



## News Flash

### Study: 40% of cigarettes consumed in West Bank sold 'illegally'

5th January, 2014 | Ma'an News Agency

RAMALLAH (Ma'an)-- A large percentage of cigarettes consumed in the Palestinian market are made from local tobacco and sold through informal means, a local study has showed. The study, by Alpha International for Research, Polling and Informatics, suggests that about 45 million cigarette packs are sold illegally in the West Bank every year, which means the Ministry of Finance is losing 400-450 million shekels a year in customs taxes. In addition to not passing through customs, this means that the majority of cigarettes are not subject to tests by the ministry of health nor to the placement of warning messages on packages. The study found that 84 percent of consumers who use illegal cigarettes smoke local tobacco. They either buy tobacco and roll it themselves, or buy homemade cigarettes packaged in nylon sacks or simple boxes. These cigarettes, according to the study, are either smuggled, or packaged manually from tobacco produced by Palestinian farmers mostly from the northern West Bank.

<http://www.maannews.net/eng/ViewDetails.aspx?ID=662718>

## Chair's Message



Anil Rajput,  
Chair FICCI CASCADE,  
Sr. VP Corporate Affairs, ITC Ltd

CASCADE is determined to combat illicit trade and is proactively engaged in sensitization programmes targeting the youth, this month we receive enthusiastic participation in Patna and on Facebook with its competition on Capturing Fakes and Smuggled goods and we endeavour to keep the fight against smuggling and counterfeiting moving with similar activities. We seek support from all stakeholders to curb the hazards of the illegitimate businesses.

## FICCI CASCADE in News

Hindustan Times, Patna, 23rd January 2014



**Experts: Smokers puff 30 million fake cigarettes in Bihar every month**

**Patna:** Smokers of the region consume over 30 million illegally manufactured and traded cigarettes every month. And this illegal trade causes state government a huge revenue loss, amounting to over ₹50 crore per annum.

The state is one of the fastest growing markets for the locally illegally manufactured and traded cigarettes in the country. Available in the market at one-fifth the price of the legal product, these illegal cigarettes with low quality tobacco and high levels of tar and nicotine are especially popular among youth and cost high to the young smokers in terms of health.

This information collected earlier by the Federation of Indian Chambers of Commerce and Industry (FICCI) during its study on 'socio-economic impact of counterfeiting, smuggling and tax evasion in seven key industry sectors' was shared by the food and consumer protection minister Shyam Rajak. Rajak was inaugurating an

inter-college contest on 'youth against counterfeiting and smuggling' here on Wednesday. The contest was organised by the Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (CASCADE) of the FICCI in collaboration with Magadh Mahila College (MMC) to create awareness among youth about the evils of smuggling and counterfeiting.

Tax disparity between Bihar and its neighbouring states which offers high price differential for legal cigarette brands, has encouraged unprecedented smuggling and illicit trading from the neighbouring states. Every truckload of cigarettes, if brought in our state clandestinely nets the trader a profit of nearly ₹2 lakh to ₹3 lakh. This huge incentive has attracted anti-social elements from the region and other parts of the country towards cigarette smuggling," Rajak said.

The minister said counterfeit cigarette was injurious to the health of both the people and the economy of the region.

"It's the consumers who are at the receiving end. They get duped due to ignorance. They spend money but fail to get the services worth their money, ending up having low quality schools, hospitals and other facilities," he said.

He talked about the risks caused to the people due to ever-increasing criminalisation of the society and the black money generated through these means. He also urged youths to fight the evils caused by smuggling and counterfeiting.

PC Jha, advisor, FICCI CASCADE said an increase in excise and VAT rates over cigarette was believed to curtail the consumption of banned products. Instead it has encouraged smuggling and counterfeiting and thus causing heavy revenue losses to the government.

The debate, which followed later, was participated by more than 200 students from different colleges. Their active participation was also witnessed in the competitions held on the topic in various categories. The function was attended by a large number of students including Sugandha and Kashifa Hassan and the teachers, which included the college principal, Debby Sinha, Bharti Bagchi and SK Shandelia.

**Students at an inter college contest at Magadh Mahila College, in Patna on Wednesday.**

AP BUREAU PHOTO

## Inter-College Competition

### *Youth Against Counterfeiting and Smuggling "Freedom from Fakes and Smuggled goods"*

22 January 2014, Bihar

FICCI CASCADE with an aim to sensitise the young people on various modalities of working together to address the harms posed by counterfeiting and smuggling organised a youth festival- An Inter-College Competition on the theme of Youth Against Counterfeiting and Smuggling in collaboration with Magadh Mahila College and Adyopant Legal services on 22nd January, 2013 in Patna.

FICCI CASCADE is arming the consumer with knowledge to make informed choices and awareness of the ill-effects of fake, counterfeit and smuggled products. Youth Festival was organized to energize the consumers to take up the fight against Smuggling and Counterfeiting. Around 250 students took enthusiastic interest in the topic and around 80 students participated in multiple competitions to help the economy with their zeal to eradicate this menace.

Professor (Dr.) Dolly Sinha, Principal delivered the welcome address and highlighted the impacts of counterfeiting and smuggling in the state of Bihar. Mr. P C Jha, Advisor, FICCI CASCADE gave an overview on the growing menace of counterfeiting and smuggling. He asked for consumer support to fight this problem and raised consumer awareness on the topic by highlighting various examples and also sharing the magnitude of the problem which has stretched long and where government is facing immense loss in term of revenue and human are facing health and safety risk.

FICCI CASCADE seeks to strengthen the movement against counterfeiting and smuggling for social development and economic growth of the nation. Shri Shyam Rajak, Hon'ble Minister for Food and Consumer Protection, Government of Bihar in his special address emphasised on the growing terrorism being funded by such organised crimes. The affect of the menace of counterfeiting and smuggling is creating on the Indian economy was discussed. He also stated that such activities are causing Rs. 1,00,000 crores annual sales loss to industry and Rs. 26, 190 crores annual Tax loss to government referring to FICCI CASCADE study on "Socio-economic Impact of Counterfeiting,

Smuggling and Tax evasion in seven key Industry Sectors". He encouraged the youth to take part in such competitions and work for the benefit of society as a whole. He also emphasised on the need to ask for a bill as a proof of every purchase to claim against this crime. He congratulated FICCI CASCADE and also mentioned that government is trying to reduce the amount of tax on the products and have seeked Central Govt support for the same.

Counterfeiters and Smugglers are malignant to the economy and industries and have been ruining the culture and system of the country, hence with a thought to discard such rotten apples from the society, one need to understand the extent to which it has destroyed the roots.

The problem of the growth of illicit activities like smuggling and counterfeiting is alarming and every individual must target at exterminating this demon from the society. It lacks passion and through such awareness programme, FICCI CASCADE tends to ignite that passion among the youth to take this initiative ahead and fight the perils of counterfeiting and smuggling.

## Awareness through Art





**Ashwani Kumar**  
Senior Principal Technologist  
Packaging & Graphics Design  
ITC Limited

Mr. Ashwani Kumar has been heading Packaging and Graphics Design for ITC Limited and is the key initiator and implementer on all aspects related to Design strategy. He has several firsts to his credit as he has been behind the launch of India's some of the very successful FMCG brands. His contribution in creating design wealth has been increasing year on year with several Design Copyrights and Patents.

A key expert and with a flair for speaking, he has been a speaker at various international forums in the area of Packaging and Graphics Design. His contribution has been in the area of several articles in various publications wherein he has enunciated several theories and perspectives related to Design.

## Costs And The Balance With Value

It is very surprising when all the proposals for Anti-Counterfeit are put into the trash can primarily because of the costs. The question is the way we look at it. If we look at it as costs it has to be balanced out against the value for the Brands being lost out due to the Counterfeiters. The challenge is always as to what volume is being lost out which is more often than not an estimate. Thus, it is always recommended to make a very good assessment of your volume lost before you see the Anti-counterfeit features as a cost for your Brands. One has to also appreciate that along with the volume you may also be eroding the precious equity of your Brand due to the shoddy quality of the Counterfeited product. My question to all those who see Counterfeit features as cost is what about the value of your Brand equity which can slowly and steadily be hit very drastically.

The counter view to the above is to see counterfeit features as value addition to your Brand and one can build them based upon the ladder of the cost and the complexity of the feature. More often than not the more complicated the feature the costs are likely to be higher and more difficult for the Counterfeiters to catch up. However, it may not be mandatory to go for the most complicated features right from the very beginning as we need to optimise and get the best value for our inputs.

In the light of the above, the real challenge for Packaging Developers and Designers is they can use every element of their design to make it work as the counterfeit feature itself.

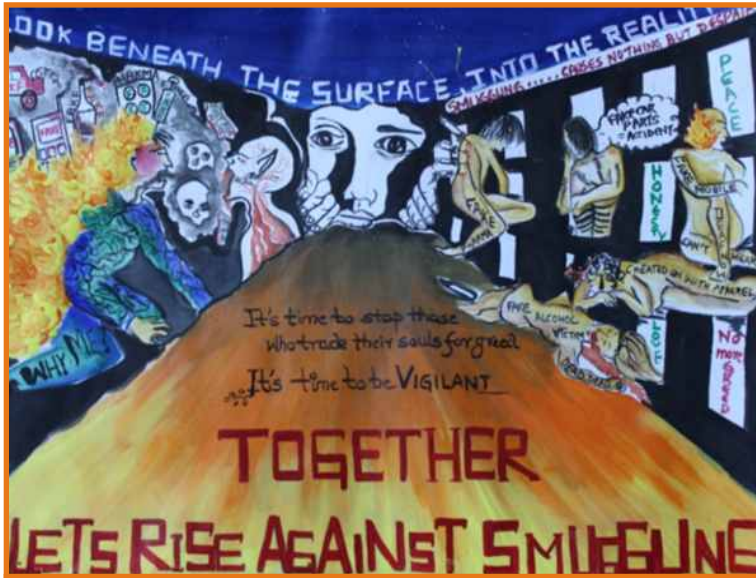
The Tiffany blue box has a Pantone blue colour which no one else can use in the World. Thus, creation of a unique colour and brick walling it through legal procedures by itself has led to becoming a huge anti-counterfeit feature for the Brand.

The unfortunate thing is that most of the time the Brand Managers are looking at value addition, volume growth but miss out on Brand protection. It is rarely we come across briefs from the Brand Managers which are talking about possibilities of Brand protection or even building in Brand protection features through design. This mind set needs to change, this approach needs to be questioned and this strategy needs to be re-defined. Why is it that spending huge amounts of money for a new campaign is not seen as much as a cost whereas building a covert feature into your Brand for your protection becomes a hugely debatable cost item?

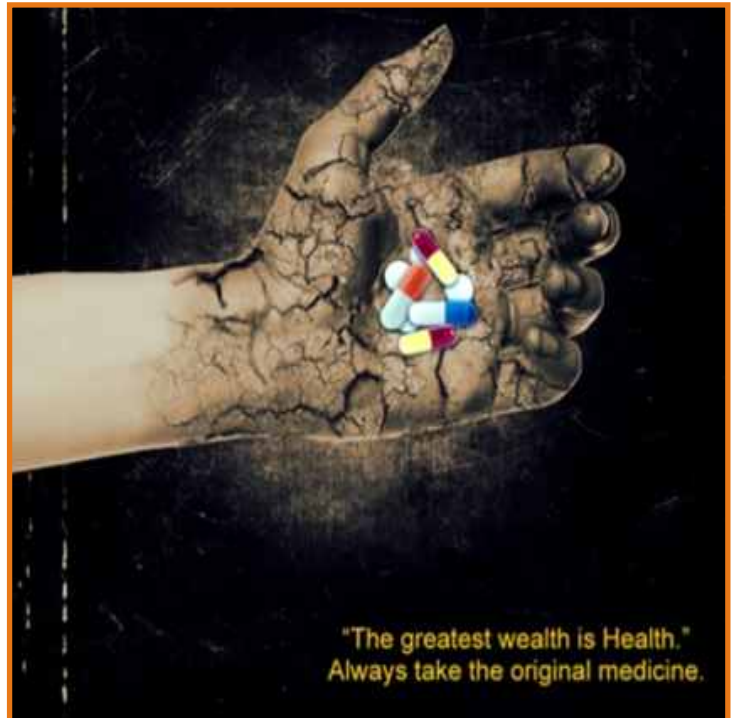
We all need to examine this and let's do it now before it is too late.

# FICCI CASCADE Facebook Competition

*On capturing Fakes and Smuggled Goods*



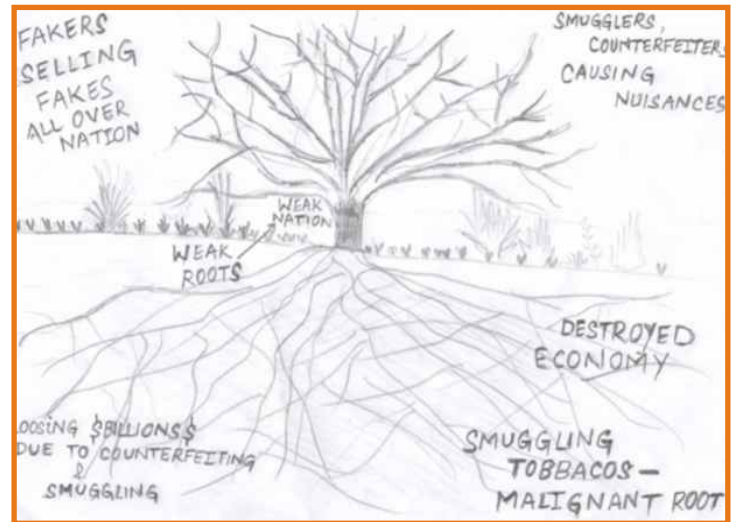
JAYANTI TIWARI- 1st



Manash Pratim- 2nd



Kalyani Nerurkar- 3rd



Smridh Makkar- People's Favourite

## International News

### Tobacco smuggling gobbles up sales tax revenue

21 January 2014 | Kuensel online

**Customs:** That tobacco products are being smuggled into the country, evading the 100 percent sales tax, is evident from the decrease in sales tax revenue collected at the regional customs office in Phuentsholing. As the busiest border town, most tobacco products enter the country through Phuentsholing. There is no dearth of tobacco products, especially cigarettes and chewing tobacco, but the regional revenue and customs office collected only Nu 234,502 in sales tax in 2013. The year before, they collected Nu 275,506. Incidents of tobacco confiscation, however, have increased in 2013, going by police records. Stats show that cigarettes are the most imported tobacco product, with Nu 217,900 collected in sales tax, while other products contributed Nu 16,602

<http://www.kuenselonline.com/tobacco-smuggling-gobbles-up-sales-tax-revenue/>

### 'Counterfeit: Don't buy into organized crime' - UNODC launches new outreach campaign on \$250 billion a year counterfeit business

14 January 2014 | UNODC

A new global campaign has been launched by UNO

DC to raise awareness among consumers of the \$250 billion a year illicit trafficking of counterfeit goods. The campaign - 'Counterfeit: Don't buy into organized crime' - informs consumers that buying counterfeit goods could be funding organized criminal groups, puts consumer health and safety at risk and contributes to other ethical and environmental concerns. The campaign is centred around a new Public Service Announcement which was launched on the NASDAQ screen in New York's Times Square and is being aired on several international television stations starting this month.

<https://www.unodc.org/unodc/en/frontpage/2014/January/counterfeit-dont-buy-into-organized-crime---unodc-launches-new-outreach-campaign-on-250-billion-a-year-counterfeit-business.html>

### Gibraltar vows to strengthen fight against cigarette smuggling

January 8, 2014 | Global Post

Gibraltar vowed Tuesday to step up its fight against cigarette smuggling from the British outpost into Spain, a major source of tension with Madrid. Cigarettes are around 40 percent cheaper in Gibraltar than in Spain due to lower taxes and Madrid blames the British territory for a surge in cigarette smuggling to the Spanish mainland. Spain in August introduced stringent border checks at its border with Gibraltar, leading to lengthy queues for motorists, in what it said was a move aimed at clamping down on cigarette smuggling.

<http://www.globalpost.com/dispatch/news/afp/140107/gibraltar-vows-strengthen-fight-against-cigarette-smuggling>

## National News

### Alcohol Smuggling in Delhi, India

01 January 2013 | BUSINESS SECURITY

Government officials in India estimate that alcohol smuggling for the purpose of avoiding duties costs the Delhi government up to \$40 Million (250 Crore) per year. There is a 60 percent tax on liquor in Delhi. Smugglers purchase bottles of alcohol in the state of Haryana for \$35 (2,200 Rupees), where it is sold for \$56 (3,500 Rupees) in Delhi. Between April and December 2013, security officials seized 140,000 bottles of smuggled alcohol during the course of 520 enforcement raids. Source: Kumar Vikram, "Murdered by the liquor mafia: How thriving Delhi bootleggers pose a lethal risk to the excise department," Mail Online India, January 1, 2014.

<http://www.havocscope.com/alcohol-smuggling-in-delhi-india/>

### Poll on mind, Cabinet set to ratify sops

17 January 2014 | Tribune News Service

The Cabinet meeting scheduled for Monday seems to have a definite agenda. With the Lok Sabha elections round the corner, the Council of Ministers is expected to announce a series of tax concessions. The Cabinet will discuss the withdrawal of one-time tax on city buses operating in Amritsar, Jalandhar, Ludhiana and Bathinda; withdrawal of sin tax on cigarettes and slashing VAT on iron and steel goods, scrap and finished goods. The Cabinet ministers will also discuss the withdrawal of enhanced sin tax on cigarettes and other tobacco products. Faced with a fall in cigarette consumption and its rising smuggling, the government has decided to withdraw sin tax on cigarettes. It is proposed to withdraw the sin tax on cigarettes and revert to the old system of imposing 20 per cent VAT (plus 10 per cent surcharge).

<http://www.tribuneindia.com/2014/20140118/punjab.html>

### NSK trains Distributors in India

January 21, 2014 | World Bearing Association

NSK has been working to eliminate counterfeit products from the market globally by partnering with the World Bearing Association (WBA) and conducting numerous anti-counterfeiting activities in various regions throughout the world. China continues to be the primary source of counterfeit product globally but it is not the only source. The World Bearing Association (WBA) recently established a program in India and NSK has taken a larger interest in this market and conducted an educational session for their authorized distributors in India.

<http://www.stopfakebearings.com/#/news/>

## Consumer Rally Fight against Counterfeiting and Smuggling

*February, 2014, Jaipur*

FICCI CASCADE as a part of its Consumer Awareness programmes, educates 100's of people of various categories on the subject of consumer interest. CASCADE believes in the empowerment of consumers which can be dealt by undertaking a sustainable national programme for generating and strengthening

consumer awareness on the menace of counterfeiting and smuggling.

FICCI CASCADE is organising a Consumer Rally in Jaipur on the theme of Fight against Counterfeiting and Smuggling in February, 2014 to sensitise and receive consumer support on the growing issue of counterfeiting and smuggling.

## Youth Festival Youth Against Counterfeiting and Smuggling

*February - 2014, Jammu*

### "Freedom from Fakes and Smuggled goods"

FICCI CASCADE is organizing a youth festival- youth against counterfeiting and smuggling in Jammu, to increase awareness among the youth and motivate them to fight against the menace of counterfeiting and smuggling. FICCI CASCADE has come up with the movement against counterfeit and smuggled goods

and looking forward for active participation of students in the interest of nation's economy and security. Counterfeiting and smuggling are ultimately a criminal enterprise, which is not just making chaos among people but also damaging business economy. Therefore, the youth festivals focus to raise the interest to fight against such nuisances.

## Customs Training Programme

*27 February - 2014, Mumbai*

The grey market economy is fuelling illegitimate industry and leading to increased criminalization in the society in the form of organized crime including terrorism. The magnitude of the problem of counterfeiting and smuggling is huge which requires urgent action from the enforcement agencies. Therefore, FICCI CASCADE is conducting training program to sensitize the customs officers to detect and distinguish counterfeit products

from the originals in Mumbai on 27 February, 2014.

The aims to exhibit samples of right holders/ brand owners and counterfeit/s to the customs officers and to give them technical training, i.e., methods by which the officers can detect and distinguish originals from counterfeits and stop the hazards of counterfeiting and smuggling.

### Contact Us

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