

Feb 23, 2010
THE HINDU

Focus on health, don't count on alcohol excise money: Centre

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NEW DELHI: Unhappy with the State Excise Departments — as nodal agencies for enforcing alcohol-related regulations — for focussing more on revenue generation than on discouraging consumption, the Centre has suggested that the State Health Departments be empowered to coordinate all alcohol-related issues.

“Considering the health-related harmful effects of alcohol — both physical and mental — it is suggested that the Department of Health and Family Welfare act as the coordinating department for the development and implementation of an overall Alcohol Consumption Control Policy,” says an internal note of the Union Health Ministry.

This, the Ministry believes, will mitigate the harmful effects of alcohol in society at large, including its health-related, economic and other social effects. This will also be in line with the global strategy being developed by the World Health Organisation.

Anticipating strong opposition from the States to the move — as it would mean a huge loss of revenue — the Ministry, in consultation with the Finance Ministry, is considering compensating the loss.

Excise is the second largest source of revenue for the State governments, after Value Added Tax (VAT). According to an estimation made in 2007-08, they earned Rs. 26,000 crore from tax on alcohol. This reflects only the tax levied on recorded consumption, whereas a substantial proportion of the total consumption goes unrecorded.

“Therefore, there is a general tendency on the part of State governments to focus on generation of additional revenues rather than on prohibition or controlling the excessive consumption,” says the note.

• **Health Ministry considering compensating States for the loss**

• **Centre writing to States to arrive at consensus**

A study by the National Institute of Mental Health and Neuro Sciences for the WHO, has estimated that while gains in terms of revenue from alcohol sales are Rs. 216 billion every year, losses from adverse effects of the sale are Rs. 244 billion, apart from the immeasurable losses due to multiple effects of alcohol use.

To begin with, the Centre will write to the States and Ministries concerned to arrive at a broad consensus, as excise and health are State subjects. The Centre is empowered under Article 249 to legislate on a matter in the State List in the national interest, and under Article 252 to legislate for two or more States by consent.

The other agencies concerned with alcohol-related issues are the police, the Ministries of Social Justice and Empowerment, Health and Family Welfare, Labour and Employment, Food Processing, Information and Broadcasting, Youth Affairs and Sports, and Human Resource Development; and the Departments of Industrial Policy and Promotion, and Legal Affairs; and the National Aids Control Organisation.

With the latest survey indicating that 34 per cent of the population — across a cross-section of society — consumes alcohol, the Health Ministry intends stressing on generating awareness and discouraging consumption rather than banning the manufacture and sale of alcohol. However, there would be a stringent ban on surrogate advertising.