

Raise tobacco taxes to reduce consumption: Public Health Foundation of India

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Public Health Foundation of India (PHFI) in its study has underlined that a 10 percent increase in cigarette prices will lead to almost three percent decrease in consumption and seven percent increase in government revenues.

Union Health Secretary Luv Verma released the findings of PHFI study on "An Empirical Study of India's Fiscal Policies against Tobacco: A State Level Analysis."

The study highlighted that a 10 percent increase in bidi prices will lead to almost five percent decrease in consumption and four percent increase in government revenues. Further, it found that cigarette excise can be increased by 370 percent of present level, leading to a 54 percent decline in consumption and 115 percent increase in revenue while bidi excise can be increased by 100 percent of present level, leading to a 40 percent decline in consumption and 22 percent increase in revenue.

The study also found that in India, so far, taxes have not been used effectively to reduce tobacco consumption. "The current tax rates of tobacco products are not only low but the tax structure of tobacco products are complex and tax governance poor. As a result, tobacco taxes and prices have not deterred tobacco consumption.

"Bidi, which is largely consumed by people, is least taxed. Significant potential exists in India to hike taxes rates in India to reduce tobacco consumption and mop up revenue to the government which is presently fiscally-challenged," said Dr Sakthivel Selvaraj, senior public health specialist, economics and financing, PHFI.

"According to the Global Burden of Disease Study 2010, tobacco use is the second largest risk factor for death. The enormous burden of tobacco use in India is well documented with nearly one million Indians dying each year." "With India adopting a national target of 30 percent relative reduction of tobacco use by 2025, it is paramount that India's response to mitigate the tobacco problem is strengthened," said Dr Monika Arora, director health promotion, PHFI.

The study used data from the Global Adult Tobacco Survey (GATS) India, 2009-2010 to study tobacco consumption patterns. Household consumption expenditure data on tobacco were obtained from the National Sample Survey Organisation (NSSO)

and Consumer Expenditure Surveys (CES) from 1999-2000 to 2011-2012.

The WHO's theme for this year's 'World No Tobacco Day' is 'Raise Tobacco Taxes'.

Union Health Minister Harsh Vardhan also advocated raising taxes on tobacco products during an event organised by PHFI in collaboration with Ministry of Health and Family Welfare and WHO to commemorate 'World No Tobacco Day 2014' last week.