

# Bill Summary

## The Health Security se National Security Cess Bill, 2025

- The Health Security se National Security Cess Bill, 2025 was introduced in Lok Sabha on December 1, 2025. The Bill proposes to levy a cess on production of goods such as pan masala and any other goods that may be notified by the central government. Proceeds from the cess will be used for expenditure towards public health and national security.
- **Levy and collection of cess:** The cess will be payable by a person who owns or controls machines or undertakes processes, to manufacture the specified goods. The cess will be calculated per machine installed or per unit of manual production, and will be collected monthly. The obligated persons will be required to self-assess the payable cess and furnish a return. The Bill provides that interest will be payable on any cess that remains unpaid after the due date.  
  
For machine-based production, the cess will be based on the maximum rated speed of each machine and the weight of the product packed in each pouch or container. For instance, cess will be Rs 1.01 crore per month per machine for maximum rated speed up to 500 pouches per minute and each pouch weighing up to 2.5 grams. The cess will increase to Rs 25.47 crore per month per machine where maximum rated speed is between 1,001 and 1,500 pouches per minute, and each pouch weighs above 10 grams. For wholly manual production, a fixed monthly cess of Rs 11 lakh per factory will be levied. The government may increase cess rates up to twice the specified amount, if it is satisfied that such an increase is necessary in public interest. Enhanced rates will be applicable for a specified period.
- **Audits:** Specified officers, not below the rank of a Commissioner, may conduct audits to verify the correctness of cess paid. In case of failure to pay the cess or discrepancies in payments, officers may initiate proceedings to recover cess, interest, and penalties.
- **Offences and penalties:** Offences under the Bill include: (i) owning or operating any machine or processes that produces a specified good without declaring it, (ii) failing to pay cess within the specified period, (iii) failure to obtain registration, and (iii) disposing of or tampering with any goods that have been lawfully seized. The penalty for such violations is Rs 10,000 or an amount equivalent to the cess payable or evaded, whichever is higher. Aiding or abetting these contraventions will be punishable with a penalty of up to one lakh rupees. For offences involving fraud, wilful misstatement, or suppression and evasion exceeding one crore rupees, the Bill provides for criminal prosecution. Such offences will be punishable with imprisonment between one year and five years, a fine, or both.
- **Appeal process:** The Bill provides a three-tier appeal mechanism against orders passed by authorised officers. An aggrieved person may first file an appeal before an appellate authority (not below the rank of Commissioner) within three months of an order. Decisions of the appellate authority may be appealed further before the Customs, Excise, and Services Tax Appellate Tribunal. In cases involving a substantial question of law, orders of the Tribunal may be appealed before the High Court.
- **Power of inspection, search, and seizure:** The Bill empowers officers of the rank of Joint Commissioner or above to: (i) undertake inspection of any place where specified goods are manufactured or stored, and (ii) to search and seize goods, machines, documents, or records where evasion is suspected.

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