

The affordability of sanitary napkins and its significant impact on the welfare of girls and women in Sri Lanka has become more pronounced in recent years. This is particularly evident due to the decline in purchasing power stemming from the COVID-19 pandemic and the economic crisis. Approximately 4 million Sri Lankans have descended into poverty since 2019, making the total number of Sri Lankans living in poverty approximately 7 million.¹ Therefore, it is necessary to examine the ramifications of the lack of affordability of sanitary napkins which is worsened by the imposition of high taxes on sanitary napkins.

In Sri Lanka, menstrual products have historically incurred high taxation rates. Prior to 2018, menstrual products were subjected to a tax rate of 101.2%² under the HS code of 96190010. Currently, it is at 51.07%³ which continues to restrict the access of menstruators to sanitary products. Despite having ratified free trade agreements with countries like India, from which Sri Lanka imports menstrual hygiene products, these products are on the negative list. This means that, despite the free trade agreement being in place, menstrual hygiene products are still subject to normal duties.

Table 1: Taxation on menstrual products in the recent years

Tax Component	Prior to 2018	September 2018	2019 (Tax structure)	2021- Post budget changes	2022- April (Post Gen duty removal)	2023- April (Post VAT removal)	Current Tax structure. (2023 - New VAT act)
Gen duty	30%	30%	30%	15%			
VAT	15%	15%	8%	8%	12%		18%
PAL	7.5%	7.5%	10%	10%	10%	10%	10%
NBT	2%	2%					
CESS	30%			15%	15%	15%	15%
Total tariff rate	101.2%	62.6%	52%	53.62%	42.8%	25.6%	51.07%*

Source: Sri Lanka Customs, utilizing their Tariff Guides and Tariff Calculator available on the Customs website

(*Note: This does not include the additional 2.5% of SSCL which is also imposed on sanitary napkins since the tariff calculator has not been updated)

¹ LIRNEasia (2023) *Social Safety Nets and the state of poverty in Sri Lanka*, LIRNEasia. Available at: <https://lirneasia.net/ssnresources> (Accessed: 22 February 2024).

² Sri Lanka Customs, Tariff Guide, March 2018, Chapter 96: Section (20) (Sri Lanka, 2018) http://www.customs.gov.lk/public/files/tariff/Import_Tariff_2019.03.15.zip (accessed 24 February, 2024)

³ Sri Lanka Customs, Tariff Guide, January 2023, Chapter 96: Section (21) (Sri Lanka, 2023) https://www.customs.gov.lk/wp-content/uploads/2024/02/Imports_Tariff_Guide_31.01.2024.zip (accessed 24 February, 2024)

Unraveling Policy Inconsistencies

While the table above provides a historical overview of Sri Lanka's tariff rates, it also reveals inconsistencies in the policy structure, highlighting inherent system flaws.

In October 2022, the government announced the removal of Value Added Tax (VAT) from imported sanitary napkins and raw materials utilized in the production of local sanitary napkins, aiming to eliminate all tariffs, but this improvement was short-lived.

With the introduction of the new VAT amendment in late 2023, previously exempted sanitary napkins were no longer exempted. This oversight suggests a lack of coordination and understanding among those responsible for drafting the new act on a critical policy contributing to women's wellbeing. This raises concerns about the government's ability to effectively implement and sustain policy changes, and the lack of mechanisms to hold the government accountable for abrupt policy shifts.

Moreover, it is important to note that the para tariffs (PAL & CESS) imposed on sanitary napkins remained in effect throughout the years. This is despite the government's issuance of a comprehensive 261-page gazette in 2023,⁴ which outlined various items exempted from para tariffs (PAL). Remarkably, this extensive list encompassed exemptions for items such as firearms, aircraft, and clothing, among others, yet notably excluded sanitary napkins.⁵ The removal of para tariffs on other items shows that this is a viable policy path, and therefore the decision not to extend it to an essential item such as sanitary napkins is a clear policy oversight. This raises concerns regarding prioritization of health and wellbeing of women and girls and calls for advocacy for exemption from para tariffs.

Taxes on sanitary napkins, accounting for only 0.0021% of 2022's government revenue, is a minimal contribution which raises concerns about the financial burden placed on a biological process inherent to being female.

Status of the Period Poverty in Sri Lanka

The Advocata Institute conducted an analysis utilizing Household Income and Expenditure Survey (HIES) to calculate Sri Lanka's absolute household period poverty rate, aiming to understand the accessibility of sanitary napkins for menstruating Sri Lankan girls and women. Our findings reveal that in 2016, the absolute household period poverty rate stood at approximately 50%. This suggests that roughly half of the households with menstruating women do not include sanitary napkins in their household expenditures. By 2019, the absolute household period poverty rate had decreased to around 40%, indicating an improvement. These figures however reflect the situation prior to the COVID-19 pandemic and the ensuing economic crisis with extremely high inflation which significantly diminished purchasing power.

In 2021, a packet of sanitary napkins containing 10 pieces was priced at LKR 140.⁶ Presently, the same product costs LKR 270, marking a staggering increase of 92%. This substantial price increase sheds light on the exacerbation of period poverty.

⁴ Ministry of Finance, D. of F.P. (no date) *Government Notifications - Ports and Airports Development Levy Act, Sri Lanka Customs*. Available at: <https://www.customs.gov.lk/wp-content/uploads/2023/01/PAL20230101.pdf> (Accessed: 22 February 2024).

⁵ Note : However, it is noteworthy that the gazette has granted an exemption for imported raw materials used in the production of sanitary napkins, relieving them from payment of PAL.

⁶ Based on the prices received by a leading supermarket chain

Table 2 : Retail prices of major brands of sanitary products⁷

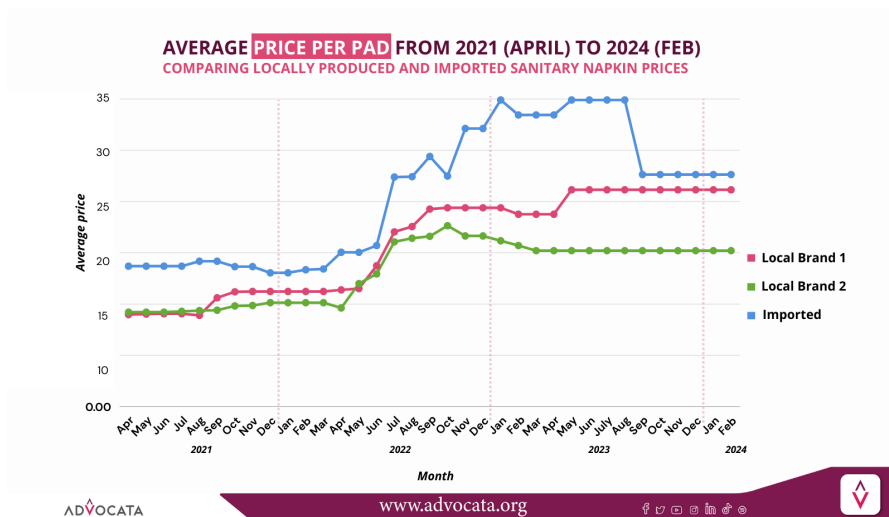
Origin of Manufacturing	Product Name	2021 Price - LKR (April)	2024 Price- LKR (February)	% Increase
Imported	WHISPER ULTRA XL + WINGS 7S	260	330	27%
Imported	WHISPER ULTRA XL + WINGS 15S	520	680	31%
Local	EVA PADS COTTON FEEL WINGS 10'S	140	270	93%
Local	EVA PADS DRITEX WINGS 10S	145	270	86%
Local	FEMS SANITARY NAPKIN WINGS 10S	140	270	93%
Local	FEMS SANITARY NAPKIN SUPERIOR 8S	155	300	94%

Source: Retail prices listed by a major supermarket chain. List is not exhaustive of all offerings by each brand.

The cheapest option available in the current market is FEMS AYA produced by one of the local manufacturers which is currently priced at LKR 150 and consists of only 8 pieces.⁸

Market Dynamics of Menstrual Health in Sri Lanka

Figure 1: Average Price Per Pad April 2021 – February 2024



Note: For each of the three brands we have taken the average price per pad across their varied offerings. Each brand has individual offerings with prices higher or lower than the average price indicated above.

Assuming a woman's menstrual cycle lasts five days with a requirement of four sanitary napkins per day, a menstruating woman in Sri Lanka would typically spend LKR 375 per period if a user opts for the cheapest choice⁹ available. That is an annual expenditure of LKR 4,500.

⁷ Based on the prices received by a leading supermarket chain

⁸ This was introduced to the market in 2022

⁹ According to the market analysis that was conducted, in 2024 the cheapest choice of a sanitary napkin was priced at 18.75 rupees

The Advocata Institute's research shows three major sanitary napkin companies, two of which are local producers, dominate the market. Local producers leverage tariffs to charge elevated rates for their locally manufactured products which is well above their production costs, essentially seeking economic "rents" and allowing them to make "supernormal profits". Meanwhile, imported brands, due to the border taxes, primarily target higher-income consumers, leaving the lower-priced segments largely in the hands of local producers. Locally produced sanitary napkins are neither superior in quality nor in price, therefore, these tariffs only serve to shield local industries from low-priced foreign competition at the expense of the consumer.

Policy Recommendations

In light of the economic crisis, women's access to affordable and high-quality menstrual products is dependent on resolving discrepancies and inequalities in tariff policy that impact them. Therefore, we propose the following measures:

- The Ministry of Finance should eliminate tariffs on sanitary napkins to reduce costs, mitigate rent-seeking behavior among oligopolies, and thereby foster improved menstrual hygiene practices, at a very low revenue foregone by the government.

Tax Component	Current structure of taxes	Recommended Reform
PAL	10%	0%
CESS	15%	0%
VAT	18%	0%
Total Tariff Rate	51.07%	0%

- The current 18% VAT on raw materials used for local sanitary napkin production to be removed, allowing local manufacturers to reduce production costs and thereby reduce overall prices.
- Implement overall trade policy reforms that are necessary to support the aforementioned policy adjustments which should include a permanent list of exemptions for consultation before adjusting tariff rates.
- In the short term, until the taxes on sanitary napkins are entirely repealed, there should be distribution of free sanitary napkins to economically disadvantaged families, with a particular focus on the school children. Following the repeal, the provision of free sanitary napkins should continue, specifically targeting families experiencing poverty.
- Establishment of a dedicated policy action group to collectively advocate for the removal of taxes on sanitary products which will serve as a unified voice to push forward legislative changes and policy reforms aimed at "axing the period tax" on sanitary napkins and related items.

This brief was authored by Thathsarani Siriwardana, Research Analyst at the Advocata Institute, with assistance from the Advocata research team. This policy brief is supported by the Family Planning Association of Sri Lanka. The opinions expressed are solely the author's own views and may not necessarily reflect the views of the Advocata Institute or any affiliated individuals.