Dear Sirs,

SUBMISSION BY THE TOBACCO INSTITUTE OF INDIA (TII) REGARDING
W.H.O's FRAMEWORK CONVENTION ON TOBACCO CONTROL (FCTC)

We are making this submission, with a copy by Courier also, in response to your Press Release of 18th May 2000 and further to our email dated 6th July 2000. We are refraining from participation in the oral submissions, since we feel that the allotted time of 5 minutes will be insufficient to present our case.

I. THE INSTITUTE:  TII is a non-profit Company, registered under Section 25 of the Companies Act, 1956 (India), representing the Cigarettes segment of the Indian Tobacco Industry. Its Members include Farmers, Exporters, Manufacturers, Trade and Ancillary industries - accounting for about 85% of the value of India's cigarette/cigarette tobaccos export and 90% of domestic cigarette sales. The Institute's activities are funded by its Members.

TII undertakes activity to safeguard the interests of all those engaged in the tobacco Industry in India; provide authentic information on Industry matters; represent the opinions of the Tobacco Industry; and promote better understanding between Government and the Industry.1 TII is frequently called by the Government of India and its associated bodies, Parliamentary Committees, Trade associations and the Media for interactions to identify appropriate policies and to provide information on tobacco issues.

TII would like to participate in the FCTC process to achieve a fair and pragmatic balance regarding the issues concerned, with particular reference to the Indian context.

II. COUNTRY PERSPECTIVE:  India is unique among the Nations of the World.

It is singular on political and socio-economic dimensions:-

- India is the World's largest democracy, soon expected to become its most populous country2;
- It is a developing country ranking 128 on the Human Development Index, with a GNP per capita of US$ 440, compared to a rank of 99 and GNP per capita income of US$ 750 for China3;
- 70% of its population is estimated to reside in rural areas, inhabiting 6,27,000 villages4;
- Agricultural dependence is high and significant in the economy, accounting for 25% of GDP4;
- 35% to 44% of its population lives below the poverty line compared to 6% in China3;
- 18.7 million people were unemployed as stated in Parliament in 19955;

As WHO is aware, basic health problems, such as the following, are distinctive and unparalleled:-

- 53% (60 million) Indian children under 4 years of age are moderately or, severely malnourished6. India is home to the maximum number of malnourished children in the World - most of the malnutrition and related problems are due to inadequate diet resulting from poverty.7
- 71% of the population does not have access to adequate sanitation3;
- Only 62.3% of households have access to safe drinking water as a national average;
- India represents the largest number of childhood deaths in the World today;
- India represents the largest growing diabetic population - the number of diabetic patients is expected to increase from 19.4 million in 1995 to 57.2 million in 2025.
- One third of the World's TB patients are estimated to be in India, numbering 14 million;
- There could be 30 million HIV-positive Indians by the year 2010;
- WHO estimates that the effects of air pollutants kill 30,000 to 1,10,000 people annually.

The Tobacco Scene is also unique, further emphasising the need for a distinct and separate policy:-
- It is the only country where traditional products - which include items exclusive to India, like Tendu leaf, Bidis and Gutka - account for more than 80% of tobacco consumption and 85% of its consumers. Traditional products are largely in the unorganised sector, involving poor "home workers" and women dispersed throughout the country.
- India is the World's third largest producer of tobacco, largely of indigenous varieties, restricted to 0.3% of the total cultivated area, mostly on small and marginal land-holdings in 19 States.
- The livelihood provided to workers and farmers is unmatched: "requirements in terms of labourers for tobacco cultivation is to the extent of 20 million people and about six million farmers are engaged in tobacco cultivation"; additionally, 4.4 million people are registered as bidi-rollers and about a million pluck Tendu leaf, affording tribals, women & poorer sections a livelihood across 14 States; 2.2 million retailers earn a large part of their income from sale of tobacco.
- Cigarettes are the only segment wholly in the organised sector, accounting for less than 20% of tobacco consumption (unlike more than 90% elsewhere) and 13% of tobacco consumers largely confined to urban areas. 41% of cigarette smokers smoke 3 cigarettes or, less daily.
- Tobacco contributes 10% of Excise collections and 4% of the value of agri-exports.
- The Gross Value Generated (including the multiplier effect) by the cigarette and bidi industries alone was computed at Rs. 56,638 crores (US$ 13.2 billion) - or, nearly 6% of GDP (at current prices/factor cost) in 1996.
- The allegation that the Industry's wood fuel consumption, which is one of the energy sources used for curing FCV tobacco only, causes large scale deforestation is not valid. A Survey shows that forest cover in the FCV growing Districts of Andhra Pradesh and in Karnataka has actually increased.
- "Regular use of tobacco has declined" among all population groups between 1987/88 and 1993/94 - from an already low level of 0.82 kg per caput compared to the World average of 1.85 kg in 1984-86 - unlike an increasing trend in other developing countries.

III. THE INDIAN GOVERNMENT'S POLICY APPROACH: The unique Indian situation justifies a unique approach and not a standardised International prescription. Recognising all the ramifications, the Government and public bodies have rightly made the following recommendations:

The Hon'ble Prime Minister Mr. Atal Bihari Vajpayee said at WHO's Conference in Delhi on 7th January 2000, "... it would be unrealistic to view tobacco purely as a health problem and ignore the economic and social fall-outs of tobacco control ... we have to bear in mind the employment and livelihood of the large numbers engaged in tobacco cultivation and production ... If we do not conceive of tobacco control as a comprehensive package, our attempts at intervention may become self-defeating ... For a tobacco control law to be successfully implemented it must be accompanied by alternative modes of income for those dependent on tobacco and the community at large has to be fully informed and involved". Before he became Prime Minister, Mr. Vajpayee had stated: "To stop smoking what is needed is not Law but education of people to create public awareness."
A Parliamentary Committee's Report concluded: "The Committee look at this problem in its totality. The serious health hazards caused to the millions by the use of tobacco and the insidious damage being done to the whole generation of youth cannot be ignored. At the same time the Committee is fully conscious of the need to protect the economic interest of an estimated six million farmers and the livelihood of about 20 million workers partly or fully engaged in this Industry ... Government should formulate an integrated policy ... The Committee recommend that a gradual approach be adopted ... over a period of time ... the Government should at once conduct a study about the resources required for rehabilitating the workers and the area where they could be absorbed and formulate concrete proposal in this regard."  

The National Conference on Tobacco or, Health papers state "... The experience all over the world is that anti-tobacco education is an effective means of stopping or curtailing tobacco use ...". They recommend "... appointment of a Committee to explore solutions to the problem of rehabilitation of workers engaged in bidi manufacturing ... research on location specific alternative crops for tobacco and tendu leaves by agricultural universities ... surveys and studies on growing manpower needs to assess and identify the alternative employment avenues for workers engaged in tobacco industry ..."  

IV. COMMENTS ON SPECIFIC FCTC ISSUES IN THE INDIAN CONTEXT: The FCTC should embody only a set of consensus-based guidelines. Countries should be free to exercise their sovereign rights to determine policies and time-frames appropriate to their individual realities. The policy must be equally applicable to all tobacco-related products. Some implications regarding specific issues are:

(a) **Prices:** There is discriminatory taxation, leaving nearly 80% of consumption represented by traditional products virtually untaxed. Cigarettes represent only 19% of tobacco consumption. The consumption pattern also varies significantly from the International pattern, being largely non-King Size with a high proportion of plain ends and spread across a very wide price range. Taxation on cigarettes, along with Local Taxes, represents nearly 165% of the Excise-excluded factory price. Sales volume remains at almost the same level as in 1984/85 despite the 35% increase in population over this period. Government obviously has its compunctions regarding differential taxation - other reasons apart, the infrastructure and cost would be disproportionately high and anyway ineffectual for effective collection from the dominating and widespread unorganised sector.  

(b) **Smuggling/Tax-free Tobacco Products:** There is no dispute that there should be stricter enforcement to curb contraband and misuse of facilities.  

(c) **Advertising & Sponsorship:** Market research in India shows that initiation into smoking is caused by factors like peer pressure, curiosity and lack of education amongst others - not Advertising or, Sponsorship. TII Members observe "The Voluntary & Self-Regulatory Code for Marketing of Tobacco Products in India", specially designed to prevent Tobacco consumption by Minors. They have shown restraint and responsibility, including working with State Governments for appropriate steps. A blanket ban on this activity will stifle information flow to consumers, accelerating the shift from cigarettes to traditional products which are cheaper. Consequently, consumption will increase.
(d) **Test Methods:** Neither appropriate techniques nor, methods exist for the predominant traditional products. It will also be unenforceable given their scattered, unorganised base of production.

(e) **Package Design & Labeling:** The suggested measures are unsuitable. Traditional products are generally unbranded/unpackaged. Bidis are hand-rolled in shops or, houses. Cigarette purchases are largely in sticks, unlike mainly 20's/Carton-lot purchases preferred in developed countries. Concepts of Branding, packaging and bulk purchasing are generally low, compared to developed countries.

(f) **Agriculture:** Tobacco farmers do not receive special subsidies. Experiments have failed to produce acceptable alternatives. An eminent economist states: "... tobacco went with water harvesting and soil management in poor agroclimatic regimes. The adjustment problems were severe and needed programmatic assistance ... Alternative crops, technology, and work with markets and farmers were then needed." However, subsidies for this may contravene the WTO agreement.

(g) **Information Sharing:** It is unlikely that proper machinery or, adequate funding can be organised to fulfill the purpose, given the size and nature of the unorganised sector involved.

(h) **National Tobacco Commission (NTC):** Such a body is, similarly, impractical. If formed, the Tobacco Industry must get adequate representation, to improve possibility of effectiveness.

V. CONCLUSION: The FCTC might evolve a set of desirable guidelines without infringing any Nation's sovereign rights or, its other International obligations. Each country must be free to formulate its own policy and pace of implementation in a practical manner, based on its own unique conditions and needs. Preferably, representatives of the Tobacco Industry should also be involved in this process.

A country-specific approach is imperative for India because of its uniqueness, which is also very amply reflected in its tobacco scenario:

(a) Unlike elsewhere, traditional and exclusively indigenous products dominate. These are mainly in the unorganised sector and very widely dispersed, making it impractical to set up the infrastructure or, incur the costs for enforcement and data collection.

(b) The livelihood provided for farmers and workers who include women, tribals and poorer sections, is unmatched. Demand is already declining, unlike in other developing countries. The agricultural adjustment problem is not emphasised in the rich countries at all. In addition, there is a high level of unemployment in India. It cannot be postulated that the large number of tribals and poorer sections can be easily rehabilitated as in developed countries.

(c) Similarly, Indian conditions do not favour transference of consumer expenditure and the multiplier effect of the tobacco industry, as has been implied in some Western studies.

A policy should be devised which is pragmatic and addresses all tobacco-related products equally, without discrimination. Legislation should be minimal, reasonable and implementable. Power is divided between the Centre and the States for different types of tobacco products. States which have attempted ambitious Legislation modelled on the West have been unsuccessful in implementing it. Even the U.S. Surgeon-General's report to the latest World Conference on Tobacco or Health lays emphasis on "strong but fair measures" and "educational campaigns."
India’s Leaders, Parliamentarians and the National Conference on Tobacco or Health agree that:

(a) **Education/awareness campaigns should be the main focus.** We recommend that these be specially designed for Indian consumption patterns/trends and media effectiveness.

(b) **A critical prerequisite is the need for proper studies, to evaluate the impact on farmers and workers, and formulating plans for viable alternative livelihood with a practicable time frame.** We suggest that International Agencies like W.H.O., F.A.O. and the World Bank should focus on and constructively apply their interventions to these areas.

Thanking you,

Yours faithfully,

(A.C. SARKAR)

DIRECTOR

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16. Reply to Lok sabha Question No. 8014 on 17.05.2000.
17. Industry estimates.
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24. Mr. Atal Bihari Vajpayee's statement to Traders' delegation in New Delhi on 23rd January 1996.