Concerns with Sin Taxing Sugar

Why in news?

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Union Finance Ministry has withheld its proposal to levy sin tax on sugar due to few concerns.

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What is a sin tax?

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- A sin tax is levied on specific goods and services at the time of purchase.
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- These items receive the excise tax due to their ability to be harmful or costly to society.
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- Applicable items include tobacco products, alcohol, and gambling ventures.
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- Sin taxes seek to deter people from engaging in socially harmful activities and behaviours, and also provide a source of revenue for governments.
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Which other countries have levied such sin taxes?

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- Mexico, Norway, Australia are some countries which have taken initiatives to tax harmful food and beverages including junk foods.
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- These countries focus on the long term impact of such disastrous commodities and slap heavy taxes to deter people from engaging in harmful activities.
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- Recently, Qatar government hiked taxes on altruistic grounds to discourage unrestrained consumption of sugar.
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- This decision was taken when Qatar became of the fattest countries on earth with half of its population obese and 17% among them diabetic.
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What are the concerns in levying sin tax in India?

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- India being the diabetics' capital of the world is in dire need of a sin tax to reduce consumption of sugar intake by its citizens.
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- This sugar tax can't be plainly levied, as there is a significant population of farmers depending on the sugarcane for their livelihood.
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- Also, sweets are a significant part of the staple meals in many parts of the country and making sugar costly will shake up their food patterns abruptly.
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- Therefore, the Indian government should take appropriate steps to support its citizens as well as sugar coat the proposed sugar cess as diabetes tax.
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Source: Business Line

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