



Immediate Budget Reaction 2019-20 PROGGA and ATMA

The govt. to lose Tk. 11,000 crore as revenues Public Health under Unprecedented Threats

Tk. 11,000 crore in additional revenues could have been raised from tobacco sector if the proposed tax and price measures from the Ministry of Health and Family Welfare (MoHFW) were adopted. Adoption of such proposals could have prevented 6 lac premature deaths in the long run. World Health Organization (WHO) has repeatedly warned that the use of tobacco products increases the risk of coronavirus infection (due to frequent hand-mouth contacts) and also the risk of serious illness due to lung disease or reduced lung capacity and discouraged the use of tobacco during COVID-19 pandemic. Unfortunately, the proposed budget not only ignored WHO's repeated warnings but also showed sheer indifference to all the opportunities of generating additional revenues and saving lives. The four-tier pricing of cigarettes has been kept untouched, thus continuing to allow the consumers the opportunity to switch to cheaper tiers. Such move will also encourage the youth to light up. This will result in an undoubted rise in cigarette smoking, not curbing it. The price for 10 sticks of low-tier cigarettes has been increased by only Tk. 2, setting the price at Tk. 39, which means the hike per stick will be only 20 paise or 5.4 percent. Such increase is very negligible considering the fact that during the same time the National Income Per Capita (Nominal) has increased by 11.60 percent. It should be noted that 72 percent of all cigarette smokers are users of low-tier products. The supplementary duty on this tier has been increased to 57 percent from 55 percent. If the proposed budget is finally adopted, it will eventually reduce the real price of cigarettes and encourage the use. In bidi, the increase per stick is a negligible 16 paise. This microscopic increase in price will have no impact on reducing the use of bidi, rather it would increase the threat against the health and well-being of the poor of the country. For smokeless tobacco (SLT) products, the price per 10 grams of jarda has been increased by Tk. 10, setting the price at Tk. 40, which is indeed a satisfactory move. However, the increase is only Tk. 5 per 10 grams of gul. As a result, the use of such products among women and the poor will not see any major decrease. Overall, this proposed budget will have zero effect in generating additional revenue, preventing premature deaths and curbing the spread of coronavirus infection which is very frustrating.

The proposed budget for FY 2020-21 has kept the price of cigarettes in medium-tier unchanged. In the high and premium tiers of cigarettes, the price per 10 sticks saw increases amounting to Tk. 4 and Tk. 5, leaving the prices at Tk. 97 and Tk. 128 respectively. The supplementary duty has also been kept unchanged, at 65 percent. So, compared to the increase in National Income Per Capita (Nominal), the real prices of cigarettes have actually dropped. The demands of anti-tobacco activists to increase supplementary duty and to introduce specific tax have been ignored. As a result of this, the government will miss immense opportunity to generate additional revenues. On the contrary, such moves will provide tobacco companies with even more opportunity to multiply their profits, thus encouraging them in expanding their death trade, which is very concerning. The proposed budget has also ignored the call for imposing a 3 percent surcharge to tackle coronavirus related economic and health loss.

The proposed budget also lacks any significant initiative to curb the use of bidi which is very detrimental to public health. It is quite clear in the proposed budget that the illogical protests of bidi workers that have been continuing for the last two months, with funding and assistance from bidi factory owners, have finally borne fruit. The proposed budget leaves the price of 25 non-filtered bidis at Taka 18 which shows an increase of only Tk. 4. This means the increase per stick of non-filtered



bidi is a negligible 16 paisa. This will result in an increased consumption of bidi among the country's low-income earners and insolvent people. To make matter worse, the supplementary duty on these products also has kept the same for the fifth consecutive time, which is a blatant anti- public health move.

For smokeless tobacco (SLT) products, the prices per 10 gram jarda and gul have been set at BDT 40 and 20 respectively. A supplementary duty of 55 percent has been imposed in both cases. Hike of such limited extent will not be enough to discourage the use of these products. While SLT users constitute 50 percent of total tobacco users, the reality is that revenue generated from SLT sector accounts for less than 1 percent of total tobacco revenue. So, there is still abundant opportunity to generate additional revenue for the govt. from this sector.

To encourage the export of tobacco and tobacco products, the proposed budget has continued the export duty exemption on processed tobacco. This move is reprehensible and goes against the environment and food crop cultivation. It will increase tobacco cultivation and threaten to put the food security of the nation in the long run. Due to such move, the country may also face obstacle in its battle against food scarcity in the post-pandemic period.

The ongoing coronavirus pandemic has revealed how important it is to take measure in advance to protect public health. Despite having enough opportunity, the proposed budget has failed to come up with any effective tax and price measures to discourage the use of tobacco products. As a result, the government will lose the opportunity to raise additional revenues up to BDT 11000 crores. The 37.8 million adults who use tobacco and the 41 million people who fall victim to secondhand smoke will remain in grave health risk. Above all, the sheer disregard for public health as evident in this proposed budget will hinder the realization of a tobacco-free Bangladesh by 2040, as envisioned by the Honorable PM.