

## **Post Budget Market Reflection of Increase Tax on Smokeless Tobacco (Jorda) in Bangladesh**

Bangladesh is a highly densely populated country and tobacco consumption is also high. According to Global Adult Tobacco Survey-2017, In Bangladesh 37.8 million adults currently used tobacco in different format. Among these 19.2 million adults used tobacco in smoking format (15 million used cigarettes & 5.3 million used bidi). 22 million adults (16.2% men and 24.8% women) currently used smokeless tobacco (GATS 2017). The report shows that the smokeless tobacco user is higher than smoking tobacco. But the collection of tax from SLT is very tinny than the tax from cigarette. In the fiscal year 2018-2019, total tax collection from cigarette was 27,620 Core Bangladeshi taka on the other hand the total tax collection from Jorda was only 47 Core taka. So, it is very clear that the huge tax evasion is there. The price of Jorda has been increased 10 BDT per 10 grams in the current budget (2020-2021), now the lowest price is taka 40, which is somewhat satisfactory. But the collection of tax was very poor for complex market structure and unregistered tobacco industry.

The major objective of the study was to identify the market reflection regarding the changing price (As per budget). Both qualitative and quantitative approach and observational methods were followed to complete the study. After 30 days of announcing budget, the research team were randomly selected 6 (Six) districts (Dhaka, Khulna, Barisal, Mymensingh, Jhinaidha, and Meherpur) to complete the study. Data were collected from all wholesale market of each district from 5 August 2020 to 20 August 2020.

Total 125 packets of Jorda were investigated (46 company 54 brands) which was collected from 6 (Six) districts to identify the market reflection on raising tax. The team analyzed the data regarding current price and previous price of passing the national budget but almost all the product sale with previous price. Only 56% brands and 43% packets change the price but the range was only 1-2 taka and the average increasing rate is 1.72 taka. However, none of the 125 Jorda collected are being sold at the price mentioned in the budget passed in the fiscal year 2020-21. Since the price of most of the Jorda in the country are very low, it is easily available to the consumers and even, if it increases its price, it does not become too much of a burden for the consumers. In this study, it has been found that usually the packaging of Jorda is more than 5 grams to 10 grams. Besides, they weight 15, 20, 25, 30, 40, 50, 60, 70, 100, 150, 200 but their price is very low. Even though the weight is the same, the price varies from brand to brand. According to the budget, the price of 5 grams of Jorda was supposed to be 20 taka, but the price of all the Jorda available in the market was from a minimum of 3 to a maximum of 16 taka. In the same way, according to the budget, the price of 10 grams of Jorda is supposed to be 40 taka, but looking around the market, it is seen that 10 grams of Jorda is being sold at a minimum of 7 taka to a maximum of 20 taka.

Moreover the price of smokeless tobacco has been increased in the budget; it is not being accepted in practice, the only reason for which is the lack of proper monitoring system for smokeless tobacco. To protect the public health and to reduce the tax evasion, the government or National Board of Revenue should take the following initiatives—

- Increase tax on smokeless tobacco products and strengthen monitoring for collecting tax;

- Bring smokeless tobacco products under standard packaging for proper monitoring;
- To take measures to collect tax through barcode system for preventing tax evasion;
- To fix the weight, lowest price and packet size;
- Take necessary action against the company if the product is not sold at the fixed price;
- To strengthen the monitoring system and to collect taxes in a proper manner, to list all the tobacco companies, big and small, targeting the distributors of tobacco products in each area;
- To fix the time limit for registration of unregistered tobacco companies as per the list and to make re-issuance of registration mandatory after the specified time;
- Destroying and confiscating the products of tobacco companies that do not register within the stipulated time, as well as punishing them with fines and imprisonment;
- Destroying and confiscating any product found in the market other than the brand mentioned in the market and in those areas other than the area mentioned in the registration, destroying the product, as well as punishing them with fines and imprisonment, revoking the license of the company if necessary;

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