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Review Article

A perspective for reducing sugar consumption, encouraging healthier eating habits, and enhancing public wellness

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ABSTRACT

Sugar, sugar sweetened beverages (SSBs) and food items high in fat, salt and sugar (HFSS) are important contributors to the rising burden of non-communicable diseases worldwide. Global evidence suggests a linkage of habitual intake of SSBs with overweight and obesity, and a higher risk of type 2 diabetes mellitus, cardiovascular diseases and some cancers, as compared to infrequent SSB consumption. This makes these beverages a clear target for policy and regulatory actions. While over 70 countries are using 'sin' tax as an effective tool for reducing consumption of sugar, SSBs and HFSS, the existing goods and service tax (GST) in India does not differentiate between healthy and unhealthy beverages. A growing body of available and emerging evidence and country experiences indicate that 'health tax' (HT) on sugar, SSBs and HFSS are an effective tool to reduce consumption, with the potential to improve health without hampering nation's revenue generation; in fact, it could aid in its generation. This viewpoint provides an update on the evidence linking High taxation on sugar, SSBs, HFSS on health demands and revenue and ultimately on health benefits.

Keywords: Sugar, Sugar sweetened beverages, High in fat salt and sugar, Taxation, Non-communicable diseases

INTRODUCTION

Low- and middle-income countries (LMICs) are experiencing an exponential increase in the burden of overweight and obesity, accounting for three-fourths of global deaths.[1-3] In India, as per the NFHS-5 report, the prevalence of overweight and obesity has increased more than two times in the last decade with a wide discrepancy in urban and rural areas, with 1/3rd of the individuals being overweight/obese in the former.[4,5]

Sugar, sugar sweetened beverages (SSBs) and high in fat, salt and sugar (HFSS) are often a primary source of free sugars, which the World Health Organization (WHO) defines as monosaccharides (e.g. glucose, fructose) and disaccharides (e.g. sucrose) added to foods and drinks by the manufacturer, cook or consumer and sugars naturally present in honey, syrups, fruit juices and fruit juice concentrates.[6] These free sugars pose an emerging threat as they lead to unhealthy weight gain, childhood obesity, tooth decay, increase the risk of type 2 diabetes mellitus, cardiovascular diseases, and certain cancers. Evidence suggest that SSBs and HFSS consumption do not satiate individuals, leading to their overconsumption, increased energy consumption resulting in overweight and obesity.[7-12]

As per the Ministry of Consumer Affairs, Food and Public Distribution, 2022, India is the largest consumer of sugar in the world along with being its largest producer.[13] The consumption of SSBs and HFSS in India has indeed increased over the years. Rise in the consumption of sugar, SSBs and HFSS coincides with a significant increase in the affordability.[7] These are the non-essential products that impose a high and growing health and economic burden on our country. India has witnessed a significant reduction in

the consumption of tobacco by implementing higher taxes on the cigarettes and other tobacco products, as revealed by the GATS-2 report.[14] Enforcing taxation as a cost effective tool to restrict the affordability provides a rational, evidence based measure, also endorsed by the WHO.[15]

The Goods and Services Tax (GST) looms large, but it lacks discernment.[8] It does not differentiate between healthy and unhealthy beverages. It is not based on any public health evidence, but primarily to contribute to the national revenue streams

OVERVIEW OF THE RESEARCH

WHO recommends the use of taxation as one of the cost-effective measures for addressing the population levels of obesity and other related NCDs.[9] Various studies across the globe have substantiated this fact that added tax on the sugar, SSBs and HFSS products have resulted into the decrease in the volume consumed/purchased per year.

Moreover, with every passing year the further decrease was noted. This increased taxation besides reducing the consumption, may also encourage manufacturers to reformulate and reduce the amount of sugar in their products.

The effect of health taxations (current and proposed) on sugars, SSBs, HFSS and its result on demand and revenue, is as given in Table 1.

Taxation effect for the sugars

At the household level taking the price elasticity of -0.20 an additional Health tax of 10% (28% on inclusion of GST 18%) will result in price increase of 9% and this will further curtail the consumption by 2%. At higher PE of -0.70 (basically at production level, who constitute 55% of national consumption) an increase of even 30% of HT will also provide a substantial revenue for the government. Thus the health taxation will help to control NCDs with substantial amount of revenue generation.

Taxation effect on SSBs

Taking the price elasticity of -.94 in Indian context, 10% additional taxation would result in 7% decline in SSBs demand. Even if we further increase the taxation by 30% will result in 20% decrease in demand but yes will have some positive revenue generation.

Taxation effect on HFSS

An additional increase in 10% of HT would result in 9% of price increase and will result in 5-8% of reduction in demand.

The shift in the policies with a rise in taxation on sugars, SSB and HFSS in assistance with healthier initiatives in the market will benefit the consumers by reducing their energy intake, leading to improved health benefits of healthy weight management, and ultimately a reduced NCD risk, as outlined in Figure 1.

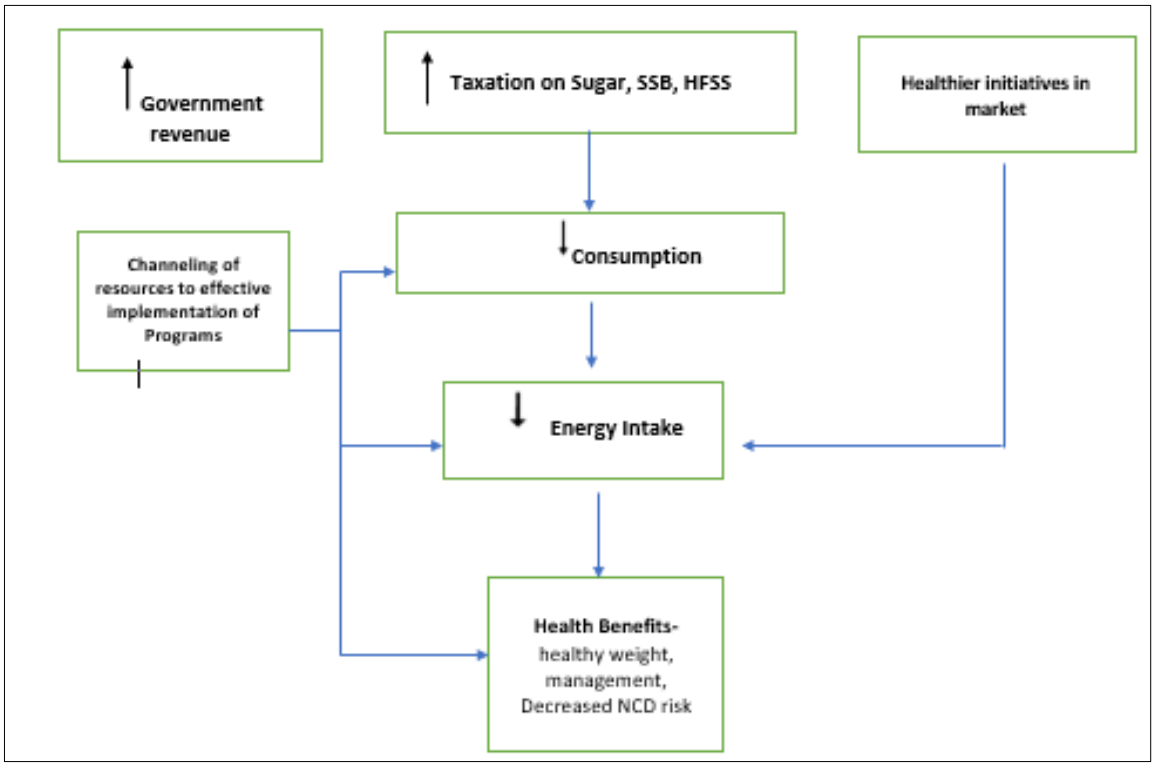

Figure 1: Flowchart depicting the cascade of taxation on sugar, SSB, and HFSS.

Table 1: Effect of health tax on demand and revenue.

Products with current tax	Proposed taxes (%)	Estimated increase in price (%)	Estimated change in demand	Estimated change in revenue
Sugar (18%)	28	8	-1.7 (-0.20), -5.9 (-0.70)	52.9, 46.3
	38	17	-3.4 (-0.20), -11.9 (-0.70)	104, 86.1
	48	25	-5.1 (-0.20), -17.8 (-0.70)	153.1, 119
SSBs (40%)	50	7	-6.7 (-0.94)	16.6
	60	14	-13.4 (-0.94)	29.9
	70	21	-20.1 (-0.94)	39.8
HFSS (12%)	22	9	-4.8 (-0.53)	74.6

There are 2 types of taxes: direct-levied on the incomes of either individuals or companies, and indirect-levied on the production or purchase of goods and services.

Indirect taxes include-excise tax, sales tax (GST), and service tax.

GST

It is borne by the consumer on the purchase of items. In India, the current scenario of taxation on sugar, SSBs and HFSS is: 18% GST with 10% cess, constituting a total GST of 28% (same for packaged drinking water).

Excise tax

Levied on the manufacture or importation of particular goods, and are often used to provoke a behaviour change. It is believed to be the most effective for achieving the health objective of reducing SSB consumption as they are uniquely applied to SSB products and raise product prices relative to other goods and services.[10]

RECOMMENDATIONS

As per the recent, empirical evidence, we propose the following recommendations. Use of selective differential Health Tax of 20% to 30% based on consumer and household level. This is more suited as this increase will make them ponder upon their formulations of products and will reduce the demand without affecting the revenue generation as much. Reduction in taxation along with the provision of subsidy to the healthier food alternatives.

ADVANTAGES

Because price elasticity of sugar is less than 1, the reduction in sugar consumption is not high enough to decrease the total revenue. Additional tax will result in tax revenue obtained by the government. Additional increased in revenues can be used for cross subsidies/incentives on healthy foods.

POSSIBLE CHALLENGES

Possible challenges during implementation of additional health tax on SSB, and HFSS.

Opposition may be encountered at all stages of policy reform on this health tax such as from its consideration to after its implementation. The most common group rallying this resistance may be industries who are bulk buyers of sugar and salt for manufacturing SSB and HFSS. These may threaten to withdraw investment or other partnership-based health initiatives with the government at national or international level. These industry actors may also question the process behind type of products chosen for taxation, issues with long term tax implementation, compliance with collection and cross-border bulk shopping of sugar from lower-tax jurisdictions.

Other government stakeholders may raise concerns about the potential negative economic impact like reduction in employment as an indirect effect of reduction in demand and consumption of SSB and HFSS. They may lobby behind the rise of women-run bakeries in India arguing women empowerment.

Public segment opposition may include general user perspectives towards any increase in taxes by the government. More specifically, concern regarding this health tax resulting in increased consumption of household salt and sugar beverages and food products rather than store-bought may also arise.

There may be a claim from mental health and sports sector regarding the possible connection between energy drinks and their effects on self-esteem, confidence, mood, reduction in anxiety and depression.

WAYS TO OVERCOME CHALLENGES

These challenges may be handled by proactive public and policy engagement. Re-emphasising the severity of health burden associated with SSB and HFSS, and shifting the focus on health for two main target segments of society can help foster public support. First is children where reducing childhood obesity and dental caries will in turn secure the health future of the country. Another is low-income households as this tax will reduce their consumption much more than high-income households when increased prices are transferred to the consumer, resulting in progressive benefits. Presenting robust evidence regarding the benefits of revenue increase for the economy and physiological claims of effect of SSB on mental health may also generate

widespread support and alter long term mindset of the public. Another strategy is to form an ongoing alliance with multiple voices in support of this tax. An example can be a multi-sectoral expert group working towards refining design/ implementation of tax and sector specific policies to mitigate economic and employment impacts. Assurance regarding accurate assessment of sugar and salt content in beverages and food products, complementing tax with surveys understanding the user preferences, habits and personal motivation to consume SSB and HFSS, concurrent implementation of health promotion campaigns like appropriate food labelling, restriction on advertisements and availability of healthier alternatives can be some of the other ways to reduce opposition.

CONCLUSION

Taxing sugar, SSB and HFSS is a powerful public health strategy aimed at improving overall well-being. Increasing their cost by means of implementing taxation and reducing affordability, could discourage overconsumption and encourage healthier eating habits. This would not only help individuals make better choices but also push the manufacturers to reformulate products with less sugar. In the short term, it could discourage their excessive consumption, thus promoting healthier dietary choices. In the mid-term, reduced sugar intake would result in lower risk of obesity, diabetes, and other lifestyle-related diseases, leading to a better personal health and reduced out-of-pocket medical expenses. Over the long term, this shift could ease burden on the healthcare system, result in a healthier population, ultimately contributing to enhanced quality of life and economic well-being for all. In addition to the health gains, revenue generated can be reinvested into healthcare, nutrition programs, creating a positive cycle of health promotion and disease prevention.

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