

Taxation on HFSS products mandatory to contain NCDs: Dr Beena Varghese

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New Delhi: In an interaction with ETHealthworld's Rashmi Mabiyan, **Dr [Beena Varghese](#)**, Senior Health Economist and Consultant at **[World Health Organization \(WHO\)](#)** elucidates on the impact of **[HFSS](#)** (High in **[saturated Fat](#)**, Salt and Sugar) products on health and the need of corrective measures like awareness around content labelling and taxation of it. **Q. Do proposed warning labels and taxation of [HFSS](#) products need to be reviewed? What is the challenge that you see in the current setting?**

I am not sure warning labels will do much good until we create awareness among consumers, especially the adolescents and young adults as to what are HFSS foods, how to read and understand the food content labels; why are they harmful to you, what harm is done in the short and long term; how to mitigate the harm and the marketing efforts made by HFSS manufacturers etc. Currently, almost all HFSS products are made to look and sound like aspirational products, so these influences demand not just among urban consumers but also our rural consumers.

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The aspirational nature of these products need to be first impacted by ensuring we can have media, movie and sports stars doing much more responsible advertisement. Once this is done, then yes, warning labels would be useful. Currently, most of our food products including HFSS products do not provide clear details of contents and consumers are unsure if the information provided is accurate. Most of them do not read these labels. So first is stringent food labelling, while we increase awareness about the harm HFSS does to health, and then warning labels. Proposed taxation should be reviewed, discussed and debated with manufacturers of HFSS; policymakers; adolescent and young people's associations /groups, and general consumers. However, this cannot happen until there is awareness as to why the demand for HFSS needs to be curtailed. Otherwise, both manufacturers and consumers will oppose the taxes and policymakers will never implement the same! Taxes are an efficient way to affect prices and therefore demand for products. Tobacco products, especially cigarettes are a good example of how taxes and social awareness can impact demand.

Q. Could you elaborate on the short-term and long-term effects of introducing this tax on demand, health and revenue for the government?

If there is sufficient understanding of the need for curtailing demand and people see taxes as one way to do it, in the short and long term we may see impact on consumption. However, the tax increase has to be annually adjusted to inflation and overall increase in incomes, else, demand will not go down. So the level of price increase through taxation has to be significant enough to make consumers notice the change in price and since most of these products are not essential food items, people will buy less. This in the long term will have significant benefits on the health and well-being of our children and adolescents. Obesity is a growing concern in India and one of the contributing factor is easy availability and increased consumption of HFSS foods and of course the excellent marketing done by the manufacturers. In terms of revenue, our models clearly show that revenues to the government will actually increase as the proposed taxes are high enough to maintain the increased revenue while demand for these products reduce. So it is a win-win situation where demand will go down but revenue will not. The additional revenues should be directed towards prevention efforts so continued messaging and awareness creation among our youth would counter the marketing efforts by HFSS manufacturers and reduce the aspirational nature of HFSS products. **Q. What is your take on snack food companies objecting to mandatory front-of-pack warning labels with star ratings on all packaged food items?**

Obviously, it impacts their profits, so they would be against it, however, if we create incentives for them to produce foods with better technology that ensures the sugar, salt and fat content are reduced, I hope they would be more amenable to warning labels. Strict regulations and fines that require companies to provide warning labels, just as what we have for tobacco, will need to be implemented. However, unlike for tobacco, since the general awareness in the community regarding the harmful effects of HFSS is low, it is important to first work on that and then ask companies to either voluntarily reduce the amounts of sugar, salt and fats or put warning labels for their products.

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Q. Do you feel that Taxation on HFSS substances can substantially reduce their consumption?

Yes taxation with increased awareness about ill effects of HFSS surely will reduce the consumption of these products. According to [WHO](#), taxes on sugar-sweetened beverages are cost-effective measures that can help curb obesity, type 2 diabetes and tooth decay. Evidence shows that a tax on sugary drinks that increases prices by 20% can reduce consumption by around 20%. Our modeling study also shows similar possibilities for India, where tax rates of 50% to 70% (28% current GST + 22% to 32% health tax) for Sugar-sweetened beverages would result in a 7% to 30% decline in the demand for these products.

Q. What percent of the disease burden can be cut down just by the right level of food packaging awareness and right eating habits?

This is a research question and would require much more thorough analysis, however one can safely say that if prices of HFSS products increase by around 20 to 30 per cent, most of us would buy less of these products and this is expected to significantly reduce the burden of obesity and the related life style diseases. Other countries like Mexico, Chile, South Africa and Thailand to give a few examples, are already seeing reduced demand for sugar-sweetened beverages with the various levels of health taxes imposed in these countries. Thus, we can safely say that health taxes in India would also have a similar effect on demand and this would surely help our waistline and lifeline.

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