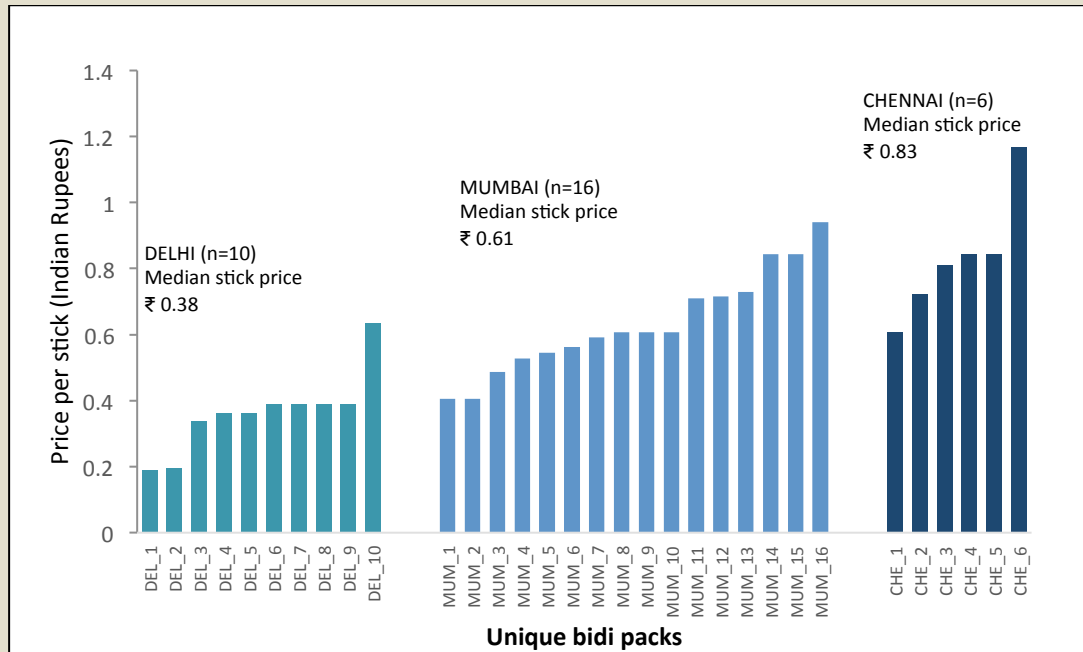


Netaji bidi, 16 sticks, New Delhi, October 2013, ₹ 3

Bidi prices are low across cities in India, with stick prices as low as 0.20 rupees, and pack prices between 3 and 20 rupees (0.05 to 0.83 USD).

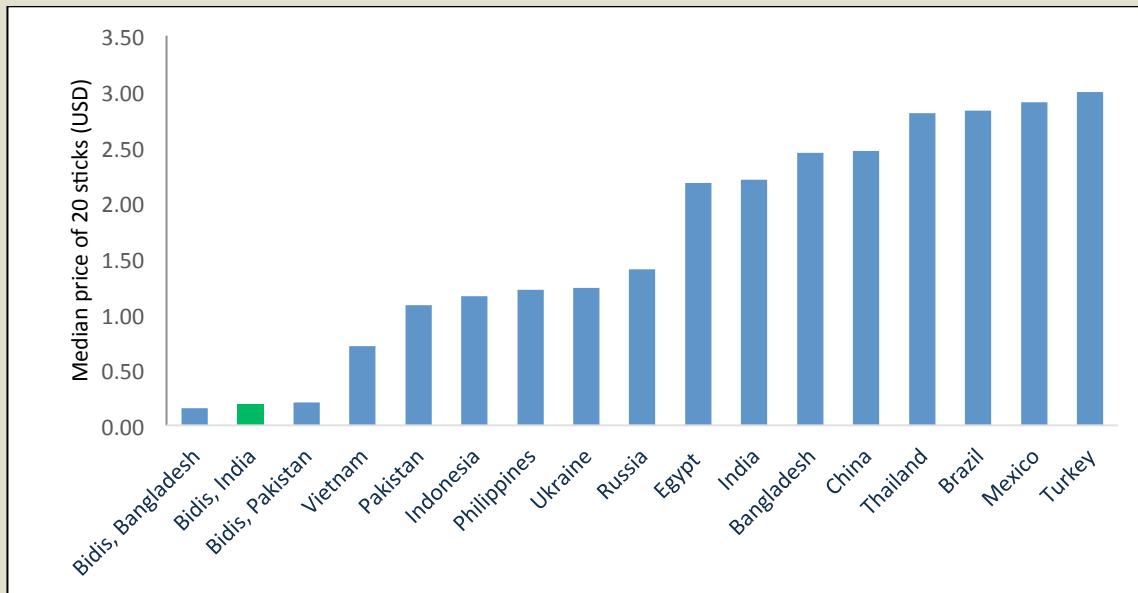
Taken as a group, bidis had the lowest product price of all smoked tobacco products in 14 countries, and well below 40% of the price of the cheapest cigarettes available in any country.

Price per stick of bidis purchased in three cities, Indian rupees, 2013



Per stick prices obtained by dividing pack prices by number of sticks. Packs are not a complete census of every bidi pack in each of the three cities. The sampling protocol involved purchase from Mumbai, followed by Delhi, followed by Chennai. Median prices should be interpreted accordingly. Of 34 bidi packs collected and photographed in India, an accurate stick count was not possible for 2 packs; these 2 packs were consequently excluded from the analysis of price per stick.

Median Price of 20 sticks of smoked products in 2013 (USD)

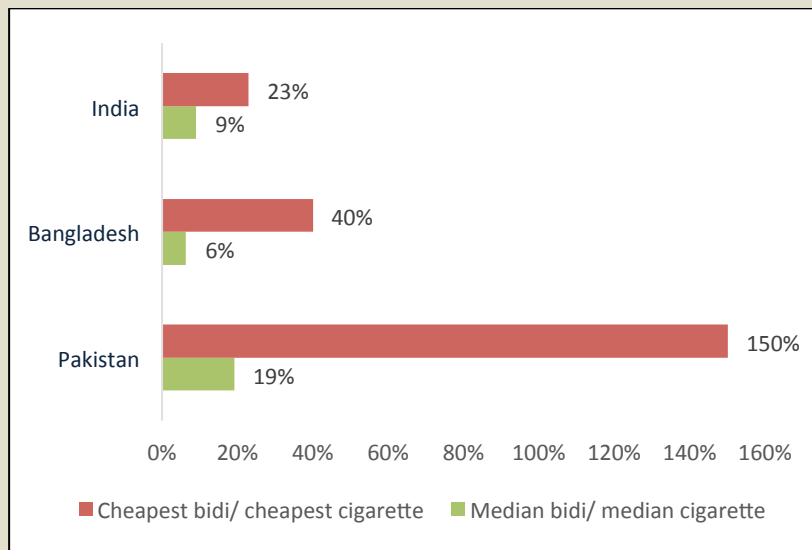


Per stick prices obtained by dividing pack prices by number of sticks. Based on data from 3,240 packs, including cigarettes, kreteks and bidis (9, 32 and 12 bidi packs purchased in Bangladesh, India and Pakistan, respectively). Pack prices were converted to US dollars for comparison.

Across the three South Asian countries where bidis were purchased, bidi prices were distinctly lower, both in absolute terms and as a fraction of the price of the cheapest cigarette purchased.

The cheapest bidi stick in India cost less than one-fourth (23%) of the price of the cheapest cigarette, while the median priced stick cost less than one-tenth (9%) the price of the typical (median) cigarette.

Bidi stick prices as a percentage of cigarette stick prices, 2013



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