



Quick Budget Reaction 2021-22 PROGGA and ATMA

Tobacco Products to Become More Affordable, Tobacco-related Loss to Increase

The proposed budget has kept the prices unchanged for low-tier cigarettes which constitute around 72 percent of cigarette market. The per capita income of the country, however, saw a 9 percent increase since last FY. The proposed budget, if implemented, will considerably reduce the real prices of cigarettes and encourage the poor and the youth demographic to get hooked on the deadly addiction of smoking. The same goes for bidi and smokeless tobacco (jarda and gul) where the taxes and prices have also been kept unchanged. This would put the low income people, particularly women, into greater health risk. If the proposed budget is finally passed, tobacco companies will be the only beneficiaries and the government will lose revenue opportunities. Such a budget, which is in grave conflict with the Honorable Prime Minister's vision of a tobacco-free Bangladesh, will only encourage tobacco business and ignore hundreds of thousands of deaths, impairment, massive socioeconomic and environmental damage this industry causes.

The proposed budget has kept the prices of and taxes on low and medium tiers cigarettes unchanged. The prices for 10 sticks of high and premium tier cigarettes have been increased by only BDT 5 (5.2 percent hike) and BDT 7 (5.5 percent hike), setting the prices at BDT 102 and 135 respectively. The existing 65 percent supplementary duty has been unchanged. This means the prices of per stick High and Premium tier cigarettes will go up by only 50 paisa and 70 paisa respectively, which is a very negligible increase compared to the increase in per capita income. On the contrary, due to faulty tax structure, tobacco companies will pocket a sizable portion of this increased price, and thus they will be encouraged in death trade, which is quite alarming. However, if the government imposed tiered specific supplementary duty as demanded by anti-tobacco organizations, it would have generated additional revenues of BDT 3400 crores, which could have been used to deal with the losses related to coronavirus pandemic.

Bidi and smokeless tobacco (jarda and gul), known enemies of public health, have seen no change in their prices and taxes in the proposed budget. Considering the rise in per capita income, these harmful products will become more affordable. This would undoubtedly put the low income people, particularly women, into greater health risk. Currently, more than 50 percent of the country's 37.8 million adult tobacco users use smokeless tobacco products. It is concerning that despite such large user base, revenues from smokeless tobacco items constitute less than 1 percent of total tobacco revenues. The government has been losing opportunities of earning additional revenues from this sector. It is impossible to achieve a tobacco-free Bangladesh while giving tobacco companies free passes like this.

In his reaction to the proposed budget, ABM Zubair, Executive Director of research and advocacy organization PROGGA (Knowledge for Progress) said, *“the proposed budget does not reflect any proposals or suggestions from anti-tobacco organizations. The only thing it safeguards is tobacco companies' interests. Once implemented, it will make tobacco products more affordable and increase tobacco-related deaths and other losses. So, we urge the government to incorporate our price and tax proposals in the final budget.”*

It should be noted that the Honorable Prime Minister has expressed her commitment to transforming Bangladesh into a tobacco-free country by 2040. To this end, she has also instructed relevant authorities to formulate a strong and time-fitting tobacco taxation policy. Five years have passed since but no such measure has been taken. The proposed budget itself does not reflect the PM's directive.



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Among others, the proposed budget keeps both the existing 45 percent corporate tax on all tobacco companies (cigs, bidis, SLTs) and 2.5 percent Surcharge on tobacco manufacturer's income unchanged.

The second wave of covid-19 pandemic has already put health sector as well as the national economy in a precarious position. According to WHO, smokers are more likely to get severely ill from covid-19 infection than non-smokers. Despite all such warnings, the proposed budget failed to make any effort to discourage use of tobacco products for its lack of effective price and tax measures which is utterly frustrating for anti-tobacco activists.