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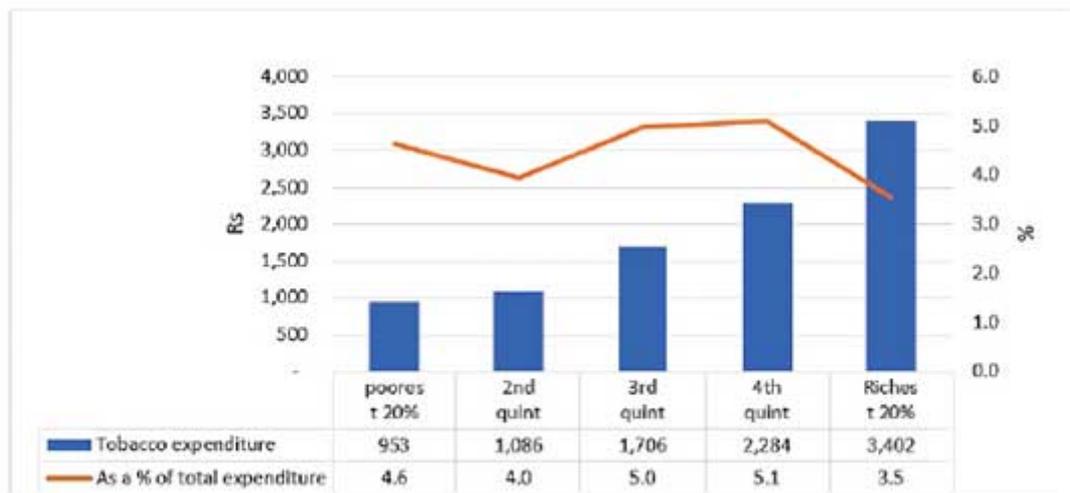
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FEATURES

Talking Tobacco: How Reduced consumption benefits the household

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Table 1: Household Level Tobacco Expenditure by Economic Group



Note: Expenditure groups are constructed based on per capita average monthly expenditure
 Source: Authors' calculations based on HIES 2016 micro-data



By Priyanka Jayawardena



The substantial health and economic costs of tobacco consumption are well recognized. Tobacco control policies in Sri Lanka have, over the years, been successful in gradually reducing the smoking prevalence rate. However, pockets of smokers remain; for instance, in the rural areas, people still smoke.



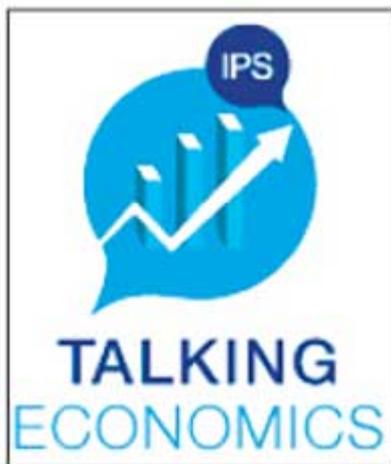
Spending on smoking means less money is available for other basic needs



On average, a *tobacco-user household* spends nearly LKR 2,000 per month on smoking. The two lowest quintiles spend around LKR 1,000 per month on tobacco (see Table 2). This expenditure results in a crowding-out effect whereby household expenditure on other basic needs is foregone, due to the resource constraints of poor households. This crowding-out effect would be greatest for poor families, affecting not only the smoker but the rest of the family as well. Against this backdrop and based on a forthcoming IPS study this brief examines the impact of tobacco spending on other basic needs.

This study uses Household Income and Expenditure Survey (HIES) data to investigate the impact of tobacco spending on budget allocation. If a household reported any expenditure on a smoking product — cigarettes, cigars or beedi — that household is categorised as a tobacco-user household.

Poor families spend a larger proportion of their income (nearly two-thirds of the household budget) on food, reflecting the budget constraints for other basic needs such as education, health and housing. If a considerable proportion of the remaining budget is spent on tobacco, then even less money will remain for other basic needs.



The IPS study clearly shows that in the case of lower-income households, health and education spending is negatively impacted by tobacco expenditure. The poorest 40% of tobacco-user households spend less on education (LKR 788), health and housing (LKR 1,124) than the same economic group of non-tobacco user households, whose respective spending is LKR 521, and LKR 1,218 (see Table 2).

Most importantly, tobacco user households spend a higher proportion of their budget on tobacco than on education, health and housing. This suggests that if tobacco users were to stop smoking, they would spend more on themselves and their family's basic needs — food, health, education and housing.

Further, household tobacco spending is a choice that will yield losses in the future. Spending on education and health — investments that will yield returns in the future — tobacco users are at a much higher risk of falling sick and dying prematurely due to tobacco-related non-communicable diseases (NCDs) such as cancer, heart attacks, and respiratory

Tobacco-related illness can cause severe financial strains due to the costs of medical treatment and also from lost income thereby pushing families into poverty, depriving them of much-needed income and imposing additional costs on healthcare in the long-run.

Way Forward

The findings of this study suggest that spending on tobacco results in households other critical expenditure such as food, healthcare and education. As such, this study concludes that tobacco control policies, aimed at reducing the demand for tobacco, would lessen household budgetary constraints, particularly for the poor, as it would free up money for basic needs. Furthermore, given the burden of tobacco spending on the economy, it is recommended that tobacco control measures be integrated into poverty alleviation, health and nutrition programmes in Sri Lanka as practiced by other countries.

= This blog is based on IPS' forthcoming publication 'Talking Tobacco: How Reduced Consumption Benefits the Economy' by Priyanka Jayawardena and Harini Weerasekera.

Link to original blog on Talking Economics:

Talking Tobacco: How Reduced Consumption Benefits the Household

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