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Comments

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Dear Sir,

Please note that my suggestions to the SASB are an outcome of my work on Yoga(Indian medicine) and Economics.

Summary

Problem: Non communicable diseases are a major global health risk. Non communicable diseases include diabetes, obesity, cardiovascular diseases etc.

Investment factor for sustainable insurance: The National health investment plans discuss the government spending in terms of percentage of GDP. NCDs are predominantly a function of physical activity and food consumption. For example, India is a country of 1.3 billion people with around 400 million living in cities. The part of investment factor should be in terms of man hours of physical activity instead of Cash. Everyone has to involve in daily physical activity of at least half hour a day which will mean that Indians should come with a plan for 650 million hours of physical activity every day. At the same time it is worth mentioning that the Health related food taxation and health financing are the concepts that emerged from USA which has highest spending on the healthcare. Obesity and Non communicable diseases are the biggest market failure despite the high percapita spending of more than \$8,800 in the USA.

For your convenience I have divided the outstanding strategic work under 2 categories namely Physical activity and food consumption.

***Physical activity and Sustainable Banking*:**

- Monetary market spending alone are ineffective in reducing NCDs. According to the Constitution of W.H.O health is a basic human right. NGOs and other organisations are successful in realizing the concept of right.

- The constitution of W.H.O also states that the Co-operation of individuals is essential for health. In case of NCDs there is a specific co-operation requirement in terms of daily physical activity. In Wisdom traditions a specific co-operation/responsibility is called duty.

- Human rights have been linked to Banking and UNEPFI has published human rights tool in the regard. I need your help in connecting specific co-operation/responsibility/duty to sustainable banking and sustainable business.

***Food consumption / Domestic resource for mobilization for health ***

***Foundations of tax policy*:** Current health related food tax is a product of both medical science (Allopathy/western medicine) and economics. With obesity & other Non-communicable diseases being one of the biggest market failure, there is an urgent need to look at healthy people like yoga (Indian medicine) practitioners for lessons in management of food consumption & for taxation.

Need for Governance: This effort has also brought out the business behavior of tickling food consumption in individuals. Markets mechanisms reward the business behavior tickling food consumption as higher sales translates into higher profits. Governments in developed countries have set up a team to nudge people's behavior for improving health especially in the area of obesity and non-communicable diseases. The business behavior of tickling food consumption generates or increases the need for governance efforts like behavior change interventions, and regulating tickling behavior will reduce the burden of governance.

Innovation: The Governments around the world have proposed to tax various food products to stop obesity, diabetes & other non-communicable diseases (NCDs), and they include soda tax, candy tax, sugar tax, high salt and high sugar tax, junk food tax, pasty tax, etc. Even after taxing food products there is still discussion on food supplied in large quantities, and on promotions to children in the form of gifts and toys. There is a need for comprehensive global framework for health related food taxation and it is addressed by my attached work. Recognition received for the food taxation framework include the following.

- The G20 research group acknowledged the international issue raised in the work as a Global issue. The W.H.O thanked me in their report on national health financing strategy without any mention about tickle tax.

- NIPFP a think tank for Indian finance ministry is reviewing my work.

Immediate impact on SASB conceptual Framework and standards.

Conceptual framework

The conceptual framework mentions about human rights. Please note that in case of non communicable diseases it is impossible to comprehensively claim health as a right. Health like wealth can only be earned through deliberate efforts like daily physical activity. The recognition of an individual's specific co-operation / responsibility / duty may also set tone for co-herece between SASB standards and civilisational practices of the east.

*SASB standards : *I believe that tickle tax which focuses on business behaviour of inducing food consumption through ajinomoto, saccharine, thickeners, flavor enhancers, coloring agents, and through all other influences other than hunger/thirst could be a necessity for the USA and the globe. SAS exposure draft for food and beverage sector mentions only about artificial sweeteners. Please also note that a family member cooks food for well-being while a business provides food for profit motive. We also need to provide for the Uphill task of sustainable public financial management by recognizing the benefits of cooking for well being.

I am also working to prove the positive impact of yoga by proving ESG benefit to connect yoga to banking and sustainable insurance. I can mail you the one page sheet on ESG impact of yoga hearing from you about the above summary.

Thank you very much indeed.

Truly yours,
Guru

The Global framework for health related food taxation – by Raghavendra Guru Srinivasan

Abstract: Overeating leads to obesity, and this work brings out the fundamental framework of overeating, the effects of food design/formulation, and the dynamics of a best practice. The United Nation's approval of Yoga (Indian medicine) is an opportunity to analyse the dynamics of the practice that keeps an individual lean & healthy which can be incorporated in the modern healthcare systems. In this direction, overeating & reduction in consumption are analysed for basic understanding, and, if necessary, for constructing appropriate regulation for food. A regulatory framework will help countries to effectively match the tax revenue from food companies against the social costs of the concerned businesses.

Background: In addition to hunger & thirst, food is also consumed for the sake of consumption experience. Food companies generally source agricultural produce and process (product designing/formulation) it into food products. The food designing generally creates new consumption experience(s) and there is overeating if consumption is due to desire for consumption experience. The consumption experiences are sensations, chewing experience, full stomach bliss etc.

The global Issue: Overeating is a global issue that leads to obesity or other non-communicable diseases, and according to the Institute for health metrics and evaluation, in 2010, diet risk was the top health risk in the world. Economic growth has improved the purchasing power of families and the role of food preparation has been shifting from families to businesses. There is change of focus with the shift in food preparation to business as higher consumption translates into higher profits.

Nationally, there are two options, one companies can voluntarily recognise the problem and reformulate the products. The second option is to tax products to discourage the consumption. Food businesses have managed to avoid such measures as it may affect their performance.

- a. Campbell Soups voluntarily reduced the salt content in their soups. After the reformulation, the sales dropped and as a result the company decided to break its commitment. This is a classic example of the role of food design in increasing/decreasing food consumption.
- b. Further reversal of food taxes due to industry lobby is common in United States even before the obesity epidemic. There are more than 10 instances of reversal of food taxation in United States¹. For example, in 1997, Coca cola signed a contract with Louisiana government to build a bottling plant worth \$50 million and in return managed to get food taxes repealed. On the other hand, in the case of portion cap rule (large soda cup ban) in New York, the court repealed the provisions on the ground that the city council exceeded its regulatory authority.

Internationally, the multinational food companies that cause health problems accumulate profits elsewhere while the local governments have to pick up the costs of public health. The above problem is similar to base Erosion and profit shifting where it costs the country in terms of healthcare expenses without adequate matching revenue. The deterioration in human capital due to health conditions also results in low productivity.

Second, governments around the world have proposed to tax various food products they include soda tax, sugar tax, high salt and high sugar tax, junk food tax, pastry tax, etc. Even after taxing food products there is still discussion on food supplied in large quantities, and promotions to children in the form of gifts and toys. There is a need for comprehensive global framework for food taxation.

Globally, the role of food design inducing excessive consumption is to be analysed for taxation. The problem is becoming complex as the food companies have positioned themselves as part of solution by fortifying their products with vitamins. We are in search of an authority like G7 to effectively manage this global issue.

A best practice: Mechanism of reduction in food consumption

1. Yoga reduces stress and reduces the chances of any stress induced food consumption.
2. Research evidence indicates that an Individual is in trance like state in binge eating². In such case bringing consumer out of trance like state by creating self-awareness through yoga practice could be an appropriate option.
3. Theoretical frameworks of yoga practitioners reveal that there are two simple rules of thumb among yoga practitioners that lead to good habit formation. (a) People are encouraged to eat food up to half stomach and drink water for quarter stomach. Then the fourth quarter is left empty for air³ or (b) intense practitioners of yoga eat only once a day while moderate practitioners eat twice a day. Theoretical frameworks of yoga practitioners also states that consuming food 3 times can cause disease conditions and that four or more times a day may reduce the lifespan of an individual⁴.

Understanding consumption experience: In food consumption the food interacts with the sensory organs & body and creates a consumption experience which may or may not be liked by an individual. The sensory consumption experiences that are experienced by TONGUE, NOSE, EARS, EYES, SKIN are grouped as TASTE, SMELL, SOUND, VISUAL ATTRACTION AND TEMPERATURE respectively.

In addition to the sensory consumption experience there are experiences of the body. For example

1. Full Stomach bliss experienced after the consumption of food in big portions.
2. Fizzy experience of sodas.
3. Special experience of the products like Menthol, Monosodium Glutamate and others

Further, Food choice may also be due to influences over the mind of a particular person.

- a. Purchase of food products due to price offers which may lead to excessive consumption.
- b. Traditional practice of not wasting any food on the plate. Excessive consumption is possible if the food served generally exceeds the requirement.
- c. Loyalty points offered by big retailers may influence a decision.
- d. In case of sick people, Consumption of particular range of food items as prescribed by dietician.

In sum, the consumption experiences can be grouped under the head of SENSES, MIND AND BODY. One of the stages of Yoga practice is the called pratyahara and in this stage the practitioner is believed to have gained mastery over the senses⁵ and have reasonable control over mind. Food consumption normally comes down as one advances in yoga practice.

Closing the gaps in governance with fat and tickle tax: The fat & tickle tax idea introduced looks at the mechanisms through which product design/formulation can lead to unhealthy eating behaviours/patterns of consumption/preferences for unhealthy foods. This is important in understanding how/why we would expect food policies to work. A sample of applicability of fat & tickle tax is given below.

Particulars	Tickling factor	Tickle tax	Fat tax
High salt in ready to make soups	salty taste	Yes	
Salted Crisps, Salted biscuits Roasted & salted nuts	Munching experience, salty taste	Yes	
Salted & Flavoured Crisps	Munching experience, Flavours, Salt additive	Yes	
Ajinomoto	Special additive effect	Yes	
Soft drinks	Fizzy experience, unique product formula, sugary taste, chilled servings and caffeine	Yes	Yes
Ice cream	Frozen servings, sugary taste and colouring	Yes	Yes
Chocolates	Sweet taste, colour, chewing experience	Yes	Yes
Big portions of food & drinks	Desire for Full stomach bliss	Yes	Yes
Quantity discount	Desire for Full stomach bliss / Influencing mind in decision making	Yes	Possible
Price offers	Influencing mind in decision making	Yes	Possible

Table source: <http://ssrn.com/abstract=2010984>

- Thus tickle tax could be multidimensional. Just as the manufacturers' approach is multi-dimensional. Tax rates would be based on each tickling factor which would mean that higher the tickling higher would be the taxation. Tax rates for the tickling factor may be determined based on effect of the tickling factor.

Conclusion: Big food companies engaged in food design could be held accountable for the social costs of their operations. Taxes will discourage business behaviour of tickling food consumption. Funds raised can fund both disease prevention and the cure for conditions arising out of overeating.

Reference

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