

ABSTRACT

An Alcohol Policy Index for 11 Indian states for the time period 2001-2005 is computed that reflects and captures the varying prohibition policies pertaining to the production and sale of alcohol. The impact of this index on the per capita consumption of alcohol is determined after controlling for relevant variables. The index score turns out to be a very significant variable negatively impacting per capita alcohol consumption. Other control variables such per capita income of the state, per capita circulation of newspapers, percentage of urban population in the state, sex ratio, state literacy rates all fall in line with our a-priori expectations. Whereas, percentage of Muslim population in the state has a positive and significant impact on per capita consumption. The impact of Per capita alcohol consumption on road traffic accidents is then estimated after controlling for relevant variables. Per capita alcohol consumption has both a positive and significant impact on road traffic accidents. Control variables such as density of traffic, percentage of urban population in the state, per capita income of the state, literacy rates all conform to our predictions. In conclusion, the logic of implementing varying prohibition policies from state to state is a sound one. It is recommended that the policies be appropriately adjusted so as to capture and reflect these variables so that the states can curtail the harmful effects of alcohol while maximizing their revenue earnings.