

## **Economic Consequences of Drug Abuse in Sri Lanka**

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### **Introduction**

Drug abuse in Sri Lanka has been a critical issue for a long time. This study allows us to identify the severity of drug abuse problem and what are the economic and social pressures behind the drug abuse problem in Sri Lanka. By analyzing and gathering quantitative data, this study presents the first formal analysis of the economic consequences of drug abuse in Sri Lanka. Thereby policy makers can get a better understanding about the current situation and severity of the problem.

The consequences of drug abuse categorize under productivity loss, healthcare cost, crime related cost, cost of institutionalize, incarceration cost and welfare loss (Executive office of the President, ONDCP, 2004). Many of these costs have to be borne by the government and negative externalities are borne by the society as well. Various studies have identified that drug abuse creates economic loss to a country. According to the “Evaluation of Mexico’s drug trafficking”, illegal drug industry directly creates economic loss to Mexico (Rios, 2008). Estimated societal cost of drug abuse in the United States was \$180.8 billion in 2002 (Executive office of the President, ONDCP, 2004). Each year government has to spend large sums of money to provide treatment facilities and make people aware about drug abuse in order to control this problem. As Sri Lanka is still a developing country, it is essential to estimate the economic cost of drug abuse, in order to identify the severity of this issue and the impact on the development of the country.

## **Objectives**

The main objectives of this study are to identify the economic consequences of drug abuse and estimate the economic cost of drug abuse for people who are institutionalized. This study also endeavors to identify effective recommendations to reduce the economic costs associated with drug abuse.

## **Methodology**

This study estimates the economic cost of drug abuse for people who were institutionalized in 2012 using cost of illness approach. According to the cost of illness approach, there are direct and indirect costs of a disease (Segal and Joel, 2006). Direct costs measure the opportunity cost of resources used for treating an illness. Indirect cost measures the value of resources lost due to particular illness. The total cost of drug abuse for people who were institutionalized is estimated under direct medical cost, direct non-medical cost and loss of productivity due to drug abuse.

This study uses both primary and secondary data in estimating the economic cost of drug abuse. Primary data was collected from the Nittabuwa Rehabilitation centre which is maintained under National Dangerous Drug Control Board (NDDCB). Questionnaires and direct interviews were used as a primary data collection method. Questionnaires were distributed among drug dependents and direct interviews conducted with the management of the Nittabuwa Rehabilitation Centre. This study uses a sample of 41 drug patients in above centre, which represents all the drug patients who were institutionalized. Secondary data is collected from the reports published by the NDDCB.

## Results and Discussion

Table 1. Estimated Cost Components (in Rupees)

Detailed Cost Components	Average cost ( per person)	Total cost ( for a month)
Direct medical cost		
Cost of counseling	4,000	164,000
Direct non-medical cost		
Cost of rehabilitation	40,000	1,640,000
Transportation cost to family members	708.34	29,042
Loss of productivity		
Income loss	32,609.75	1,337,000
Total cost	77,318.10	3,170,042
Average income earned by the rehabilitation from selling the products which are produced by the drug patients (loss)	(135.71)	(7,600)
Net total cost after reduction of production income	77,182.39	3,162,442

Source: Survey Data (2014)

According to the results of the survey data, financial cost per person is Rs. 77,182.39 for a month and Rs. 231,547 for a period of three months. There were 854 drug dependents reported in 2012. In order to estimate the total economic cost of drug abuse for people who were institutionalized for treatments in 2012, current cost estimates need to be adjusted for inflation. After adjusted for inflation, estimated economic cost of drug abuse per person in 2012 is Rs. 201,489.77. Therefore the estimated total economic cost of drug abuse for people who were institutionalized in 2012 is 172.1 million rupees. However, it is concluded that the total cost of drug abuse might be higher than this estimation as it includes crime related cost, incarceration cost and welfare loss of drug abuse. Therefore, further investigations are required to estimate the crime related cost, incarceration cost and welfare loss of drug abuse.

This study also focused about the sample characteristics. According to the sample observations, 90% of drug dependents have education level below or up to ordinary level. Secondary data obtained from the Hand Book of Drug Abuse Information 2008-2013, shows the same results as the sample observations. Higher the education level, smaller the number of drug dependents in the sample as well as in the population data published by the NDDCB. This implies that education plays major role in controlling this drug abuse problem. In fact, this directs us to one specific question that what are the required improvements in education, in order to control the drug abuse problem.

Another characteristic observed in the sample is the age structure of the drug dependents. In the sample of 41 drug dependents, 87.8% of drug dependents are aged between 20 to 49 years.. This shows how drug abuse creates productivity loss through reducing the active labor force in a country.

At present, many drug awareness programs target youth groups who are in advanced level classes, universities and companies. Therefore, considerable amount of students miss drug prevention education and refusal skills, who leaves school before or after ordinary level exam. But many students leave school after ordinary level exam or before that. This shows the mismatch between target group of drug awareness programs and needy people.

Another important fact is that large number of people in the sample got addicted due to their friends. This can happen due to peer pressure. Young people are obsessed with being part of the peer groups. Therefore, lack of drug refusal skills has been a major issue for drug abuse problem.

It is important to analyze their monthly income before coming to the rehabilitation as all the drug dependents in the sample are males. Therefore, the income earned by these drug dependents can be

considered as main income sources of their family. However, 69% of drug dependents have earned less than 30,000 rupees per month. According to the Household Income and Expenditure Survey (2012/13), monthly mean household income is Rs.46, 207. Even in the rural sector monthly mean income is higher than 30,000 rupees. This fact implies that drug abuse problem is rife among low income people.

## **Conclusion**

This study was estimated the economic cost of drug abuse for people who were institutionalized. But there are many people who do not enter for treatments. These people are not considered in this study as they were not recorded in the relevant reports. These people do not consume government facilities or medical treatments for drug abuse. But they may create negative economic externalities to the society through crimes and productivity losses. Also they can be considered as a threat to a healthy society. Therefore, the estimated cost of drug abuse will be higher if this study had access to information about unreported drug dependents.

This study proposes several policy implications to reduce the cost of drug abuse in long-term as well as short-term. As short-term actions, improve the small scale production activities of drug dependents and provide job related training. As long-term activities, this study emphasizes the importance of including drug prevention education in to school syllabi in order to educate children in all provinces.

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## Appendix A

Data used to estimate the total economic cost of drug abuse for people who were institutionalized in 2012

Treatment Admissions by Type of Treatment										
Type	2008		2009		2010		2011		2012	
	N	%	N	%	N	%	N	%	N	%
Allopathic	19	0.5	05	0.2	7	0.3	1	0.1	0	.0
Ayurvedic	0	.0	0	.0	0	.0	0	.0	0	.0
Homeopathic	0	.0	0	.0	0	.0	0	.0	1	0.1
Acupuncture	9	.0	05	0.2	2	0.1	4	0.3	4	0.4
Institutional Care	29	98.0	291	97.8	228	94.6	100	84.8	854	80.2
Other	44	1.5	31	1.0	24	1.0	173	13.7	206	19.3
Not Recorded	0	.0	24	0.8	98	4.0	74	0.3	0	.0
Total	29	100	297	100	241	100	125	100.	1065	100.
	84	.0	5	.0	1	.0	9	0		0

Source : Hand Book of Drug Abuse Information 2008-2013