
Nepal

**TOBACCO
INDUSTRY
INTERFERENCE
INDEX
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We are honored to produce this TII Index report every year since 2019. We strongly believe that the publication of this report will support our advocacy towards the effective implementation of Tobacco Control Law in Nepal. Here, we would also like to offer our sincere thanks to all participants for giving their valuable information during our individual interview process.

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Shanta Lal Mulmi
National Coordinator, HRTC Network, Nepal

Date: 30 June 2023

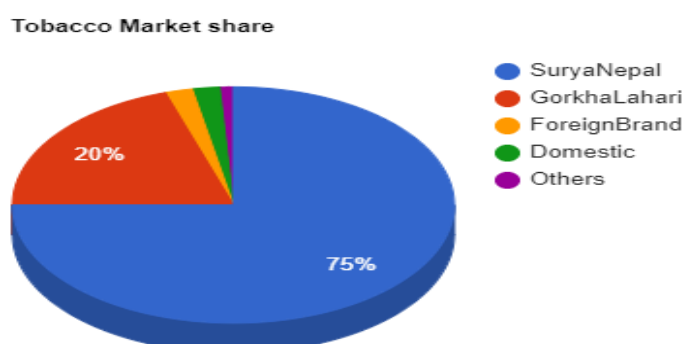
Background and Introduction

The government in Nepal is formed with more than 8 political parties' collation. This is vulnerable situation and there is a possibility of changing the government any time if any of the collation partners withdraw support. This situation has affected development programs of the country.

The Tobacco Products Control and Regulation Act 2011 cannot be fully implemented due to several reasons including the unstable political environment, poor governance and continued interference from the tobacco industry. Although Nepal is a party to the WHO Framework convention on Tobacco Control (WHO FCTC), it still faces challenges in fully implementing Article 5.3 guidelines. The tobacco industry conducts various activities to promote their products through direct and indirect interventions. In order to do critical review on this issue, the Health Rights and Tobacco Control Network, Nepal has been involved in developing Tobacco Industry Interference Index Report since 2018 in partnership with the Global Center for Good Governance Tobacco Control (GGTC).

Tobacco Control in Nepal is governed by the following acts, regulations, plan and policies: Tobacco Control and Regulation Act 2011, Tobacco Products (Control and Regulations) 2012, Tobacco Product control and Regulatory Directive 2014, National Tobacco Control strategic plan 2013-2016, Multi sector Action Plan for Prevention and Control of Non-Communicable Disease (2014-2025), and Ministry of Health Public Note on Rules for Sale and Distribution of Tobacco products 2017. Nepal became one of the first few countries to sign and ratify the WHO FCTC in March 2003. The country ratified FCTC in 2007 after the reinstatement of the parliament.

Tobacco Market Share



The tobacco market in Nepal is controlled by private sector productions after the collapse of state-owned Janakpur Cigarette Factory. The 2020/21 report of Central Bank of Nepal shows that the total 53 installed capacity of producing cigarettes in Nepal was 12.2 billion sticks (in review period of 2020 August-December) of which only 37.57 percent (4.6 billion sticks) capacity was utilized, which was up by 1.95 percent than preceding year. The study also listed 23 type of smoking and 21 smokeless tobacco products available in Nepali market.

The main tobacco company in Nepal is Surya Nepal Pte Ltd (NSPL), a large business worth Rs 24.5 billion in 2022, has a large share in the cigarette trade. Despite the pandemic, in 2021, the

company earned a net profit of Rs 9.4 billion, and Rs 9.5 billion in 2020.¹ Besides cigarettes, the company also sells other products such as matchsticks, incense sticks and confectionary. According to one estimate, Surya Nepal has the largest and strongest distribution network coverage among all the FMCG (fast moving consumer goods) companies in Nepal, with 75,000 retailers who are served through 6,000 secondary wholesalers and 60 whole distributors.²

Altogether, there are 30 registered tobacco companies in Nepal but Surya Nepal holds about 70 to 75% of the cigarette market share, whereas Gorkha Lahari pvt ltd holds 20% of the market share. There are numerous unregistered bidi and chewing tobacco manufacturing companies (Appendix A). Those companies operate on a small scale and mainly produce bidi and chewing tobacco wrapped in leaves.

b. Tobacco-related deaths, pollution

In Nepal two people die every hour due to tobacco-related diseases.⁶ Every year 27,100 Nepalese die because of a tobacco-related disease, 90% of them due to lung cancer. (Source: <https://ndri.org.np/publication/details/national-survey-on-socio-economic-and-policy-aspects-of-tobacco-use-in-nepal2020>)

Around 12% of deaths from cancers are attributed to tobacco use, although cancer cases are not recorded systematically in Nepal at present, and so this may be an under-estimate. In 2016, 15.6% of deaths among males and 14.1% deaths among females was caused due to tobacco use. The health costs of tobacco use are high and include costs for treatment of tobacco-attributable illness and opportunity costs of income foregone through disability and premature death. The estimated economic cost, both direct and indirect, of smoking tobacco in Nepal amounts to NPR 47.2 billion, with 1.8% of GDP in Nepal lost to tobacco-related illnesses annually. The costs of tobacco-related ill health fall on both the government and on individuals. In Nepal, an estimated 48-69% of health costs in general (so not just covering tobacco-related diseases) are covered by individuals. Medical expenses associated with treatment of tobacco-related conditions can be catastrophic, especially for poorer Nepalis. It can mean people having to cut down on necessities such as food and clothing, or being unable to pay for their children's education. In one study from Eastern Nepal conducted among hospitalized patients who consumed tobacco, 40% experienced catastrophic health care expenditure.

Source: https://ndri.org.np/wp-content/uploads/2021/07/Impacts-of-Tobacco-Use-in-Nepal_Literature-Review_Final-I.pdf

c. Tobacco front groups and allies

The available data indicates that there are no registered tobacco industry front groups and allies. However, some groups/ allies emerged during the process of parliamentary debate on the Tobacco Control Law. These groups filed a total of 12 cases in the supreme court against the Tobacco Control Law. The groups also filed cases against government's directive to print 90% graphic health warning on tobacco packs. Some unregistered tobacco companies who promoted these unregistered groups are *Khudra Byapari sangh* (petty traders), *Surti utpadak sangh* (Tobacco producers) and *Surti kisan Sangh* (Tobacco Farmer association)

d. Others

1. New Business Age. Surya Nepal's Annual Turnover is Rs 24 Billion Available from: <https://www.newbusinessage.com/Articles/view/15846>

² Nepal Development Research Institute. Tobacco in Nepal: The current context, 2019-2021. Accessed last 2 July 2023 from: <https://tinyurl.com/32v2ytrp>

3. Tobacco in Nepal: The Current Context Tobacco Control Programme (TCP), Nepal (2019 – 2021)

The recent available data shows that 28.9% of adults 15-69 years of age (48.3% of men, 11.6% of women) were current users of tobacco, in any form. This is equal to 3.8 million adults. 17.1% of adults (28.0% of men, 7.5% of women) equivalent to 2.8 million adults were current smokers of tobacco. 18.3% of adults (33.3% of men, 4.9% of women) equivalent to 3 million adults were current users of smokeless tobacco.

A study done by *Pragati Sharma, Sandeep Pahari, Shiva Raj Acharya, Deog Hwan Moon, Yong Chul Shin*⁴ found that the majority (80.2%) consumed tobacco in the form of surti followed by smoking cigarettes (47.2%), gutkha (41.6%), bidi (26%), paan masala (25.8%), khaini (73.5%), and hookah (23.3%). Almost all of the students claimed to have knowledge about the harmful effects of tobacco. The majority of the participants told mouth cancer as a type of health problem due to the consumption of tobacco followed by lung cancer, gum, and teeth problem. More than 77 % of the participants did not consume tobacco, whereas 22.8% consumed different tobacco products. The majority of participants who consumed tobacco did so due to the peer pressure followed by family members, for experimental purposes, advertisements, and stress. Nearly three-quarters of students who consumed tobacco did so using cigarettes and hookah. More than half (51%) of the respondents tried consuming tobacco products at the age of 13-15 years. About 32.7% of students regularly consumed tobacco. The majority of the participants (66.5%) were occasionally exposed to Second Hand Smoking (SHS) at public places, whereas 43.7% were exposed at home.

The study conducted by Nepal Health Research Council came with the conclusion that 15% of the school going children use tobacco products. And out of 9 million Tobacco users more than 1 million are suffering from chronic diseases. In addition, about 34% of the low-income adults spend major part of their income for tobacco making them vulnerable to more economic burden.

In April 2022, Nepal banned the import of tobacco for a few months, till mid-July,³ for economic reasons to conserve supply of foreign exchange.

Sustainable development Goal (2015–2020) has targeted to reduce NCD by one third that but considering the increase in tobacco users in Nepal and the death of more than 27,000 Nepalese due to Tobacco related disease indicates that Nepal cannot reach the SDG target in the remaining 7 years.

Despite all these weaknesses, some improvement has been noted in this year's Tobacco Industry Interference Index in comparison to our last report. All the tobacco products in Nepal now implement the government's directive to have 90% graphic health warning and secondly progressively increased the tobacco tax but Nepal has to go long way to reach a tobacco tax level of 75% as per WHO FCTC.

The government has recently formulated Multi Sectoral Action Plan as control of NCD (2021 - 2025) with a vision of "Making Non-Communicable Disease-free Health and Productive Citizen".

The level of **illicit trade** of cigarettes is an important part of the debate about tobacco control policy in Nepal. Illicit trade has been cited as an argument against higher taxation. However, until now there has been no robust research into the level of illicit cigarettes in Nepal. This nationwide study's main findings are that only 0.33% of cigarette packets, out of over 4,300 examined packets, were found to be illegal. This represents less than 1 in every 200 packets. (NDRI Report 2022)

³ South China Morning Post. Nepal bans car, alcohol, tobacco imports as it fast runs out of cash. Accessed last 2 July 2023 from: <https://tinyurl.com/yxr6r7df>

⁴ Tobacco Consumption and its Associated Factors among Nepalese Students

This year, Nepal score of 42 points which is a slight improvement from 44 points from 2021.⁴

The report is based on a questionnaire developed by the Southeast Asia Tobacco Control Alliance. There are 20 questions based on the Article 5.3 guidelines. Information used in this report is obtained from the public domain only. A scoring system is applied to make the assessment. The score ranges from 0 - 5, where 5 indicates highest level of industry interference, and 1 is low or no interference. Hence the lower the score, the better for the country. The 0 score indicates absence of evidence or not applicable. The report covers information on incidents from October, 2022 to March 2023, but also includes prior incidents that are still relevant.

Emerging Issue:

Nepal was among the first ten Countries to sign the FCTC in 2003 but took 4 years to ratify it due to people's mass movement against Monarchical system. With the success of this nationwide movement the parliament was reinstated and then this reinstated parliament ratified FCTC in 2007. Finally in 2011, Nepal passed Tobacco Products Control and Regulation Law from the parliament despite of 12 cases being filed by the groups promoted by tobacco companies. It is highly acclaimed that the Supreme Court was in favor of public health against the harmful effect of tobacco.

It is more than decade since the implementation of the law but time and again the Tobacco Industry tried to make the law ineffective through various means. Here are some of our unfinished agenda of the law implementation.

Suggestion of Nepal Development Research Institute on the increment process of Tobacco Tax

In the coming budget the tobacco tax could be progressively increased by 60% making the target to meet the tobacco Tax as per India. If the government increases tobacco tax more than 35% the government can generate additional revenue of 63 to 75 billion and the tobacco consumption will be reduced by 3-7%. If the government increases tobacco tax by 60% the government will generate additional revenue of 10 to 12.6% or similarly tobacco consumption will be decreased by 6 to 11%

a) Implementation of 90 % graphic health warning.

As per the Ministry of Health and Population Directives, all the tobacco products packages should have Graphic health warning covering 90% of the total area of the packet. The domestic tobacco Industry disobeyed this directive since the last seven years. Finally with the verdict of the Supreme Court now in Nepal all the tobacco products including chewing tobacco have 90 % pack warning. This is a great success of continue advocacy from the civil societies in Nepal.

b) Low tobacco tax:

The Government last year slightly increase tobacco tax but still it is far below that of south Asian Countries. Bangladesh has highest tobacco tax of 71% in south Asian Countries. The WHO requests for at least of 75% tax in tobacco products to all parties who ratified FCTC.

The tobacco tax in Nepal is about 40% including revenue, VAT and health tax, The amount generated by health tax goes to Cancer Hospital to treat the patients and a portion goes to tobacco control advocacy organizations to conduct preventive and promotive activities.

⁴ Global Tobacco Industry Interference Index. Nepal. Accessed last 2 July from <https://tinyurl.com/7yetzknzh>

The newly appointed Health and Population Minister Mr. Mohan Bahadur Basnet said on 7th May 2023 during the briefing session of the Ministry that the government will provide health service to the poor increasing the tobacco tax. (Source: www.nepalihealth.com online news portal) The Minister in his press briefing on 10th May said the process of increasing tobacco tax has already started. We are aware that most of the European countries have more than 70% tax on Tobacco products. The actual tax increase will appear in the budget of next fiscal year (15 July 2023 to 15 July 2024). (www.nagariknews.com online news portal)

c) Lack of enforcement in ban on tobacco related corporate social responsibility

Since the law requires companies to contribute 1% towards corporate social responsibilities (CSR) Surya Nepal has used this to exploit natural calamities or societal needs for their benefit and make financial grants to government agencies. Surya Nepal has donated 10 million rupees each to 7 provincial government during Covid-19 pandemic. Surya Nepal developed a partnership with Nepali Army and also to the Center for Research on Sustainable Development Nepal with grant assistance. Surya Nepal continues to sponsor sports, such as the annual Golf Tournament, to promote Surya, its products.

d) Applying tobacco control law on Surya Nepal Pte Ltd

Surya Nepal Pte. Ltd (SNPL) is an Indo Nepal UK joint venture company which does production and sales of various brands of cigarettes, later ventured into safety matches, Agarbatti (incense Sticks) and confectionary like chocolates. Although the company is well known as Surya Tobacco Company since its Surya Nepal claims that they are not merely cigarettes manufacturing company. Hence this presents a dilemma to the law enforcement agency of the government to implement the tobacco control law of Nepal or apply other laws to treat it as a business company. This has given enough room to Surya Nepal Company for manipulation.

e) E-cigarettes, though banned, are still available

The Tobacco Product Control and Regulatory Directive, 2014 bans the advertising, promotions, sponsorship, including import, manufacture, sale and use of e-cigarettes in public places and transport. However, vaping products are still available throughout Nepal.⁵ The Philip Morris- funded Foundation for a Smoke-Free World sponsored research in Nepal, Nepal Country Report, to advocate for harm reduction.⁶

f) Tobacco Advertisement:

Although the Tobacco Control and Regulation Law and Public Health Act totally bans any kind of tobacco advertisement, promotional activities or sponsorship but in the last few months many tobacco advertisement posters are visible outside the restaurants and grocery shops. These illegal advertisements have to be removed.



⁵ Available at: <https://tinyurl.com/yck62a7f> and <https://tinyurl.com/32rhbe3a> and <https://tinyurl.com/4ay82b58> and <https://tinyurl.com/6dyhrbfk> and <https://tinyurl.com/57yxu859>

⁶ Child Sight Foundation. Nepal Country report. Dec 2021. Accessed last 2 July 2023 from <https://tinyurl.com/59pbd95f>

Summary Findings

I INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

There is no evidence to show the involvement of tobacco Industry representation in health policy development and also tax policy formulation. However, there is legal provision of inviting the concern agencies in the process of any policy formulation. There is a practice of inviting different industry and commerce association / federations. No one can guarantee that there is no tobacco industry representative formally included in these associations or in the federations. During the preparation of Annual Budget 2022-2023, one Finance Ministry official was charged with heavy penalty for involving a tobacco industry personnel.

2 INDUSTRY CSR ACTIVITIES

Although business companies should contribute 1% of their net profit towards corporate social responsibility activities, the Tobacco Product Control and Regulatory Directives 2014 states that tobacco manufacturer and related parties are prohibited from providing any financial, technical, material, and structural assistance to educational seminaries, theatres, workshops, religious discourse, preaching or health facilities operated by the government, non-government or private sectors.

Surya Nepal was found to have provided financial sponsorship support to government institution such as hospitals and schools. This also included financial support for the Mountain Cleanup programme, three hospitals, a total of 8 schools and the construction of 20 school toilets including public toilet construction in Pokhara Sub Metropolitan city.

3 BENEFITS TO THE INDUSTRY

The WHO FCTC recommends all parties to raise tobacco tax by at least 75% of the retail price. Nepal raised the cumulative tax by only around 40%. This is an indication of tobacco industry interference in government's effort in raising tobacco tax.

4 UNNECESSARY INTERACTION

The Ministry of Finance honored Surya Nepal as the largest tax payer in the country. The awarding ceremony brought the industry executives into contact with the Minister which is deemed not strictly necessary interaction.

5 TRANSPARENCY

There is no system of disclosing any meeting with the tobacco industry nor is there any transparency in the meeting minutes made available to the public. In addition, the tobacco company is not required to provide any data (reporting) to the concerned ministers about their total production, sales, market coverage, marketing expenses, lobbying, political contributions. It is mandatory to receive prior approval from the relevant government agencies to provide CSR support to any individual groups or government agencies. It has not been properly monitored.

6 CONFLICT OF INTEREST

There was no record during this period of any government employee or retired former employee receiving any gift from the tobacco company. There was no case reported on any retired senior government officers joining the tobacco company in the last 5 years.

7 PREVENTIVE MEASURES

According to the law governing political parties, government officials are not allowed to receive any financial contribution from the tobacco industry. However, it is an open secret that all the political parties received financial support from a tobacco company in last year's local, provincial and parliament elections. All the parties are obliged to give financial details of their election expenses but there is no strict rule to show the sources of these income. All the civil servants must abide by the law. Penalties apply for violations of the law.

Recommendations

Increase Tobacco Tax to Make Tobacco Products Less Affordable: Nepal still has minimum tax on tobacco products. Hence there is a need for continued evidence-based advocacy to the government to increase tobacco tax as per WHO FCTC requirement. Collective efforts of the advocacy organization should urge the government towards progressive tax increases.

Terminate CSR Partnership with Nepal Surya on Mountain Clean Up: The law does not allow government departments to receive funds/sponsorship from the tobacco industry. This law should be implemented.

Tobacco company must not be awarded for paying taxes: A tobacco company should follow the law and pay the taxes that are due. The government should not award a company just for complying with the law. Awards ceremonies also bring senior government officials into interaction with tobacco company executives, which is against the law.

Improve Transparency Measures: The Constitution of Nepal in Article 17 on Right to Information says that *Every citizen shall have the right to demand and receive information on any matter of his or her or of public interest.* On the basis of this legal provision, there is no information provided by the government on the meetings/dialogue with the tobacco Industry. Civil society needs to be informed by the concerned government agencies for transparency and respecting citizen's right to information as per the Constitution of Nepal.

Empower Civil Society as Change Makers: Nepal's leading civil society groups have been playing a proactive role in tobacco control since 1990s. The ban on tobacco advertisement in electronic media in 1996 was an outcome of this movement. Another historical achievement was initiated after the ratification of WHO FCTC which had resulted in the formulation of Tobacco Products Control and Regulation law by the parliament in 2011. Article 4.7 of the WHO FCTC refers to civil society's essential role in implementing the treaty. Tobacco control groups with no ties with the tobacco industry should actively participate in the effective implementation of all the legal provisions.

Ensure Tobacco Industry Complies with Tobacco Products and Control and Regulation Law. The Surya Nepal is a mother organization of Surya Tobacco Company. It has created lots of confusion and Surya Nepal is getting benefit from this confusion. Hence the government should implement the law to ensure Surya Nepal abides by the Tobacco Products Control and Regulation Law. The Ministry of Health and Population should step up their efforts to raise awareness on the requirements of WHO FCTC Article 5.3 not to form any partnerships with the tobacco industry by the government.

Nepal

Tobacco Industry Interference Index 2023

Results and Findings

	0	1	2	3	4	5
INDICATOR 1: Level of Industry Participation in Policy-Development						
1. The government ⁷ accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry or any entity or person working to further its interests. ⁸ in setting or implementing public health policies in relation to tobacco control ⁹ (Rec 3.4)		I				
<p>The government prohibits employees from receiving any contributions from the tobacco industry or assistance in implementing public health policies.</p> <p>Participation of tobacco industry representatives in meeting called by the government offices are not formally recorded but they participate wearing different hats. This is done through various national level organizations such as the Federation of Nepalese Chamber of Commerce and Industry (FNCCI), Confederation of Nepalese Industry (CNI) and others business organizations.</p>						
2. The government accepts, supports or endorses <u>policies or legislation drafted</u> by or in collaboration with the tobacco industry. (Rec 3.4)	0					
No policy has so far been drafted in collaboration of the tobacco Industry.						
3. The government allows/invites the tobacco industry to sit in government interagency/ multi-sectoral committee/ advisory group body that sets public health policy. (Rec 4.8) I Never 5 Yes		I				
There is no record of the participation for Tobacco Industries in any committee or Advisory Group in drafting up Public Health Policy but it has been observed that the representative from the tobacco industry will have access to these meeting as a member of Nepal Chamber of Commerce and Industry of any others business organization/association/federations.						
4. The government nominates or allows representatives from the tobacco industry (including State-owned) in the delegation to the COP or other subsidiary bodies or accepts their sponsorship for delegates. (i.e. COP 4 & 5, INB 4 5, WG) ¹⁰ (Rec 4.9 & 8.3) For non-COP year, follow the previous score of COP year.		I				
The Government never nominated any representatives from tobacco industry in the delegation to the COP or other subsidiary bodies meeting or accepted their sponsorship for delegates. ¹¹						
INDICATOR 2: Industry CSR activities						

⁷ The term “government” refers to any public official whether or not acting within the scope of authority as long as cloaked with such authority or holding out to another as having such authority.

⁸ The term, “tobacco industry” includes those representing its interests or working to further its interests, including the State-owned tobacco industry.

⁹ “Offer of assistance” may include draft legislation, technical input, recommendations, oversees study tour

¹⁰ Please annex a list since 2009 so that the respondent can quantify the frequency, <http://www.who.int/fctc/cop/en/>

¹¹ WHO FCTC. CoP9 List of Participants. Accessed last 2 July 2023 from <https://tinyurl.com/mvbfvka8>

	0	1	2	3	4	5
<p>5. A. Government agencies or their officials endorse, support, form partnerships with or participates in activities of the tobacco industry described as socially responsible. For example, environmental programs. (Rec 6.2)</p> <p>B. The government (its agencies and officials) receives CSR contributions¹² (monetary or otherwise, including CSR contributions) from the tobacco industry or those working to further its interests during the pandemic. (Rec 6.4)</p> <p><i>NOTE: exclude enforcement activities as this is covered in another question</i></p>					4	

The Government is not legally permitted to receive any financial sponsorship or support from the tobacco industry through its CSR activities.

Surya Nepal conducts CSR activities in 4 categories¹³:

“Asha” focusing on community empowerment: activities on vocational training for women;

“Khelpartyatan” on sponsorship of sports and tourism activities: sponsored events include golf tour tournament (2020-2021 season) promoting it as a tourism event. Surya has been sponsoring this event for four years. The latest was held in February 2023.¹⁴

“Suswasthya” on health-related activities: raised funds for community health program for Nepal Orthopedic hospital

“Prakriti” on environmental preservation: greenery and tree planting projects

In February 2023, the Brigadier General of the Nepali Army signed a tripartite agreement with the Managing Director of Surya Nepal and an NGO, Centre for Research and Sustainable Development (CRSSD) towards the Mountain Cleanup Campaign of Mt Everest.¹⁵ SNPL committed Rps 11 million as part of its CSR activity, which will be coordinated by the Nepal Army. The Ministry of Forest and Environment, Pokhara Metropolitan Municipality and Annapurna Rural Municipality are part of the campaign.¹⁶

This company also provided 5 million rupees to Sukla Gandaki rural municipality. In addition, Surya Nepal donated 3 million to Sukla Gandaki municipality, 2 million to Myagdi Municipality in rural Nepal for Covid care and management.

It has also contributed 11 million Rupees in the name of Clean Himalaya and Zazmandu 2022, a musical concert was organized recently with financial support from Surya Nepal.

Under CSR activities two municipality and 8 school receive financial support from Surya Nepal under CSR activities for their infrastructure development As part of its corporate social responsibility, Surya Nepal Pvt Ltd (SNPL) has provided medical supplies worth Rs 6.5 million to three government hospitals in Kathmandu.

¹² political, social financial, educations, community, technical expertise or training to counter smuggling or any other forms of contributions

WHO FCTC - <https://fctc.who.int/who-fctc/governance/conference-of-the-parties/ninth-session-of-the-conference-of-the-parties/additional-documents>

¹³ Surya Nepal. SNPL Asha CSR.. Accessed last 2 July 2023 from <https://tinyurl.com/33ntkrap>

¹⁴ The Kathmandu Post. Rai wins Surya Nepal Western Open Golf Tournament. Accessed last 25 Feb 2023 from: <https://tinyurl.com/2s8mv568>

¹⁵ Makalukhabar. Surya Nepal teams up with Nepal Army for 'Mountain Cleanup Campaign 2023' Accessed last 9 Feb 2023 from <https://tinyurl.com/5n6ae76h>

¹⁶ The Rising Nepal. The Mountain Clean up Campaign begins. 30 Mar 2023. Accessed last 2 July 2023 from <https://tinyurl.com/2n6by6rx>

	0	1	2	3	4	5
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The company had earlier this year contributed a total amount of Rs 70 million (Rs 10 million to each province) to the 'Funds for treatment and control of COVID-19' established by all seven provinces.

Teach for Nepal (TFN), an NGO, has listed Surya Nepal as a partner.¹⁷ Fellows from TFN have a two-year fellowship and teach in public schools. A key initiative of the Asha Program is the partnership between SNPL and Teach for Nepal, a reputed NGO, with the objective of improving the quality of education in public schools. The partnership is operating in the Parsa and Tanahun districts with Teach for Nepal Fellows being placed in 8 schools, teaching Mathematics, Science and English with the primary objective of improving the SEE 10th Grade results. In another initiative, SNPL has extended vocational and skill development training in areas such as garment sewing and candle making which have successfully helped economically backward women. SNPL pioneered and instituted the first ever Annual Social Entrepreneurship Awards for development of society with a focus on employment generation and sustainability. In the process five entrepreneurs amongst a large number of nominees engaged in entrepreneurship, were awarded a sum of NRs. 100,000 each to help scale up their ventures.

INDICATOR 3: Benefits to the Tobacco Industry

6. The government accommodates requests from the tobacco industry for a longer time frame for implementation or postponement of tobacco control law. (e.g. 180 days is common for PHW, Tax increase can be implemented within 1 month) (Rec 7.1)				3		
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There is no document available regarding the formal request from the tobacco industry to delay the law implementation however the industry has benefited by the government's inactive to not charge the tobacco company the penalty for non-compliance and ignoring the government's directive to increase 90% from 75% pack warning. This 90% pack warning is finally materialized from 2022.

Low tax on tobacco products of only about 40% is another example of the tobacco industry benefiting. Cigarettes remain cheap and affordable to smokers.

7. The government gives privileges, incentives, tax exemptions or benefits to the tobacco industry (Rec 7.3)				3		
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No privilege, incentive or tax exemptions were provided to any tobacco company on their import and export of Tobacco goods and equipment. However, the government has again started selling tobacco products in duty free shop at the Tribhuvan International Airport which was banned by the Prime Minister Dr. Babu Ram Bhattarai in August 2011. The government allows international travellers to bring in duty free 200 cigarettes, or 25 cigars or 250 grams of tobacco into the country ¹⁸.

INDICATOR 4: Forms of Unnecessary Interaction

8. Top level government officials (such as President/ Prime Minister or Minister ¹⁹) meet with/ foster relations with the tobacco companies such as attending social functions and other events sponsored or organized by the tobacco companies or those furthering its interests. (Rec 2.1)						5
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¹⁷ Teach for Nepal. About Teach for Nepal. Accessed last 2 July 2023 from: <https://tinyurl.com/w2c4xx5>

¹⁸ IATA Travel Centre. Nepal. Accessed last 2 July 2023 from bit.ly/3V55H0Z

¹⁹ Includes immediate members of the families of the high-level officials

Every year Surya Nepal is awarded as the “highest tax payer company” and is honored by the government. In 2022, the Finance Secretary Krishna Hari Pushkar honored Surya Nepal during a programme organized by the Inland Revenue Department to mark the National Tax Day 2022.²⁰ 17 August 2022: Ravi Kumar Rayavaram, MD, of Surya Nepal, made a presentation on Intellectual Property Rights (IPR) issues at a conference hosted by the Nepali-India Chamber of Commerce and Industry. Chief Guest at the event was Minister of Industry, Commerce and Supplies, Dilendra Prasad Badu, who reiterated the government’s commitment to protect IPR to promote brands and investors. The Minister assured the participants that a draft bill currently submitted to the Ministry of Law will be shared and consulted with private sector stakeholders.²¹ SNPL was one of the co-hosts of the seminar. Also present was the Director from the Department of Industry.²²



9. The government accepts assistance/ offers of assistance from the tobacco industry on enforcement such as conducting raids on tobacco smuggling or enforcing smoke free policies or no sales to minors. (Including monetary contribution for these activities) (Rec 4.3)	0					
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No recorded evidence of accepting any assistance from the TI in the name of controlling cross boarder smuggling and other legal provisions. The NDRI report 2022 shows only 0.33% illicit cigarette trade. ²²

10. The government accepts, supports, endorses, or enters into partnerships or non-binding agreements with the tobacco industry or any entity working to further its interests. (Rec 3.1) <i>NOTE: This must <u>not</u> involve CSR, enforcement activity, or tobacco control policy development since these are already covered in the previous questions.</i>	0					
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It has not been noticed with evidence.

INDICATOR 5: Transparency

²⁰ New Business Age. Surya Nepal Honoured as the Highest Taxpaying Company Accessed last 2 July 2023 from <https://tinyurl.com/bdhm2wuu>

²¹ Business 360. NICCI urges govt to bring IPR law at par with intl practice. Accessed last 2 July 2023 from <https://tinyurl.com/3fdrscf>

²² Karobar. Stricter law on intellectual property rights will ensure more FDI inflows to Nepal. 20 Aug 2022. Accessed last 2 July 2023 from <https://tinyurl.com/25cc4h3c>

²² Nepal Development Research Institute. NDRI Report 2022. Accessed last 2 July 2023 from <https://tinyurl.com/2hb733yv>

	0	1	2	3	4	5
11. The government does not publicly disclose meetings/ interactions with the tobacco industry in cases where such interactions are strictly necessary for regulation. (Rec 2.2)						5
Although the constitution of Nepal Guarantee Right to Information but there is no formal record available of any meetings/interaction with the tobacco industry available in the public domain. concerned ministry representative said these was not such formal meeting with TI the year.						
12. The government requires rules for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists (Rec 5.3)						5
The Government does require any formal information regarding the disclosure or registration of Tobacco Industry entities, affiliate organizations and individuals acts on their benefit. Some of the Municipality chiefs have assured to record in their area in future. Industry front groups and allies emerge only when it is deemed necessary by the tobacco industry. They are not formally registered as groups/ allies.						
INDICATOR 6: Conflict of Interest						
13. The government does not prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions. (Rec 4.11) / Never 5 Yes		1				
There is no formal record of contributions made by TI in the last local, Provincial and federal Parliament election. The Election commission could not provide any detail information on the sources of income of the political parties in the election of 2022. Formally the government donot allow or accept any contribution from the Tobacco Industry.						
14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec 4.4)	0					
No recorded evidence in the reporting period.						
15. <u>Current government officials</u> and relatives hold positions in the tobacco business including consultancy positions. (Rec 4.5, 4.8, 4.10)	0					
The government officials interviewed said that the government can guarantee that for the last 5 years not a single government officials and relatives hold position in any Tobacco Company.						
INDICATOR 7: Preventive Measures						
16. The government has put in place a procedure for disclosing the records of the interaction (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives. (Rec 5.1)						5
No records of meeting minute are written and there is not any information on formal meeting with TI.						
17. The government has formulated, adopted or implemented a code of conduct for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry. (Rec 4.2); <i>1 for whole of government code; 2 fort Yes but partial if only MOH</i>			2			

	0	1	2	3	4	5
As per Tobacco Product Control and Regulation (Article 5, Rule 48), government officials cannot accept any gifts from the tobacco industry. The Regulation states that any nominated member of the Committee “found to be involved directly or indirectly in the manufacture, import, export or sales and marketing of tobacco products” may be removed from his or her post.						
18. The government requires the tobacco industry to periodically submit information on tobacco production, manufacture, market share, marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions and all other activities. (5.2)			2			
Other than cigarette production figures which are used to determine taxes, and the 1% corporate social responsibility, the government does not require the tobacco industry to provide information on marketing expenses, lobbying, political contributions and other activities. There moral requirements are not respected by the Tobacco Company.						
19. The government has a program / system/ plan to consistently ²³ raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)			2			
Yes, National Health Education, Information and Communication Centre (NHEICC) of the Ministry of Health and Population, being the focal agency of WHO FCTC implementation regularly organize training/ workshops to the concerned government offices. Modality and frequency of these program is not available. However, with evidence of unnecessary interaction of the Ministry of Finance with the tobacco industry through the award ceremony, it appears the awareness programmes are insufficient in the non-health sector.						
20. The government has put in place a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry (monetary or otherwise) including offers of assistance, policy drafts, or study visit invitations given or offered to the government, its agencies, officials and their relatives. (3.4)			2			
Government officials are prohibited from participating in any event conducted by the tobacco industry following the implementation of the Tobacco Control and Regulation Act. There is no record of accepting any contribution /gifts from tobacco Industry in this reporting period (2021-March 2023). However, during the pandemic, the tobacco industry made contributions.						
TOTAL			42			

²³ For purposes of this question, “consistently” means: a. Each time the FCTC is discussed, 5.3 is explained. AND b. Whenever the opportunity arises such when the tobacco industry intervention is discovered or reported.

Annex A: Sources of Information

	TOP TOBACCO COMPANIES	MARKET SHARE	BRANDS	SOURCE
1	Surya Nepal Pvt Ltd (59% owned by ITC India Ltd and 2% by BAT (Investment) Ltd UK	70%-75%	Bijuli, Bijuli filter, Chautari filter, Khukuri, Surya Luxury king, Surya Luxury king, Pilto Filter, Shikhar Filter king, Shikhar Ice Rush, Surya Legend, Surya 24 Karat, Khukuri Filter, Pilot Filter, Electric Filter, and Chautari brand	https://bit.ly/42Fxbgn
2	Gorkha lahari	20%	Nepal Gold Flake ,Sahara Filter and Mayalu Filter are the main brands of the company and other brands are : Bahar Special plane,Brown filter Kings,Gorkha Filter,Style Filter,Winner Filter,Caption Filter Kings,Mustang Black,Mustang Red and Major Filter.	
3.	Perfect Blends Nepal Pvt. Ltd.			This record is available at Industries Département of Nepal but production and marketing details are not available. Most of these companies are small domestic tobacco companies.
4.	Chand Bidi Factory			
5	Smokeless Tobacco Industries			
6	Baba Gutkha 108 Pan Masala Company			
7	Bimurti Federation Company			
8	Green Tobacco Company			
9	Golden Tobacco Company			
10	Om sai Tobacco Industry			
11	Mahabir Suppliers			
12	Munjushree Gutkha and pan Masala Company			
13	Radha Krishna Surti Packaging Company			

14	Rijal Pan Bhandar			
15	K.P. Pan Production Pvt. Ltd.			
16	Ganesh Kumar Gutkha and Paan Masala Company			
17	Nepal Pan Masala Company			
18	Puja Surti Packaging Company			
19	Shree Deuti Gutkha Industries			
20	Shyam Suppliers			

TOP NEWSPAPERS	
1.	Kantipur Daily
2.	The Kathmandu post
3.	Nagarik Daily
4.	The Rising Nepal
5.	The Himalayan Times

	TOP TOBACCO INDUSTRY ALLIES/ FRONT GROUPS	TYPE (FRONT GROUP, AFFILIATE, INDIVIDUAL)
1	These allies emerge as and when needed by the tobacco Industry. They are not formally registered groups/ allies.	

Here is the list of Participants of this exercise.

Civil Servant (Government Employees)

1. Mr. Sunil Raj Sharma, Director, NHEICC
2. Senior Public Health Officer, MOHP
3. Deputy Secretary, MOHP
4. Health Tax Fund secretariat, MOHP
5. Ms. Ramila Bhandari, Director, Dept. of Industry.
6. Mr. Deepak Ghimire, Under secretary (law) Dept. of Industry
7. Mr. Under secretary and former Assist chief District officer, Ministry of Home Affairs.
8. Mr. Jitendra Basnet, Joint Secretary, Ministry of Home Affairs.
9. Mr. Punya Bikram Khadka, Custom Department
10. Mr. Raju prasad Pyakurel, Inland Revenue Dept.

Retired Government Employees.

1. Dr. Nirakarman Shrestha, Secretary, Ministry of Health
2. Dr. Dirgha singh Bam, Secretary, Ministry of Health
3. Dr. BabuRam Marasini, Director, Epidemiology Dept. MOHP

Public Health Experts and Health Rights Activist

1. Prof. Dr. Sharad Raj Onta, Former Assistant Dean, Institute of Medicine, Tribhuvan University.
2. Mr. Ananda Bahadur Chand, Director, Action Nepal
3. Sanju Shah, HRTC Koshi province coordinator.
4. Madan Raj Katuwal, HRTC Madhesh Province coordinator
5. Ms. RatnaSwari Chawal, HRTC Bagamati Province coordinator
6. Mr. Hari Prasad Poudel, HRTC Gandaki Province coordinator
7. Mr. Purna Lal Chuke, HRTC Lumbini Province coordinator
8. Mr. Krishna Singh Deupa, HRTC Sudur Paschim Province coordinator

Media persons

1. Mr. Praveen Dhakal, Editor, Swasthya Khabar Patrika
2. Mr. Surya Dhungel, Chairperson, Health Journalist Forum

Tobacco Company

Director, CSR and Marketing, Surya Nepal Company (name has not disclosed)

Sources Of Information

1. Print and online News portals
2. Nepal Health Research Council and Nepal Development Research Institute Research
3. Ministry of Health and Population
4. Budget of 2021-22 and Economic survey
5. Inland revenue Department report
6. Custom Department report
7. Personal Interview.

Appendix B: How Municipalities are rejecting tobacco industry

Major Outcome of the Interview with Mr. Chiri Babu Maharjan, Mayor, Lalitpur Metropolitan City and chair of Kathmandu valley Mayor Forum of the total of 18 Municipalities.

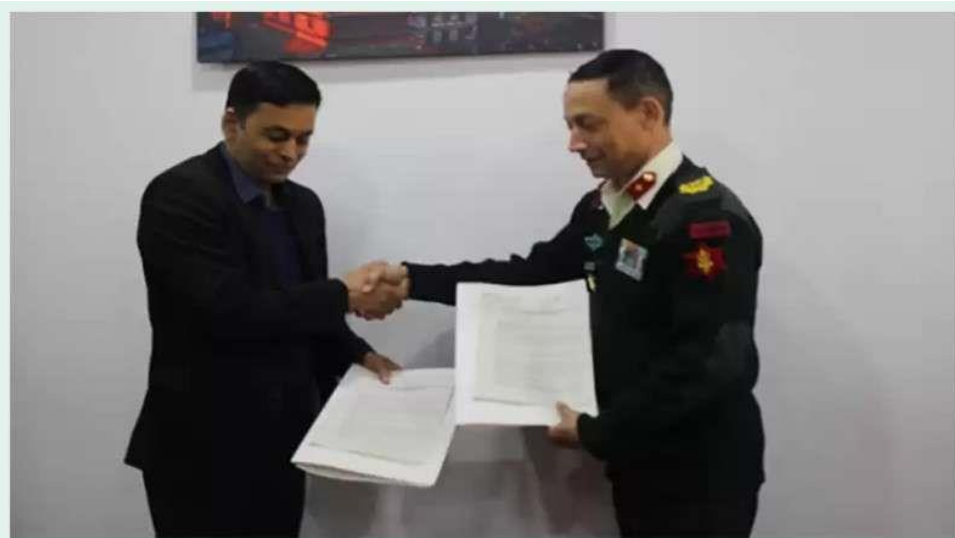
- The Municipality has made public place as smoke free zone which also include schools, college, Heritage sites, public parks.
- It will also be extended to restaurants
- The Municipality does not allow any Tobacco Industry representative to participation any policy decision meetings.
- Municipality respect "People right to Information."
- All the billboards on Alcohol also removed and No posters, billboards of Tobacco and Alcohol are allowed.
- Municipality is making traffic island park in different parts of the city. We have not accepted any support for Tobacco Industry instead the municipality has regret agreement with Hotel Himalaya to regular maintenance of these parks.
- The Jawalakhel Birendra park was initially maintained by Jawalakhel Distillery and now we have removed their sign board.
- We are also in the process of making Tobacco free city but it takes time.
- we are the first municipality of introducing smart city light and cycle lane throughout city.



Lalitpur Municipality banned Tobacco in Public Place and parks

Appendix C. Examples of Tobacco CSR and Sponsorship Activities

Surya Nepal handover Ambulance to Armed police hospital



Surya Nepal Pvt Ltd, a leading Tobacco Company, has pledged financial assistance of more than Rs 11 million to the 'Clean Mountain Campaign 2023'.

This campaign initiated by the Nepalese Army aims to protect biological diversity, nature and environment, especially in the mountainous areas of Nepal. Ref:

<https://www.newbusinessage.com/Articles/view/16976>



Surya Nepal Pvt Ltd, Tobacco company sponsorship of Literature program



Surya Nepal's CSR providing Rs 6.5million worth medical supplies to 3 hospitals.

Ref: <https://myrepublica.nagariknetwork.com/news/surya-nepal-provides-medical-supplies-worth-rs-6-5-million-to-three-govt-hospitals-in-kathmandu/>



Surya Nepal organized Golf Tournament



Tobacco Branding and publicity in public place breaks the law

A blue decorative graphic consisting of overlapping triangles and a trapezoid, pointing to the right, located to the left of the text.

FCTC Article 5.3 Guidelines

In setting and implementing their public health policies with respect to tobacco control Parties shall act to protect these policies from commercial and other vested interest of the tobacco industry in accordance with national law.
