

Chair's Message



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"Illicit trade is a multifaceted crime which includes counterfeiting, smuggling and tax evasion. It causes substantial loss to government revenues, undermines innovation, swindles market share from legitimate businesses, hampers economic growth and development and, more importantly, causes grave risks to the health and safety of consumers. It also helps criminal networks and transnational organised crime thrive. FICCI CASCADE has been resolutely endeavouring to combat this menace by proactively organising multi-stakeholder dialogues with consumer and youth sensitization programmes, capacity building programs for enforcement agencies, media interactions and international conferences on the subject, and research and publications to fight the growing hazards of illicit trade. Realising, over the years, the growing need to build consumer voice on this subject through a broader communication horizon, FICCI CASCADE have also moved to the digital space for wider audience. Smuggling and counterfeiting are prevalent across sectors and countries, representing a multi-billion-dollar business across the globe. We seek intersectoral and worldwide cooperation in our endeavours to curb this mounting universal threat".

Recent Initiatives

Seminar on **Border Management and ILLICIT Trade**

13 October, 2016- FICCI, Federation House, Tansen Marg, New Delhi



FICCI CASCADE in collaboration with Faculty of Studies, Border Security Force organized a Seminar on **Border Management and Illicit Trade** on 13th October 2016 in FICCI, New Delhi for the officers of Border Security Force. The objective was to address ways and means to combat illegal cross-border flows, facilitate cooperation & coordination among stakeholders and sensitize the officers on the magnitude of the menace.

Shri Hansraj Gangaram Ahir, Minister of State, Ministry of Home Affairs, Government of India, was the Chief Guest at the programme. The Minister stated that safe borders were critical to the nation; hence collaborative and cooperative measures were required as an anti-smuggling initiative in the country. The Minister further congratulated FICCI and BSF for this joint initiative and urged for suggestions from FICCI to address the issue of illicit trade and smart border management.

Dr. A. Didar Singh, Secretary General, FICCI in his welcome address stated that border guards were critical

stakeholders in combating cross border illegal trading activities. It is time that we, as a national and as a part of the global economy, call for stern and resolute counterstrike force against such ill-intentioned activities of cross border illicit trade. This has several elements, starting with greater vigil at the borders. On one hand, while open borders facilitate travel and trade, they also make border control more challenging due to the emerging new forms of cross border crimes. Hence, it becomes vital that officers at the borders are prepared to identify possible suspects and their victims in such ill-intentioned crimes.

Mr. Deep Chand, Advisor FICCI CASCADE and former Special Commissioner of Police, New Delhi emphasized on the fact that illicit trade across the borders is impacting the social fabric of nations; India in particular is a victim of large scale smuggling. This web of illicit trade has entangled not only the legal industry and government, but also the consumers who are exposed to grave risks to life and security. A recent report by FICCI CASCADE on select

7 industry sectors estimated that the loss to the industry has increased by Rs. 32,412 crores i.e. 44.4% in just two years between 2011-12 to 2013-14. The estimated loss to the government on these seven sectors has increased by Rs. 13,049 crores i.e. 49.8% in just two years between 2011-12 to 2013-14.

Mr. K. K. Sharma, IPS, Director General, Border Security Force in his address said that the seminar was a welcome initiative taken by FICCI CASCADE; as such activities help the organizations and industries to contribute to a progressive nation building. This seminar will immensely help BSF officers to introspect their efforts through the prism of different perspectives from outside the organization and come out with more comprehensive and effective solution in addressing the issue at hand.

The inaugural session was followed by three plenary sessions on the Role of Enforcement Agencies and Challenges Encountered in Illegal Cross Border Trade; International Perspective on Illegal Cross Border Trade, and Market and Technologies - Latest techniques and procedures adopted and needed.

Noted and eminent personalities like Mr. Prakash Singh, IPS (Retd), former Director General, Border Security Force; Lt Gen SA Hasnain, UYSM, PVSM, AVSM, SM, VSM (Retd), Mr. P. K. Mishra, Additional Director General (Retd) Border Security Force chaired the sessions. Some of the key highlights from the sessions included:

- Inter- Agency Coordination and Capacity Building
- Real Time Sharing of Information

- International cooperation with WCO, Interpol etc.
- Seamless surveillance of borders
- Better situational awareness and informed decision making
- Development of crime/ criminal database system for vulnerability mapping
- Gold, machinery, cigarettes, fabrics, and electronic items are the five most smuggled products in India
- In the perspective of hybrid warfare, illicit trade is an important factor which needs to be kept in mind

The valedictory address was presented by Mr. M. L. Kumawat, IPS (Retd), Former Director General, BSF and Former Vice Chancellor, Sardar Patel University of Police. Mr. Kumawat highlighted the aspect of systems approach to address the issue at hand. He further added that it was best to invest on human resources for solutions to illicit trade and border management. Keeping pace with technology and increasing the power of thinking will enable us to adopt a symbiotic methodology in tackling the problem.

This seminar saw a significant attendance of 150 BSF officers from across the country from Delhi, Punjab, Rajasthan, Jammu, West Bengal, Meghalaya, Assam, Tripura, Madhya Pradesh etc. Senior officials and eminent speakers from Border Security Force, Sashastra Seema Bal, Indo Tibetan Police Force, Directorate of Revenue Intelligence, Coastal Security, Department of Homeland Security-Homeland Security Investigations, US Embassy, think tanks and leading industries were also present to discuss and brain storm on the subject matter.



International Conference on Cross Border ILLICIT Trade in Goods

Impact on Economy and Consumers

December 08, 2016, New Delhi



CASCADE organized its 3rd edition of its International Conference titled - Cross Border Illicit Trade in Goods: Impact on Economy and Consumers in collaboration with the Department of Consumer Affairs, Govt. of India on December 08, 2016 in New Delhi. The conference was organized with an aim to ensure that national and international stakeholders can dialogue with policy makers to identify opportunities for joint action between governments and the private sector to combat illicit cross border trade.

Inaugurating the conference, **Shri Hem Pande, Secretary, Department of Consumer Affairs, Govt. of India** said, "Operations in illicit cross border trade is a global problem of enormous scale, impacting virtually every product sector and every country. The illicit market for fake or

counterfeit or smuggled products is also one of the biggest challenges faced by Indian industry, which is impacting 'Brand India' globally. Given the key role of technology, invention, and innovation in India's current economic development, the value of "Indian made" products where legitimate business owners' rights are safeguarded is a key to sustain the country's growth strategy. Addressing these issues cannot be done in isolation; it is a joint responsibility of consumers, enforcement agencies, the industry and the government."

Dr. A. Didar Singh, Secretary General, FICCI in his welcome address, stated that India today had the potential to become a global manufacturing hub. However, widespread smuggling and counterfeiting can act as a dampener in achieving this goal. Therefore, concerted

efforts of the government and industry bodies are needed to tackle and address this challenging and mammoth task.

Mr. Najib Shah, Chairman, Central Board of Excise and Customs (CBEC) stated that illegal trade was a growing menace and the need of the hour was collaboration among stakeholders to tackle it. Growth of illicit trade through e-commerce is a new challenge, which also needs urgent attention. Unchecked, it will continue to multiply. We also need to lay equal emphasis on the rights of legitimate businesses, which are greatly impacted by illegal trade.

Mr. Anil Rajput, Chairman FICCI CASCADE in his address said, “Transnational smuggling through international channels, involving outright smuggling of products or mis-declaring or under invoicing of values is a common and rapidly growing problem in India as in most other parts of the world. Robust regulations, prioritizing enforcement activity and providing sufficient enforcement rights to the agencies is the need of the hour. Increased vigil on our porous borders, especially in the backdrop of our relations with our neighbours should also be treated as a priority.” He further added that illicit trade remains a formidable adversary for the nation. The root cause of

this is sometimes a policy framework that incentivises unscrupulous elements to take advantage and make inroads in the system. This encourages anti-social elements to dictate terms to the supply chain and create havoc for the public at large.

The conference highlighted and deliberated on issues such as Implications of Illicit Cross Border Trade on the Global Economy, Strengthening Border Management System for Effective Enforcement and Need for an Interdisciplinary Approach to Sharing Market Intelligence on Illicit Cross Border Trade. The deliberations explored the socio-economic consequences of cross border illicit trade and the policies needed to deter this activity. The discussions contributed to a unified vision of national security and public safety, providing an integrated dialogue which will attract industry regulators, customs authorities, law enforcement, major producers of consumer goods, consumer associations and NGOs. With an underlying objective to deepen understanding of illicit trading activities across borders, effective strategies to dismantle such illegal business practices by the public and private sectors were sought.





The conference saw a host of notable speakers, national and international, from World Customs Organization, Delegation of the European Union to India, Department of Homeland Security-Homeland Security Investigations, USA, Unilever, Sanofi, United IPR etc. It was also addressed by notable dignitaries including Mr. P. C. Jha, Advisor, FICCI CASCADE & Former Chairman, CBEC, Mr. Deep Chand, Advisor, FICCI CASCADE and former Special commissioner of Police, New Delhi, Mr. D. P. Dash, Principal Additional Director General, Directorate of Revenue Intelligence, Mr. Rajeev Krishna, Inspector General (OPS), Border Security Force, Mr. Gaurav Tyagi, Commandant & Joint Director Anti-Smuggling & Narcotics Control, Coast Guard, Mr. A K Gautam, Deputy Inspector General, Indo-Tibetan Border Police and Mr. Binod Nayak, Deputy Inspector General, Sashastra Seema Bal.

India has a committed border protection force plus enforcement agencies that is not only safeguarding the long national borders against trans-border criminals including smugglers and terrorists, but also ensures prevention of smuggling and enforcement of anti-smuggling & anti-counterfeiting laws. FICCI CASCADE acknowledges the efforts put in by the officers who show high standards of rigour and intelligence in prevention of smuggling and administration of related matters which impact Indian business and economy. To encourage and acknowledge the work of our law enforcement agencies, FICCI CASCADE also felicitated the best performing officers for the period 2015-16.

The winners were:

1. Mr. A K Parayil, Deputy Inspector General-
Commanding Officer, Indian Coast Guard Ship
Sangram
1. Mr. Sanjeev Kumar Singh, Commandant, Indo-Tibetan
Border Police
2. Mr. S. N. Dubey, Deputy Commandant, FGT, Ferozpur,
Border Security Force
3. Mr. Dinesh Kumar, Deputy Commandant, BIAAT
(Dehradun), Border Security Force
4. Mr. S Sathianarayanan, Deputy Commissioner,
Chennai III Customs
5. Ms. Mandeep Sangha, Deputy Director, Directorate of
Revenue Intelligence (DRI), New Delhi
6. Mr. Yogendra Kumar, Sub-Inspector, Economic
Offences Wing, Delhi Police



FICCI CASCADE ONLINE



<http://ficcicascade.in/>

Electronic Media






<https://www.facebook.com/FicciCascade/>

www.ficcicascade.in



<https://twitter.com/Cascadeglobal>



<https://www.youtube.com/channel/UckBU00erdFGTffjYz67K7tQ>

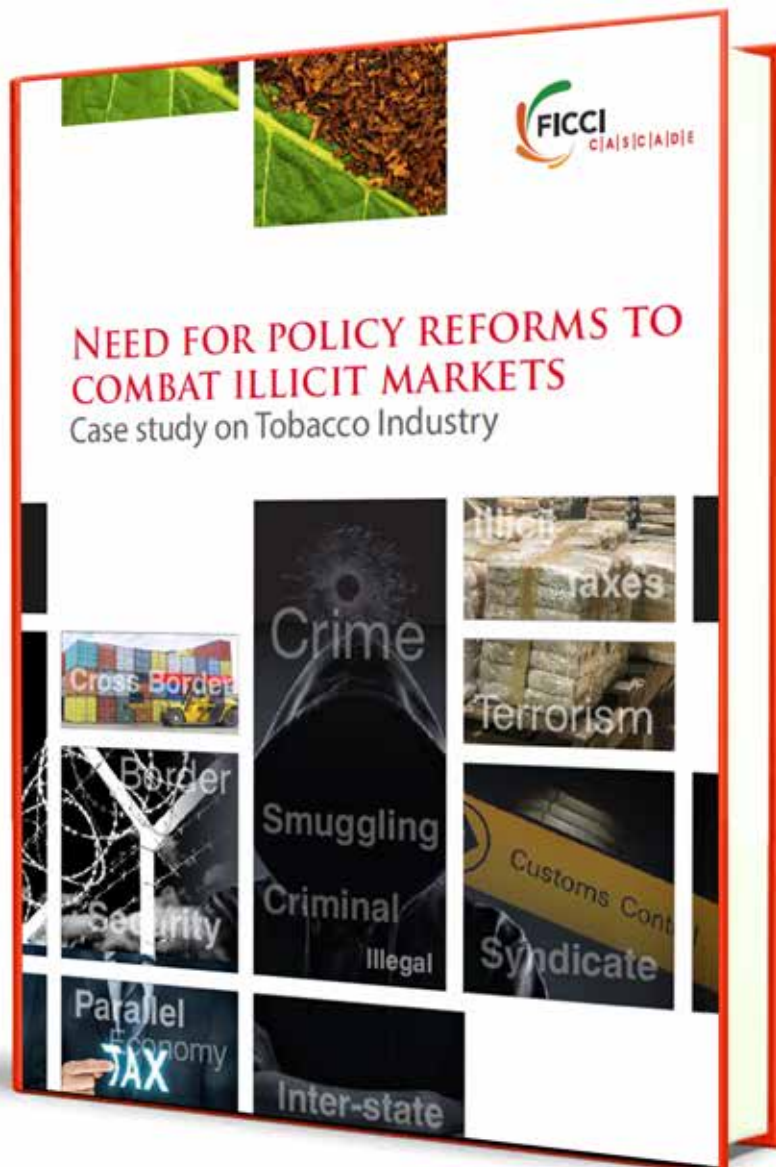
AWARENESS THROUGH ART



FICCI CASCADE Publications, 2016

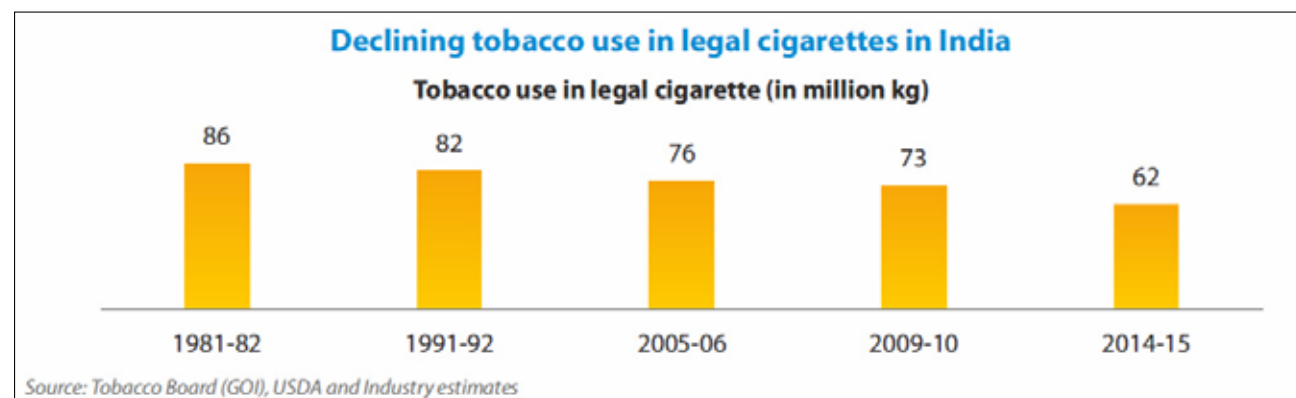
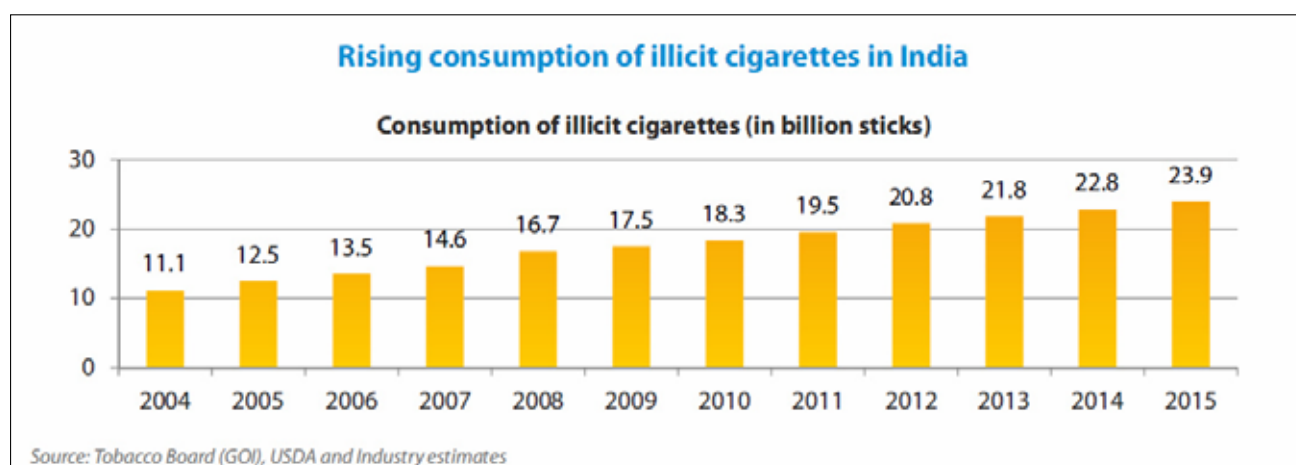
Need for Policy Reforms to Combat ILLICIT Markets *Case Study on Tobacco Industry*

The report is an analysis of illicit trade of illicit cigarettes, which constitute a significant component of the tobacco industry and is leading to the loss of revenue to government, loss of business to the legitimate industry, livelihood opportunities, adversely impacting farmers, besides being a threat to national security.



It is seen that the consumption of illicit cigarettes has been steadily going up in India – from 11.1 billion sticks in 2004 to 23.9 billion sticks in 2015. While the consumption of illicit cigarettes is going up, use of tobacco in legal cigarettes is steadily going down. (From 86 million kg in 1981-82, use of tobacco for legal cigarettes has gone down to 62 million kg in 2014-15)

The study further maps the consumption and trade pattern of illicit cigarettes from the consumer and retailer perspective.



It focusses on five major areas:

- Impact of price on consumption of illicit cigarettes
- Demographic implications of illicit consumption
- Impact of graphic health warnings (GHWs) on consumption
- Supply side view on illicit trade and
- Enforcement issues about illicit trade

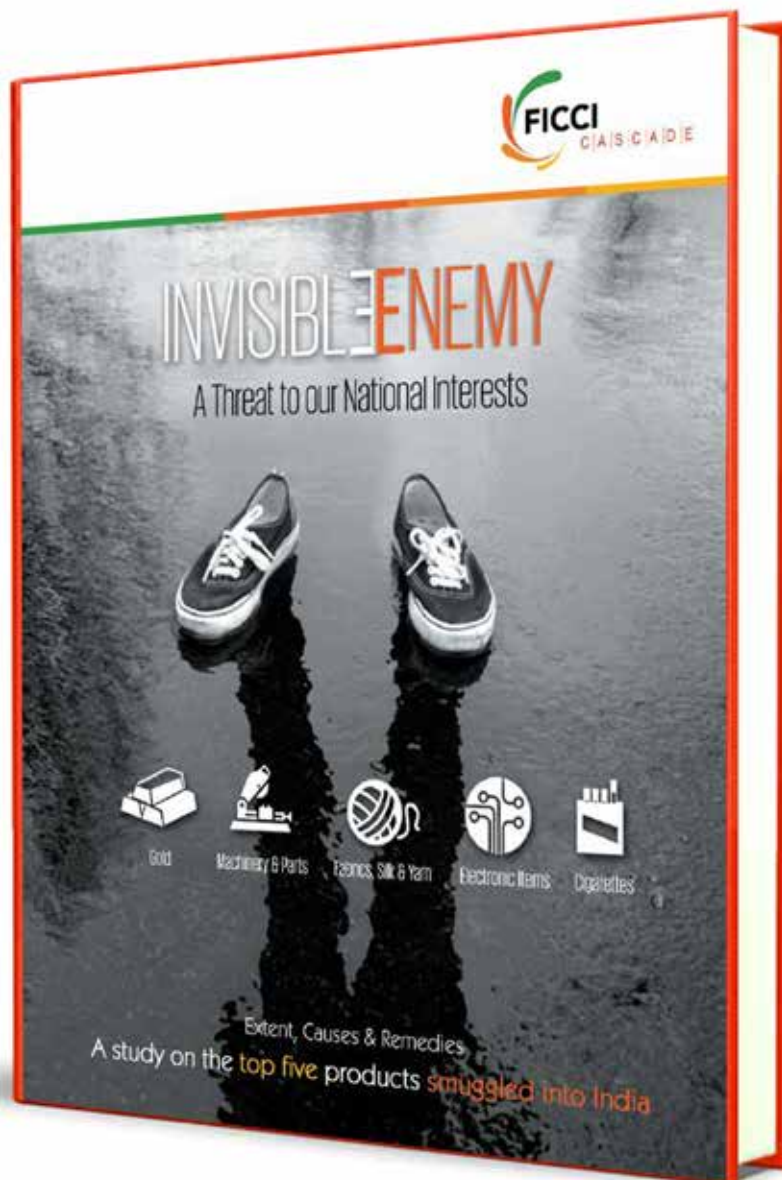
Key Findings:

- Two factors drive illicit trade in cigarettes – price and consumer preference for products without warnings
- High cigarette price (due to high tax) does not deter smokers from smoking – in fact it leads them to switch to cheaper illicit brands
- With every rupee rise in price, the loss of volume sale goes up further
- Retailers stock and sell illicit cigarettes because of higher profit margins
- It is the young and the poor who are more vulnerable to illicit trade in cigarettes

Invisible Enemy

A Threat to Our National Interests

Illicit trading activities such as smuggling are a pervasive socio-economic threat entrenched in the global trade system. Their syndicates are drawn by huge profits, while benefiting from weak legislation. Therefore, to estimate the extent of smuggling FICCI CASCADE has come out with a one-of-a-kind-study titled: Invisible Enemy - A Threat to our National Interests: Extent Causes and Remedies



Report studies the top five key smuggled goods into India:

GOLD



Machinery and Parts



Cigarettes



The report findings highlight that smugglers are now switching over to cigarettes and fabric/silk yarn as they are low-risk, high-reward goods. As per the report, in the last one year, the DRI seizures of smuggled cigarettes has increased by 78% (from Rs. 90.75 crores in 2014-15 to Rs. 162 crore in 2015-16) followed by fabric/silk yarn, where the increase is by 73% (from Rs. 24.03 crores in 2014-15 to Rs. 41.78 crore in 2015-16). The seizures of gold have witnessed an increase of 61% (from Rs. 692.35 crore in 2014-15 to Rs. 1119.11 crore in

Fabrics, Silk and Yarn



Electronic Items



2015-16), while the DRI seizures of machinery parts and electronic items has seen a decline.

Seizure of Smuggled Goods (₹ Crores)

Product/ Commodity	2013-14	2014-15	2015-16
Gold	99.35	692.35	1119.11
Machinery parts	69.5	563.18	447.1
Cigarettes	20.57	90.75	162.0
Fabric/silk yarn	49.89	24.03	41.78
Electronic items	71.66	37.85	17.98
Diamonds	9.46	6.62	14.81
Watches/parts	8.88	1.17	2.44
Computers/parts	18.6	0.46	1.78
Veh./Vessel/Aircrafts	306.08	472.89	62.66

Source: Report No.5 of 2016; Union Government (Indirect Taxes, Customs), CBEC, Lok Sabha Questions

Extent of Smuggling in India (in ₹ crores)

Gold	(15,637) – (41,896)*
	20.9 – 48.0**
Machinery and Parts	26,561 – 41,586
Cigarettes#	7,561 – 8,946
Fabrics, Silk and Yarn	5,390 – 8,038
Electronic Items	3,353 – 17,516

* Negative Smuggling (arising out of over-invoicing of quantity of imports and under-declaration of value per tonne)

** Under valuation per tonne of gold

Increase from 2013 to 2015

This report further attempts to highlight the key challenges posed by smuggling and the possible solutions needed to make compliance and processes more robust which will reduce the threat of smuggling.



NEWS

INTERNATIONAL NEWS

1. Hong Kong Customs seizes suspected smuggled products

February 14, 2017 | Sat Press News

Customs officers today intercepted an outgoing lorry at Lok Ma Chau Control Point for inspection which declared to contain papers and plastic resins on board. A batch of suspected unmanifested goods including a large number of electronic products, suspected bird nest and vehicle parts, etc. were found in the cargo compartment. The 60-year-old male driver was arrested. Investigation is ongoing and the arrested man has been released on bail pending further investigation.

Smuggling is a serious offence. Under the Import and Export Ordinance, any person found guilty of importing or exporting unmanifested cargo is liable to a maximum fine of \$2 million and imprisonment for seven years.

<http://www.satprnews.com/2017/02/14/hong-kong-customs-seizes-suspected-smuggled-products-with-photos/>

3. Clampdown on Illegal Smuggling Continues

January 02, 2017 | Evening Echo

ALMOST a tenth of drugs, tobacco products and alcohol seized in Ireland in 2015 were seized in Cork. According to information released to the Evening Echo by the Revenue's Custom & Excise Division, €59m worth of drugs, tobacco products and alcohol were made in Ireland from January to December 2015. €5.8 million worth of the products were seized in Cork.

The seizures included 233kg of tobacco (worth €100,000), 6.29 million cigarettes (worth €3.75 million), 1,509 litres of alcohol (worth €13,957) and 32kgs of illegal drugs (with a value of just under €2 million).

A spokeswoman for Revenue said: "These illegal activities divert money required by the State to fund public services, while undermining public health policies and funding organised crime. Revenue deploys a wide range of enforcement action.

<http://www.eveningecho.ie/cork-news/clampdown-illegal-smuggling-continues/2599400/>

2. Illegal tobacco imports on the rise; criminals using high heels, fluffy toys to stash cigarettes

February 20, 2017 | News

Australian Border Force (ABF) officials have seized a record volume of illegal cigarettes and tobacco, including many products hidden inside fluffy toys, machinery, picture frames and platform shoes.

For the month of January, 5 million illegal cigarettes and 1 tonne of loose leaf tobacco were detected at the International Mail Centre (IMC) in western Sydney. It was a new monthly record for the IMC, which takes in three quarters of Australia's mail from overseas.

<http://www.abc.net.au/news/2017-02-20/illegal-tobacco-cigarettes-smuggled-into-australia-fluffy-toys/8285470>

NATIONAL NEWS

1. How Fake 2,000 Notes Are Smuggled Into India From Bangladesh Border

February 21, 2017 | NDTV

Malda in West Bengal was always the capital for counterfeit notes smuggled in from bordering Bangladesh. Demonetisation had brought the business to a standstill. But in a worrying development, the fake notes are back. In the last three weeks, around Rs. 4 lakh worth of fake 2,000 rupee notes were seized by the Border Security Force or BSF. What is worrying is the quality of the fakes as they seem to look very close to the new notes introduced just three months ago. NDTV travelled to Malda and found that the BSF has stepped up vigil to stop the smugglers.

On February 15, 100 notes were seized from the border at Churiyantpur. On 19th, 96 notes were seized again from a courier on the National Highway. In one case the courier was caught and handed over to the police. In the other, the courier escaped leaving the packet along the fence separating India and Bangladesh.

<http://www.ndtv.com/india-news/how-fake-2-000-notes-are-smuggled-into-india-from-bangladesh-border-1662020?browserpush=true&browserpush=true>

2. Customs detect 3 cases of smuggling gold, tobacco at airport

January 23, 2017 | Business Standard

Mumbai Customs today detected three cases of smuggling of tobacco and gold at international airport here and arrested one person. In the first case, the Air Intelligence Unit (AIU) of the Customs intercepted two passengers, identified as Vijay Rupapara and Manish Khambani, who were to fly to Lubumbashi via Addis Ababa.

“The passengers were attempting to export 5869 pouches and 900 tins of tobacco products, 185.5 kgs of cut betel nuts, 11 pieces of mobile phones and 2 pieces of phone tablets collectively valued at Rs 5.12 lakh,” an official said, adding the articles were stuffed in 17 checked-in bags and 4 hand bags of the passengers.

http://www.business-standard.com/article/pti-stories/customs-detect-3-cases-of-smuggling-gold-tobacco-at-airport-117012300883_1.html

3. Plugging counterfeiting can help govt increase tax revenues

January 31, 2017 | IIFL

With the forthcoming union budget, one of the most critical factors to consider are the losses caused due to counterfeit products and fake products in high-priority and consumer sectors such as Auto, Pharma, FMCG, Electronics among others. According to surveys, the annual losses caused by counterfeit products globally amounts to \$ 700 billion. Brands lose up to 20% of market share and companies face roughly 10% losses on revenue and profit due to counterfeit products in India.

“In its Budget Estimates (BE) for 2015-16, the Government of India (GoI) had pegged its fiscal deficit at Rs 5.6 trillion (3.9% of GDP; based on the assumption that nominal GDP for 2015-16 would be Rs 141 trillion).

http://www.indiaonline.com/article/news-sector-fmccg/union-budget-2017-plugging-counterfeiting-can-help-govt-increase-tax-revenues-117013100367_1.html

EXPERT'S SPEAK

Do not single out cigarettes

Uniform taxes on tobacco products will both curb their consumption in India and widen the tax base

P C JHA

A study by Ficci Cascade (Committee Against Smuggling and Counterfeiting Activities Destroying the Economy) has revealed the magnitude of illicit trade to be far beyond the common perception. For seven products — alcoholic beverages, auto components, computer hardware, FMCG packaged foods, FMCG personal goods, mobile phones and tobacco products — the supply of unaccounted and untaxed goods increased by 44.4 per cent between 2012 and 2014. As a result, genuine producers collectively suffered a loss of ₹2,412 crore, while the government's loss in tax revenue went up by ₹13,049 crore. The maximum loss was that of the tobacco sector — a staggering ₹9,139 crore in 2014. The expert committee estimates that the share of the grey market in tobacco products grew from 15.7 per cent to 20.2 per cent in these two years.

What incentivises rapid growth in grey markets is high tax rates, a point that policy-makers miss. Additionally, consumers suffer when supplied with spurious and substandard goods manufactured in unhygienic conditions. So far, the government has not been able to strike the right balance between tax revenue targets and the consumer interest. The roll-out of the goods and services tax (GST) offers an opportunity to rectify tax anomalies and set right the imbalance.

Take tobacco as an example. In the 1960s, tobacco products (including cigarettes) in India used to be subjected to central levy in the form of excise duty, state levy in the form of sales tax and other levies like octroi. A taxation enquiry commission headed by Dr John Mathai — independent India's second finance minister — suggested the need for coordination between the central, state and local bodies for taxes. Subsequently, at the National Development Council meeting held in December 1966, the Centre and the states mutually resolved to replace sales tax with additional excise duty (AED) on tobacco products, to be collected by the Centre and distributed by the states. Accordingly, the AED Act was enacted and became effective from April 1968. The practice of levying AED continued until March 2006.

Until February 1987, cigarettes were taxed under an ad valorem excise structure. This turned out to be flawed and, recognising the inherent problems with this structure, a length-based, specific-duty structure was introduced in 1987. This new structure catered to India's wide income distribution through multiple length slabs, providing consumers with alternative price options based on their ability to spend, and eliminated valuation disputes and litigation.

The Luxury Tax Act was instituted in Maharashtra in 1967, imposing luxury tax on various kinds of tobacco products including cigarettes, cigars, cheroots, snuff, *pan masala* and *guthko*. The tax was later adopted by several other states. A mindset had developed that cigarettes, cigars, etc. are luxury products, which today has been well established as a mis-conception. In 2005, following an order of the Supreme Court, tobacco products were removed from the list of luxury goods.

While finalising GST rates, the government has a rare opportunity to create a level playing field. It is clearly a game changer and provides a historic opportunity for removing distortions and infirmities in tobacco taxation and facilitating the broader national tobacco control policies. Policymakers



India's high cigarette taxes have given rise to a thriving contraband trade, and the country has become the world's fourth largest market for illicit cigarettes

have to think out of the box and not follow the beaten track. Such opportunities are rare and should not be missed.

While tobacco consumption in India went up from 406 million kg in 1981-82 to 562 million kg in 2014-15, the consumption of cigarettes declined from 21 per cent to 11 per cent of overall tobacco. Of this, about 68 per cent remains untaxed due to evasion and the narrow tax base. Cigarettes constitute only 11 per cent of the tobacco industry, but 85 per cent of tobacco taxes. The current practice in effect means that there is no tax on tobacco, as only the smallest segment — cigarettes — is taxed. This is against tobacco taxation goals, and the health agenda of the government. Due to high taxes, consumption has shifted to cheaper illegitimate products, causing loss of revenue to the government and posing a greater health risk to consumers. This is contrary to two key government priorities — protect tax revenue and protect citizens' health.

High taxes on cigarettes have led consumers to shift to cheaper alternatives that pose greater health risks, and cause revenue losses to the government

A World Health Organisation study shows that cigarette taxes as a percentage of per capita GDP are very high in India. In fact, taxes in India are 14 times higher than in the US, seven times higher than in China and five times higher than in Australia. As a result of the contraband trade, India has become the fourth largest market for illicit cigarettes in the world.

There is another danger from cigarette smuggling — it is used to finance terrorist activities. "Terrorist financing through cigarette smuggling is huge," says Louise Shelly, a transnational crime

expert at George Mason University, and an adviser to the World Economic Forum on illicit trade. It is estimated that one in every three cigarettes exported worldwide is sold on the black market. The seizure figures obtained by Ficci Cascade from official sources reveal a huge rise in smuggling of cigarettes in the last two years. The menace of cigarette smuggling has its roots in high rates of taxation.

A key priority for GST should be to bring the current 68 per cent of untaxed tobacco under the tax net. Even if 50 per cent of this is realised, it will yield new tax revenue of over ₹16,000 crore. Additionally, tax arbitrage opportunities must be eliminated to combat illicit trade and the revenue neutrality of tobacco taxes should be maintained. The resulting equitable taxation structure on tobacco will certainly ensure sustainable revenue buoyancy as we move ahead. Further, since tobacco and tobacco products will be taxed under Central Excise in addition to GST, the incidence of Excise Duty plus GST has to be revenue-neutral. Also, the GST levy on all tobacco products should be at a standard rate applicable to the general category of goods, and there has to be continued availability of Cenvat Credit of the central excise duty paid on intermediate tobacco products.


Policy-makers in the past have considered cigarettes a luxury item. It is unfair to single out cigarettes, since tobacco in any form is harmful. There must be uniformity in tobacco taxation to achieve the objective of controlling the menace of tobacco consumption in India. Taking any other view would not be in the wider public interest, and will be inconsistent with the stated objective of widening the tax base.

The writer is former Chairman, Central Board of Excise and Customs, and advisor, Ficci Cascade

Article Link-

http://www.business-standard.com/article/opinion/p-c-jha-do-not-single-out-cigarettes-116102200826_1.html

WHAT'S NEXT



**Seminar and Candle Light Congregation
Fight Against Counterfeiting and Smuggling**

April, 2017 | Jaipur



**Seminar on 'Combating Counterfeiting
and Smuggling – An Imperative to
Accelerate Economic Development'**

20 April, 2017 | Kolkata



**FICCI CASCADE National Awards for
Excellence in Journalistic Reporting on
Smuggling Issues Affecting Indian Industry**

1st September 2016 to 31st July 2017



FICCI
C|A|S|C|A|D|E

International Conference

MASCRADE 2017
MOVEMENT AGAINST SMUGGLING & COUNTERFEIT TRADE

Protect Your Brand Globally: Fight Counterfeiting, Smuggling and Piracy

12-13 October, 2017, New Delhi



Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies. FICCI has contributed to this historical process by encouraging debate, articulating the private sector's views and influencing policy. A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry.

Federation of Indian Chambers of Commerce and Industry

www.ficci.in



In the recent past India's economic growth story has attracted world's attention bringing new challenges for the domestic economy. One of the challenges currently faced is the growing illicit trade in counterfeits, pass offs and smuggled goods. These activities are also threatening brands not only in every region of the country but across the globe.

Contraband and counterfeit products hurt the integrity of the brand, further diluting the brand owner's reputation. This not only results in erosion of sales of the legitimate product but further [CASCADE]s onto affect the consumers in the form of health and safety hazards. With the above insight the Federation of Indian Chambers of Commerce and Industry (FICCI) took the initiative to dedicate a forum by establishing the Committee Against Smuggling and Counterfeiting Activities Destroying the Economy - CASCADE on 18th January, 2011.

FICCI Committee Against Smuggling and
Counterfeiting Activities Destroying Economy (CASCADE)

www.ficcicascade.in

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