

The Idea Of Levying 40% To 50% Tax For Processed Artificial Food Rich In Sugar/Salts/ Fats In India.

Dr. Durga Verma

Date of Submission: 01-09-2024

Date of acceptance: 09-09-2024

Applying 40 to 50% tax directly on Consumers on the ingredients which are staple to their diet, easily available, to the common public will not meet the goal as government is considering ,but that will itself generate an income disparity in between the population as the other alternative which are healthier is not cheaper and easily accessible in the market .Someone has well said that in today's scenario if you want to be healthy and eat healthy you have to be rich. Directly raising the tax without educating the population, why to eat healthy and How to access other alternatives besides unhealthy items? without teaching them about nutritional education the tax will be burden to the society, as the revenue coming from tax is not in use to improve the status of lower income people but to extort money from them. It's a necessity of the government if they are raising the tax, they must educate people about the tax and healthier eating habit.

In many studies it has found that raising tax in earlier stage may have improved the people thinking towards the healthier ingredients in the market but in later stage the same growth is not followed, such case was seen in Philadelphia soda tax 2017¹ they have imposed the tax on (1.5 cents per oz tax)sugar sweetened and artificial sweetened beverages it was found that while the government was raising the tax people were busy in purchasing other alternative of sugar sweetened beverages. The demand for taxed beverages was declined but the amount of sugar purchased from other sugary items raised by 3.7% in stores neighboring Philadelphia.

Coming towards the Berkley California Sugar Sweetened Beverages tax² 2014 were government has put \$0.01-per-ounce excise tax on distributors of nonmilk, nonalcoholic beverages containing caloric sweeteners (>2 calories/oz) has limit to improvement in consumption of Sugar Sweetened Beverages (SSB) in the population. With long term perspective of applying tax on people has shifted their consumption of sugar sweetened beverages to water. While there is 5.5% decrease in the volume of taxed beverage purchases in the first year and 9.7% decrease in the second year after tax implementation. This all will be possible because the government has educated the population rather than talking in air and had made accessibility of the healthier item in the store feasible.

But there are the study which has Back fire to the decision of the government and the government has to repeal the tax from the market once such case scenario is The Danish Fat tax³ 2011(16DKK/Kg +25 % VAT that is total taxation of 20DKK/Kg), the government has to take back the Tax as the have applied tax on the fat item including saturated fat which don't differentiate between the more expensive lean product with cheaper and fattier meat , that leads to purchase of lean meat in the market high which is actually a healthier food but expensive . So, it's very important to tax the right ingredients rather than the whole food in the market. The Danish started procuring the same product from the nearby country Germany and Sweden at a cheaper rate, which leads to black marketing of the product and a way of escaping the tax. But still this tax has generated the awareness of people towards another healthier alternative.

Finland has tried to impose the tax on the sweets and ice-cream sugar⁴(95 cents/kilo) on 2011, has suffered a backlash from the industry as well as the other European nation, due to high tariff on sweet and ice-creams they are compelled to sell the product at higher price which will reduce the demand of their product in the Finnish market ,shrinking their market share .The government has compelled to scrapped the tax at the beginning of 2017 as the European commission said the Tax is unfairly advantageous to the producer with in the country.

Administration and enforcement challenges will compel the company to do the false branding and marketing of the product and sell the product in the market. The company will use other cheaper alternative in their product which may not be healthier option. Targeting a particular product in the market will be like targeting a particular industry which will place an administrative burden on the industry leading to clashes between the industrialist and government. This kind of tax will also generate a potential loophole in the market that could be used by company to exploit other ingredients and escape the taxes.

While coming to the small vendors, it will be difficult for them to sustain in the market, as due to high imposition of tax will change the mind of buyer especially the middle class who can access the healthier

alternative easily if they are available at the same price as the other processed item. But coming to lower income population it will be simply a burden to them because now both the processed and unprocessed product is hard to procure by them in the market, their pocket will suffer, that will lead to decrease in living standards as well as the education of the people. So, in country like India if the government want to impose such kind of tax into the market, they must think about those who are in poor socio-economic group.

As the product is not selling in the market the industry will have to take off the Labour from the job and in that scenario employment chain will be affected which will leads to large amount of unemployment in the country. The whole food industry will be affected, as all the three products salt, sugar and fats are staple to each home in India. So, its mandatory to put a tax on the particular quantity or concentration of this ingredient in a product which will harm the population rather than taxing the product as a whole which is feasible to eat and easily accessible in a moving country like India where people are in hurry and don't even get time to eat.

It will also impact an international trade, as high tariff will force the other countries industry to sell the product at a higher price which will itself generate a competition in the market between local and international brand. This kind of tax will going to get repeal from the international trade union which in turn hamper the country to do trade easily.

What government is trying to impose is a tax on sugar which is a source of carbohydrates , tax on fat (like ghee, butter)which itself a source of cholesterol and high density lipoprotein and a tax on salt which itself is a source of electrolyte if consumed in a required measurable quantity (< 5 grams).Putting taxes on easily accessible item will confused the people about what to eat and what not too. Rather it is beneficial to teach and educate the people about the healthier eating habit and healthier food, and at what concentration to take the food, because even if the food healthy food if it's taken in larger quantity, it will show its hazardous effect no matter whatever the good ingredients it has in it.

Such kind of taxes is ineffective if comprehensive measure is not taken together like other healthier alternative cost should be reduced. The people should be getting nutritional education, lifestyle education and promoting physical activity together with healthier eating education. They must know what is healthy and unhealthy, and if its unhealthy at what concentration it is unhealthy. There should be simplicity in tax implementation and people must know why they are paying their valuable money for a particular tax and what benefit it will bring to the society and to a nation as a whole. Otherwise the country like Denmark and Finland which has suffered backlash of imposing such kind of taxes a similar backlash can be suffered if its implemented as a way of revenue collection means rather than improving the health of the people and a country as a whole.

It has to be consider that "if the people is in hurry and hungry at the same time they will not go and procure pulses and make dal out of it but prefer to take packet of biscuit and eat it to curb the hunger" and because of the nutritional deficient country like India and people awareness towards the nutrition and healthier food the company is trying to modify the ingredients of their product for the good of people, so that they can be able to meet the macro- and micro-nutrient required in the food per gram. Before implying such kind of taxes in the market we must have to look 360 degrees of its impact on the society, people, and country as a whole.

Data Availability- All the data collection is from PubMed source and other research article .

Conflict of Interest- There is no conflict of interest to this article.

Funding- No funding was received.

Ethical Statement- There is no ethical statement applicable to this manuscript

References

- [1] The Effect Of Soda Taxes Beyond Beverages In Philadelphia [Internet]. [Cited 2024 Sep 2]. Available From: <https://onlinelibrary.wiley.com/doi/epdf/10.1002/hec.4586>
- [2] Lee Mm, Falbe J, Schillinger D, Basu S, Mcculloch Ce, Madsen Ka. Sugar-Sweetened Beverage Consumption 3 Years After The Berkeley, California, Sugar-Sweetened Beverage Tax. *Am J Public Health* [Internet]. 2019 [Cited 2024 Sep 2];109:637–9. Available From: <https://ajph.aphapublications.org/doi/full/10.2105/ajph.2019.304971>
- [3] Vallgård S, Holm L, Jensen J. The Danish Tax On Saturated Fat: Why It Did Not Survive. *Eur J Clin Nutr*. 2014;69.
- [4] Foodnavigator.Com. Finland Set To Scrap Tax On Sweets And Ice Cream [Internet]. Foodnavigator.Com. 2015 [Cited 2024 Sep 4]. Available From: <https://www.foodnavigator.com/Article/2015/09/30/Finland-Set-To-Scrap-Tax-On-Sweets-And-Ice-Cream>