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EDITORIAL ANALYSIS

A Healthy Tax: Why India Should Tax Foods High in Fat, Sugar and Salt

THE HINDU

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A Healthy Tax: Why India Should Tax Foods High in Fat, Sugar and Salt

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INTERVIEW ANGLE

"A tax on HFSS foods is regressive in the narrow fiscal sense, since lower-income households spend a larger share of income on food. How would you design the instrument so that the health benefit, which also accrues disproportionately to lower-income groups, is not cancelled out by the immediate cost burden?"

Every fact web-verified against primary sources

THE LIFT LINE

A country can be hungry and overweight at the same time, and India increasingly is. Policy built entirely around the first problem has no instrument at all for the second.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

The double burden of malnutrition is a genuinely high-frequency GS2 health-and-social-justice theme, and this editorial adds the fiscal-policy dimension that lets a candidate write about nutrition using GS3 taxation vocabulary, a cross-paper combination examiners reward.

GS Paper 2: Issues relating to development and management of Social Sector/Services relating to Health; welfare schemes; government policies and interventions.

GS Paper 3: Government budgeting; taxation; inclusive growth.

For **Prelims**, fix the HFSS acronym, the concept of the double burden of malnutrition, and the distinction between a health tax and a general consumption tax.

CONCEPT	MEANING	WHY UPSC TESTS IT
HFSS foods	Foods High in Fat, Salt and Sugar; the standard regulatory category for energy-dense, nutrient-poor products	The precise category any health-tax or labelling regulation must define
Double burden of malnutrition	Coexistence of undernutrition and overweight/obesity within the same population, sometimes the same household	The central framing for contemporary Indian nutrition policy
Front-of-pack labelling (FOPL)	Mandatory display of nutritional warnings on the front of packaging, rather than only in a rear nutrition panel	The information-side complement to a price-side tax
Pigouvian taxation	A tax levied to make a producer or consumer internalise a cost their activity imposes on others	The economic principle underlying health taxes on tobacco, alcohol and now HFSS foods

BACKGROUND AND CONTEXT

India's nutritional profile has shifted substantially over two decades. National Family Health Survey data documents both continuing stunting and wasting among children and a marked rise in adult and childhood overweight and obesity, while World Obesity Atlas projections cited through ICMR-NIN's work indicate India could have over 27 million children and adolescents living with obesity by 2030, roughly 11 per cent of the global burden. The Economic Survey 2025-26, tabled in January 2026, addressed the ultra-processed-food question directly, recommending front-of-pack warning labels in place of the proposed Indian Nutrition Rating, a health tax on ultra-processed foods, and marketing restrictions including a daytime advertising ban, and the international policy environment has moved substantially: more than 133 countries have introduced or increased health taxes since 2017, though predominantly on tobacco, alcohol and sugar-sweetened beverages rather than on solid foods, where roughly 16 countries have experimented.

INSTRUMENT	FUNCTION
HFSS health tax	Raises relative price of energy-dense, nutrient-poor products
Front-of-pack warning labelling	Corrects information asymmetry at the point of purchase
Marketing restrictions, particularly to children	Addresses preference formation before the purchase decision
Nutrition programmes (POSHAN Abhiyaan, mid-day meals)	Address the undernutrition half of the double burden

THE CORE ARGUMENT / ISSUE

Why a price instrument is warranted at all

The economic case for taxing HFSS foods is the standard Pigouvian one: consumption of these products generates health costs, treatment of diet-related non-communicable disease, lost productivity, household out-of-pocket medical expenditure, that the consumer does not face at the point of purchase. A tax internalises part of that externality, aligning the private price with something closer to the social cost.

Why the tax alone will not do the work

Price elasticity for food is generally low, meaning a tax must be substantial to change consumption meaningfully, and a substantial tax on a broad base is politically difficult and distributionally harmful. The complementary instruments matter precisely because they operate through different channels: labelling changes the information available at the moment of choice, and marketing restrictions change the preference structure that produces the choice in the first place.

The regressivity objection, taken seriously

Any tax on food falls harder, as a share of income, on poorer households. This is not a reason to reject the instrument, but it is a binding design constraint. Two responses are standard and both should be applied: draw the tax base narrowly around discretionary processed categories rather than staples, so that the tax is avoidable through substitution toward unprocessed food; and hypothecate a share of revenue to nutrition programmes serving low-income households, so the net fiscal effect on those households is positive.

Why the double-burden framing is the right one

Treating obesity policy and undernutrition policy as competing claims on the same budget is a category error. They are frequently present in the same household, sometimes in the same individual across a lifetime, and both stem from a food environment in which cheap energy-dense calories are more accessible than affordable nutrient-dense ones. A policy package that taxes HFSS products while funding nutrition programmes addresses both sides of that environment simultaneously.

HOW TO THINK ABOUT THIS (ANALYTICAL FRAME)

When a policy instrument is criticised as regressive, check whether the criticism applies to the tax in isolation or to the tax-and-spending package as a whole. Almost any consumption tax is regressive when examined alone; the relevant question for policy evaluation is the net distributional effect once the use of the revenue is accounted for. This distinction, incidence of the tax versus incidence of the fiscal package, applies well beyond food taxation, to carbon pricing, fuel duty, and sin taxes generally.

THE DIAGRAM IN WORDS

Picture a household's food budget as a set of shelves. The bottom shelf, cheapest per calorie, is stocked with energy-dense processed products; the middle shelf holds staples; the top shelf, most expensive per unit of nutrition, holds fresh produce, protein and micronutrient-rich foods. An HFSS tax raises the bottom shelf toward the middle, narrowing the price gap that currently makes the least nutritious option the most economically rational one. But it does not lower the top shelf, which is what nutrition programmes funded from the tax revenue are meant to do. Doing only the first raises food costs; doing both changes the relative economics of eating well.

WAY FORWARD

1. **Define the HFSS tax base narrowly** around discretionary processed categories, with clear nutrient thresholds, rather than broadly across food.
2. **Sequence mandatory front-of-pack warning labelling alongside the tax**, so the price and information signals reinforce rather than substitute for each other.
3. **Hypothecate a defined share of revenue** to nutrition programmes serving low-income households, addressing the regressivity objection at the package level.
4. **Restrict HFSS marketing directed at children**, addressing preference formation that price signals cannot reach.
5. **Build an evaluation framework into the design**, tracking consumption shifts and health outcomes rather than only revenue collected, so the instrument can be recalibrated on evidence.

PYQ LINKAGE AND PRACTICE

UPSC has repeatedly tested malnutrition, POSHAN Abhiyaan and food-security policy as GS2 themes, and has separately tested taxation design under GS3; an HFSS health tax sits precisely at the intersection and is well suited to a cross-cutting question.

Practice question: "A tax intended to change behaviour must be judged by whether behaviour changed, not by revenue collected." Examine this claim with reference to the proposed health tax on foods high in fat, sugar and salt in India. (250 words, 15 marks)

Interview angle: A tax on HFSS foods is regressive in the narrow fiscal sense, since lower-income households spend a larger share of income on food. How would you design the instrument so that the health benefit, which also accrues disproportionately to lower-income groups, is not cancelled out by the immediate cost burden?

Sources: The Hindu, Indian Council of Medical Research, Food Safety and Standards Authority of India

Source: A Healthy Tax: Why India Should Tax Foods High in Fat, Sugar and Salt — Ujiyari.com | Free UPSC & State PCS Editorial Analysis

KEY ARGUMENTS AT A GLANCE

India's nutrition challenge is no longer solely one of deficiency; rising obesity and diet-related non-communicable disease now coexist with persistent undernutrition, and a dedicated health tax on foods high in fat, sugar and salt (HFSS), paired with mandatory front-of-pack labelling and marketing restrictions, is a proven policy combination for addressing the second half of that double burden.

✓ SUPPORTING

- More than 133 countries have introduced or increased health taxes since 2017, though overwhelmingly on tobacco, alcohol and sugar-sweetened beverages; taxes on HFSS solid foods remain rare, attempted by roughly 16 countries including Denmark, Hungary, Mexico and the United Kingdom, meaning India would be an early mover with a thinner but still instructive evidence base.
- A price signal alone changes behaviour only at the margin; pairing taxation with mandatory front-of-pack warning labels addresses the information asymmetry that lets HFSS products be marketed as healthy, and restrictions on marketing to children address the demand-formation channel that price alone cannot reach.
- Diet-related non-communicable diseases impose substantial and rising costs on India's health system and on household out-of-pocket expenditure, meaning a health tax internalises a cost currently borne diffusely by the public exchequer and by families.

⚠ COUNTER

Food taxes are regressive in immediate fiscal incidence, since lower-income households spend a larger share of income on food, and a poorly designed HFSS tax risks raising the cost of calories for households already facing food insecurity, particularly if the tax base is drawn broadly rather than narrowly around genuinely discretionary processed products.

→ WAY FORWARD

Design the tax narrowly around clearly-defined discretionary HFSS categories rather than staple foods, hypothecate a share of the revenue to nutrition programmes serving low-income

> households, and sequence mandatory front-of-pack labelling alongside the tax so the price signal and the information signal reinforce each other.

✍ MAINS ANSWER FRAMEWORK

QUESTION

India faces a double burden of malnutrition. Examine the case for a dedicated health tax on foods high in fat, sugar and salt, and the complementary regulatory measures required for such a tax to change consumption rather than merely raise revenue. (250 words)

INTRODUCTION

India's nutrition policy has historically been organised around deficiency, but the country now carries a double burden: persistent undernutrition and stunting alongside rapidly rising overweight, obesity and diet-related non-communicable disease, with projections indicating childhood obesity alone could exceed 27 million by 2030.

BODY

A dedicated health tax on foods high in fat, sugar and salt (HFSS) targets the second half of this burden through the price channel, raising the relative cost of energy-dense, nutrient-poor processed products. The international evidence base is real but narrower than often claimed: more than 133 countries have introduced or raised health taxes since 2017, but these are predominantly on tobacco, alcohol and sugar-sweetened beverages, while taxes on HFSS solid foods have been attempted by only around 16 countries. India would therefore be an early mover on food specifically. A tax works best when the base is drawn narrowly around genuinely discretionary processed categories rather than broadly across food, since a broad base raises the cost of staple calories for food-insecure households without a corresponding health gain.

Taxation is also insufficient alone. Price signals change behaviour at the margin, but they do not correct the information asymmetry that allows nutritionally poor products to be marketed as beneficial, which is why mandatory front-of-pack warning labelling, as recommended in the ultra-processed-food discussion in the Economic Survey 2025-26, is a necessary complement rather than an alternative.

Similarly, restrictions on marketing to children address demand formation at the stage where preferences are established, a channel price cannot reach. The principal objection, regressivity, is real in immediate fiscal incidence, since lower-income households spend a larger share of income on food; the standard response is to hypothecate a portion of the revenue to nutrition programmes serving exactly those households, converting a regressive tax into a progressive net transfer.

CONCLUSION

An HFSS health tax is best understood not as a revenue measure but as one instrument in a package alongside labelling and marketing regulation, and its distributional design, narrow base plus hypothecated revenue, is what determines whether it improves or worsens nutritional equity.

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