

Impact of Price and Tax Changes in the National Budget on the Wholesale and Retail Prices of Tobacco Products (Cigarette and Bidi): A cross sectional survey

Introduction

Bangladesh is one of the countries in the world where tobacco products are available at low prices. As a result, the rate of smoking among young people is increasing alarmingly. At the same time, the death toll from tobacco-related diseases is on the rise. According to the World Health Organization, tobacco products, including bidi-cigarette smoke, contain more than 7,000 harmful chemicals¹, including DDT, carbon monoxide, arsenic, methanol, alkatra, and nicotine, of which 43 are directly linked to cancer.

Worldwide, smoking kills one person every 6 seconds and more than 8.2 million people every year.² Of these, 7 million people die directly from tobacco use and 1.2 million die from second-hand smoke. Of these, 0.161 million people died in Bangladesh. At present, 80 percent of the world's 1.3 billion tobacco users³ are from low- and middle-income countries.⁴

The World Health Organization (WHO) drafted the International Tobacco Control Convention Framework Convention on Tobacco Control (FCTC) in recognition of the dangers of smoking. It effectively bans all forms of tobacco control campaigns, eliminates all smoking in public places and public transport, issues pictorial health warnings on tobacco products, including cigarettes, actively supports tobacco growers in alternative crop production, and the imposition of high taxes and price increases on tobacco products. According to a study by the World Health Organization, a 10 percent increase in prices would save 42 million people from smoking and save the lives of about 9 million people, especially in developing countries.⁵

At the same time, various international studies have shown that raising taxes on tobacco products not only increases revenue but also reduces government spending on health and reduces smoking. This image has already been noticed in different countries of the world including Australia, Thailand, Norway, and Singapore. As a result, it is necessary to impose high taxes on tobacco products regularly every year, but it is not possible in Bangladesh. The main reason for this is non-implementation of specific taxation system on tobacco products.

Bringing all tobacco products including white leaf, jorda, gul under the tax and fixing the minimum price of all tobacco products including bidi-cigarettes will have a direct impact on the consumer. This needs to be implemented quickly. At the same time, keeping in line with inflation, it is necessary to increase the tax on all tobacco including bidi-cigarettes every year. Besides, a policy has to be formulated to increase the tax on tobacco products every year.

OBJECTIVE

The rate at which the National Board of Revenue imposes taxes on tobacco products every year is not enough to reduce tobacco use. Instead, the conventional four-tiered complex tax structure is helping people to use other tobacco products without reducing tobacco use. In order to present a realistic picture in such a situation, it is important to know the extent to which the increase in the price of tobacco products in the current (2021-22) fiscal year has affected the retail and wholesale markets and consumers. Because no such research has been done in Bangladesh. The goals and objectives of this study are generally twofold.

Overall Objectives:

Determining the impact of price change in the budget of FY 2021-22 on the market price of tobacco products (cigarettes and bidis).

Specific Objectives:

- Investigating the impact of the budget on the market prices of tobacco products.
- Determining the difference between Maximum Retail Price (MRP) printed on the package and actual selling price.
- Exploring the tobacco companys' strategies in resetting the prices of tobacco products in the face of rising tax rate and price.

Although the prices of nominal tobacco products increase in Bangladesh every year, only tobacco companies benefit from it. If the production doubles, the profit increases at least 5 times.⁶ As a result, Bangladesh has not been able to reduce tobacco related deaths due to faulty and complex tobacco tax structure. The most surprising thing is that in the last few years, the prices of daily necessities have increased several times but the prices of tobacco products have not increased at that rate. From which it is clear that the use of tobacco among the people is increasing due to the availability of cheap tobacco products.

In Bangladesh, the price and tax rate of tobacco products are fixed in the budget every year. In this context, there has been no research in the country on how much tobacco companies fix the price of tobacco products and at what price they are sold in the market. By conducting this study in the financial year 2021-22, an attempt has been made to get the answer to the above question. We think that this has made it possible for the tobacco company to unveil its pricing and marketing strategy.

Literature Review

The British American Tobacco Company (BAT) is a giant manufacturing company for cigarettes in Bangladesh. Those who continue to grow their business with various strategies every year. According to a recent study, the company's production is 3 percent lower in the 2017-18 financial year due to various reasons. But they have just taken their profits. Because even though the production is less, their profit has increased by 28 percent that year! In 2009, the British American Tobacco Company Bangladesh had a profit of 2,000 million taka as against the production of 24,701 million sticks. After only 9 years, that is, in 2018, along with the production of 51 million sticks, the company's profit has increased to 10 thousand 10 million taka! This is due to the multi-tier tax structure on cigarettes.⁷

The multinational company controls about 80 percent of the country's cigarette market. Through BAT alone, the government's revenue from supplementary duty and VAT has increased at an average rate of 19.5% since 2015. At the end of the third quarter of 2015 (January-September), the government's revenue from supplementary duty and VAT on sales of BAT cigarettes was 7,394 crore taka, which increased to Tk 16,036 crore taka in the same period of FY 2020-21. At that time, the company's net profit increased from 438 crore taka to 872 crore taka.

After 2015, BAT Bangladesh's cigarette sales have increased by 24 percent. However, due to the increase in prices due to supplementary duty and VAT, the sales of BAT cigarettes in Bangladesh have decreased since 2017. A review of the company's audit report shows that in 2017, BAT sold 5,320 crore stick cigarettes in Bangladesh. In 2018, sales dropped slightly to 5,142.50 million sticks. And in 2019, the price of cigarettes increased further and sales came down to 5,074.40 million sticks. Cigarette sales in 2019 decreased by about 5 percent compared to 2017, but net turnover increased by about 9 percent.⁸

Besides, in the first nine months of 2020, BAT Bangladesh's total revenue from sale and export of cigarettes in the domestic market in January-September quarter was 20,360 crore taka, which is 4.85 percent more than the same period of the previous year.

METHODOLOGY

The research has been conducted following quantitative research methods. Information has been collected from the 48 retail outlets (points of sale vendors) and the 24 wholesale outlets of a total of 12 cities/towns. This includes the divisional cities of Dhaka, Barisal, Khulna, and Mymensingh as well as two additional district towns from each of the divisions. Data has been collected from a total of four retail outlets and two wholesale outlets in each city. These retail outlets have been selected from the public places as defined by the Tobacco Control Act. In this case, the study has been completed with the information from the Sadar Hospital, bus stand, market and retail outlets of each district town or DC office area.

Executive Summary

At that time, the government's revenue from the sale of cigarettes, supplementary duty and VAT has been 16 thousand 35 crore 96 lakh taka. As a result, BAT Bangladesh's net income from cigarette sales stood at 4,344 crore, which is 8 percent more than the same period last year.⁹

Even though the tax is increased in the budget every year in Bangladesh, it is not playing any role in the use of tobacco products.¹⁰ This is because the prevailing Advalem tax system and the four-tier multi-tiered tax structure in the country are now helping people to use low-priced tobacco products easily. As a result, when the price of a tobacco product is increased, they can easily accept the product at a lower price.¹¹

According to a World Bank study, if the people of Bangladesh can control tobacco effectively, job opportunities will increase by 18.7 percent. The money spent by the government and the people in the health sector will come down.¹² On the other hand, a joint study by Work for Better Bangladesh Trust, Health Bridge and MANABIK found that if the price of tobacco increases, smokers will gradually reduce their tobacco use by 60 percent and stop smoking by 26 percent.¹³

In their research on the pricing of tobacco products, Nargis et al. (2020), evaluated the tobacco industry's pricing strategies in the cigarette market of Bangladesh by observing the difference between market retail prices (MRP) of cigarettes faced by consumers and government recommended retail prices (RRP) used as tax base in a four-tiered ad valorem tax structure. The researchers discovered that MRPs for higher-priced brands were higher than RRP, enabling the opportunity of gaining additional profit margin on the high-end brands while simultaneously lowering the relative price of and growing demand for lower-priced brands. The researcher remarked that tobacco companies in Bangladesh used a differential pricing approach, which countered the intended effect of the tax policy shift in reducing cigarette consumption and promoting public health. The tiered excise tax structure aided this pricing technique. They also recommended that this should be replaced by a standardized specific excise tax structure.¹⁴

A total of 25 brands of cigarettes were found in the 48 outlets. Of all these brands, 4 brands belonged to the premium tier, 5 brands belonged to the high tier, 5 belonged to the middle tier and 11 were from the low tier.

All of the 48 retail outlets selected for this study have reported that they mostly sold cigarettes as single stick. At the same time, all the 48 outlets sold the 20-stick cigarette packs too. Besides, 34 outlets (70.8%) have reported selling 10-stick cigarette packs and 29 outlets (60.4%) have reported selling 12-stick cigarette packs (Benson, Benson Light, Benson Switch, Goldleaf).

On the other hand, filtered bidis were found in only two outlets (4%) and unfiltered bidis were found in 16 shops. Filtered bidis were found to be sold in 20-stick packs and unfiltered bidis were found to be sold in 25 sticks packs.

In the 2021-22 fiscal year, the minimum price of 10-stick premium tier cigarettes was fixed at BRT 135 by government. According to this pricing, the minimum price of a 12-stick pack should be BDT 162 and a 20-stick pack should be BDT 270. According to the data collected in the survey, the maximum retail price printed on the 20-stick cigarette pack of premium tier brands (Benson, Benson Switch, Benson Light, and Marlboro) were BDT 270. But the retail seller himself has to pay BDT 269.98 on an average for a pack to the company representative and/or local wholeseller. And they are selling each 20-stick pack for BDT 294.29.

Although the maximum retail price is BDT 162 printed on a 12-stick pack, retailers are buying at an average price of around BDT 162 (161.90) and selling at an average of BDT 172.85 which is 7% higher than the MRP. In the case of selling the sticks as a single unit rather than in a pack, the price of each stick is being kept at 15 BDT.

According to national budget of FY 2021-22 the price of 10 sticks high-tier cigarette is BDT 102. Accordingly, the price of 20 sticks is BDT 204 and the price of 12 sticks is BDT 122.4. The study found, the maximum retail price printed on 20 sticks packet is BDT 204. But the average purchase-price of a retailer is BDT 204.30 and its average selling price is BDT 221.40. Similarly, the maximum retail price printed on a 12 sticks packet is BDT 122.4. But retailers are buying at an average of BDT 122.58 and selling at an average of BDT 130.7.

Result of Study

On the other hand, wholesalers are buying 20 sticks packet of this tier at an average price of BDT 203.98 and selling it to retailers at an average price of BDT 205.45.

The price of 10 sticks cigarette of the medium tier were unchanged at BDT 63 in the current FY like the previous FY. As such, the price of 20 sticks is BDT 126. Analysis of the data obtained shows that the maximum retail price printed on a 20 sticks packet of this tier is BDT 126. But retailers are buying at an average price of BDT 126.05 and selling at BDT 135.89.

Similarly, the maximum retail price printed on a 10 sticks packet is BDT 63. But retailers are buying at an average price of BDT 63.04 and selling at BDT 68.83. At this tier, the average purchase and sale price of a 20 sticks packet of a wholesaler is around BDT 126 (125.83) and 127 BDT (127.12) respectively.

In the FY 2021-22, the price of 10 sticks cigarettes for the lower tier has been kept at BDT 39 same as the last FY. As such, the price of 20 sticks is BDT 78. The maximum retail price is BDT 78 printed on a 20 sticks packet but it is being sold at an average of BDT 96.49 for a 20 stick packet and the retailer is buying at an average of BDT 78.05. Although the maximum retail price is BDT 39 printed on a 10 sticks packet, retailers are buying at an average price of BDT 39.04 and selling at an average price of BDT 46.13. The average purchase price of a 20 sticks packet of wholesalers are BDT 77.98 and the average selling price are Tk BDT 79.16.

Analysis of the data obtained shows that the government loses huge amount of revenue from cigarette every year. In the current financial year, the amount may be around 5 thousand crore BDT. The potential revenue loss for the current financial year has been estimated by calculating the receivable amount of government as tax (Supplementary Duty, Value added tax and Health Development Surcharge) from the difference between the maximum retail price printed on cigarette pack and the retail sale price of different levels of cigarettes found in the study.

The maximum retail price of premium tier cigarette printed on a 20-stick packet is BDT 270, but the average selling price found in the market is BDT 294.29. As such, if taxes could be levied on the highest retail price, the government could get a further tax of about BDT 583 crore from premium tier cigarettes. Similarly, it would have been possible to collect about BDT 400 crore from the high tier, about BDT 337 crore from the medium tier and BDT 3661 crore from the lower tier.

Sales volume

Cigarettes

Analyzing the data obtained from the field level, it was seen that a total of 25 brands of cigarettes were found in 48 outlets. Of these, 4 are premium tier cigarettes, 5 are high tier cigarettes, 5 are middle tier and 11 are low tier cigarettes. Among them, cigarettes of 1 band which were not approved by the National Board of Revenue were also found. Which is sold at a lower price than low-end cigarettes.

Singlestick cigarettes are the most sold in Bangladesh. 48 sales of points has been selected for the study, 48 retailers sold cigarettes at the highest retail price. At the same time, 20 packs of cigarettes were sold in 48 outlets. Besides, 34 outlets of 10 sticks and 12 sticks of cigarettes (Benson, Benson Light, Benson Switch) are sold in 29 outlets. A total of 401.48 single sticks are sold daily in 48 outlets. On an average, 8.92 packets of 20 sticks, 7.35 packets of 10 sticks and 4.15 packets of 12 sticks are sold daily.

Filtered bidi

Filtered bidis were found in only two outlets. Where only 20 sticks filtered packet bidis are sold. These two outlets sell an average of 45 packets of filtered bidis daily. However, the shopkeepers said that they do not sell any filtered bidi at retail.

Without filtered bidis

However, 17 outlets of 48 retail outlets sold without filtered bidis, according to the survey. Of these, 8-stick, 12-stick and 25-stick packets of without filtered bidis are taxed separately, but our research data shows that 8-stick and 12-stick bidis are not sold in the market. On an average, 9.88 packets of 25 sticks of bidi were sold daily in 17 outlets. Besides, bidis are sold at retail outlets in 12 outlets of 17 outlets. According to the study, an average of 291.67 sticks without filtered bidis are sold daily in these outlets. In addition, single stick in 7 outlets, bidis are also sold at special discount retail outlets.

Wholesale

Out of 24 wholesale outlets, 16 outlets buy cigarettes and bidis from agents. 11 outlets sell wholesale cigarettes and bidis by buying from dealers and 1 through others. A total of 25 cigarettes were found in 24 wholesale outlets. Of these, 4 are premium tier cigarettes, 4 are high tier cigarettes, 5 are middle tier and 12 are low tier. Among them, 1 cigarette of the band which was not approved by the National Board of Revenue was also found which did not sell significantly.

Analysis of Cigarette and Bidi Prices

Now, we need to observe how much the price increase in the government budget has affected the maximum retail price and the consumer buying price of these products. In the 2021-22 financial year, the price of a 10-stick packet of lower-tier cigarettes and medium-tier cigarettes among all the four tiers have been kept at BDT 39 and BDT 63 respectively, just as in the previous financial year. The price of a 10-stick packet of high-tier cigarettes has been increased from BDT 96 to BDT 102 and the price of a 10-stick packet of premium-tier cigarettes has been increased from BDT 128 to BDT 135.

Cigarettes: Stratified Data Analysis

Premium Tier

The 48 retail outlets selected in our study provided information on the sales of three flavors of BATB's Benson cigarettes which are Benson, Benson Switch, and Benson Light. Benson is the most sold cigarette of this tier in these outlets. It is reported to be sold in all 48 outlets; besides, Benson Switch was found to be sold in 19 outlets and Benson light was found to be sold in 17 of these outlets. On the other hand, Marlboro cigarettes of this tier are sold in 7 of the outlets.

Brand Name	Premium Tier, 20-stick Packet									Average Price of a Single Stick		
	MRP Printed on the Packet			Average Buying Price of Retailers			Average Retail Sale Price			2020-21	2020-21 (May & June)	2021-22
2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22				
Benson	256	256	270	256.04	258.88	269.92	275.31	286.54	293.52	14.17	15.04	15
Benson Light	256	256	270	256	256.65	270	272.65	286.18	292.06	14	14.53	15
Benson Switch	256	256	270	256	256	270	271.58	280.53	291.58	14	15	15
Marlboro	256	256	270	256	256	270	280.71	287.14	300	14.29	14.43	15

Four different premium tier brands were identified among all the cigarettes available in the market. These are being marketed in two types of packets of 20-stick and 12-stick. However, we found only the 20-stick packet for the Marlboro brand. In the current financial year, the price of a 10-stick premium tier cigarette has been fixed at BDT 135 in the national budget. Accordingly, the minimum price of a 12-stick packet is BDT 162, and the minimum retail price of a 20-stick packet is BDT 270.

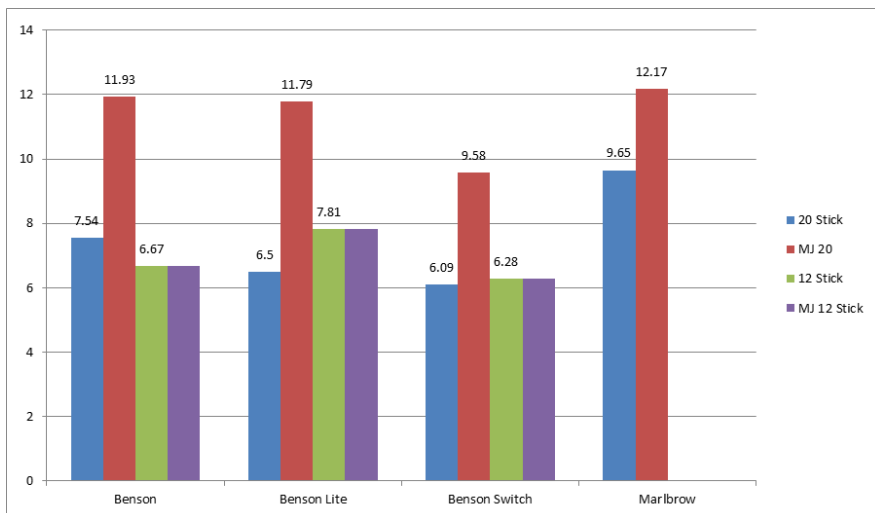
Brand Name	Premium Tier, 12-stick Packet									Price of a Single Stick		
	MRP Printed on the Packet			Average Buying Price of Retailers			Buying Price of Consumers			2020-21	2020-21 (May & June)	2021-22
2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22				
Benson	153.6	153.6	162	153.69	155.2	161.71	163.85	165.90	171.14	14.17	15.04	15
Benson Light	153.6	153.6	162	153.72	153.72	162	165.6	167.6	174.29	14	14.53	15
Benson Switch	153.6	153.6	162	153.75	153.75	162	163.25	163.5	173.13	14	15	15
Marlboro												

According to our collected data, the maximum retail price of a 20-stick packet of the premium tier brands: Benson, Benson Switch, Benson Light, and Marlboro cigarettes have been fixed at BDT 270 which is printed as the MRP on the packet. But most retailers have to buy these cigarettes at almost the maximum retail price (BDT 269.92 per pack) from the company. The study shows that the average retail selling price of a 20-stick packet of Benson is BDT 293.52, Benson Light is BDT 292.06, Benson Switch is BDT 291.58, and Marlboro is BDT 300.

At the same time, the data shows that in 2020-21, the maximum retail price printed on the packets was BDT 256, but the retailer had to buy them for BDT 256 or higher (average BDT 256.01). The average retail price of this tier of cigarettes was found to be BDT 286.54 for Benson, BDT 286.18 for Benson Light, BDT 280.53 for Benson Switch, and BDT 287.14 for Marlboro. Moreover, in May and June, before the budget was passed, an artificial crisis was created, and the price of a 20-stick packet was increased and was sold at an average price of BDT 286.54. Similarly, the price of a single stick was also increased from BDT 14 to BDT 15.

The maximum retail price of a 12-stick packet of Benson, Benson Light, and Benson Switch has been fixed at BDT 162 (printed on the packet) in accordance with the budget for the current financial year. But it is being sold to the consumers at an average price of BDT 171.14, BDT 174.29, and BDT 173.13 respectively. Which is almost 7% more than the maximum retail price. Sales at these prices already started in May and June of the previous financial year. According to the data obtained, the owners of the retail outlets bought these at an average price of Tk 161.71.

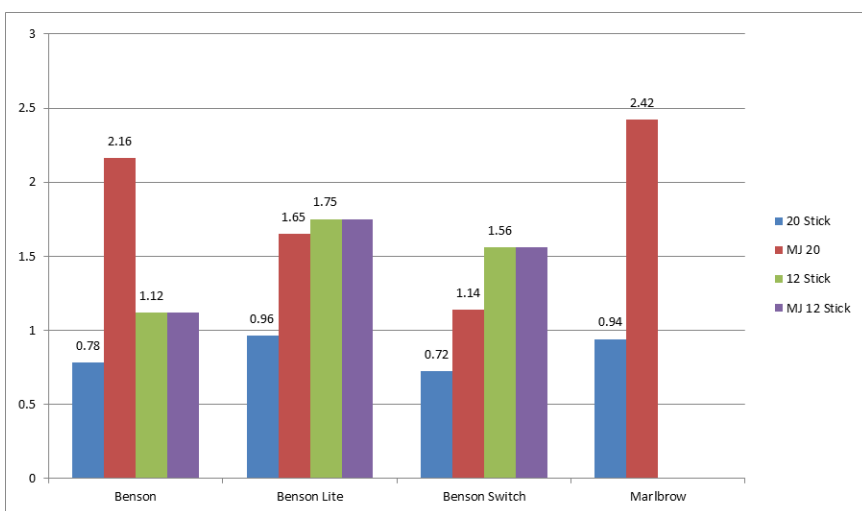
Additionally, cigarettes of these two bands were sold at an 11.79% and 9.58% higher price than the maximum selling price in May and June of the previous financial year. Out of the 48 outlets, a 20-stick packet of Benson Light and Benson Switch was sold at 17 and 19 outlets respectively. Besides, a 12-stick packet of Benson Light and Benson Switch is sold at 6 and 7 outlets respectively.



The percentage of excess price over MRP of premium tier cigarettes at retail outlets

Although the maximum retail price of Benson Light and Benson Switch packets has been fixed at BDT 162 in the current financial year, they are being sold at an average price of BDT 174.29 and BDT 173.13 respectively. Which is 7.81% and 6.28% higher than the maximum retail price (sales already started at this rate in May and June). At the same time, these rates are 5.24% and 6.05% higher than the previous financial year.

Apart from these three premium tier brands, another brand that belongs to this tier is Marlboro. It was found to be sold in 7 out of the 48 outlets. The price of a single-stick cigarette of this brand is BDT 15 which was an average of BDT 14.29 in the previous financial year. At the same time, it was sold at an increased price of BDT 14.43 in May and June, and 7.6% higher than the price of the previous financial year.



The percentage of excess price over MRP of premium tier cigarettes at wholesale outlets

Although the maximum retail price of a 20-stick packet of Marlboro cigarette has been fixed at BDT 270 in the current financial year, it is sold at an average of BDT 300. Which is 9.75% higher than the retail price.

Moreover, though the maximum retail price was BDT 256, it was sold at an average price of BDT 280.71 in May and June of the previous financial year. This is 12.17% more than the maximum retail price. No 12- or 10-stick packet of Marlboro cigarettes were found in any of the 48 selected outlets.

On the other hand, even in the 24 wholesale outlets, only these 4 brands (Benson, Benson Light, Benson Switch, and Marlboro) of premium tier cigarettes were found. Of these, all the 24 wholesale outlets sold Benson, 13 outlets sold Benson Light and Benson Switch, and 5 of the outlets sold Marlboro cigarettes. In addition, the 12-stick packets of Benson, Benson Light, and Benson Switch were found in 13, 7, and 5 wholesale outlets respectively. However, 12-stick packets of Marlboro were not found in any of the outlets.

Though the price of a 20-stick packet of Benson cigarettes is supposed to be BDT 270 in the current financial year, but the wholesalers themselves sold it at an average of BDT 271.38 which is 0.7% higher than the retail price and 5.18% higher than the previous financial year. In addition, in May and June, it was sold at an average price that is 2.16% higher than the maximum retail price of the previous financial year. At that time, even though the price of the 20-stick packet was BDT 256, it was sold at BDT 261.54, at a 1.12% increase price than the previous financial year.

On the contrary, though the price of a 20-stick packet of Benson Light and Benson Switch is fixed at BDT 270, it has been sold by the wholesale outlets at BDT 273.32 and BDT 271.69 respectively. This exhibits a 0.86% and 0.72% higher price than the maximum retail price.

Besides, though the price printed on the body of a 20-stick pack of Marlboro cigarettes was BDT 270, it is being sold at BDT 274.4. Which is 0.94% more than the maximum retail price. At the same time, this rate is 6.19% higher than the previous fiscal year. This was 1.47% higher than the previous fiscal year in May and June and sold at a 2.42% higher price than the maximum retail price.

Furthermore, just like May and June, a 12-stick packet of Benson, Benson Light, and Benson Switch cigarettes are being sold at 1.12%, 1.75%, and 1.56% higher prices than the maximum retail price in the current financial year. These reflect on average, 5.09%, 5.03%, and 5% increase from the last financial year respectively. Which was 1.03%, 0.38%, and 0% higher in May and June.

High Tier

We have already learned that the price of a 10-stick packet of high tier has been increased from BDT 97 to BDT 102 in the current financial year. By analyzing the data from the 48 outlets, it was found that the market for cigarettes at this tier is mainly occupied by BATB.

BATB's top tier has 4 brands of cigarettes namely Goldleaf, Goldleaf Light, Goldleaf Switch, and Capstan. Of these, Goldleaf was found in 46 of the 48 outlets. Besides, Goldleaf Light was found at 8 and Goldleaf Switch was found at 23 of the outlets. No brand of this tier has a 10-stick packet. However, 12-stick packets of Goldleaf, Goldleaf Switch, and Goldleaf Light were found in 26, 9, and 4 of the outlets respectively.

Brand Name	High Tier, 20-stick Packet									Price of a Single Stick		
	MRP Printed on the Packet			Average Buying Price of Retailers			Buying Price of Consumers			2020-21	2020-21 (May & June)	2021-22
	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22
Goldleaf	194	194	204	194	196.09	204.24	202.87	212.61	229.88	10.04	10.98	11.20
Goldleaf Light	194	194	204	194	195.22	204	203.48	214.52	217.09	10	10.96	11.04
Goldleaf Switch	194	194	204	194	194	204	208.89	213.33	220	10	10.89	11
Capstan	194	194	204	194	196.4	204.4	200	212	220	10	10.87	11.27
Black Fruits	194	194	204	194	194	204	200	220	220	10	11	11

Brand Name	High Tier, 12-stick Packet									Price of a Single Stick		
	MRP Printed on the Packet			Average Buying Price of Retailers			Buying Price of Consumers			2020-21	2020-21 (May & June)	2021-22
	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22
Goldleaf	116.4	116.4	122.4	116.49	116.74	122.58	121.81	126.31	129.88	10.04	10.98	11.20
Goldleaf Light	116.4	116.4	122.4	116.67	117.4	122.73	125.56	126	130.44	10	10.96	11.04
Goldleaf Switch	116.4	116.4	122.4	116.4	116.4	122.4	132	132	132	10	10.89	11
Capstan	Not Available											
Black Fruits	Not Available											

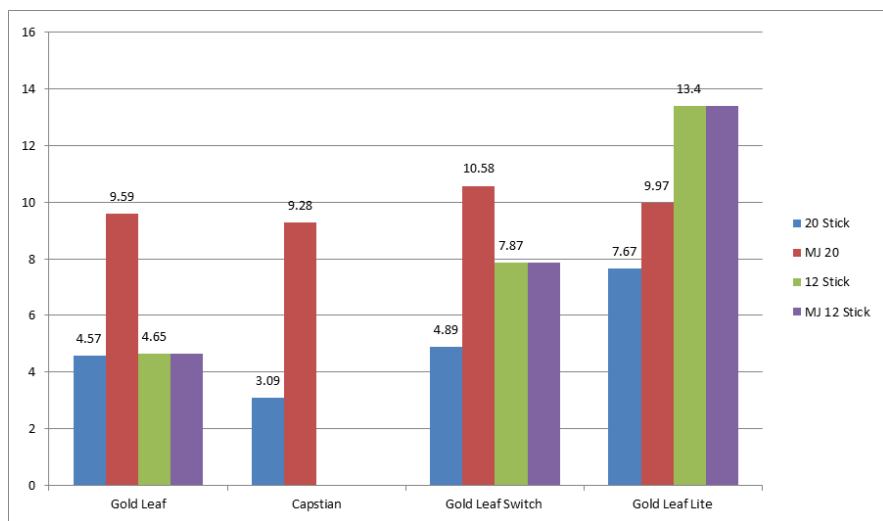
Even though the maximum retail price of a 20-stick packet of Goldleaf, Goldleaf Switch, and Goldleaf Light should be BDT 204 according to the budget, they were found to be sold at an average price of BDT 229.88, BDT 217.09, and BDT 220 respectively. These prices reflect a 12.68%, a 4.89%, and a 7.67% increase from the maximum retail price, respectively. Which was 9.59%, 10.58%, and 9.97% higher than the maximum retail prices in May and June, respectively. At the same time, it is 13.32%, 6.69%, and 5.32% higher than the previous financial year respectively.

Also, a 12-stick packet of Goldleaf, Goldleaf Switch, and Goldleaf Light is being 4.65%, 7.87%, and 13.40% higher prices than the maximum retail prices, as was done in May and June. Which is 6.63%, 3.89%, and 0% more than the last financial year. On the other hand, no 10-stick and 12-stick packets of Capstan cigarettes of this tier were found in any outlet. Though the price printed on the 20-stick packet of this brand is BDT 204, but it is sold at an average price of BDT 220 at retail outlets. Which is 3.09% more than the maximum retail price. At the same time, it is 10% more than the previous financial year.

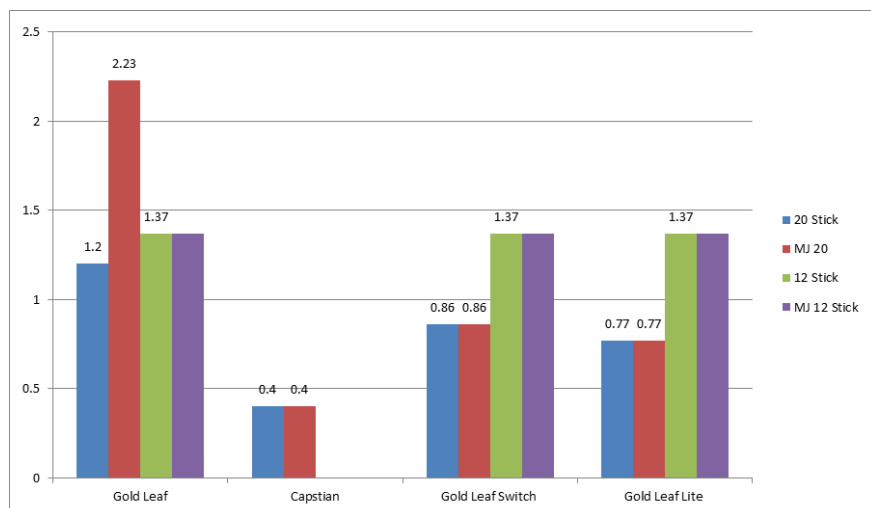
In May and June, it sold at 9.28% more than the maximum retail price. Besides, cigarettes of the XOS Black Fruits band belonging to this tier were also found in 1 outlet. It is selling at 3.09% higher than the maximum retail price and in May and June, it was sold at a 13.40% higher price. Which is 10% more than last financial year. No 10- or 12-stick packets of this cigarette brand were found.

On the other hand, only 4 brands of cigarettes of this tier were found in the 24 wholesale outlets. These are Goldleaf, Goldleaf Switch, Goldleaf Light, and Capstan. Of these, 20-stick packets of Goldleaf, Goldleaf Switch, and Goldleaf Light were found in 24, 9, and 2 of the wholesale outlets.

And a 20-stick packet of Capstan brand was found in 9 outlets. However, 12-stick packets were not found in any wholesale outlet.



The percentage of excess price over MRP of high tier cigarettes at retail outlets



The percentage of excess price over MRP of high tier cigarettes at wholesale outlets

Goldleaf, Goldleaf Switch, Goldleaf Light, and Capstan have a set maximum retail price of BDT 204, but in spite of that, they are sold at BDT 205.79, BDT 206 and BDT 205 and BDT 205 on average at the wholesale outlets. Which is 1.20%, 0.86%, 0.77% and 0.40% higher than the maximum retail price, respectively. In May and June, all other brands of cigarettes were sold at current prices, but Goldleaf sold 2.23% higher price.

Apart from this, despite the maximum retail price of Goldleaf, Goldleaf Switch, and Goldleaf Light 12-stick packets being fixed at BDT 122.4, they are being sold at an average price of BDT 124.5, BDT 125, and BDT Tk 125 respectively in the wholesale outlets. Which is on average 1.37% higher than the last financial year. Sales at these same prices have started in May and June last year.

Medium Tier

In the fiscal year 2021-22, the price of medium-tier cigarettes has been kept the same as in the previous year. Because of that, the price of a 10-stick packet is BDT 63 in the current fiscal year just like the previous fiscal year 2020-21. In our 48 selected retail outlets, 5 brands of mid-tier cigarettes have been found available. These brands are BATB's Star and Lucky Strike, Japan Tobacco's Navy, and another two brands named Black 1, and Guru from two different companies.

Among them, a 20-stick packet of Star, Lucky Strike, Navy, Black 1, and Guru Cigarettes was found in 23, 29, 43, 3, and 2 of the retail outlets respectively. In addition, a 10-stick packet of Star Cigarette was found in 16 outlets and the same sized packet of Navy cigarette was found in 25 retail outlets, but no other brands of cigarettes of this tier were found in a 10-and 12-stick packet.

The price of a single stick cigarette of the brands Navy and Star is BDT 7. But Black 1, Guru, and Lucky Strike are sold at BDT 10 per stick. Though the maximum retail price printed on the body of a 20-stick packet Navy and Star cigarette is BDT 126, but they are sold at an average price of BDT 135.86 and BDT 135.52, respectively. This means a 7.75% and a 7.38% higher price than the maximum retail price. Which is 0.07% and 0.16% more than that of the previous financial year.

Accordingly, in May and June, they were sold at a price that was 8.25% and 7.73% higher than the maximum retail price. Which has been sold at 0.46% and 0.32% higher prices in May and June than in the previous financial year. On the other hand, despite the maximum price of a 10-stick packet of these two brands being BDT 63, they were sold at an average of BDT 68.6 and BDT 69.06 ...

respectively. This reflects 8.13% and 7.54% higher prices, just as it was in May and June. At the same time, it was 0.70% and 1.94% more than the previous financial year and in May and June, it was 0.12% and 0.55% higher.

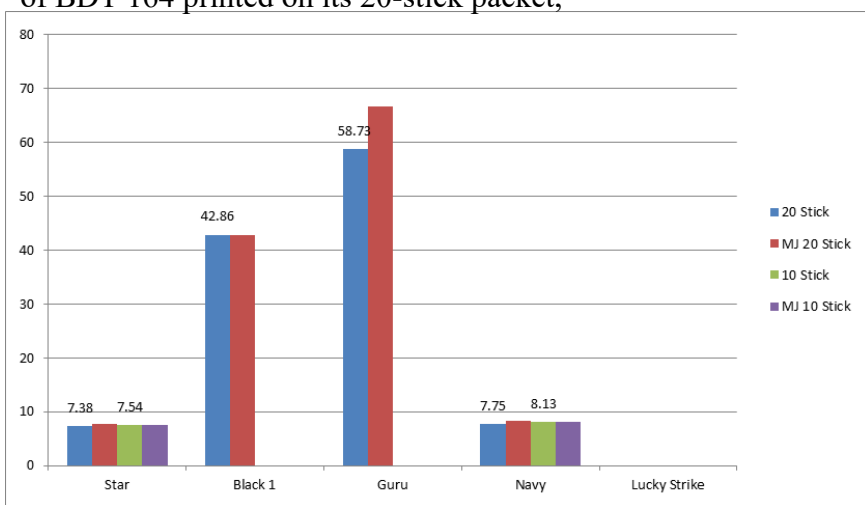
Brand Name	Medium Tier, 20-stick Packet									Price of a Single Stick		
	MRP Printed on the Packet			Average Buying Price of Retailers			Buying Price of Consumers			2020-21	2020-21 (May & June)	2021-22
2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22				
Navy	126	126	126	126	126	126.09	135.77	136.40	135.86	7	7	7
Star	126	126	126	126	126	126	135.30	135.74	135.52	7	7	7
Black 1	126	126	126	140	140	140	200	200	200	10	10	10
Guru	126	126	126	126	126	126	200	210	200	10	10.5	10
Lucky Strike			126			164			190.52			10

Brand Name	Medium Tier, 10-stick Packet									Price of a Single Stick		
	MRP Printed on the Packet			Average Buying Price of Retailers			Buying Price of Consumers			2020-21	2020-21 (May & June)	2021-22
2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22				
Navy	63	63	63	63	63	63.08	68.12	68.2	68.6	7	7	7
Star	63	63	63	63	63.13	63	67.75	68.13	69.06	7	7	7
Black 1	Not Available											
Guru	Not Available											
Lucky Strike	Not Available											

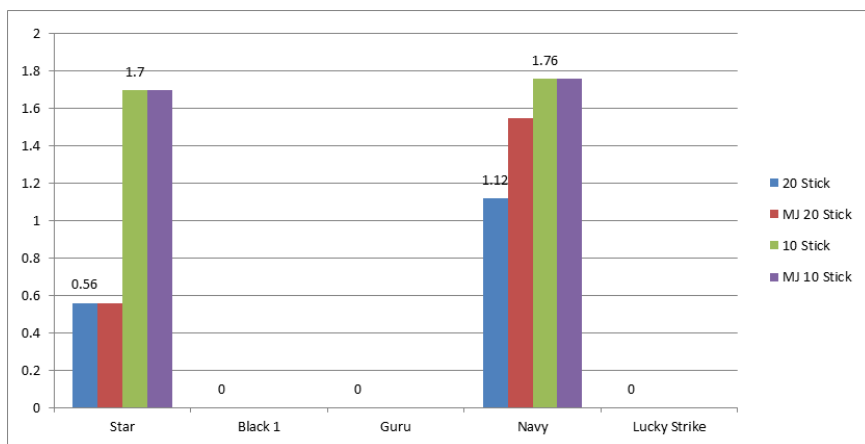
but it is being sold at BDT 190.51 which is 16.17% more than the maximum price. BATB has launched this cigarette on the market in the current financial year. 10- and 12-stick packets of this cigarette were not found in the market. On the other side, even though the maximum price of a 20-stick packet of the foreign brands of Black 1 and Guru cigarettes is fixed at BDT 140 and BDT 126 respectively, they are sold at an average price of BDT 200 at retail outlets. In this case, Black 1 is sold at a 42.86% higher price than the maximum retail price, and Guru is sold at a 58.73% higher price. In May and June alone, Black 1 was sold at 42.86% higher price and Guru at 66.67% higher price.

Moving on to the wholesale outlets, these 5 brands of cigarettes (Star, Lucky Strike, Navy, Black 1, and Guru) belonging to the medium tier were found there too. In this case, a 20-stick packet of the Navy and Star brand is selling at BDT 127.58 and BDT 126.65, though their fixed retail price is BDT 126. This reflects a 1.12% and 0.56% higher price than the maximum retail price. Which is 0.13% more than the previous financial year. On the other hand, in May and June, these two brands of cigarettes were sold at 1.55% and 0.56% higher prices than the maximum price. Which is about 0.43% more than last year. Besides, the price of a 10-stick packet of both Navy and Star is fixed at BDT 63 but it is being sold at wholesale outlets at BDT 64.14 and BDT 64.11. Which is 0.71% and 0.69% higher than the maximum retail price, respectively.

At this tier, BATB's Lucky Strike cigarette has a maximum price of BDT 164 printed on its 20-stick packet,



The percentage of excess price over MRP of medium tier cigarettes at retail outlets



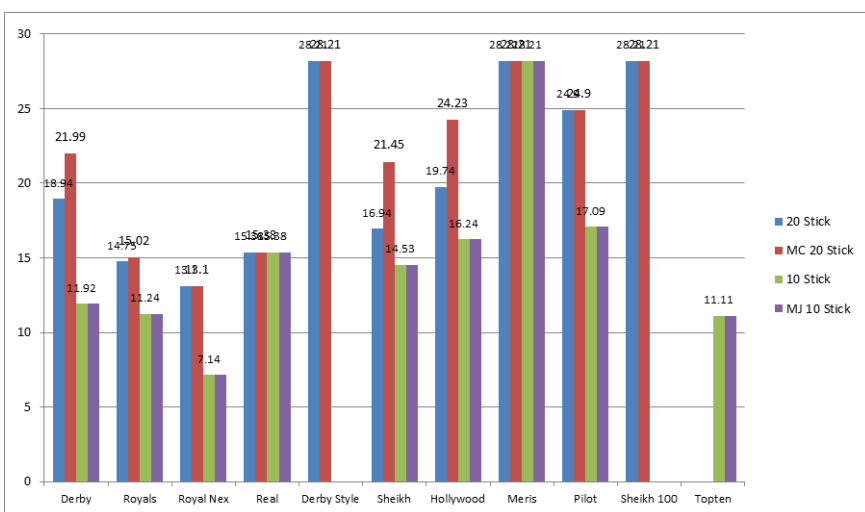
The percentage of excess price over MRP of medium tier cigarettes at wholesale outlets

Additionally, despite the maximum price of a 20-stick packet of Lucky Strike, which is a newly launched brand by BATB, being BDT 164, it is selling at an average price of BDT 165.81 at the wholesale outlets. Which is 2.98% more than the maximum retail price. On the other hand, wholesalers sell Black 1 and Guru cigarettes at the maximum retail price because they can buy these two cigarettes at BDT 2 and BDT 1 less than the printed price on the packet.

Low Tier

The price of a 10-stick packet of the low-tier cigarettes in the financial year 2021-22, has been kept at BDT 39 just as in the previous year. Analysis of the data collected from our selected 48 retail outlets shows that low-tier cigarettes are the types of cigarettes that are sold in the highest amount in the market. This information is confirmed by the 48 retail outlets as they reported selling 11 brands of low-tier cigarettes, the highest variety found across all the tiers. Among them, 6 brands belong to BATB named Derby, Derby Style, Royal, Royal Nexus, Hollywood, and Pilot; 3 brands belong to Japan Tobacco named Sheikh, Sheikh 100, and Royal; and one brand belongs to Abul Khair Tobacco named Marise. Apart from these, another brand named Topten was found in the market which did not have the name of the manufacturer printed.

Brand Name	Low Tier, 20-stick Packet										Price of a Single Stick	
	MRP Printed on the Packet			Average Buying Price of Retailers			Buying Price of Consumers				2020-21	2020-21 (May & June)
	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22
Derby	78	78	78	78	78.25	78	92.78	95.15	190.52	5	5	5
Derby Style	78	78	78	78	78	78	100	100	100	5	5	5
Royal	84	84	84	84	84.55	84.07	96.39	96.61	96.66	5	5	5
Royal Nex	84	84	84	84	87	84	95	95	95	5	5	5
Real	78	78	78	78	78	78	90	90	90	5	5	5
Sheikh	78	78	78	78	78.43	78.16	91.23	94.73	93.78	5	5	5
Marise	78	78	78	78	78	78	100	100	100	5	5	5
Hollywo od	78	78	78	78.03	78.53	78.2	93.4	96.9	95.57	5	5	5
Sheikh 100	78	78	78	78	78	78	100	100	100	5	5	5
Pilot	78	78	78	78	78	78	97.42	97.42	97.42	5	5	5
Topten	Not Available											



The percentage of excess price over MRP of low tier cigarettes at retail outlets

None of the 11 low-tier brands have a 12-stick packet. The highest-selling brand of this tier is Royal Cigarette. 20-stick packets of Royal cigarette were found in 44 retail outlets and 10-stick packets were found in 25 retail outlets. The next best-selling brand is Derby. 20-stick packets of Derby were sold at 40 retail outlets and 10-stick packets were sold at 19 retail outlets.

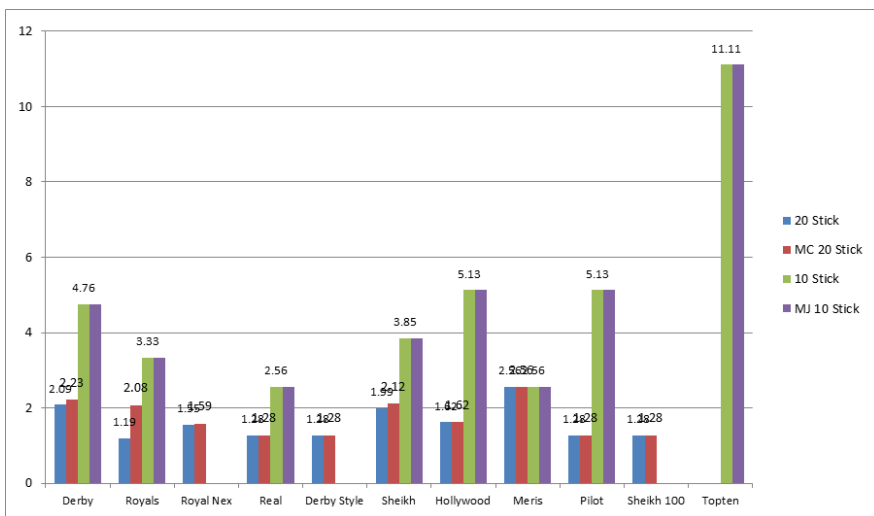
This is followed by Sheikh cigarette. 20-stick packets of Sheikh cigarettes were found in 36 retail outlets and 10-stick packets were found in 16 retail outlets. On the other hand, 20-stick packets of Hollywood cigarette were found in 30 outlets and 10-stick packets were found in 6 outlets; Pilot's 20-stick packet was found in 19 and the 10-stick packet was found in 3 retail outlets; 20-stick and 10-stick packets of Royal Nex were found in 8 and 4 retail outlets respectively; Real's 20-stick packet and 10-stick packet both were found at 4 outlets; Marise 20-stick and 10-stick packets were also found in 4 retail outlets; 20-stick packet of Derby style found in one outlet; 20-stick packet of Sheikh 100 brand was found in 1 outlet and 10-stick packet of Topten was found in 2 retail outlets.

Similar to the other brands of the rest of the three tiers, discrepancies in the retail sale price were also observed in the brands of low-tier cigarettes. The maximum retail price of a 20-stick packet of both Royal and Royal Nex brands is BDT Rs 84 but they are sold at BDT 96.66 and BDT 95 respectively. Which is 14.75% and 13.10% more than the fixed maximum retail price. In this case, Royal is being sold at a 0.26% higher price than the last financial year. Apart from that, in May and June, Royal and Royal Nex were sold at 15.02% and 13.10% higher prices than the maximum retail price, respectively. On the other hand, the maximum price of these two brands' 10-stick packet is BDT 42, but at present, Royal is being sold at BDT 47.73 and Royal Nex at BDT 45. Which are 11.24% and 7.14% more than the last financial year. The retailers also sold at the same price in last May and June.

In the case of Derby and Derby Style, the maximum price of a 20-stick packet of both the brands is fixed at BDT 78. But they are being sold on an average at BDT 95.15 and BDT 100 respectively, in the current fiscal year.

They were sold at the same price in last May and June too. This signifies an 18.94% and a 28.21% higher price than the maximum retail price respectively. In this case, the derby is being sold at a price that is 2.56% more than the last financial year. On the other hand, Derby style was sold at the same price last year. No 10- or 12-stick packets of Derby Style brand were found in the market. In contrast, 12-stick packet of Derby was not found in the market, but 10-stick packets were found in 19 outlets. The maximum price of a 10-stick packet of cigarettes of this brand is fixed at BDT 39. However, it is being sold at retail outlets for BDT 45. Which is 11.92% higher than the maximum retail price as in last May and June. At the same time, it is 3.09% more than the last financial year.

Besides, though the maximum price of a 20-stick packet of Sheikh and Sheikh 100 cigarettes is BDT 78, but they are being sold at an average of BDT 93.78 and BDT 100 respectively. Which is 16.94% and 28.21% higher than the maximum retail price, respectively, and shows a 2.81% rise compared to the last financial year. In this case, according to the survey data, Sheikh was sold at 21.45% higher and Sheikh 100 was sold at 28.21% higher prices in May and June. On the other hand, no 10- or 12-stick packets of Sheikh 100 were found in the market. However, despite the maximum price of a 10-stick packet of Sheikh cigarettes being BDT 39, it is being sold at BDT 44.28 like last May and June, exhibiting an increase of 14.53% more than the maximum retail price.



The percentage of excess price over MRP of low tier cigarettes at wholesale outlets

Moving on to the brands Real, Hollywood, Marise, and Pilot, the maximum retail price of a 20-stick packet of them is set at BDT 78. But it was observed that on average, Real was sold at BDT 90, Hollywood at BDT 95.57, Marise at BDT 100, and Pilot was sold at BDT 97.42. These prices are 15.38% higher for Real, 19.74% higher for Hollywood, 28.21% higher for Marise, and Pilot from the maximum retail price. Even on last year, three other brands besides Hollywood were sold at the same price. And Hollywood is selling at 2.32% higher prices than last fiscal year. There are also 10-stick packets are available of all of these four

brands in the market. In that case, the maximum retail price of a 10-stick packet is set at BDT 39 but just like previous instances, they demonstrate diversion from the fixed price. On average, a 10-stick packet of Real is sold at BDT 45, Hollywood at BDT 46.83, Marise at BDT 50, and Pilot at BDT 45.66. In this circumstance, Real is currently selling at 15.38%, Hollywood at 16.24%, Marise at 28.21%, and Pilot at 16.24% higher than the maximum retail price, just as in the last financial year

Analysis of data from the 48 retail outlets found at least one brand of cigarette that appeared to be illegal, apart from the 10 brands listed in the low tier. Nasir Tobacco Company's Topten brand cigarette has a maximum retail price of BDT 27 for a 10-stick packet, which is BDT 17 less than the set price for low-tier cigarettes. It is sold for BDT 30, showing an 11.11% increase from the maximum retail price. The retailers reported that it was sold at the same price in the last financial year as well. Out of the 48 retail sales outlets, sales information was found in 2 of them. In addition, though the price of a single-stick cigarette from the other brands of this tier is priced at BDT 5, it is sold at BDT 3 per stick.

In the case of 24 selected wholesale outlets, information was found on the sale of 12 low-tier cigarette brands. These are Derby, Derby Style, Royal, Royal Nex, Real, Sheikh, Sheikh Special, Sheikh 100, Hollywood, Marise, Pilot, and Fresh Gold. Among them, information of sale of a 20-stick packet of Derby was found at 19, Derby Style at 2, Royal at 20, Royal Nex at 3, Real at 2, Sheikh at 20, Sheikh Special at 1, Sheikh 100 at 1, Hollywood at 15, Marise at 1, Pilot at 10 and Fresh Gold at 1 of the wholesale outlets. Of these, 10-stick packets of Derby were found in 7, Royal in 9, Real in 2, Sheikh in 9, Sheikh Special in 1, Hollywood in 2, Marise in 1, Pilot in 2, and Fresh Gold in 1 of the wholesale outlets. No data was found on the

sale of 12 low-tier cigarette brands. These are Derby, Derby Style, Royal, Royal Nex, Real, Sheikh, Sheikh Special, Sheikh 100, Hollywood, Marise, Pilot, and Fresh Gold. Among them, information of sale of a 20-stick packet of Derby was found at 19, Derby Style at 2, Royal at 20, Royal Nex at 3, Real at 2, Sheikh at 20, Sheikh Special at 1, Sheikh 100 at 1, Hollywood at 15, Marise at 1, Pilot at 10 and Fresh Gold at 1 of the wholesale outlets. Of these, 10-stick packets of Derby were found in 7, Royal in 9, Real in 2, Sheikh in 9, Sheikh Special in 1, Hollywood in 2, Marise in 1, Pilot in 2, and Fresh Gold in 1 of the wholesale outlets. No data was found on the sale of 10-stick packets of Derby Style, Royal Nex, and Sheikh 100 cigarettes.

Despite the maximum retail price of a 20-stick pack of Royal and Royal Nex cigarettes being BDT 84, they are being sold at wholesale outlets for BDT 85.55 and BDT 85.33 respectively. Which is 1.55% more than the maximum retail price. At the same time, it is 0.65% and 0.04% more than the last financial year.

In May and June, they were sold at 2.08% and 1.59% higher prices than the maximum retail price. On the other hand, the maximum price of a 10-stick packet of Royal Cigarettes is BDT 42, but it is being sold at an average price of BDT 43.44 in the wholesale outlets. It is selling at 3.33% more price than the maximum price just as in May and June.

Though their fixed maximum price is BDT 78, a 20-stick packet of Derby is being sold at BDT 79.58, Derby Style at BDT 79, Real at BDT 79, Sheikh at BDT 79.6, Sheikh Special at BDT 78, Sheikh 100 at BDT 79, Hollywood at BDT 79.27, Marise at BDT 80 and Pilot at BDT 79 in the wholesale outlets.

Compared to the previous financial year, the selling prices of Derby was 2.09%, Derby Style was 1.28%, Real was 1.28%, Sheikh was 1.99%, Sheikh Special was 0%, Sheikh 100 was 1.28%, Hollywood was 1.62%, Marise was 2.56%, and Pilot was 1.28% higher. Among them, the prices of Sheikh cigarettes have been increased and they are sold at a 0.06% higher price than in the last financial year.

On the other hand, in last May and June, the 20-stick packet of Derby, Derby Style, Real, Sheikh, Sheikh 100, Hollywood, Marise, and Pilot were sold at prices that were 2.23%, 1.28%, 1.28%, 2.12%, 1.28%, 1.62%, 2.56%, and 1.28% above the maximum retail price respectively, in the wholesale outlets. However, they have sold Sheikh Special at the same price in May and June as the current financial year.

Of these brands, only Sheikh 100 and Derby Style cigarettes were not found in the 10-stick packet. In the case of the rest of the brands, though their maximum retail price is BDT 39, on average Derby is being sold at BDT 41.43, Real is being sold at BDT 40, Sheikh is being sold at BDT 40.5, Sheikh Special is being sold at BDT 38.9, Hollywood is being sold at BDT 41, Marise is being sold at BDT 40 and Pilot is being sold at BDT 41. Thereby, a 10-stick packet of Derby is selling at 4.76%, Real at 2.56%, Sheikh at 3.85%, Sheikh Special at 0.26%, Hollywood at 5.13%, Marise at 2.56%, and Pilot at 5.13% higher prices than the maximum retail price.

It needs to be mentioned that these cigarettes were sold at higher prices by the wholesalers in the months of May and June too. On the other side, a cigarette named Fresh Gold of an unnamed company was found at this tier in the market.

The maximum retail price of its 20-stick packet has been fixed at BDT 36 and the 10-stick packet has been fixed at BDT 18. And it is being sold at the wholesale outlets for BDT 40 and BDT 20. This is 11.11% more than the maximum retail price, whereas the government has fixed the price of a 10-stick packet cigarette at this tier at BDT 39.

Tax Evasion by Cigarette Companies

The government is losing a huge amount of revenue every year due to this ill strategy of marketing tobacco products by the tobacco companies. The amount of this revenue loss could be almost 5 thousand crore BDT in the current financial year.

In order to calculate the revenue loss from the data collected in the study, the sales of cigarettes at different tiers in the fiscal year 2020-2021 have been taken as the estimated sales volume of the current financial year. The total number of sticks sold here has been converted into 20-stick packets as 20-stick packets are the highest selling ...

packet size in the market. The difference between the maximum retail price printed on cigarette packets and the retail sale price of different tiers of cigarettes found in the study is calculated as the taxable (SD+VAT+HDS) amount the government is rightful to get and the estimated revenue loss for the current financial year.

Tier	MRP Printed on the pack	Average Retail Sale Price	Price Difference	Price Difference Rate	Total tax Rate (SD+VAT+HDS)	Government Part from Excess Price	Amount of Sell in FY 2020-21 (20 stick pack in crore)	Tax Evasion (in crore BDT)
Premium	270	294.29	24.29	9%	81%	19.67	29.65	583.22
High	204	221.40	17.40	8.53%	81%	14.09	28.34	399.31
Medium	126	135.69	9.69	7.69%	81%	7.85	30.13	336.52
Low	78	96.49	18.49	23.71	73%	13.50	271.17	3660.80
Total								4979.85

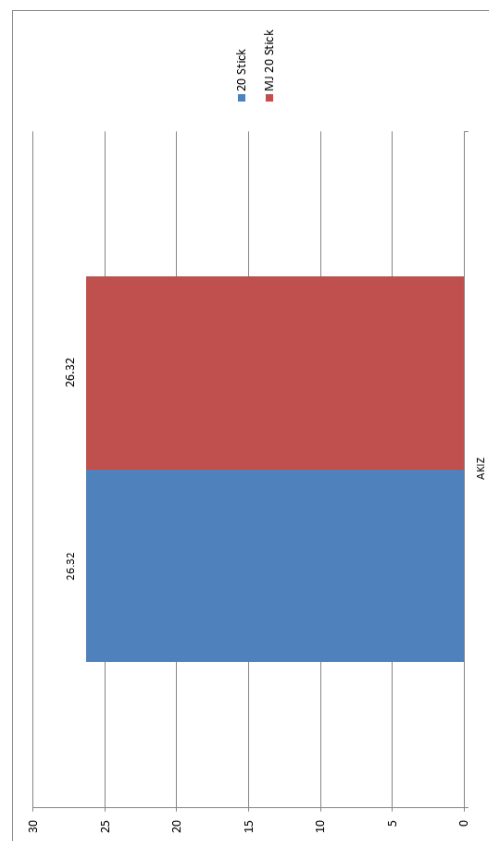
Potential loss of government revenue in FY 2021-22

It was observed in the study that though the maximum retail price printed on a 20-stick packet of a premium tier cigarette is BDT 270, it is being sold at a higher price. Its average retail price is BDT 294.29. As such, if the tax could be levied on the highest retail price that is operational in the market, the government could get a further tax of about BDT 583 crore from the premium tier cigarettes. Similarly, it would have been possible to collect about BDT 400 crore from the high tier cigarettes, about BDT 337 crore from the medium tier cigarettes, and another BDT 3661 crore from the low tier cigarettes. It would have generated a total additional revenue of around BDT 5,000 crore a year.

It is a simple assessment that if these cigarettes are to be sold to the general consumer at the maximum retail price printed on the packet, then the tobacco companies would have to supply them in the market at a reasonably less price or with a commission. Since the retailer has to buy them at almost the same price as the maximum retail price from the company's suppliers, he is selling at a higher price for natural reasons. Therefore, it is clear that the companies are deliberately resorting to this unethical approach for extra profit. Since the company is making these profits in an unethical way, there is no room for doubt as to whether they are reporting these profits and evading taxes or not.

Filtered Bidi

In the fiscal year 2021-22, the price of a 20-stick and a 10-stick packet of filtered bidis has been fixed at BDT 19 and BDT 10, respectively. Only one brand's 20-stick packet of filtered bidi was found in just 1 of the 48 retail outlets selected for the survey. The maximum retail price of Akij Bidi's 20-stick packet of filtered bidi is BDT 19. However, it is sold at BDT 24 in the retail outlets. This exhibits a 26.32% higher price than the maximum retail price. The retailers sold this bidi at the same rate in May and June too.



The percentage of excess price over MRP of filtered bidis at retail outlets

Brand Name	Filtered Bidi, 20-stick Packet			Price of a Single Stick	
	MRP Printed on the Packet	Average Buying Price of Retailers	Buying Price of Consumers	2020-21	2020-21 (May & June)
Akij	2020-21 (May & June)	19	18	24	1
	2020-21	19	18	24	1

In the case of wholesale outlets, it was observed that only 1 outlet had filtered bidi which is Akij Bidi's 10-stick packet of filtered bidi, among all the 24 outlets. Unlike the instance of cigarettes, this bidi is being sold at BDT 9 while the maximum retail price of its 10-stick packet is fixed at BDT 10. This difference of BDT 1 accounts for a 10% less price than the maximum retail price. According to the wholesalers, this is possible because they buy these bidis for BDT 8 and sell at BDT 9 which gives them a profit margin of BDT 1 per packet.

Unfiltered Bidi

The price of a 25-stick packet of unfiltered bidi has been kept at BDT 18 in the fiscal year 2021-22 which is the same as the previous fiscal year. At the same time, the price of a 12-stick packet has been set at BDT 9 and for an 8-stick packet, it has been set at BDT 6. But we did not find any 10-or 8-stick packet of bidis while conducting our survey. On the contrary, the 25-stick packet of unfiltered bid belonging to Akij Bidi was found in 14, Aziz Bidi was found in 3, Abul Bidi was found in 4, Gopal Bidi was found in 1, Grameen Bidi was found in 2, Rashida Bidi was found in 4, Mohini Bidi was found in 1 and Nasir Bidi was found in 1 of the wholesale outlets.

Brand Name	Unfiltered Bidi, 25-stick Packet									Price of a Single Stick		
	MRP Printed on the Packet			Average Buying Price of Retailers			Buying Price of Consumers			2020-21	2020-21 (May & June)	2021-22
	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22	2020-21	2020-21 (May & June)	2021-22
Akij	18	18	18	18	18	18	20.64	20.64	20.64	1	1	1
Aziz	18	18	18	18	18	18	20	20	20	1	1	1
Abul	18	18	18	18	18	18	20	20	20	1	1	1
Gopal	18	18	18	18	18	18	20	20	20	1	1	1
Grameen	11	11	11	11	11	11	15	15	15			
Rashida	18	18	18	18	18	18	20	20	20			
Mohini	14	14	14	14	14	14	17	17	17			
Yasir	18	18	18	18	18	18	20	20	20	1	1	1

Although the price of a 25-stick packet of unfiltered bidi is fixed at BDT 18, this sized packet of Akij Bidi is being sold at an average price of BDT 20.64, while for Aziz Bidi, Abul Bidi, Gopal Bidi, Rashida Bidi and Nasir Bidi, it was found to be sold at BDT 20. Similar to the situation in May and June, the 25-stick packet of bidi from Akij Bidi is selling at 14.68%, Aziz Bidi is selling at 11.11%, Abul Bidi is selling at 11.11%, Gopal Bidi is selling at 11.11%, Rashida Bidi is selling at 11.11% and Nasir Bidi is selling at 11.11% higher than the maximum retail price. On the other hand, the maximum selling price of a 25-stick packet of Grameen Bidi is fixed at BDT 11 and Mohini Bidi at BDT 14. But these are sold at BDT 15 and BDT 18, respectively. But the maximum retail price of this tier of bidis was supposed to be

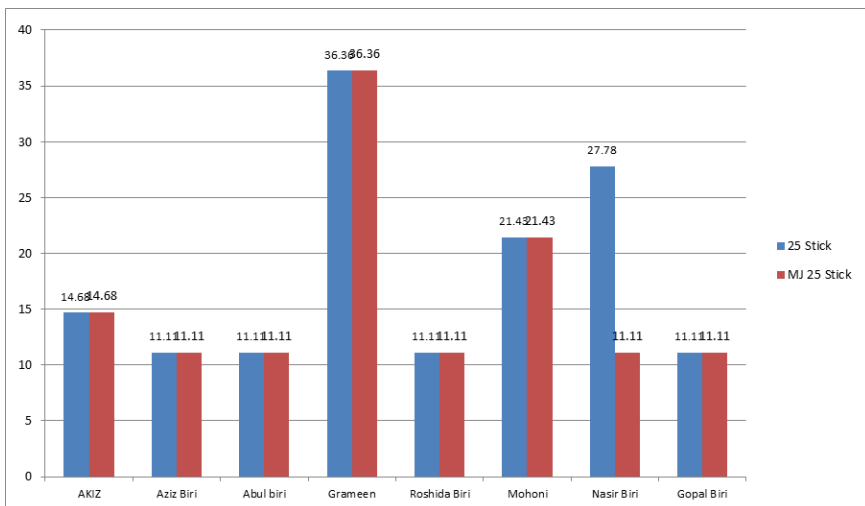
BDT 18. Even then, Grameen Bidi and Mohini Bidi were sold at 36.36% and 21.43% higher prices than the maximum retail price.

On the other hand, the wholesale outlets have reported selling a total of 13 brands of unfiltered bidis. Among them Akij Bidi is sold at 9, Aziz Bidi is sold at 4, Abul Bidi is sold at 2, Gopal Bidi is sold at 5, Grameen Bidi is sold at 2, Rashida Bidi is sold at 1, Karigar Bidi is sold at 4, Mohini Bidi is sold at 1, Shapla Bidi is sold at 2, Ghashful Bidi is sold at 2, Nawab Bidi is sold at 2, Sonali Bidi is sold at 1 and Topon Bidi is sold at 1 of the wholesale outlets.

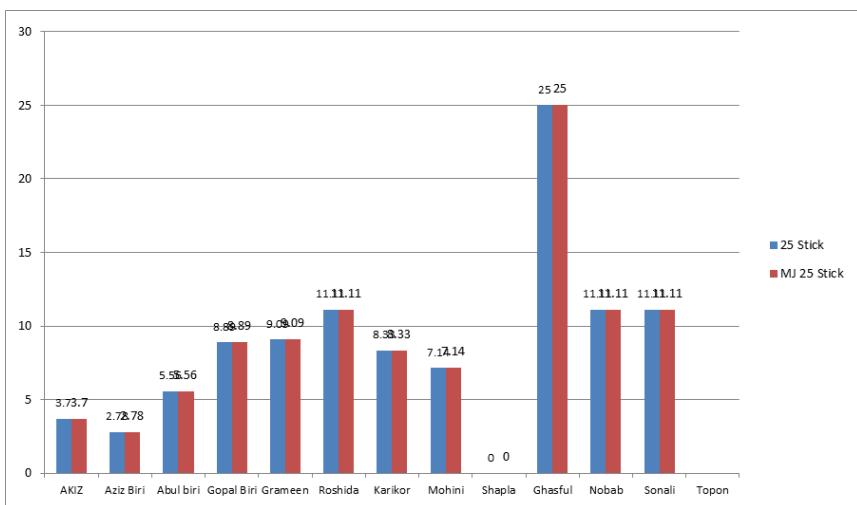
The maximum selling price of a 25-stick packet of unfiltered bidi from the brands named Akij Bidi, Aziz Bidi, Abul Bidi, Gopal Bidi, Rashida Bidi, Karigar Bidi, Nawab Bidi, and Sonali Bidi has been fixed at BDT 18. However, in the wholesale outlets, Akij Bidi is sold at BDT 18.67, Aziz Bidi is sold at BDT 18.5, Abul Bidi is sold at BDT 19, Gopal Bidi is sold at BDT 19.6, Rashida Bidi is sold at BDT 20, Karigar Bidi is sold at BDT 19.5, Nawab Bidi and Sonali Bidi is sold at BDT 20. These price differences account for a 3.70% higher selling price in Akij Bidi, a 2.78% higher selling price in Aziz Bidi, a 5.56% higher selling price in Abul Bidi, an 8.89% higher selling price in Gopal Bidi, an 11.11% higher selling price in Rashida Bidi, an 8.33% higher selling price in Karigar Bidi, an 11.11% higher selling price in Nawab and Sonai Bidi, similar to the prices in May and June.

It has been sold at the same price in the previous financial year too. Also, the maximum retail price printed on the body of a 25-stick packet of Grameen Bidi is BDT 11. The maximum retail price in the market of Mohini Bidi, Shapla Bidi, and Ghashful Bidi is BDT 14, BDT 10, and BDT 8 respectively. However, the maximum retail price of this tier of bidi was supposed to be BDT 18. Even then, Grameen Bidi was sold at 9.09%, Mohini Bidi were sold at 7.14%,

Shapla Bidi was sold at 0% and Ghashful Bidi was sold at 25% higher prices than the maximum retail price. This was also the price in last May and June. Additionally, an Indian bidi brand named Tapan Bidi has been found in Satkhira. The maximum price is not given on the body of this 25-stick packet of bidi. The wholesalers informed that they buy this at BDT 12 and sell at BDT 20.



The percentage of excess price over MRP of unfiltered bidis at retail outlets



The percentage of excess price over MRP of unfiltered bidis at wholesale outlets

4. The retail sale of single-stick cigarettes and bidis should be banned. Because the government is losing huge revenue and the tobacco consumers are also being encouraged through this practice.

4. Punitive measures must be taken to prevent tax evasion;

5. A national tobacco tax policy needs to be formulated to tackle the overall issues related to tobacco control and build a tobacco free Bangladesh by 2040.

Conclusion

The government seems to be quite sincere in realizing the declaration made by Honorable Prime Minister Sheikh Hasina to make Bangladesh tobacco-free by 2040. However, we are far behind in taking the necessary initiatives that should be taken in achieving this goal within the expected timeframe.

There is no alternative to adopting and implementing a tobacco tax policy as soon as possible to eliminate the use of tobacco by 2040. And the first step is to impose a specific tax on tobacco products. It is astonishing that the government is losing huge amount of revenue by selling cigarettes and bidis at higher prices than the maximum retail price. As a result, the government has to stop it in the interest of increasing revenue.

Recommendations

1. Ad valorem tax system needs to be replaced with specific tax system and the market sales of each product should be monitored digitally.
2. Digital systems should be introduced in tax collection;
3. The cigarette taxation system should be brought to one tier instead of multiple tier;

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