



illicit trade

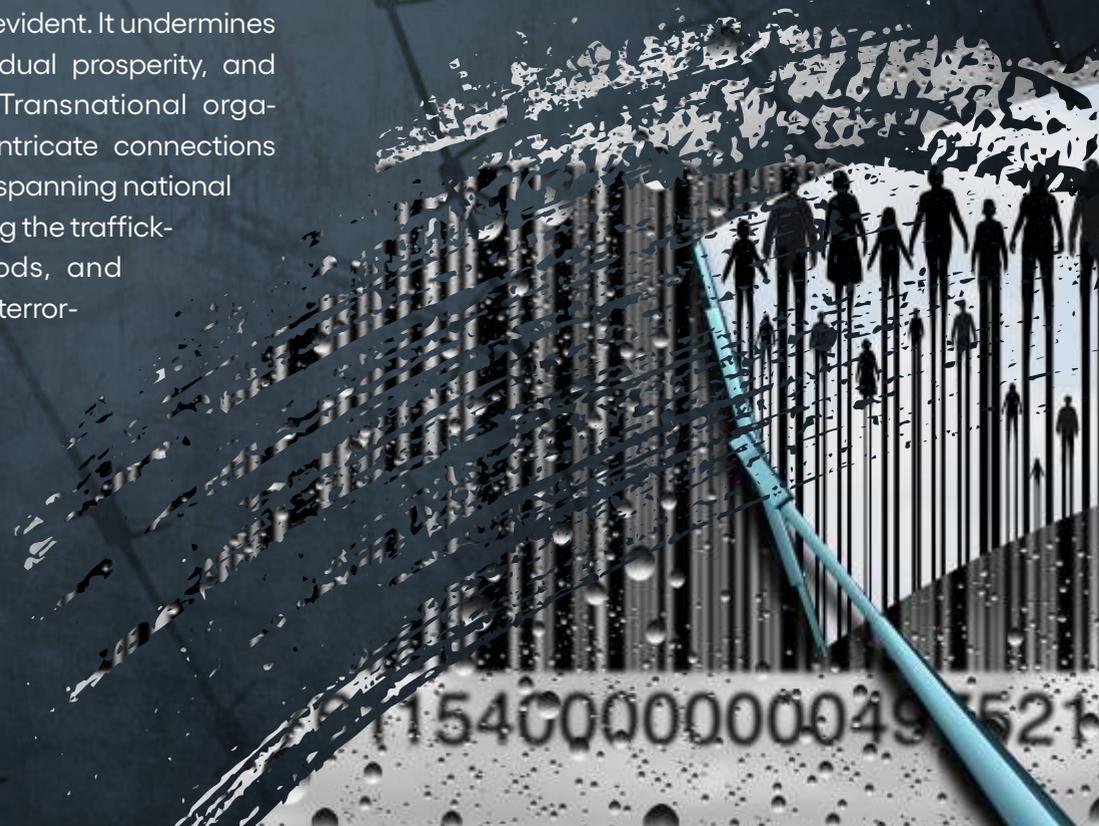
The world has increasingly been impacted by the scourge of illicit trade including smuggling and counterfeiting. These illicit activities have far-reaching consequences on various aspects such as trade, foreign investment, employment, innovation, criminality, the environment, and most critically, the health of consumers. It escalates each day in scope and magnitude. The impact of this nefarious activities on the global economy is profound, with losses exceeding US\$ 2 trillion annually. Illicit trade stands as a formidable barrier hindering the progress of the global development agenda. It siphons off nearly 3% of the world's economy, surpassing the economic output of entire nations such as Brazil, Italy, and Canada. To put it into perspective, if illicit trade were a country, its shadow economy would rival the size of Mexico and Indonesia combined.

The nexus between illicit trade and transnational organized crime is evident. It undermines economic growth, individual prosperity, and corporate profitability. Transnational organized crime continues intricate connections with criminal syndicates, spanning national and local levels, facilitating the trafficking of people and goods, and bolstering international terrorism.

It is crucial to recognize that no nation, regardless of its size, development status, or geographical location, remains

immune to the devastating effects of illicit trade. As per a 2022 FICCI CASCADE's study titled - 'Illicit Markets: A Threat to Our National Interests', over a period of 10 years, the tax loss to the Government of India because of the illicit trade has jumped by 163% to reach a mammoth Rs 58,521 crore (from Rs. 22,230 crore) for 5 key industries - Alcoholic Beverages, Mobile Phones, FMCG-Household and Personal Goods, FMCG-Packaged Foods and Tobacco Products. In the same period tax loss because of the illicit trading in two highly regulated and taxed industries - alcohol and tobacco products has jumped by 227%. In the FMCG category, Packaged Foods and Household & Personal Goods, the loss witnessed an increase by 162% during the same period. The overall size of the illicit market in this 10-year period has swelled to a whopping Rs. 2,60,094 crores.

According to a report by FICCI CASCADE- 'Regulatory Interventions and Illicit Trade



Across Border- Impact on Six key Industries' published in the year 2023, the impact of tariff and non-tariff regulatory measures on illicit trade in the six key industries namely Alcoholic Beverages, Consumer Electronics, FMCG - Packaged Foods, FMCG-Household & Personal Goods, Mobile Phones and Tobacco Products can be examined. Based on the empirical findings and overall analysis of tariff and non-tariff regulatory measures, the report assesses the extent of illicit trade and offers strategic insights to combat this pervasive global challenge.

In another report released in the year 2023, titled, 'Hidden Streams: Linkages between Illicit Markets, Financial Flows, Organized Crime, and Terrorism' it delves into the pervasive threats posed by illicit financial flows to both the global economy and security. The report highlights the vulnerabilities associated with the expanding global trade, with a particular focus on India, where illicit financial transactions have the potential to impede economic progress and finance criminal and terrorist activities.

The recent report released in September 2024 titled – “Challenging Landscape of Illicit Trade: How Changing Factors of Consumption Affect Illicit Markets in 5 Key Industries in India”, estimates the size of illicit market in India at Rs 7,97,726 crore in 2022-23. Considering 5 key industries—FMCG (packaged goods), FMCG

(personal and household care goods), alcohol, tobacco, and textiles & apparel, where illicit trade significantly undermines legitimate businesses, distorts market competition, and erodes government tax revenues.

Several elements contribute to the persistence and perpetuation of the grey market, including substantial profitability, expansive market dimensions, tax discrepancies, convenient access to distribution channels, and the simplicity of concealing operations, compounded by inadequate enforcement measures.

As we continue to combat illicit trade, it is imperative to strengthen international cooperation, enhance regulatory frameworks, and adopt innovative technologies to safeguard the integrity of our markets and protect the interests of consumers, businesses, and societies worldwide. Over the years, FICCI CASCADe has remained steadfast in its commitment to address the critical issue of illicit trade through collaborative efforts with policy makers, industry stakeholders, enforcement agencies, media, and consumers. Our mission involves fostering an engaged and informed public discourse on this pressing issue through various awareness programmes across different states. Effectively addressing such issues are crucial to preserve India's economic stability, fostering fair competition, and cultivating an environment conducive to sustainable growth and ease of doing business.



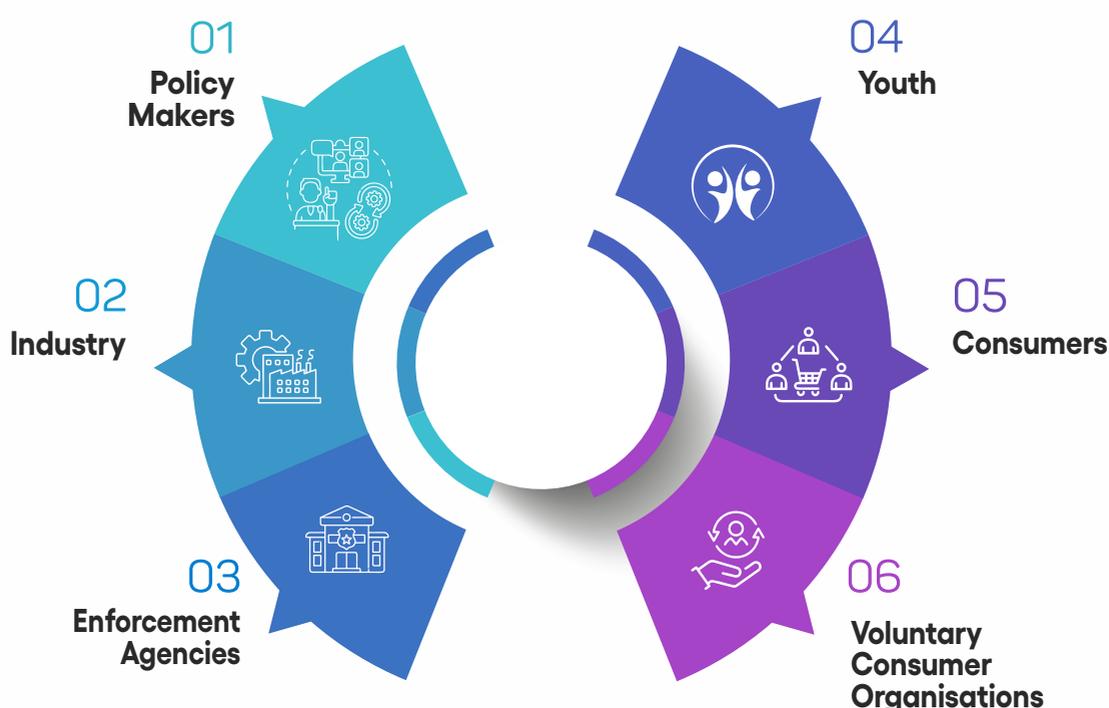
FICCI CASCADe

Committee Against Smuggling and Counterfeiting Activities Destroying the Economy

FICCI has been focusing on curbing the problem of growing illicit trade in counterfeits, pass offs and smuggled goods, and accordingly has dedicated a forum by establishing CASCADe - Committee Against Smuggling and Counterfeiting Activities Destroying the Economy. FICCI CASCADe is working closely with the Industry and Government to create awareness on how counterfeiting and smuggling has become a serious menace to public health and safety, and why all concerned must address these important issues.

FICCI CASCADe has been successful in stirring an active debate on the menace of smuggling and counterfeiting nationally through various

awareness programmes and initiatives engaging industry, policy makers, law enforcement officials, voluntary organizations and consumer at large. Since its inception, FICCI CASCADe has over the years organised various awareness programmes and initiatives across the nation to fight the hazards of counterfeiting and smuggling. It has been successful in stirring an active debate on the topic nationally and internationally. These awareness programs were well attended comprising across sectors, consumer rights activists, youth, government officials, the judiciary, police, customs and border enforcement officials, and have received wide public appreciation and media coverage.



FICCI CASCADE engages with various ministries at the National and State level. CASCADE works closely with the Ministry of Consumer Affairs in their vision to protect the rights and interests of consumers, to spread awareness about consumer rights, duties and responsibilities and to promote consumer welfare by strengthening consumer movement in the country.

An integral part of FICCI CASCADE is to conduct multi-stakeholder dialogues focused on identifying opportunities for joint action between governments, enforcement agencies, international institutions and the private sector to combat illicit trade. In

furtherance of this mandate, CASCADE has organized 10th editions of its flagship international conference. The objective being to bring together and encourage deliberations between the stakeholders on the alarming magnitude of unfair trade practices such as counterfeiting and smuggling to spread awareness about its adverse socio-economic impact. These forums saw overwhelming response in terms of delegate participation, media coverage and witnessed a host of international and national speakers who deliberated on the theme. Post conference reports and suggestions were shared with policy makers at the highest levels.



INTERNATIONAL **CONFERENCES**

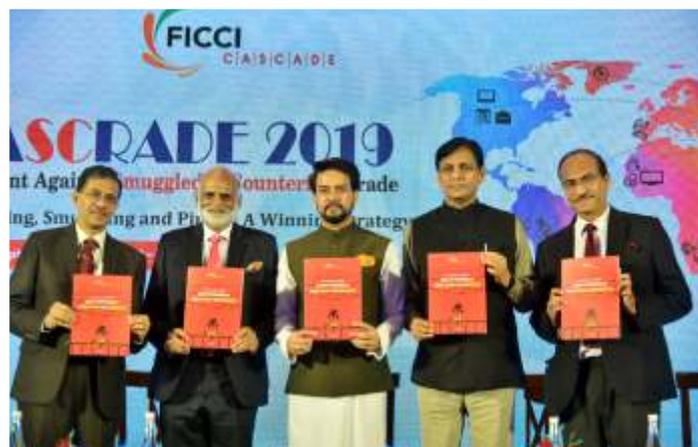


Glimpses

FICCI
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OF PAST INTERNATIONAL CONFERENCES









AGENDA



MASCRADE 2024

MOVEMENT AGAINST SMUGGLED & COUNTERFEIT TRADE

**Building Resilient Economies and Implementing Robust Measures from
a Global Initiative against Smuggling and Counterfeiting**

25-26 September 2024 | The Lalit, New Delhi

Programme Outline

25 September 2024	DAY 1
09:30 am-10:30 am	REGISTRATION
10:30 am - 11:30 am	INAUGURAL SESSION
	<p>Welcome Address by Mr. Anil Rajput, Chairman, FICCI CASCADE</p> <p>Video Address by Mr. P K Das, Director, Compliance and Facilitation Directorate, World Customs Organisation</p> <p>Special Address by Mr. Rajiv Talwar, Special Secretary to the Govt. of India and Member (Compliance Management), Central Board of Indirect Taxes and Customs</p> <p>Inaugural Address by Shri Ravneet Singh Bittu, Minister of State for Food Processing Industries & Minister of State for Railways, Government of India</p> <p>Release of TARI study</p> <p>Vote of Thanks by Mr. Arun Chawla, Director General, Indian Council of Arbitration (ICA), Former Director General, FICCI and Think Tank Member, FICCI CASCADE</p>
11:30 am - 11:50 am	<p>Highlights of the Study- Challenging Landscape of Illicit Trade: How Changing Factors of Consumption Affect Illicit Markets in 5 Key Industries in India</p> <p>Presentation by Mr. Kaushik Dutta, Director, Thought Arbitrage Research Institute (TARI)</p>
11:50 am - 12:20 pm	<p>Fireside Chat with Dr. Ajit Ranade Vice Chancellor, Gokhale Institute of Politics and Economics</p> <p>Moderator: Mr. Najib Shah, Former Chairman, Central Board of Indirect Taxes and Customs and Think Tank Member, FICCI CASCADE</p>

12.20 pm- 01.00 pm

PLENARY SESSION 1

Coordinated Approaches to Combat Illicit Trade: Unified Actions for Effective Solutions

The session will talk about:

- Exploring the critical need for coordinated efforts to address the growing threat of illicit trade across various sectors.
- Discussing how counterfeiting harms brand reputation, consumer trust, and finances, and the need for businesses to engage in anti-counterfeiting efforts.
- The importance of educating consumers about the risks of counterfeit goods and promoting awareness on how to identify and avoid them.

Session Chair: **Mr. Ravi Kapoor**, Former Secretary, Ministry of Textiles & CEO, Sansad TV and Think Tank Member, FICCI CASCADE

Speaker:

Mr. Aman Jain, Director, Public Policy, Amazon India

Mr. Sharad Tandon, Director, The Tobacco Institute of India

01:00 pm - 02.00 pm

Lunch

02:00 pm - 03:30 pm

PLENARY SESSION 2: Panel Discussion

Economic Impact and the Hidden Costs: Unravelling effects of Illicit Trade on Global and Indian Economies

The session will talk about:

- The prevalence and magnitude of illicit trade both globally and within India, with a focus on identifying key trends and patterns.
- Quantifying the economic losses incurred due to illicit trade practices, including revenue losses, market distortions, and impacts on GDP growth.
- Discussing the effects of illicit trade on employment opportunities and livelihoods, particularly in vulnerable sectors and marginalized communities.
- Setting unified global standards to detect, disrupt, and deter illicit trade and terror financing channels.
- Evaluating existing policy frameworks to combat illicit trade and identifying gaps in regulations.

Session Chair: **Mr. Najib Shah**, Former Chairman, Central Board of Indirect Taxes and Customs and Think Tank Member, FICCI CASCADE

Speakers:

- **Mr. Jayant Misra**, Expert & Consultant, UNODC
- **Ms. Claire CASTEL**, Head of the Outreach and Knowledge of IP Service European Union Intellectual Property Office (EUIPO)
- **Mr. Prem Mahadevan**, Senior Analyst, Global Initiative Against Transnational Organized Crime, GITOC
- **Mr. Shishir Priyadarshi**, Former Director, WTO

Q&A

03:30 pm - 05:00 pm

PLENARY SESSION 3: Panel Discussion

Advancing International Strategies and Fostering Unified Vigilance: Multilateral Collaboration to Combat Illicit Trade

The session will talk about:

- Identifying best practices that promote transparency, accountability, and good governance to tackle illicit trade.
- Delving into the significance of building alliances and fostering cooperation among international intelligence agencies, and regulatory authorities to combat illicit trade.
- Exploring strategies to facilitate seamless information exchange and intelligence sharing across borders.
- Examining the need for harmonized legal and regulatory frameworks that facilitate cross-border cooperation.
- Enhancing global regulations and bolstering enforcement mechanisms.

Session Chair: **Mr. Anil Sinha**, Former Director, Central Bureau of Investigation and Think Tank Member, FICCI CASCADE

Discussants:

- **Mr. Samer Al Tarawneh**, Legal Counsellor, Building Respect for IP Division, World Intellectual Property Organization (WIPO)
- **Mr. Hugh Austin**, Attache, US Department of Homeland Security, US Embassy
- **Mr. Kenneth Wright**, IP Enforcement Consultant, Danish Patent and Trademark Office (DKPTO)
- **Mr. Sébastien CONNAN**, Regional Intellectual Property Counsellor for India & South Asia, Embassy of France

Q&A

26 September 2024	Day 2
09:30 am- 10:00 am	Registration
10.00 am - 10.30 am	OPENING SESSION
	<p>Fostering Resilient Economies: A Fireside Discourse on Anti-Illicit Trade Strategies</p> <p>Fireside Chat with</p> <p>Mr. Vivek Johri, Former Chairman, Central Board of Indirect Taxes and Customs</p> <p>Moderator: Ms. Pooja Jain, Senior Anchor, ET Now</p>
10.30 am - 11:45 am	PLENARY SESSION 4: Panel Discussion
	<p>Emerging Tech Frontiers: Challenges and Opportunities in Countering Illicit Trade with Growing Technology</p> <p>The session will talk about:</p> <ul style="list-style-type: none"> ■ Leverage cutting-edge technologies like artificial intelligence (AI), machine learning, blockchain, and data analytics to proactively detect and thwart illicit trade pattern. ■ Implement robust cybersecurity protocols to shield institutions against evolving cyber threats and attacks. ■ Explore collaborative research initiatives to innovate new technologies aimed at detecting and deterring illicit trade routes. ■ Integrate supply chain transparency solutions to trace the origins of goods and identify potential points of illicit activity. ■ Foster public-private partnerships to raise awareness and educate consumers about the risks associated with counterfeit and smuggled goods. <p>Session Chair - Mr. P K Malhotra, Former Secretary, Ministry of Law & Justice, Govt. of India and Think Tank Member, FICCI CASCADe</p> <p>Speakers:</p> <ul style="list-style-type: none"> ■ Dr. Anju Rathi Rana, ILS, Additional Secretary, Ministry of Law and Justice, Government of India ■ Mr. Samer Al Tarawneh, Legal Counsellor, Building Respect for IP Division, World Intellectual Property Organization (WIPO) ■ Dr. Siang Hee TAN, Executive Director, CropLife ■ Mr. Amit Dubey, Author and National Security Expert ■ Dr. Gulshan Rai, Former National Cyber Security Coordinator & Former DG, CERT-In
	Q&A

11.45 am - 01.00 pm	PLENARY SESSION 5: Panel Discussion
Analyzing Threats and Strategizing Response: Defending Borders Against Organized Illicit Activities	
	<p>The session will talk about:</p> <ul style="list-style-type: none"> ■ Role of enforcement agencies in detecting and investigating illicit trade ■ Empowering financial intelligence units and regulatory bodies to track and disrupt illicit financial flows linked to organized crime and smuggling. ■ Implementing proactive measures to identify and mitigate vulnerabilities in supply chains susceptible to exploitation by illicit trade networks. <p>Moderator: Ms. Pooja Jain, Senior Anchor, ET Now</p> <ul style="list-style-type: none"> ■ Mr. S Paramesh, PTM, TM, Additional Director General, Indian Coast Guard ■ Mr. Jaspal Singh, Special Commissioner of Police, Protective Security, Delhi ■ Mr. Ayush Mani Tiwari, Inspector General, Border Security Force ■ Mr. Robin Gupta, Joint Director, Directorate of Enforcement
01.00 pm - 02.00 pm	Lunch
02.00 pm - 03.00 pm	PLENARY SESSION 6: Panel Discussion
Driving Change: Industry Leadership in Anti-Counterfeiting and Anti-Smuggling Initiatives	
	<ul style="list-style-type: none"> ■ Foster public-private partnerships and collaborative initiatives to address the challenges posed by counterfeiting and smuggling. ■ Monitor emerging threats, fraudulent activities, and recent security vulnerabilities posed by illicit operators. ■ Case studies and lessons learned from endeavours aimed at combating illicit trade. ■ innovative approaches to detect and mitigate threats within illicit markets. ■ Assess the hurdles and potential benefits of cross-industry and cross-sector collaboration in addressing illicit activities.

Session Chair - **Mr. Hem Kumar Pande**, Former Secretary, Dept. of Consumer Affairs, Gol and Think Tank Member, FICCI CASCADE

Speakers:

Mr. Devraj Lahiri, Divisional Chief Executive, ITD, ITC Ltd.

Mr. Anuj Bedi, Senior Counsel Brand Protection Indian sub-continent and Middle East, Puma Sports India Pvt Ltd.

Mr. Sumit Kapoor, Brand Protection Strategic Partnership Manager, Amazon APAC

Q&A

03:00 pm - 04:15 pm

Panel Discussion 7: Panel Discussion

Harnessing Legal Power: The Judiciary's Role in Combating Smuggling and Counterfeiting

- Identifying opportunities for judicial collaboration with law enforcement agencies, government bodies, and international organizations to strengthen legal frameworks and enforcement mechanisms.
- Analyzing the challenges faced by the judiciary in adjudicating intricate cases related to illicit trade, including evidence gathering, trial procedures, and sentencing.
- Exploring the challenges faced by the judiciary in adapting to technological advancements and emerging trends in illicit trade.

Session Chair: **Hon'ble Mr. Justice Manmohan Sarin**, Former Lokayukta, NCT of Delhi, Chief Justice, High Court of Jammu & Kashmir, Judge, High Court of Delhi and Think Tank Member, FICCI CASCADE

- **Hon'ble Mr. Justice Navin Chawla**, Judge, Delhi High Court
- **Mr. Balesh Kumar**, Member, Appellate Tribunal-SAFEMA, Department of Revenue, Ministry of Finance
- **Dr. Alka Chawla**, Professor in charge, Campus Law Centre, Delhi University
- **Dr. Karnnika A Seth**, Advocate & Cyberlaw Expert, Ministry of Defence & Ministry of Information Technology, Govt of India

Q&A

04:15 pm - 05:15 pm

Valedictory Session and Prize Distribution

Welcome and Introductory Remarks by **Hon'ble Mr. Justice Manmohan Sarin**, Former Lokayukta, NCT of Delhi, Chief Justice, High Court of Jammu & Kashmir, Judge, High Court of Delhi and Think Tank Member, FICCI CASCADE

Valedictory Address by **Hon'ble Mr. Justice Sanjay Karol**, Judge, Supreme Court of India and Former Chief Justice, Patna High Court and Tripura High Court

Anti-Counterfeiting and Anti-Smuggling Awards & Felicitation Ceremony

Enforcement Officers

School Children

Journalists

Concluding Remarks by **Mr. Sanjeev Tripathi**, Former Chief of RAW and Think Tank Member, FICCI CASCADE



SUMMARISED **REPORT**



SUMMARISED Report

The global community is increasingly grappling with the detrimental effects of illicit trade which undermine economies worldwide. Their prevalence continues to expand in scale and severity, with smuggling and counterfeiting activities now constituting a formidable \$2 trillion shadow economy, equivalent to over 3% of the global GDP annually. There is today greater consensus on the point that illicit trade is a formidable force that unleashes all round social, economic and national destabilization.

FICCI CASCADE has been actively running campaigns with the aim of generating awareness amongst the public about the hazardous

impacts of smuggling and counterfeiting, as part of its broader agenda to drive change in the society. FICCI CASCADE successfully hosted **the tenth edition of its annual flagship conference, MASCRADE 2024 - Movement Against Smuggled and Counterfeit Trade** on 25th -26th September 2024 at The Lalit, New Delhi. The theme of this year's conference was **"Building Resilient Economies and Implementing Robust Measures from a Global Initiative against Smuggling and Counterfeiting"**. The conference underscored the imperative need to address the economic dimensions of combating illicit trade on a global scale.



Addressing the inaugural session as the Chief Guest, **Shri Ravneet Singh Bittu**, Minister of State for Food Processing Industries & Railways, Government of India, emphasized the importance of coordination between various enforcement agencies in the fight against illicit trade. He stated that such collaboration is crucial in countering the nefarious elements undermining the nation's economic growth.

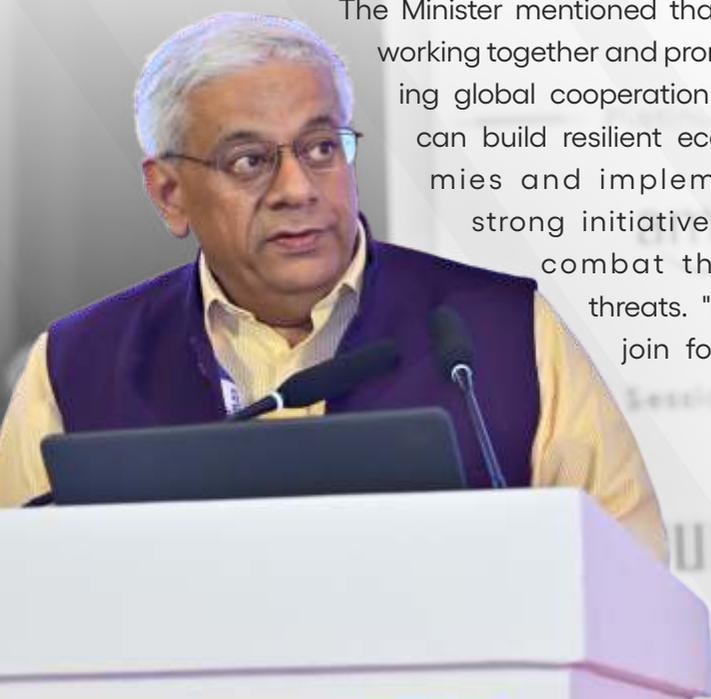
The Minister mentioned that by working together and promoting global cooperation, we can build resilient economies and implement strong initiatives to combat these threats. "Let's join forces

to safeguard Bharat's future," he urged.

Shri Bittu also highlighted the significance of FICCI CASCADE's report, noting that its insights would assist the government in taking decisive action against illicit trade. He stressed the importance of imposing harsh penalties, asserting that punishment is necessary to instil fear in those who engage in these illegal activities.

Mr. Rajiv Talwar, Special Secretary to the Government of India and Member (Compliance Management) of the Central Board of Indirect Taxes and Customs (CBIC), highlighted the CBIC's pivotal role in combating counterfeit goods and smuggling. He noted that the department has developed a highly capable, technology-driven risk management portal that helps predict potential smuggling operations.

He further mentioned that CBIC field officers are making an average of 60 detections per





day with the help of this portal. Over the past 15 months, more than 3,000 individuals have been arrested, and foreign goods worth Rs. 40 crore have been seized.

In the video message **Mr. P K Das**, Director, Compliance and Facilitation Directorate, World Customs Organisation opined that the WCO's has a vital role not only in promoting legitimate international trade but also in combating fraudulent activities such as smuggling and counterfeiting. He highlighted that enforcement against illicit trade remains a key priority for customs, as it offers effective solutions and appropriate responses to dismantle criminal networks involved in such illegal activities. The WCO's efforts in this area are widely recognized on an international scale.

Mr. Anil Rajput, Chairman, FICCI CASCADE accentuated that consumers remain the prime focus group for both legal and illicit players. In today's technology-driven landscape, artificial intelligence has assumed great significance and its positive impact on businesses and society is evident. However, the possibility of rogue elements exploiting this technology

looms large, potentially creating challenges that could lead to a significant disaster for both industry and society.

He shared the mantra called 'SECURE' framework which stands for Surveillance, Enforcement, Capacity Building, United Front against illicit trade, Rigorous Punishment, Entire Ecosystem built on simplicity. When considered together, this framework offers a 360-degree solution to addressing the complex issue of illicit trade.

During the conference, FICCI CASCADE report titled "**Challenging Landscape of Illicit Trade: How Changing Factors of Consumption Affect Illicit Markets in 5 Key Industries in India**" was released. The report identifies key trends in the illicit market to enhance the framework for developing effective and efficient policies. The study served as a valuable resource in addressing the rise of illicit markets, which is crucial for safeguarding India's economic growth and ensuring consumer safety.

Mr. Arun Chawla, Director General, Indian Council of Arbitration (ICA), Former Director General, FICCI and Think Tank Member, FICCI



CASCADE extended a warm vote of thanks and shared his perspective on the importance of adopting both preventative and proactive measures to build resilient economies.

During the **Fireside Chat** with **Dr. Ajit Ranade**, Vice Chancellor of the Gokhale Institute of Politics and Economics, insightful discussions took place regarding factors influencing the rise in counterfeit goods. Dr. Ranade highlighted several conditions that contribute to this trend, including high taxation, weaker law enforcement, and the growing aspirations of individuals. These key points provide valuable perspectives for understanding and addressing the issue of counterfeit goods in our economy.

Addressing the Day-2 of FICCI CASCADE's MASGRADE 2024, Mr. Vivek Johri, Former Chairman, Central Board of Indirect Taxes and Customs highlighted the critical issue of illicit trade during his Fireside Chat on **"Fostering Resilient Economies: A Fireside Discourse on Anti-Illicit Trade Strategies."** He mentioned that illicit trade poses a multifaceted threat to societal resilience, weakening our ability to recover from crises. Its wide-ranging consequences include substantial revenue losses, compromised public health, biodiversity loss, and setbacks to sustainability efforts, ultimately undermining a nation's capacity to combat climate change.





During an insightful panel discussion titled "Harnessing Legal Power: The Judiciary's Role in Combating Smuggling and Counterfeiting",

Hon'ble Mr. Justice Navin Chawla, Judge, Delhi High Court stated that smuggling and counterfeiting affect the day-to-day lives of citizens in various ways. These activities constitute a \$2 trillion shadow economy, resulting in significant economic losses for the nation. Justice Chawla stressed the need for a unified approach from the legislature, judiciary, and executive in addressing this issue, assuring that all three branches are working diligently to combat it. He also urged consumers to recognize that while purchasing illicit products may offer short-term benefits, it ultimately leads to long-term harm, both for them and for the nation.

Delivering the valedictory address at the 10th edition of MASCRADA, Hon'ble Mr. Justice Sanjay Karol, Judge, Supreme Court of India and Former Chief Justice, Patna High Court and Tripura High Court underscored the debilitating impact of smuggling and counterfeiting on the nation's economic and social fabric. He pointed out that smuggling and counterfeiting pose significant threats to economic stability, social security, and the

integrity of the nation. These illicit activities often go undetected amidst various economic and social challenges, yet they continue to undermine substantial segments of legitimate businesses, leading to considerable economic and social damage. Justice Karol stressed the importance of leveraging technology to combat this issue and emphasized the need for strong inter-state collaborations. He noted that utilizing QR codes can help protect consumers and effectively tackle the challenges of smuggling and counterfeiting.

Hon'ble Mr. Justice Manmohan Sarin, Former Lokayukta, NCT of Delhi, Chief Justice, High Court of Jammu & Kashmir, Judge, High Court of Delhi and Think Tank Member, FICCI CASCADE opined that smuggling and counter-





feiting now constitute a formidable shadow economy, equivalent to 3% of global GDP, surpassing the economic output of many nations such as Brazil, Italy, and Canada. The synergy between law enforcement, customs, and the judiciary is essential in ensuring that the efforts to combat illicit trade translate into concrete results. There is a need for a robust legal framework coupled with strict enforcement mechanisms and technological solutions.

Anti-Counterfeiting and Anti-Smuggling Awards were given to enforcement officers, school children and journalists during the Valedictory session who have actively supported and contributed towards the objective of combating the menace of illegal trade.

Throughout the two-day conference, renowned experts from both India and abroad delivered informative presentations and engaged in numerous enlightening panel discussions, underscoring the imperative for global collaboration in the fight against illicit trade by boycotting smuggled and counterfeit goods. The conference witnessed the presence of senior dignitaries from key organiza-

tions such as CBIC, Ministry of Law and Justice, Border Security Force, Directorate of Enforcement, Department of Revenue, among others. Additionally, the conference featured representatives from 10 international organizations, including a distinguished lineup of speakers from prominent global entities like UNODC, EUIPO, WTO, GITOC, WCO, WIPO, DKPTO and U.S. Department of Homeland Security, amongst others.

The conference received an overwhelming response with over 700 attendees across both days of the conference and strong representation from 10 countries.







INAUGURAL SESSION

INAUGURAL SESSION



Mr. Anil Rajput
Chairman
FICCI CASCADE

The basis of MASCRADE has been the result of the pioneering work of FICCI CASCADE (Committee Against Smuggling and Counterfeiting Activities Destroying the Economy), which was established in 2011. The background was the growing illicit trade that threatened brands along with the safety and security of the people. Since its inception CASCADE has conducted over 100 state level awareness programs, 60 youth festivals, 70 capacity building programs, 9 international conferences, 11 in-conversation programs, 2 auto-rallies, 6 twitter (now 'X') space sessions, 14 interactive sessions - all of these have touched over 1 lakh students and seen the participation of 30,000

officers on a host of identified topics and thrust areas.

This year's MASCRADE theme of 'Building Resilient Economies and Implementing Robust Measures from a Global Initiative against Smuggling and Counterfeiting' is actually a clarion call to all- to come together, strategize, leverage synergies and deliver comprehensive and decisive countermeasures in an increasingly interconnected world, in which interests and stakes of different stakeholders- often overlap! And therefore, it's in everyone's interest to play their part in blunting this evil adversary. It is my firm conviction that unless we all come together, this problem is too large



and complex to be tackled by just a few groups or nations. Its potential to cause widespread destabilization is growing, and it simply cannot be managed by a select few.

World over with geopolitical tensions on the rise, supply chains under stress and climate and environment disasters looming large- the situation is becoming quite conducive for the proponents of illicit trade to exploit the situations, expand their networks and cause large scale havoc by fuelling the crime and terror machine, leading to severe pressure on individual, societal and national safety and security. Clearly, smuggling, counterfeiting and other forms of illicit trade are enemies of progress and development, and their expansion is detrimental to civilization.

Illicit trade is emerging as a top 5 world economy by GDP in 2024. The global illicit markets estimated annual dollar value- money laundering stands at \$2.6 trillion, transnational crime between \$1.6 and \$2.2 trillion, Narcotics at \$500 billion, Counterfeits/Piracy at \$500 billion, Illegal tobacco products at \$50 billion and the list goes on. The United Nations, ILO,

World Bank, UNODC, INTERPOL, World Economic Forum and many more prominent international organizations have estimated that the dirty money laundered annually from such criminal activities constitutes up to 5 percent of global gross domestic product, or an estimated \$3-5 trillion. The situation therefore is already quite grim and drastic and immediate measures need to be executed to slow the march of this unrelenting and evil power. In India the problems are of an immense magnitude as well, and as its standing in the global context continues to rise so does the attraction of the nation for the illicit traders. India owing to its large population and one whose consumer purchasing power is rising, is seen as an opportunity by many smugglers and counterfeiters to make profits by increasing the circulation of their illicit products, indulge in tax arbitrage, lower the morale of genuine manufacturers, create a gaping hole in the exchequer, and thereby, cause immense social, economic and safety and security distress in the country.

A report by FICCI CASCADE in 2022 highlighted the unlawful trade in key industries

such as Mobile Phones, FMCG-Household and Personal Goods, FMCG-Packaged Foods, Tobacco Products, and Alcoholic Beverages. The report estimated the total legitimate employment loss due to illicit trade at 15.96 lakhs. The estimated tax loss to the government due to illicit goods in these industries was calculated at Rs 58,521 crore, with two highly regulated and taxed industries, tobacco products, and alcoholic beverages, accounting for nearly 49% of the overall tax loss. In-fact, Euromonitor International concluded that illicit cigarette volumes in India have surged to 33.2 billion sticks in 2023, positioning the country as the 4th largest illicit cigarette market globally. It is important to highlight that the FICCI CASCADE report assesses the impact across a few sectors, and the entire gamut of sectors, the figures that will be arrived at would without doubt be beyond anyone's wildest imagination.

At this crucial juncture when MASCRADE has come a long way, it is indeed our shared responsibility to talk about what can make a lasting difference and equip us to effectively counter this detrimental force. The answer lies in leveraging the synergies of the 'troika'-greater consumer participation and responsibility, the critical role and scope of legal manufacturers and the undeniably crucial impact of policymakers in reinforcing our crusade against illicit trade.

The consumers have and will continue to remain at the centre, and all efforts and strategies by both- the legal and the illicit players are made keeping the consumer as the focal point. India, through its population strength and based on the estimation of several credible studies, is all set to become the largest consumer market by 2027. It therefore offers irresistible and a variety of opportunities to the participants of illicit trade. Over the years, consumers have had various reasons to buy illicit products, ranging from cheaper price, better availability, lack of

awareness to even attaining lookalikes of aspirational products.

The legal manufacturing industry too has to come forward in a more cohesive manner to take on this adversary, urging them to join with much greater vigour and commitment and make products for the consumers in which the consumers see greater value for their money. Premium pricing for premium products is essential and critical, and therefore, the manufacturers of such products have to continuously innovate and stay ahead of the curve against the illicit manufacturers. They also need to sensitize the consumers on a regular basis about the new security features and the unique measures that have the potential to effectively distinguish the genuine from the illicit.





Today, when talking about artificial intelligence (AI), it is known that there are no, or a minuscule number of rogue engineers, and therefore, only the positive impact of this technology on business and society is seen. However, the time is not far when rogues may enter the fray, creating a challenge that could become an unmitigated disaster for the industry and society alike.

Policymaking in the present times is much more attuned to the ground situation on this subject, having said this, creating more courts for speedy addressal and dispersal of cases relating to illicit trade, prioritizing them by having domain knowledge judges in much greater numbers than today, changes in the penal provisions in cases related to smuggling, counterfeiting and other related activities have the potential to strike fear right in the hearts of the perpetrators of this crime. The presence of the Hon'ble Minister in our midst speaks volumes about the seriousness and importance that the government attaches to this matter.

I must also commend the enforcement agencies for mounting a strong defence against

illicit trade, in fact over the past one year, if we take the examples of cigarettes alone- there has been an increase of 12.5% in its seizures- and this without doubt underscores the manner in which the enforcement agencies have been addressing this key matter and playing a significant role in controlling the spread of smuggling and other related illicit trade activities and safeguarding our national interests. A disturbing trend however has been noticed, as we are witnessing a sharp rise in confiscations of counterfeits which is an alarming development that warrants our undivided attention.

In a short while we will be releasing a report titled 'Challenging Landscape of Illicit Trade: How Changing Factors of Consumption Effect Illicit Markets in Five Key Industries in India'. The findings are indeed worrisome, and I would like to inform the honourable minister that the the illicit market for FMCG-Packaged Food grew by 99%, from ₹1,12,474 crores in 2011-12 to ₹2,23,875 crores in 2022-23. This puts the individual, societal and national health in a dangerous situation, along with severely compromising the ability of the population to



contribute in various spheres to the best of their abilities.

The report also states that the top 30% fractile of rural earners contribute 44.49% to rural consumption while urban top earners contribute 45.01% to urban consumption, and hence lower and middle-income households are more vulnerable to illicit packaged food due to price sensitivity and aspiration consumption pattern.

I'm confident that all the findings of this report will help us in understanding the subject at hand in a more comprehensive manner and in charting a robust response against this problem that has multiple dimensions.

My mantra for a 360-degree addressal of this complicated problem of illicit trade is called the **'SECURE'** framework, and what I mean by **SECURE** is:

- **'S'** for Surveillance, an exponential increase in it, basically hawk eyes resulting in pre-emptive dominance.

- **'E'** for Enforcement, that is stricter and incorporates the full benefits of state-of-the-art technological advancements.
- **'C'** for capacity building of all the people engaged in the value chain, this includes the enforcement agencies, judiciary, policymakers and the consumers.
- **'U'** for united front, whether it's of the enforcement agencies across the globe, of countries (both victims and sources of illicit trade), and an event in any one country-should automatically result in a powerful collective response from the 'united front'.
- **'R'** is for rigorous punishment against the perpetrators of illicit trade, an example has to be made which makes others think twice before engaging in this nefarious activity.
- **'E'** is for an entire ecosystem which is built on simplicity, ease of doing business, one that minimizes tax arbitrage and includes a regulatory framework built on trust and transparency.



I am sure that this framework when looked at in totality, will add value and significantly strengthen our strategy against illicit trade.

When we talk about illicit trade, smuggling and the like, generally we talk about the economic impact and we often end up focusing largely on the loss to the exchequer. The reality is that in smuggled goods the entire value chain is exported, the employment potential within the country is also lost and the proceeds are used to create large scale destabilization by the criminal syndicates. All this results in the government spending huge amounts of money towards the safety and security of its people. In light of the above, we need to be mindful of the enormity of the all-round damage that illicit trade unleashes on nations world over.

I am sure that after the completion of this two-

day event all of us will be better placed to address the complex contours and strategize against illicit trade- the enemy of individual, societal and national progress across the globe!

Together we can, and we will rise to the challenge, we will initiate and develop a methodical approach- one that focuses on blunting the force and the impact of illicit trade in different parts of the world. In-fact when it comes to the effective addressal of illicit trade, the ancient Indian philosophy of 'Vasudhaiva Kutumbakam' shows us the way- It encourages people to consider the world as one family and transcend borders and ideologies. I believe this is the path that we need to follow where the world actually becomes borderless and utilizes its collective strength to overcome this challenge of monumental proportions!

INAUGURAL SESSION



Mr. P K Das
Director, Compliance and
Facilitation Directorate
World Customs
Organisation

Illicit trade has emerged as a major global concern, significantly undermining economic stability and security. The World Customs Organization (WCO), representing 186 members of customs administrations, extends its congratulations to FICCI CASCADE for its relentless efforts in combating this growing menace. Recognizing the critical nature of this issue, FICCI CASCADE has engaged policymakers, industry stakeholders, enforcement agencies, youth, media, and civil society, to develop a multi-faceted approach. This year's annual conference theme, "Building Resilient Economies and Implementing Robust Measures from a Global Initiative Against Smuggling and Counterfeiting" highlights the

urgency of developing a collective response to these issues.

Illicit trade poses a significant threat to global security, economic stability, and the well-being of societies worldwide. From counterfeit goods and drug smuggling to the trafficking of wildlife and cultural artifacts, these activities undermine legitimate economies, fuel transnational organized crime networks, and compromise the health and safety of individuals globally. In recent years, the increasing sophistication and adaptability of illicit trade networks have leveraged technological advancements, exploited vulnerabilities in supply chains, and operated seamlessly across borders. The World Customs Organization's pivotal role in fostering

legitimate international trade and combating fraudulent activities, including smuggling and counterfeiting, is widely recognized.

Enforcement against illicit trade remains a major focus for customs administrations, providing targeted solutions to disrupt criminal networks. In 2023, the WCO's customs enforcement network database recorded a notable surge in seizures across all commodities. A review of member inputs showed 40,037 cases reported by 90 customs administrations, comprising 46,844 seizures of alcohol and tobacco products—a 35.7% increase from 2022. Additionally, there was a significant rise in hazardous chemical seizures, with 100 more incidents and a 39% surge, while substances controlled under the Montreal Protocol witnessed a 70% increase.

In terms of security, data from 81 WCO member countries revealed 5,676 unique weapon cases and 11,175 seizures from 2022 to 2023, involving approximately 2,388,036 items, of which 2,054,605 were ammunitions. The analysis identified new trends, with increased seizures of small arms, particularly semi-automatic pistols, assault rifles, and shotguns, as well as air guns and realistic imitation firearms. The global fight against illicit trade also involved the interception of 98 million counterfeit products, with 48,061 seizures of medicines and medical devices amounting to more than 158 million pieces and 338 tons seized.

Illicit trade can be deterred through a coordinated approach leveraging the collective knowledge and experience of the customs community in close collaboration with stakeholders from the private sector and civil society. A robust database and risk management system is vital to secure and facilitate trade supply chains, especially within the rapidly growing e-commerce space which handles millions of small consignments. Capacity-building activities is important for empowering customs and industry stakeholders to respond

effectively to evolving challenges. In 2023, more than 363 capacity-building activities were conducted under nine WCO programs, covering areas such as air cargo, environmental fraud, drugs, health and safety, security, risk management, anti-money laundering, and counter-terrorism financing.

The WCO continues to develop and promote relevant tools to assist members in combating illicit trade, including the CEN data visualization tool for monitoring trends, the cargo targeting system for risk management, the COLIBRI project's geo-portal for drug enforcement, and the post-clearance audit dashboard for data analysis. The WCO's regional and global operations, such as Operation TIN CAN and COLIBRI for drugs and cocaine, Operation DEMETER for waste substances, Operations PANDORA and ATHENA for cultural heritage, are prime examples of ongoing efforts.

The organization's commitment in strengthening customs-industry resilience is essential in the face of the transformative age of technological advancements, environmental and health crises, and evolving global economic dynamics. The WCO's 143rd and 144th council sessions recommended addressing this contentious issue collaboratively. The celebration of International Customs Day on 26th January 2024 in Brussels, Belgium, marked the launch of the theme for the year, "Customs Engaging Traditional and New Partners with Purpose," reaffirming WCO's dedication to building new partnerships with financial institutions, environmental organizations, NGOs, and academic institutions, while enhancing existing relationships with traditional partners like FICCI.

FICCI, as the premier trade association in India, continues to support Indian customs in various initiatives to counter illicit trade, further strengthening the collaboration between the WCO and FICCI in addressing this global challenge.

INAUGURAL SESSION



Mr. Rajiv Talwar
Special Secretary to the
Govt. of India and
Member (Compliance
Management)
Central Board of Indirect
Taxes and Customs

Illicit trade poses a significant threat to national economies and is often intertwined with organized crime and corruption. In response to this pressing issue, the Central Board of Indirect Taxes and Customs (CBIC) is actively implementing a range of effective enforcement strategies. By fostering a collaborative approach, CBIC aims to create a robust system that effectively addresses illicit trade, emphasizing the importance of cooperation both within the country and across borders to disrupt the cycle of illegal activities. The organization is working dedicatedly in combating counterfeit goods and smuggling through various proactive

measures.

To enhance its capabilities, CBIC has established a technology-driven risk management system. This advanced system employs tools for image analysis and the processing of tax-free sales. By leveraging data from past offenses and product profiles, along with sophisticated modelling techniques, CBIC can identify unusual patterns and behaviours in trade. Additionally, the system gathers information from open-source intelligence, enabling targeted interventions to identify non-compliant goods throughout the supply chain. These risk management efforts encompass passenger and courier modes, as well as



Goods and Services Tax supply chains, facilitating the early detection of potential fraudulent GST registrations.

The Intellectual Property Rights (IPR) recordation portal has been operational for over 14 years, successfully receiving more than 2,700 records from rights holders. This valuable portal assists Indian customs in identifying and detaining counterfeit goods across various sectors, including beverages, electronics, footwear, cosmetics, and packaged food products. The information shared through this portal feeds directly into the risk management system for future enforcement actions. Recognizing the necessity of collaboration in combating illicit trade, the National Academy

of Customs, Indirect Taxes, and Narcotics (NACIN) has initiated programs that bring together experts from diverse departments, industry representatives, rights holders, and the World Customs Organization (WCO).

Effective enforcement relies on the continuous gathering of intelligence and identification of risks associated with the movement of goods and individuals. On average, CBIC field officers make 60 detections of smuggled goods daily, resulting in approximately 2,000 cases each month and an impressive total of 24,000 cases annually. The range of goods involved includes agricultural products, food items, chemicals, and pharmaceuticals. Over the past 15 months, Customs has appre-



hended more than 3,000 individuals, seized foreign currency exceeding Rs. 1,140 crores, and confiscated six tons of gold. These statistics highlight a robust enforcement mechanism supported by diverse feedback from various sources.

The Director of Revenue Intelligence acts as the central agency for international intelligence sharing, while trade associations like FICCI play a vital role in providing real-time information on illicit activities. The diverse feedback enhances the risk management system, enabling the identification of trends both domestically and globally, and helping to anticipate potential smuggling methods.

CBIC is in the process of implementing a track and trace system that aligns with the World Health Organization's Framework Convention

on Tobacco Control. This innovative system will assign unique identification codes to products, facilitating real-time monitoring and verification of authenticity across various supply chains. While challenges remain, they are viewed as opportunities for growth and improvement. The presence of unmonitored routes along India's extensive borders is exploited by smugglers, and the customs department remains vigilant in addressing these ongoing issues. Furthermore, the rapid growth of the Indian economy has resulted in increased demand for customs locations, with nearly 300 designated points for trade and passenger movement across the country.

CBIC strives to detect and prevent emerging methods of smuggling and counterfeit trade by adhering to best practices, collaborating with stakeholders, and harnessing the innovative skills of its dedicated officers.

INAUGURAL SESSION



Shri Ravneet Singh Bittu
Minister of State for
Food Processing
Industries & Minister
of State for Railways
Government of India

In an era marked by increasing income levels and purchasing power, the challenges posed by illicit trade in terms of smuggling and counterfeiting cannot be overlooked. The situation in Ludhiana, a city renowned for its diverse industries, serves as a prime example of how counterfeit goods threaten local economies and livelihoods.

The Automotive Industry, which relies heavily on local production, faces significant competition from counterfeit products imported from abroad. These cheaper alternatives, while appealing to consumers, undermine the efforts of local manufacturers, leading to a

decline in income and employment opportunities. This situation not only affects individual livelihoods but also contributes to the rise of the shadow economy, resulting in increased illicit trade that further undermines legitimate businesses and destabilizes the local economy. Similarly, the Textile Industry in Ludhiana grapples with widespread counterfeiting that jeopardizes its sustainability, with nearly 20% of small-scale industries suffering losses due to counterfeit goods, threatening the financial stability of countless families.

FICCI has been instrumental in advocating comprehensive measures to combat illicit

trade. FICCI actively collaborates with government bodies to promote awareness, develop best practices, and strengthen enforcement against illegal trade activities. The Ministry is committed to implement preventive strategies that not only address the immediate challenges of illicit trade but also foster a more resilient economic environment. This includes enhancing awareness campaigns to educate consumers about the dangers of counterfeit products, collaborating with law enforcement agencies to improve detection and enforcement capabilities, and working closely with industry stakeholders to develop best practices. By taking a

proactive stance, the Ministry aims to create a robust framework that effectively curtails the growth of illicit trade and protects legitimate businesses and consumers alike.

Under the leadership of Hon'ble Prime Minister Narendra Modi, there is a strong commitment to take stringent actions against illegal trade activities and its associated challenges. Collaborative efforts will be instrumental in achieving the ambitious goal of 'Amrit Kaal' and realizing a \$5 trillion economy. The collective commitment to combat illicit trade is not just a responsibility, but a crucial necessity for the economic well-being of our nation.



INAUGURAL SESSION



Mr. Arun Chawla
Director General, Indian
Council of Arbitration (ICA),
Former Director General,
FICCI and Think Tank
Member, FICCI CASCADE

The pervasive issue of illegal trade has become a major global threat, destabilizing economies and compromising cross-border security. The rise of counterfeit goods, smuggling, and other illegal activities undermines legitimate markets and disrupts socio-economic structures. With an estimated global impact of three to five trillion US dollars annually, addressing it requires a strategic and coordinated approach. Robust enforcement, stringent regulations, and international cooperation are essential for dismantling the networks that facilitate these activities. A unified approach is vital in safeguarding the integrity of global trade and fostering sustainable economic development, ensuring the protection of lawful enterprises

and the well-being of communities worldwide.

The theme, "Building Resilient Economies and Implementing Robust Measures from a Global Initiative against Smuggling and Counterfeiting," emphasizes the urgent need for collective action in strengthening global economies against the disruptive forces of smuggling and counterfeiting. The commitment of FICCI in fostering collaboration and implementing effective strategies has been instrumental in promoting a resilient economic environment.

As the interconnectedness of economies increases, so does the complexity of the challenges that arise. To build resilient economies, it is essential to adopt both preventative and

proactive measures that integrate international cooperation, technological advancements, and stringent legal frameworks. The focus is on fostering cross-border partnerships to combat these illegal activities, ensuring that economic growth is sustained, while simultaneously securing the integrity of global supply chains. Resilience requires not only legal enforcement but also the collaboration of businesses, governments, and global organizations to share intelligence, adopt best practices, and implement stringent regulations that deter these illicit activities. This global initiative aims to not only protect the economy but also fortify national security and uphold social justice, creating a safer, more equitable global marketplace.

The success of combating illicit trade lies in the effective integration of international collaboration and cutting-edge technologies, two pillars that have emerged from global best practices. Countries around the world have demonstrated that no single nation can address these challenges in isolation, given the cross-border nature of smuggling and counterfeiting. International cooperation, through intelligence sharing, coordinated enforcement strategies, and harmonized legal frameworks, is essential

to dismantle illicit networks that operate across borders.

Consumer awareness plays a vital role in the fight against illicit trade. Educating the public about the risks of engaging with illicit goods, as well as the broader impacts on national security and economic stability, is essential. By cultivating a sense of vigilance and responsibility among consumers, we can substantially diminish the demand for illicit products and contribute to a safer and more secure economy.

FICCI CASCADE has consistently been at the forefront of addressing the multifaceted challenges posed by illicit trade in smuggled, counterfeit, and pass-off goods. Through its proactive approach, CASCADE has brought together stakeholders from across industries, government, and law enforcement to tackle the widespread implications of these illegal activities on the economy and society. By raising awareness through campaigns, facilitating knowledge sharing, and driving legislative advocacy, the committee has played a crucial role in highlighting the economic losses, health risks, and security threats associated with illicit trade.





HIGHLIGHTS OF THE STUDY

Challenging Landscape of Illicit Trade: How Changing Factors of Consumption Affect Illicit Markets in 5 Key Industries in India

Mr. Kaushik Dutta
Director
Thought Arbitrage
Research Institute
(TARI)

FICCI Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (CASCADE) unveiled a report titled "**Challenging Landscape of Illicit Trade: How Changing Factors of Consumption Affect Illicit Markets in 5 Key Industries in India**". This comprehensive report delves into how India's large consumptive economy fuels illicit markets, concentrating on five key sectors: FMCG-Packaged Goods, FMCG-Personal & Household Care Goods, Textiles & Apparel, Tobacco Products, and Alcoholic Beverages. These industries were selected based on their high consumption levels, vulnerability to illicit trade, tax implications, and the population sectors most susceptible to this issue.

Between 2011 and 2023, rural consumption grew significantly, rising from Rs. 14.3 lakh crore to Rs. 20.08 lakh crore, while urban consumption increased from Rs. 26.3 lakh crore to Rs. 35.1 lakh crore. Both figures are presented at constant prices, highlighting the trends in consumption over this period. The growth in consumption has been driven by various factors, including increased income levels supported by government policies, rising aspirations fuelled by economic progress, rapid urbanization, and a predominantly young population. Enhanced educational attainment has further boosted earning potential, while the expansion of e-commerce

has made products more accessible across the country.

Over the past 12 years, India's economic growth at current prices has surged by 61%, with consumption at constant prices nearly doubling from Rs. 49.36 trillion in 2012 to Rs. 93.21 trillion in 2023. The per capita private final consumption expenditure (PFCE) grew 1.7 times, with sectors like education, healthcare, and communication making tremendous contributions. Food consumption increased by 75%, while spending on other consumables and durables grew by 68%, underscoring India's transition to a more dynamic and value-driven economy.

The middle-income population group plays a major role in driving consumption but remains vulnerable due to financial constraints. In all five industries analyzed, rural consumption outpaces urban consumption. However, per capita consumption values are higher in urban areas. Among lower-income households, rising discretionary spending increases the risk of consuming low-quality products, including counterfeits and knockoffs, which often lack basic safety standards and can pose serious health and safety risks. Meanwhile, middle- and higher-income households face the threat of purchasing smuggled, counterfeit, and other illicit products, often at a premium price point.

The shifting consumer patterns have led to increased expenditures across industries, but illicit markets have also expanded steadily. Between 2017-18 and 2022-23, the estimated size of illicit markets at current prices grew significantly across key sectors: packaged foods (99%), personal and household care goods (71.6%), textiles and apparel (29.67%), and alcoholic beverages (153.49%). Furthermore, the illicit market for illegal tobacco products increased by Rs. 18,720 crores since 2011-12, reaching Rs. 41,863 crores by 2020.

Looking ahead, increased government vigi-

lance and the deployment of advanced surveillance technologies are expected to play a pivotal role in curbing the growth of illicit markets and mitigating tax losses. While the absolute size of illicit markets may continue to rise, their growth rate is projected to slow significantly relative to the overall industry. The statistical analysis and consumption patterns outlined in this report provide a strong foundation for evidence-based policymaking. By identifying trends in illicit markets, the report enables policymakers to design interventions that are both targeted and effective. It underscores the urgent need to address the rise of illicit markets, which is essential for safeguarding India's economic growth and ensuring consumer safety.





FIRESIDE **CHAT**

**Dr. Ajit Ranade, Vice Chancellor
Gokhale Institute of Politics and Economics**

FIRESIDE CHAT



Dr. Ajit Ranade
Vice Chancellor
Gokhale Institute of
Politics and Economics

Illicit trade in terms of smuggling and counterfeiting presents substantial challenges to both tax authorities and society at large. The complexities of this issue extend beyond financial losses and economic impacts, affecting social and cultural dynamics as well. On the demand side, key drivers include consumer behaviours, aspirational desires, and a growing distrust of major brands. On the supply side, factors such as high taxation, weak enforcement, and corruption fuel the expansion of illicit markets. The recent report by FICCI CASCADE delves into the primary factors contributing to the growth of illicit trade, with particular emphasis on taxation, enforcement, and consumer behaviours.

Taxation plays a crucial role in the proliferation of illicit trade. In regions with low or zero consumption taxes, as seen in certain parts of the world in previous decades, illicit trade remained minimal. However, in economies like India, where consumption taxes-including the Goods and Services Tax -range from 18% to 28%, the incentives for tax evasion have significantly increased. High taxes on products such as alcohol and tobacco further exacerbate the issue. Additionally, differential taxation based on the type of raw material used in alcohol production or the form of tobacco, such as bidis, cigarettes, introduces further complexity and opens additional avenues for exploitation.

In addressing the issue of gold smuggling, it is important to note that the recent seizure of six tons of smuggled gold represents less than one percent of India's annual gold imports, which total approximately 800 to 1,000 tons. The core issue lies in the prevailing 15 percent import duty, which fosters an environment conducive to smuggling. Implementing a uniform tax rate structure, such as 5 percent, could help reduce these illicit activities, particularly given the strong consumer demand for gold in India.

Enforcement mechanisms are vital in regulating the supply side of illicit trade. However, weak enforcement—whether due to ineffective laws, lack of motivation among law enforcement officials, or widespread corruption, contributes to the growth of these illegal markets. The profitable nature of smuggling, coupled with cross-border trade and the rise of e-commerce, complicates regulators' efforts to track and control the flow of counterfeit and smuggled goods. In many cases, even unwitting participants in the supply chain may inadvertently become involved in smuggling activities, further hindering enforcement efforts.

Consumer behaviour significantly influences the proliferation of counterfeit goods. As incomes rise and aspirations for luxury goods increase, many consumers turn to counterfeit alternatives when genuine branded products

are beyond their financial reach. This aspirational consumption, combined with price sensitivity, renders the counterfeit market particularly attractive to middle-class consumers. Moreover, growing distrust of the pricing strategies employed by large brands leads many consumers to seek counterfeit products that offer similar quality at a lower price. This price elasticity is particularly pronounced among lower-income groups, where even small price differences can have a substantial impact on purchasing decisions.

To effectively combat the growing menace of illicit trade, a comprehensive approach is needed, involving key reforms across multiple sectors. First, simplifying tax structures and reducing rates to mitigate the underlying drivers of smuggling. A broader tax base with fewer tax brackets, coupled with a median rate closer to 10 percent, would reduce the appeal of illicit markets while preserving tax revenue. Additionally, enforcement efforts must be bolstered with increased resources and stricter regulations to combat corruption and ensure effective monitoring of supply chains. Educating consumers about the economic and public health impacts of counterfeit goods could help reduce demand for these products. Lastly, the government should reconsider outdated colonial-era restrictions on traditional products and assess their relevance in today's legal framework.







PLENARY SESSION 1

**Coordinated Approaches to Combat Illicit Trade:
Unified Actions for Effective Solutions**

PLENARY SESSION 1

Mr. Ravi Capoor

Former Secretary, Ministry of Textiles & CEO,
Sansad TV and Think Tank Member, FICCI CASCAD



The proliferating challenge of illegal trade in the global market accounts for approximately 2.5% of total trade. In India, this trend is even more pronounced, with illegal trade representing 4% of the country's overall trade and roughly 2.5% of its GDP-equivalent to nearly five trillion dollars. The significance of money laundering is substantial, as it contributes approximately 5% to India's GDP through these illicit activities. With estimated revenue losses from illegal trade reaching around 35 billion dollars, the urgency for coordinated efforts to combat these practices becomes more crucial. It is essential to address this issue to safeguard the economy and ensure a fair marketplace for all.

Excessive taxation significantly drives illegal trade in India. As the tax burdens become high, individuals and businesses often resort to illicit activities to evade these costs. The repercussions of such behaviour extend beyond mere economic losses, impacting broader societal and governance frameworks. They also present serious threats to internal security, as many criminal enterprises rely on illegal revenue streams for funding. This alarming situation not only reduces government revenue but also diminishes job opportunities across various sectors. For instance, the textile sector experiences illegal trade rates of about 45 to 50 percent, while industries such as tobacco and pharmaceuticals are similarly affected. Addressing these issues is essential for safeguarding the economy and ensuring stability in these important sectors.

As illegal trade continues to grow across different sectors, there is an alarming trend of jobs being shifted to other countries. The outsourcing of jobs is projected to lead to a loss of approximately 1.5 million employment opportunities, but the real impact may be even more significant. The actual figures could be much higher, indicating a deeper and more complex issue that needs urgent attention and intervention.

Addressing the intricate issue of illegal trade requires a strategic and collaborative approach among all stakeholders. Although increasing consumer awareness plays a pivotal role in addressing illicit trade, it alone is insufficient to effectively tackle the issue. The focus should be on the root causes and the economic incentives that drive individuals towards illegal activities. Countries like Afghanistan show how entrenched drug trades can fuel prolonged conflicts and destabilise entire regions. Additionally, the situation in Manipur serves as a warning about the challenges of effectively managing illegal trade and drug trafficking. This discussion aims to highlight the importance of rationalising taxation to reduce the incentives for illegal trade while ensuring that the government can maintain essential revenue streams. It is important to develop integrated strategies that involve all relevant stakeholders to create a

unified effort against illicit trade. This will help foster a regulatory environment that promotes legitimate business practices and enhances national security.

In the textile sector, the government permits the import of used clothing for recycling purposes. While this policy aims to encourage material repurposing, a substantial portion of these garments enters local markets without adequate oversight. The lack of regulation disrupts local industries, leading to significant job losses as domestic manufacturers struggle to compete with the influx of unregulated goods.

A comprehensive approach is essential to tackle these issues effectively. Utilizing technology to improve surveillance and monitoring can play a key role in reducing the risks linked to illegal trade, as advanced tools can help trace and verify the origins of goods, ensuring adherence to regulations. In addition, collaboration between governments, businesses, and consumers can create a unified front against illicit activities. Promoting awareness about the adverse effects of illegal trade on employment and local industries is equally important. Tackling these challenges helps safeguard jobs and promotes a healthier, more sustainable economy through well-planned initiatives and effective policies.



PLENARY SESSION 1

Mr. Aman Jain

Director, Public Policy, Amazon India



Amazon has a long-standing commitment to combat counterfeiting, having operated in India for nearly 21 years, with its marketplace active for the past 11 years. Today, Amazon features around 1.4 million sellers who offer over 20 million products. It is important to understand that counterfeiting is not restricted to any particular industry but impacts all sectors indiscriminately, posing a significant challenge to the entire business ecosystem.

The e-commerce market in India currently accounts for just 5 to 7 percent of the total retail market, highlighting remarkable potential for growth as more people turn to online shopping. To support this expansion, it is imperative to provide a safe and positive shopping experience. However, counterfeiting remains a major challenge, requiring strong measures at the platform level. In 2023, Amazon invested nearly \$1.2 billion globally to fight counterfeiting and support its sellers. The company has a dedicated team of over 15,000 employees working on various strategies to address this issue effectively.

Technology has become a key element of our efforts, with machine learning and artificial intelligence proving particularly effective. For example, in 2020, our platform encountered over 6 million attempts by bad actors, but this figure has significantly dropped to around 7,000 last year, with 99 percent of these attempts being blocked before any damage occurs. Alongside these technological measures, raising consumer awareness is equally important. Amazon invest heavily in educating

consumers and work closely with government agencies to emphasize the seriousness of this issue to all stakeholders. Supporting our sellers, particularly small businesses with only a few employees, is also a top priority. Many of these sellers are unaware of their intellectual property rights, so offering them educational resources and guidance is essential in safeguarding their interests and fostering a secure marketplace.

To strengthen our efforts against counterfeiting, Amazon has introduced initiatives like Project Zero, which have allowed around 25,000 brands to effectively utilize our platform. One of the main challenges for large online marketplaces is tracking product listings manually, which is nearly impossible without automation. Project Zero helps overcome this challenge by enabling brands to monitor and take action against any counterfeit products that may appear on the platform. This initiative empowers brands to actively participate in the fight against counterfeiting, creating a safer and more trustworthy marketplace for all.

Our core objective is to ensure that customers on Amazon receive exactly what they expect, a high-quality product. To achieve this,

Amazon rely heavily on advanced technology solutions that prevent bad actors from listing counterfeit products online. This proactive approach helps protect our customers from exposure to fake items. Although the fight against counterfeiters is ongoing, as they continually evolve alongside our improvements, our efforts have been highly successful, achieving a 99% success rate in blocking counterfeit listings.

Over the past two decades in India, Amazon has grown to become one of the country's largest employers, providing jobs for more than 1,40,000 people. We have also generated around 1.35 million direct and indirect employment opportunities. As part of our commitment to the Hon'ble Prime Minister, we aim to create an additional 2 million direct and indirect jobs by the end of 2025. Our long-term investment goal is to reach \$26 billion by 2030, reflecting our strong confidence in India's growth potential and economic future.

One effective strategy for generating jobs is to create an environment where sellers have access to global markets. Currently, our cumulative export business in India has reached nearly 14 billion dollars, with around 1,50,000 exporters actively engaging in over 190 markets and territories worldwide.



AMAN JAIN **RAVI CAPOOR** **SHARAD TANDAN**

PLENARY SESSION 1

Mr. Sharad Tandan

Director, The Tobacco Institute of India



India ranks as the second-largest tobacco producer in the world, employing approximately 45.7 million people. The sector has strong linkages to agriculture and contributes around Rs. 73,000 crores to the national exchequer in terms of tax, along with Rs. 12,000 crores in foreign exchange earnings. An estimated Rs. 12 lakh crores is contributed by the tobacco sector to the Indian economy. However, one of the primary challenges faced by this sector is the high taxation imposed on tobacco products.

Taxation in India is disproportionately high, with per capita taxes being 14 times higher than those in the USA, seven times higher than in Japan, and double those in the UK and Australia, both of which are leading nations in tobacco regulation. Notably, while cigarettes account for only 9% of total tobacco consumption in India, they bear approximately 80% of the tax burden. Elevated taxation encourages consumers to seek illicit products and alternative tobacco consumption methods, leading to an increase in unregulated market activities and undermining public health initiatives.

To address these challenges, it is essential to reduce tax arbitrage and broaden the tax base by considering other forms of tobacco consumption as revenue sources. The nexus between criminal gangs, terrorist groups, and the tobacco



sector has become increasingly apparent, particularly regarding cigarette smuggling. A recent statement from the Prime Minister highlighted that profits from cigarette smuggling are linked to terror funding, further complicating the landscape. Smuggling not only diminishes the legal market but has also led to a decline in FCV (Flue-Cured Virginia) tobacco production, adversely affecting farmers and resulting in the loss of over 35 million man-days of employment. Countries

like Zimbabwe and Malawi are capitalising on this demand by encouraging tobacco cultivation as a foreign exchange earner.

Moreover, India has engaged with the WHO's illicit trade protocol, highlighting the importance of a strong track and trace system. This system could play a pivotal role in reducing smuggling but must be implemented in coordination with countries around the world. Although the government has formed a task



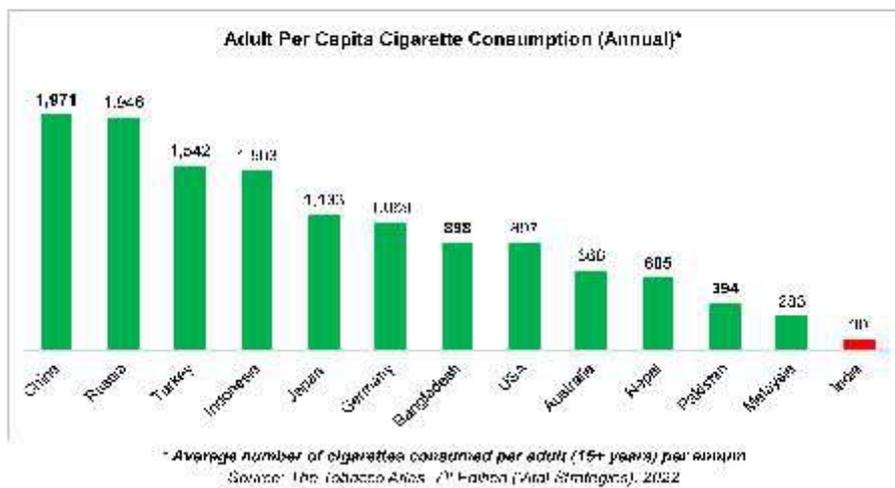
force to work on this initiative, several obstacles persist, particularly regarding the smuggling of foreign cigarettes. The frequent seizures of foreign brands reveal the extent of this problem. For track and trace to be effective, collaboration with neighbouring countries is essential to ensure thorough enforcement and control over illegal trade.

Indian cigarette brands currently include clear information about their manufacturing origins on their packaging. To tackle the issue of

smuggling effectively, it is vital to strengthen border enforcement with technology and impose stricter penalties for those who indulge in smuggling activities. Immediate and significant punishment for offenders is necessary as delay in the legal process make penalties less effective. Looking ahead, adopting a multifaceted approach that focuses on taxation, enforcement, and collaboration with international partners will be essential in addressing the complex challenges faced by the tobacco sector.

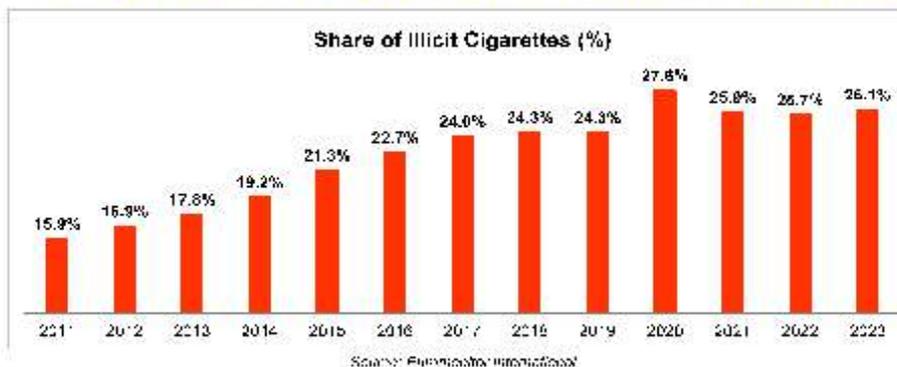
The Tobacco Institute of India

India Has One of the Lowest Per Capita Cigarette Consumption in the World



The Tobacco Institute of India

Tax Arbitrage has Made India the 4th Largest Illicit Cigarette Market in the World



- **Illicit operators targeting India, its expanding middle-class & young population with greater vigour due to the high arbitrage**
- Frequent seizure by Enforcement agencies across the country
- Annual tax revenue loss estimated at Rs. 21,000 crores



PLENARY SESSION 2

Panel Discussion

**Economic Impact and the Hidden Costs:
Unravelling effects of Illicit Trade on
Global and Indian Economies**

PLENARY SESSION 2

Mr. Najib Shah

Former Chairman, Central Board of Indirect Taxes and Customs and Think Tank Member, FICCI CASCAD

FICCI's Committee Against Smuggling and Counterfeiting Activities Destroying the Economy has long been a trailblazer in examining and addressing the detrimental effects of smuggled and counterfeit goods on the Indian economy. Over the years, FICCI CASCAD in-depth reports have highlighted critical challenges, including revenue losses, job displacement, and the unintended consequences of complex statutory provisions that inadvertently encourage tax evasion. The recent report takes a closer look at these issues through the lens of government data, offering a nuanced analysis of how smuggling and counterfeiting impact aspirational consumer segments. These consumers, driven by desire rather than legal considerations, often fuel the demand for illicit or unlisted goods—either due to unawareness or indifference about their legal status.

Despite proactive measures like the government's recent reduction in gold taxes, smuggling remains a thriving challenge. In just the past few months, authorities have seized nearly six tons of gold, highlighting the persistence of this issue. Taxation, a universal economic tool, varies in application across nations and forms a cornerstone of governance. While reductions in specific sectors, such as corporate tax cuts, can provide relief, the continued smuggling of high-value commodities like gold demonstrates that tax reduction alone is insufficient to deter illegal trade. In the Indian context, the definition of

"illicit" is expansive, encompassing any activity that operates outside the law—be it drug trafficking, smuggling, and tax evasion. As a result, goods that evade legal framework poses a significant challenge.

A major concern is the revenue generated through the illicit market, which escapes the tax net and can potentially fuel various nefarious activities. This highlights the need for a broader policy discussion on potentially reducing the number of goods classified as



illegal. However, such a decision is complex, as it risks compromising the tax base. The recent deliberations of the Group of Ministers (GOM) on streamlining the Goods and Services Tax rates into a simpler structure - currently segmented into 5%, 12%, 18%, and 28%, highlight this challenge. Despite multiple meetings, no consensus was reached, primarily due to concerns about sustaining revenue levels. Nonetheless, the concept of moderate taxation can play a vital role in reducing opportunities for arbitrage, diminishing the incentive for tax evasion, and fostering a more stable and transparent economic framework.

Arbitrage remains a pressing issue within India's taxation system, driven by mechanisms such as Special Economic Zones and Free Trade Agreements, which inherently create disparities in tax treatment. Addressing these disparities while maintaining fiscal stability poses a persistent challenge for governments. While corporate taxes have been reduced in the past, extending similar measures to other sectors continues to encounter resistance due to the intricate balance required between lowering tax rates and ensuring robust revenue collection.

In addition to supply-side challenges, consumer behaviour demands equal attention. Consumers play a pivotal role in sustaining the illicit market, awareness campaigns are essential in the fight against counterfeiting and smuggling. Public education initiatives, particularly those targeting the younger generation, have become a cornerstone of efforts to combat these issues. Promoting informed purchasing decisions is important in reducing the demand for counterfeit and smuggled goods. Adding to this complexity is inflation, often described as an invisible tax, which impacts consumer choices by eroding purchasing power without the need for formal legislation.

In conclusion, the interplay of taxation, consumer awareness, and regulatory enforcement will remain central to efforts aimed at mitigating the economic harm caused by smuggling and counterfeiting. By fostering collaboration, implementing well-informed policies, and enhancing consumer education, India can more effectively tackle the challenges of the illicit trade and protect its economic integrity.



PLENARY SESSION 2

Mr. Jayant Misra Expert & Consultant, UNODC

Illicit trade presents a complex and pervasive challenge with serious implications for the global economy. The issue is fuelled not only by individuals engaged in illegal activities but also by consumers who despite a preference for genuine products often opt for counterfeit alternatives due to factors such as lower costs, social pressures, accessibility, and perceived value. Such consumer demand complicates enforcement efforts, enabling counterfeit goods and illicit trade to thrive. This widespread demand for counterfeit goods

undermines legitimate businesses, disrupts fair competition, and results in substantial losses in tax revenue for governments. Furthermore, it compromises consumer safety, as counterfeit products frequently fail to meet established quality and safety standards.

The substantial flow of illicit funds contributes to the rise of criminal activities, as surplus money from these transactions is often funnelled into illegal operations. Mario Puzo's novel famous statement, "Behind every great fortune, there is a crime," aptly reflects the connection between illicit trade and criminality, which encompasses smuggling, money laundering, cybercrime, human trafficking, wildlife trafficking and other crimes, thereby creating a complex web of threats to global security and economies.

From the perspective of the United Nations, illicit trade and counterfeit goods have far-reaching impacts on nearly all Sustainable Development Goals (SDGs). These activities undermine SDG 1 on poverty reduction, SDG 3 on good health and well-being, SDG 4 on quality education, SDG 6 on clean water and sanitation, SDG 8 on decent work and economic growth, SDG 9 on industry innovation and infrastructure, as well as SDGs 12, 15, and 16. The cascading effects of illicit trade have been extensively studied, revealing significant negative consequences that ripple across various sectors of society.

Globally, the most counterfeited products include apparel, electronics, pharmaceuticals, luxury goods, toys, automotive parts, and cosmetics. In India, sectors particularly susceptible to counterfeiting include apparel, fast-



moving consumer goods (FMCG), automotive parts, pharmaceuticals, consumer durables, and agrochemicals. The rise of the digital economy, especially during the COVID-19 pandemic, has facilitated illicit trafficking, with online supply chains becoming avenues for counterfeit pharmaceuticals and drugs. A new category of substances known as new psychoactive substances emerged during this period, with approximately 1,187 different types now available in the market. These substances often evade law enforcement due to their chemical composition and the lack of adequate testing facilities, resulting in devastating health effects.

The emergence of AI technologies has created new challenges for illicit activities. AI-assisted tools have been developed to discover fraudulent schemes, necessitating a deeper understanding among law enforcement agencies of this evolving landscape. The rise of the darknet, originally created by the US Navy for secure communications, has transformed into a significant hurdle for governments due to difficulties in tracing and tracking activities on these platforms. New modes of transactions, including NFTs, the metaverse, and gaming tokens, have expanded avenues for illicit trade, creating an urgent need for enhanced regulatory frameworks and law enforcement strategies.

The United Nations Office on Drugs and Crime

(UNODC) has emphasized that its estimates are reliable, as the data is reported from various studies globally and nationally. The Financial Action Task Force (FATF), with which the UNODC collaborates, has indicated that despite India's strong controls, substantial improvements are necessary, as reflected in the last FATF evaluation report. Global Financial Integrity estimates that approximately 20% of illicit financial flows occur in India, while the TARI report on money laundering indicates that it constitutes about 5% of the GDP. UNODC estimates that India consumes around 39% of the world's opioids, a staggering figure considering that heroin seizures only account for 3% to 5% of the total market, which could be as large as 100 tonnes annually.

Addressing transnational problems necessitates collaborative efforts that extend beyond individual nations. Improved cross-border cooperation is essential and can be achieved by enhancing the capacity of law enforcement agencies to conduct intelligence-led operations. The adoption of illicit identification methodologies and tools, along with the use of new technologies, must be prioritized. While each of these areas offers significant potential for improvement, it is vital to recognize that the silence of bystanders contributes to the ongoing challenges of illicit trade. Raising awareness and taking action are necessary steps to combat this issue effectively and ensure a more secure global economy.



PLENARY SESSION 2

Ms. Claire CASTEL

Head of the Outreach and Knowledge of IP Service
European Union Intellectual Property Office (EUIPO)



Illicit trade, particularly in counterfeiting, presents significant challenges on a global scale. European Union Intellectual Property Office (EUIPO) have invested heavily in evidence-based research to understand and combat this pressing issue. Since 2015, a collaboration with the OECD has yielded nearly 15 reports that analyze the economic impact and trends associated with counterfeiting. Current estimates indicate that counterfeiting constitutes approximately 2.5% of global trade, with a value exceeding €400 billion. In the European Union alone, counterfeiting accounts for nearly 6% of total imports, underscoring the widespread nature of this problem across multiple economies.

Transportation play an important role in facilitating illicit trade, as modern logistical solutions can be exploited by criminals. With approximately 3,500 free trade zones worldwide employing around 66 million individuals, these zones present both opportunities and vulnerabilities. Research indicates a direct correlation between the size of free trade zones and the rising value of counterfeit exports.

The COVID-19 pandemic has accelerated a shift from physical to online shopping, positioning e-commerce platforms as critical battlegrounds in the fight against illicit trade. Dangerous counterfeit products,

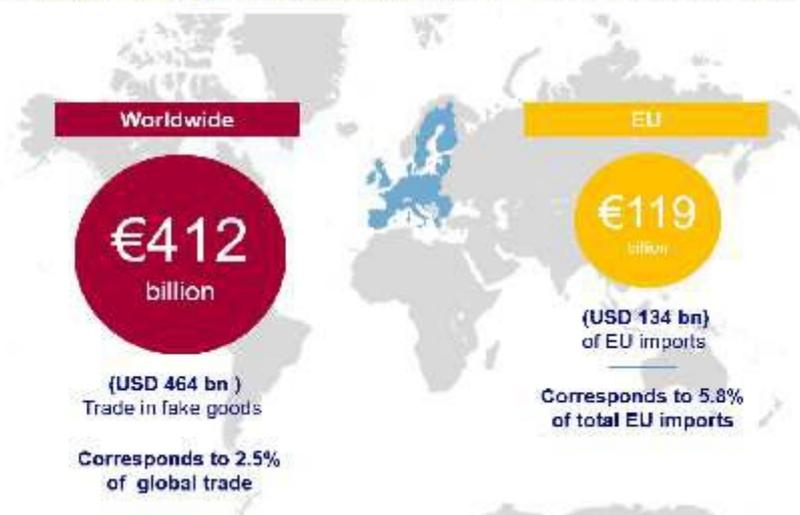
such as cosmetics, pharmaceuticals, and spare parts, are increasingly sold online. Research reveals that online sales account for a remarkable 60% of global seizures of dangerous goods, with postal services facilitating a significant portion of these transactions. While sea transport continues to dominate the shipping of counterfeit goods, accounting for 56% of their total value, the rise of online sales emphasizes the urgent need for enhanced

enforcement efforts within the digital marketplace.

In light of the findings, several policy recommendations have been developed to improve transparency and accountability in both free trade zones and online marketplaces. Following the report on free trade zones, the OECD adopted recommendations aimed at enhancing operational transparency, thereby empowering legitimate traders to select more



MAGNITUDE AND SCALE OF ILLICIT TRADE – Trade in counterfeit goods



reputable zones. Additionally, guidelines are being formulated to combat illicit trade on e-commerce platforms, which is essential as consumer purchasing behaviour increasingly shifts online. This multifaceted approach recognizes the interconnectedness of illicit trade and organized crime, emphasizing the necessity for collaborative efforts among law enforcement agencies and private sector stakeholders.

EMPACT (European Multidisciplinary Platform Against Criminal Threats) is dedicated to address a wide array of criminal threats, including illicit trade and other criminal network. By prioritizing collaboration among member states, EMPACT facilitates law enforcement agencies in securing increased support and resources essential for combating these pervasive issues. By fostering public-





POLYCRIMINALITY AND ILLICIT TRADE



- International collaboration – pivotal strategy. Real time intelligence sharing.

Overcoming challenges:

- Limited resources and evolving priorities.
- Rapid response teams that partnered with businesses.
- Ties with the e-commerce ecosystem

Adaptive measures and governmental interventions

Remote working practices to safeguard field officers; virtual training sessions.

To holistically combat counterfeiting – integrated strategies that encompass the public and private sectors

private partnerships and enhancing cooperation among various stakeholders, EMPACT strengthens the collective response to the multifaceted challenges posed by illicit trade, ultimately contributing to a more secure and equitable trading environment across Europe.

In conclusion, The European Union Intellectual Property Office (EUIPO) is dedicated to facilitating capacity-building initiatives and outreach efforts on a global scale. Specific

projects funded by the European Commission are currently being implemented in regions such as Latin America, Southeast Asia, and the Caribbean. These initiatives aim to support the implementation of trade agreements while enhancing the capacity of nations to combat illicit trade effectively. Through these efforts, the objective is to strengthen international collaboration and empower countries to devise robust strategies against counterfeiting and smuggling.



PLENARY SESSION 2

Mr. Prem Mahadevan

Senior Analyst, Global Initiative Against Transnational Organized Crime, GITOC



FICCI CASCADE plays a significant role in addressing the pervasive issues of illicit trade that poses serious risks to public health and safety. Illicit trade represents a multifaceted threat that extends beyond mere economic considerations, as it inflicts severe societal and health-related consequences. The complexity of this issue is vividly illustrated by the classic British film *The Third Man*, set in post-World War II Vienna. The film delves into the shadowy underworld that emerged in the war's aftermath, where the scarcity of essential goods and the desperation of the people fuelled a thriving black market. Central to the film's plot is the trade in counterfeit pharmaceuticals, a crime that leads to severe and often tragic consequences for the city's vulnerable residents. This portrayal highlights not only the dangers of illicit trade in fake medicines but also the broader societal impact, where such activities exploit people in times of crisis and leave lasting scars on communities.

The healthcare sector remains heavily affected by counterfeiting, particularly during and after the COVID-19 pandemic, with an estimated one-third of counterfeit products worldwide were related to pharmaceuticals. The World Health Organization estimates that counterfeit medicines could result in over one million deaths

annually. To illustrate this further, approximately 2,67,000 deaths each year occur due to substandard antimalarial medications, while around 1,69,000 children die from counterfeit medicines for pneumonia. The market for counterfeit healthcare products is believed to rival the global narcotics industry, with fake medicines costing European nations over €10 billion annually and causing nearly 38,000 job losses. In regions with less stringent quality control, such as Africa, the threat level is considerably higher, with the Global Organized Crime Index indicating that many countries where counterfeit products thrive are in Latin America, Africa, and Asia.

Smuggling routes through the Middle East further complicate the issue, with local political interests sometimes shielding smugglers. In areas marked by political conflict and weak policing, such as rural regions in Afghanistan, approximately half of all pharmaceuticals imported are counterfeit.

The aviation industry is not immune to the risks posed by counterfeit products, with estimates suggesting that around 10% of the legal market for aircraft parts is compromised by counterfeit components. Notably, counterfeit titanium has been found in both Boeing and Airbus aircraft. Additionally, a tragic incident in 2020 resulted in the death of a U.S. Air Force pilot when counterfeit parts in an ejector seat failed. This incident highlights the grave implications of counterfeit products penetrating supply chains for military hardware, further emphasizing the need for vigilance in the aviation sector.

A survey conducted in 2022 revealed that attitudes toward counterfeits vary significantly based on historical and cultural contexts. While the predominant view is negative, younger generations exhibit greater tolerance for counterfeit goods, which may be attributed

to limited purchasing power. This is particularly relevant in India, where counterfeit luxury products are sometimes viewed as acceptable alternatives. The global market for counterfeit fashion and luxury goods is estimated at approximately \$600 billion, employing around 30 million people, with Asia contributing a substantial portion due to rising disposable incomes.

Economic uncertainties significantly contribute to the proliferation of counterfeit products. For instance, following the 2008 financial crisis and the COVID-19 pandemic, counterfeits became more prevalent in Europe, rising from 5% of imports from non-EU countries in 2013 to 6.8% in 2016. The intersection of petty crime, organized crime, and illegal immigration complicates the issue further. Migrants are often exploited as labour for counterfeit manufacturing and distribution, creating a cycle of dependency on the illicit trade.

India faces unique strategic challenges concerning counterfeit goods, as foreign-based counterfeiters may undermine domestic manufacturers or damage their reputation in international markets by flooding them with substandard products. While the Indian government is taking measures to combat counterfeiting, enhanced international cooperation and information sharing are essential to bolster enforcement efforts. Observations indicate that Indian law enforcement professionals abroad are highly regarded, yet barriers to information sharing often hinder effectiveness.

Public education on the societal and economic harms of counterfeit products is crucial in combating the issue. By raising awareness of the damage caused by illicit products to legitimate businesses, public health, and economic growth, consumers can be encouraged to make more informed purchasing decisions and reject illicit products.

PLENARY SESSION 2

Mr. Shishir Priyadarshi

Former Director, WTO

The World Trade Organization (WTO), established in 1995, serves as a key global institution for regulating international trade and fostering a transparent and equitable trading environment among its 164 member countries. By facilitating negotiations to establish binding trade rules, the WTO empowers nations to comply with these

agreements, regardless of their global trade share. This unique structure allows the organization to effectively address trade-related challenges and promote economic growth through cooperation.

In recent years, the WTO has initiated significant agreements, such as the Trade Facilitation Agreement, which aims to streamline customs procedures and minimize loopholes. By implementing proactive measures to combat illicit trade, the WTO plays a pivotal role in enhancing collaboration among nations and addressing the economic impacts of trade-related challenges.

The financial consequences of illicit trade are staggering, with recent estimates indicating that the value of trade in illicit goods has reached the alarming figure of \$1 trillion. This figure represents not only a significant loss but also an increase in the percentage of illicit trade in relation to global trade. While a few years ago, illicit trade constituted 2.5% of global trade, it has now risen to 3.5%. This increase of 40% in the percentage of illicit trade is particularly concerning as it is calculated against a substantially higher value of global trade. Projections suggest that illicit trade could increase by approximately 75% over the next four to five years, raising serious concerns about job losses and revenue declines worldwide. Estimates indicate that around 5 million jobs are lost due to illicit trade, affecting approximately 25 million people globally.



WTO serves as a fundamental trade body where member nations negotiate trade rules, which, once agreed upon, are binding. This distinctive feature differentiates the WTO from other international organizations. Among its significant agreements in recent years, the Trade Facilitation Agreement aims to streamline customs procedures to minimize opportunities for illicit trade. The WTO's Trade agreement provides essential guidelines for protecting innovations against counterfeiting and illicit trade, thereby safeguarding industry interests. Furthermore, the WTO collaborates with various organizations to elevate discussions and focus among its members regarding illicit trade.

Despite its crucial role, the WTO faces significant challenges in combating illicit trade. As a secretariat, the WTO cannot act independently; it requires a member nation to register a complaint about illicit trade practices. Unfortunately, many governments prioritize other issues over counterfeiting and illicit trade, which hinders progress.

To address the challenges posed by illicit trade effectively, several key recommendations have been identified:

1. **Strengthening International Cooperation:** Enhanced cooperation among nations is essential to ensure a unified response to illicit trade.
2. **Capacity Building in Developing Countries:** Global efforts must focus on building the capacity of developing nations to address illicit trade challenges.
3. **Leveraging Technology:** Advancements in technology should be harnessed to stay ahead of counterfeiters and enhance enforcement measures.
4. **Addressing E-commerce:** The ongoing negotiations for a global multilateral agreement on e-commerce must incorpo-

rate the implications of e-commerce on counterfeit trade.

5. **Establishing a Global Task Force:** A collaborative global task force should be formed, bringing together stakeholders from various economic backgrounds to develop actionable strategies.
6. **Public Awareness Campaigns:** Initiatives to raise awareness about the dangers of counterfeit goods and the importance of purchasing legitimate products should be prioritized.

The growing challenge of illicit trade necessitates a coordinated effort from various stakeholders, including international organizations, governments, and industry associations. Addressing the complexities of this issue will require commitment and collaboration to protect the integrity of global trade and safeguard economic interests.





PLENARY SESSION 3

Panel Discussion

**Advancing International Strategies and
Fostering Unified Vigilance: Multilateral
Collaboration to Combat Illicit Trade**

PLENARY SESSION 3

Mr. Anil Sinha

Former Director, Central Bureau of Investigation
and Think Tank Member, FICCI CASCADÉ



Illicit trade has become a growing global challenge, with profound impacts on both developed and emerging economies. Recent trends indicate a surge in the demand for counterfeit and smuggled goods, which signifies two concurrent realities. On one hand, this surge reflects buoyancy in the global economy, but on the flip side, it creates significant opportunities for the proliferation of illicit trade activities, particularly counterfeiting and smuggling. The increased demand fosters a thriving market for these illegal goods, posing threats to the integrity of legitimate markets and overall economic health.

Non-state actors and rogue institutions in conflict-ridden regions are instrumental in facilitating and promoting these activities, aiding in the proliferation of counterfeiting and smuggling. An underexplored yet very real aspect of this issue is the possibility of counterfeiting and smuggling being used as a form of economic warfare. These covert operations aim to thwart the growth of emerging economies by pushing counterfeit products across borders, thus undermining national manufacturing efforts. While the health risks of adulteration and substandard products are well-documented, the infiltration of illicit trade undermines the core strength of a nation, which is its economy. Counterfeiting has become the second-largest source of illicit income, according to the UN Commission on Crime Prevention and Criminal Justice (CCPCJ), with the global volume of such trade reaching an estimated €464 billion.

Over the past decade, various national and multilateral agencies have engaged in efforts to combat illicit trade. International organizations like the United Nations Office on Drugs and Crime (UNODC), World Customs Organization (WCO), Organisation for Economic Co-operation and Development (OECD), and INTERPOL have taken the lead in battling this menace. INTERPOL, in particular, has played a pivotal role in supporting law enforcement efforts by providing operational and investigative assistance, as well as facilitating information sharing among member nations. Such collaborative approach aims to dismantle the criminal networks involved not only in the illicit trade of goods but also in human trafficking.

Despite these international efforts, significant challenges remain. While the United Nations Convention against Corruption (UNCAC) and OECD resolutions have raised awareness of the broader issue of criminality-encompassing smuggling, trafficking, and counterfeiting-the impact of these initiatives has been limited, particularly outside the Americas. In contrast to the success of operations targeting narcotic traffickers in Latin and North America, coordi-

nated efforts against smugglers and illicit traders have been sparse across Africa, Asia, and Europe. The lack of uniformity in penal provisions across nations and the absence of cohesive strategies hinder the global fight against illicit trade.

The current state of multilateral efforts against illicit trade underscores the need for a re-evaluation of strategies. A consensus must be reached among nations, trade alliances, and developmental summits to develop a comprehensive and collaborative approach to address this growing challenge. The solution lies not only in intelligence sharing on a real-time basis but also in the formulation of robust countermeasures to disrupt the operations of criminal networks. The need for a multilateral understanding becomes more critical as existing bilateral agreements have proven insufficient in addressing the issue at a macro level.

Efforts must also focus on breaking down the smaller components of illicit trade to identify and stigmatize the entire supply chain-from manufacturing to distribution and retail. This approach requires a concerted pre-emptive strike to dismantle the infrastructure that



supports these illegal activities. However, past initiatives, such as the Container Security Initiative (CSI), have failed to yield the desired results due to their unilateral focus. Thus, a broad-based maritime strategic alliance is essential to combat smuggling through international committees effectively.

Maritime security is under increasing pressure, not only from the challenges of policing the high seas but also from the expansionist policies of certain nations. These nations, which are well-known for encouraging the manufacturing of counterfeit goods, also facilitate the smuggling of these goods to target economies. Such activities weaken the manufacturing efforts of emerging economies, further exacerbating their economic challenges. A coordinated global response is needed to address these expansionist tendencies and their impact on global trade.

To effectively combat illicit trade, a coordinated international approach that fosters better coordination, greater synergy, and empowerment of enforcement agencies is necessary. The emphasis should be on enhanced transparency and the creation of an equitable, equity-based ecosystem where stakeholders work collaboratively for the

greater public interest. This requires overcoming the narrow, siloed approaches that currently characterize many national efforts.

Best practices need to be identified, and transparency, accountability, and good governance must be prioritized. A collaborative oversight mechanism that incorporates real-time information sharing and intelligence exchange is critical. Furthermore, a harmonized legal and regulatory framework is necessary to facilitate cross-border cooperation and improve enforcement mechanisms. The implementation of these measures is urgent and should be an integral part of any global strategy against illicit trade.

In conclusion, robust multilateral alliances are crucial to addressing the growing menace of illicit trade. Nations must come together to build shared values and common goals, focusing on disrupting the supply chain and reducing demand for contraband and counterfeit goods. This requires a recalibrated approach, emphasizing real-time intelligence sharing, harmonized legal structures, and a commitment to international cooperation. By prioritizing these efforts, the global community can protect the integrity of economies and ensure the sustainability of legitimate markets.



PLENARY SESSION 3

Mr. Kenneth Wright

IP Enforcement Consultant, Danish Patent and Trademark Office (DKPTO)



The European Union (EU), a political and economic partnership comprising 27 countries, has developed robust strategies to combat illicit trade, including political commitment, collaboration with international agencies, advanced intelligence tools, capacity building, harmonized legislation, and awareness campaigns. Illicit trade has been recognized as a significant threat for the period 2022-2025, and is now a top priority for law enforcement agencies across the EU, with dedicated resources allocated to its eradication.

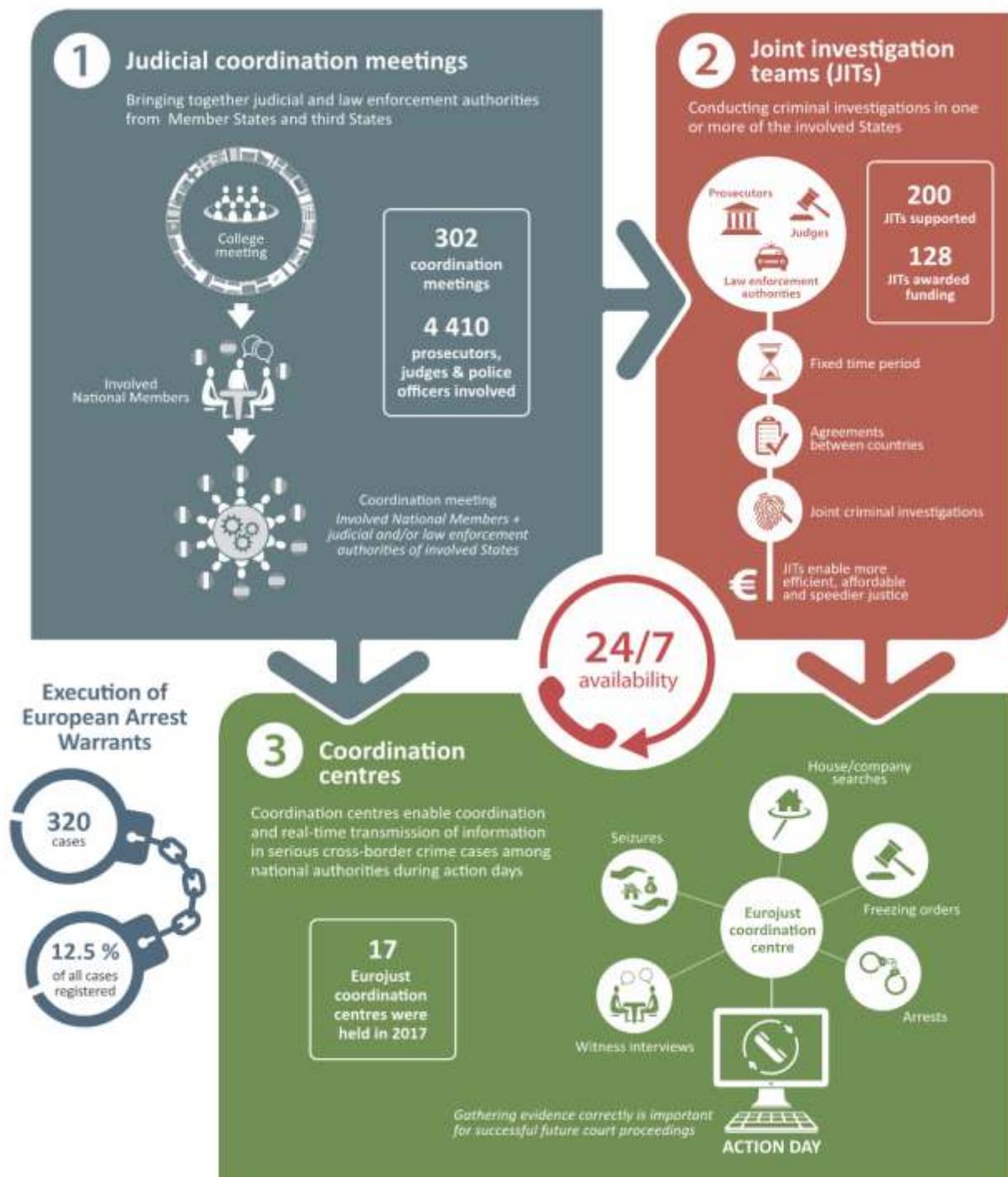
The EU's commitment to combating illicit trade is demonstrated through the prioritization of this issue by all police forces and law enforcement bodies within its 27 member states. Every four years, justice ministers convene to nominate priority crimes, and illicit trade has been recognized as a direct threat to the Union for the current cycle. This political will ensures the allocation of necessary resources to address illicit trade at every level, reaffirming the EU's determination to dismantle these criminal networks.

Collaboration with international agencies such as Europol and Euro Just is a cornerstone of the EU's strategy to combat illicit trade. Europol, the EU's law enforcement agency, facilitates cooperation among the 27 member states and 35 third-party countries. Europol plays a vital role in intelligence sharing, operational and forensic support, developing strategies,



capacity building, and promoting outreach and awareness campaigns. Eurojust, on the other hand, focuses on judicial cooperation, providing frameworks such as Joint Investigation Teams (JITs) and coordination centers to streamline cross-border crime operations. These agencies ensure the EU's response to illicit trade is coordinated and comprehensive.

The EU leverages advanced intelligence tools to combat illicit trade. Europol manages the Secure Information Exchange Network Application (SIENA), which allows member states and third-party countries to share and extract intelligence. Analysts at Europol continuously process this data to generate actionable leads. Additionally, the SIRIUS project, run by both Europol and Euro Just, provides law



enforcement with access to intelligence and potential electronic evidence from internet service providers, such as Facebook and PayPal. These tools enable real-time intelligence sharing and give law enforcement agencies the capability to trace online criminal activities. The EU recognizes the importance of equipping law enforcement with the skills and tools necessary to address illicit trade. The European Union Agency for Law Enforcement Training (CEPOL) provides member states and partner countries with access to training materials, including handbooks, videos, and presentations. A key resource is the handbook developed under the IMPACT initiative, which guides investigators through the business model of criminal groups, steps in conducting investigations, and strategies to dismantle these networks. Training programs are critical for ensuring that law enforcement personnel are prepared to tackle the evolving nature of illicit trade.

Harmonized legislation is essential for an effective cross-border approach to illicit trade. In the EU, customs and civil legislation are harmonized across the 27 member states, but there is still variability in criminal legislation. Different member states impose varying penalties for counterfeiting and other illicit trade offenses, leading criminals to exploit jurisdictions with weaker sanctions. The EU strives for stronger, harmonized legislation to

prevent this, ensuring consistent enforcement across all member states and discouraging the movement of illicit activities to jurisdictions with less severe penalties.

While enforcement is crucial, the EU also recognizes the importance of reducing demand for illicit goods through awareness campaigns. Effective awareness campaigns can significantly curtail demand for counterfeit and smuggled goods, tackling the root cause of illicit trade. These campaigns are measured for their impact, ensuring that public understanding of the harms of illicit trade grows. Reducing demand is seen as a fundamental solution to the problem, complementing enforcement efforts by addressing the consumer side of the equation.

The European Union has developed a comprehensive strategy to combat illicit trade through political will, collaboration with international agencies, utilization of intelligence tools, capacity building, harmonized legislation, and effective awareness campaigns. These practices, when implemented together, create a robust framework for tackling illicit trade. The EU's commitment to addressing this issue at every level serves as a model for other regions grappling with similar challenges. By continuing to evolve and strengthen these practices, the EU is poised to make significant strides in reducing the prevalence of illicit trade within its borders and beyond.



PLENARY SESSION 3

Mr. Hugh Austin

Attache, US Department of Homeland Security,
US Embassy



US Customs and Border Protection (CBP) is an integral agency within the US Department of Homeland Security that is responsible for the unified oversight of customs, immigration, and trade missions at the nation's borders. With jurisdiction over 328 ports of entry including areas between these ports, CBP plays a critical role in managing the flow of goods across the US border. This ensures compliance with federal laws while facilitating international commerce.

The rise of e-commerce has drastically reshaped CBP's role in recent years. A key regulatory shift occurred in 2018 when the US increased the de minimis threshold. This is the minimum value below which customs duties are waived and the threshold was raised from \$200 to \$800. This change combined with the impact of the COVID-19 pandemic resulted in a massive surge in e-commerce activity. As of 2023, 90% of the goods entering the US were through e-commerce with half of that volume originating from China and Hong Kong. This sharp increase in trade has presented significant challenges in balancing efficient facilitation with security. This has prompted CBP to adopt innovative strategies for managing the unprecedented flow of goods.

To address these challenges, CBP has launched two major pilot programs designed to improve data collection and streamline the

processing of e-commerce shipments. The Entry Type 86 program allows for the electronic filing and release of low-value shipments. This provides businesses with faster and more cost-effective processing. Additionally, the Section 321 Data Pilot focuses on gathering detailed information about the shipments. This includes the identity of shippers and consignees, the contents of the packages, and their final destinations. These programs which have been in testing for over a year are expected to be formalized through new regulations by 2025. This will establish a comprehensive framework for managing the e-commerce supply chain and enhancing both efficiency and security.

Supply chain security has become a central focus for CBP as it navigates the complexities of modern international trade. Understanding the dynamics of supply chains is now just as important as knowing the customers themselves. CBP emphasizes the importance of businesses ensuring they have clear visibility into their supply chains. This knowledge facilitates smoother trade flows, strengthens revenue generation, and improves operational

efficiencies. The agency's overarching goal is not just to expedite individual transactions but to secure entire supply chains. This is an essential aspect of cross-border trade especially between the United States and countries like India.

Given the scale of global trade, CBP recognizes the necessity of cooperation across multiple fronts. No single agency can fully manage the complexities of international commerce. CBP has taken a leadership role in fostering alliances with customs authorities worldwide. Collaboration happens through multilateral forums such as the World Customs Organization and is further strengthened through bilateral agreements and agency-to-agency partnerships. These efforts focus on addressing common threats and ensuring a more secure and efficient flow of goods between nations while laying the groundwork for broader global cooperation.

A significant challenge to international trade is the harmonization of enforcement measures across different countries. While India has demonstrated strong enforcement capabilities, there remain differences in how trade



regulations are applied compared to the United States. CBP advocates for aligning these enforcement practices to create a more uniform system. This ensures that violators are held to the same standards regardless of the country. By developing consistent enforcement mechanisms, both nations can better combat illegal activities and secure their supply chains.

On the regulatory front, CBP recognizes that multilateral efforts particularly through the World Customs Organization are crucial for developing harmonized strategies for global commerce. However, the agency acknowledges that progress can be slow in multilateral forums. As a result, CBP is prioritizing bilateral initiatives which offer faster and more efficient solutions in the short term. Successes from these bilateral efforts can then serve as models for broader multilateral agreements that further advance international trade regulations.

CBP is acutely aware of the evolving threat posed by criminal elements who have been quicker to leverage technology and data to

exploit weaknesses in global trade systems. While criminal organizations have demonstrated agility in adapting to the digital age, CBP remains confident that government agencies will eventually catch up and assert stronger control. The agency is committed to closing this gap and ensuring that the advantages held by criminal entities are short-lived. This will ensure that global trade remains secure.

In conclusion, CBP is at the forefront of efforts to modernize international commerce particularly through its data-driven approaches to e-commerce and supply chain management. By fostering collaboration with global partners, enhancing supply chain security, and adapting to the challenges posed by modern trade, CBP is playing a pivotal role in shaping the future of cross-border commerce. The agency's initiatives are not only aimed at securing the flow of goods but also at ensuring that trade between nations such as the United States and India remains efficient, safe, and beneficial for all stakeholders.



PLENARY SESSION 3

Mr. Samer Al Tarawneh

Legal Counsellor, Building Respect for IP Division,
World Intellectual Property Organization (WIPO)



Effective collaboration between enforcement agencies and the private sector at both national and regional levels is crucial in combating illicit trade. Without this cooperation, addressing the complexities of IP enforcement becomes increasingly challenging. The division focused on building respect for IP aims to create an environment where intellectual property stimulates innovation and creativity. This goal is pursued through a multi-faceted approach that emphasizes preventing infringement and enforcing rights for socio-economic development and consumer protection.

One of the primary areas of work involves international policy dialogue and cooperation. This initiative facilitates global discussions on enforcement, aiming to highlight its significance at the multilateral level. This objective is accomplished through the Advisory Committee on Enforcement, established in 2002, which convenes annually. This committee serves as a global forum where member states engage with representatives from the private sector, intergovernmental organizations, and non-governmental organizations to discuss pertinent issues related to enforcement efforts.

The committee's structure allows for open discussions without the constraints of treaty-making, enabling member states and experts to share their experiences freely. Contributions from speakers are submitted in writing and translated into all UN official languages,



ensuring accessibility. Additionally, the committee commissions studies that are presented during its sessions. For example, in January 2024, the focus was on enforcement coordination concerning artificial intelligence and the challenges and opportunities it poses for small and medium-sized enterprises (SMEs). Annual meetings are also held with organizations such as the WTO, WCO, and INTERPOL, along with private sector stakeholders, to discuss trends in counterfeiting and piracy and strategies for combating these threats effectively.

The outcomes of these meetings lead to various initiatives. Studies have been commissioned on the best practices for identifying and preventing infringements on e-commerce platforms. In order to avoid duplication of work, annual plans are shared with intergovernmental organizations.

Capacity building is a key area of focus, as legislation alone is not enough for effective enforcement. Trained enforcement officers are crucial for ensuring proper implementation. In response to requests from member states, training programs are customized to meet the specific needs of the participants. These

programs primarily target law enforcement officials and members of the judiciary, including police officers, customs officers, and market inspectors, ensuring they have the necessary skills and knowledge to carry out their duties effectively.

Cooperation with the World Trade Organization (WTO) is vital in providing legislative assistance to member states. Legislative evaluations are conducted to ensure compliance with Part 3 of the TRIPS Agreement, which addresses enforcement. This assistance is provided upon member state request and is treated confidentially.

Significant emphasis is placed on raising awareness among consumers regarding the importance of original products versus counterfeit goods. By assisting member states in developing effective awareness strategies, the goal is to address the demand side of the equation. This dual approach, addressing both supply and demand, is crucial in fostering a comprehensive strategy for combating counterfeiting and promoting fair trade practices on a global scale.



PLENARY SESSION 3

Mr. Sébastien CONNAN

Regional Intellectual Property Counsellor for India & South Asia, Embassy of France

Counterfeit trade and smuggling pose significant challenges in France, necessitating comprehensive strategies to combat these issues effectively. In 2023, French customs seized over 20 million counterfeit items, marking an 81% increase from the previous year. This alarming trend places France among the top five countries in Europe most affected by counterfeiting. The most affected items include games, toys, body care products, apparel, beverages, and foodstuffs.

A deeper understanding of the counterfeit phenomenon is crucial for identifying effective tools and strategies to counter it.

The French government's fight against illicit tobacco trafficking remains a top priority. In 2023, there was an 8% increase in the volume of illicit tobacco seizures and approximately a 1% increase in actions undertaken by French customs. The government's action plan for 2023-2025 focuses on four key priorities: improving customs intelligence, enhancing means of action and investigation, adapting litigation policy to the legal framework, and communicating measures to raise public awareness about the dangers of illicit tobacco trafficking.

Established in 1995 under the Ministry of Economy and Finance, the French Anti-Counterfeiting Committee serves as an informal platform to unite public and private partners in the fight against counterfeiting. The committee is chaired by a member of parliament and includes representatives from various public entities such as French ministries, French customs, the National Institute of Industrial Property, and the National Gendarmerie. Additionally, private entities such as UNIFAB (Union of Manufacturers) and industry federations participate actively. The committee aims to consolidate diverse perspectives and experiences to create a coordinated response to counterfeiting.

The key actions of the committee include exchanging information, strengthening the judicial system, proposing government initia-



tives, and raising public awareness. Four working groups have been established, each co-chaired by members from both the public and private sectors. These groups focus on public awareness, legal issues, online counterfeiting, and international cooperation.

The Anti-Counterfeiting Committee has established an international network similar to that of the Patent and Trademark Office. Created in 2018, this network includes countries such as Ivory Coast, Morocco, Italy, the United Arab Emirates, Japan, Lebanon, Portugal, and Brazil, facilitating the exchange of experiences and enhancing visibility regarding anti-counterfeiting initiatives.

In September 2022, the Anti-Counterfeiting Committee and the French Patent Office launched the France Anti-Counterfeiting Program. This initiative aims to develop a comprehensive understanding of counterfeiting in France by bringing together stakeholders from economic, academic, and legal backgrounds. The program has three main objectives: to unite and amplify the voices of all relevant players, to analyze existing data for a complete characterization of the impact of counterfeiting in France, and to propose the creation of new tools to enhance anti-counterfeiting efforts.

Tobacco smuggling In France in 2023

503 Tons of tobacco seized in 2023

compared to 402 Tons in 2021 and 161 tons in 2022

- increase of 8% compared to 2022
- 17 162 custom findings by French Customs
- Action Plan 2023-2025 with 4 priorities ...
- ... with major investments to improve detection of tobacco fraud

CNAC - KEY ACTIONS

- EXCHANGING INFORMATION AND EXPERIENCES
- STRENGTHENING THE JUDICIAL SYSTEM
- MAKE GOVERNMENT PROPOSALS
- RAISING PUBLIC AWARENESS



To enhance public awareness about counterfeiting, two notable initiatives have been implemented in collaboration with UNIFAB. The first is the establishment of a counterfeiting museum in Paris, created in 1952, which showcases approximately 300 counterfeit items within a historic building, illustrating the various actions taken to combat counterfeiting. The second initiative is an annual consumer awareness campaign aimed at educating the public about the risks associated with counterfeiting. In 2024, over 150,000 flyers were distributed to consumers along the Azure Coast, emphasizing the importance of choosing authentic products to protect consumers from counterfeit goods.





FIRESIDE **CHAT**

**Fostering Resilient Economies:
A Fireside Discourse on Anti-Illicit Trade
Strategies**

FIRESIDE CHAT- DAY-2

Mr. Vivek Johri

Former Chairman, Central Board of
Indirect Taxes and Customs



In an increasingly unpredictable world, where illicit trade poses a significant threat to economic stability and societal well-being, strengthening resilience across governments, economies, and societies has become more essential than ever. The ability to recover swiftly from crises and protection from future disruptions is essential for sustaining long-term growth and stability. Recent global programmes have further emphasized the importance of resilience, which hinges largely on the capacity to generate and safeguard vital resources. A direct inverse relationship exists between economic resilience and illicit trade, with numerous touchpoints affecting revenue generation and the overall economy.

Illicit trade significantly undermines economic resilience, particularly through the direct loss of revenue. It takes various forms, including outright smuggling, misdeclaration of goods, and trade mis-invoicing, all of which directly impact government's ability to collect taxes. A 2019 study by Global Financial Integrity, based on 2016 data, estimated that trade mis-

invoicing alone resulted in a revenue loss of approximately \$13 billion for the Indian government. This figure represented 5.5% of the total tax collections during that period. In today's terms, this loss would amount to approximately Rs. 1.5 lakh crore, based on current tax collection figures. The United Nations Conference on Trade and Development (UNCTAD) in a 2016 study estimated that illicit trade accounts for 3% of the global economy, a figure highlighting its

substantial economic toll. As per the FICCI CASCADe study Illicit trade in five key industries caused the Indian exchequer a tax loss of Rs 58,521 crore and resulted in the loss of 1.6 million jobs.

The government has introduced various measures to combat illicit trade, leveraging the efforts of agencies such as Customs, Police, Border Security Force and amongst others. However, the challenge lies in keeping pace with evolving smuggling methods, particularly in the digital space. The growing use of cryptocurrencies and other digital



Building Resilient Economies and Implementing Robust Measures from a Global Initiative against Smuggling and Counterfeiting



payment systems adds a layer of complexity to tracking financial trails associated with illicit trade. Additionally, emerging technologies such as drones pose new risks for smuggling goods across porous borders, while innovations like 3D printing of luxury products further complicate the challenges faced by enforcement agencies.

To address these challenges, Indian authorities are increasingly leveraging data analytics and advanced technology. Agencies are employing data triangulation and self-learning models to identify risks in trade transactions. Tools such as X-ray scanning and AI-powered systems are being used to detect contraband in cargo, though the need for more advanced technology remains there. Advanced solutions like digital forensics have become indispensable for dismantling smuggling syndicates, as they enable authorities to trace criminal networks by extracting and analyzing critical data from electronic devices. This capability not only aids in uncovering hidden operations but also enhances the efficiency of enforcement efforts. Another key aspect of tackling illicit

trade is fostering interagency coordination at both the national and international levels. Mutual administrative assistance agreements between customs authorities have proven effective, particularly in addressing trade mis-invoicing. Sharing information and collaborating across borders are vital to combat the global nature of illicit trade.





PLENARY SESSION 4

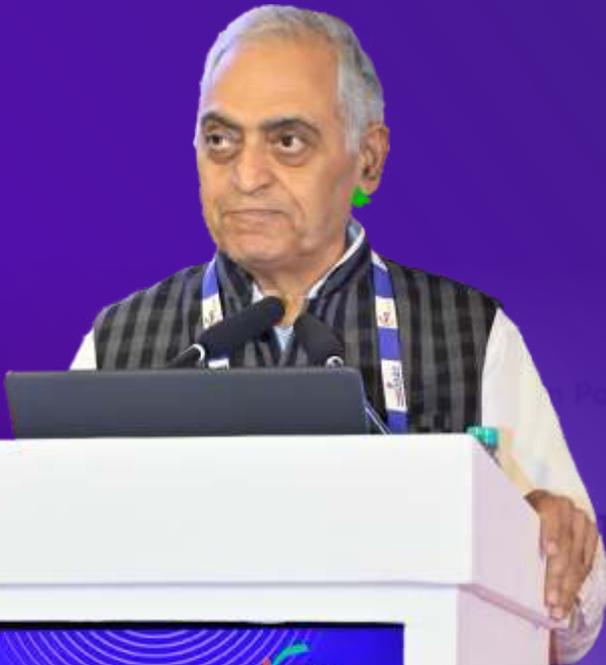
Panel Discussion

**Emerging Tech Frontiers: Challenges
and Opportunities in Countering Illicit
Trade with Growing Technology**

PLENARY SESSION 4

Mr. P K Malhotra

Former Secretary, Ministry of Law & Justice,
Govt. of India and Think Tank Member, FICCI CASCADE



Rapid advancements in technology are having a profound impact on smuggling activities, enabling new methods for evasion and expanding the reach of smugglers across borders. These developments present new challenges for detection and investigation. It is crucial to explore how technologies can be utilized to prevent, detect, and intervene in such crimes. Additionally, it is important to examine the methods used by governments, law enforcement agencies, and private organizations to gather and utilize information during investigations, which raises important questions about data security.

Several advanced technologies are now employed to detect and prevent illicit trade. Artificial intelligence, machine learning, blockchain, and data analytics are instrumental in analyzing vast datasets to identify unusual patterns and suspicious activities. These tools are invaluable for uncovering the hidden trends of illicit trade. Cybersecurity protocols also play a vital role in safeguarding institutions from cyber threats that enable illegal trade. Close collaboration between international intelligence agencies and regulatory bodies is equally essential, with information sharing across borders being key to global efforts against these crimes.

Global cooperation is fundamental to combat smuggling and counterfeiting, with organizations like the World Intellectual Property



Organization (WIPO) at the forefront. WIPO plays a pivotal role in facilitating international dialogue and establishing unified global standards aimed at identifying, disrupting, and deterring illegal trade and terror financing. This collective approach enables law enforcement agencies worldwide to adopt cohesive strategies. WIPO's involvement underscores the significance of aligning international efforts in the fight against illicit trade.

Major policy reforms are being implemented to address counterfeiting and smuggling, with a focus on global standardization. Educating consumers about the importance of purchasing authentic goods is important in reducing demand for counterfeit products. This emphasis on consumer awareness not only curtails demand but also supports broader national and international strategies aimed at enhancing economic stability and national security.

Industries are increasingly adopting innovative

technologies to distinguish genuine goods from counterfeit products. Holograms on product packaging, for example, help ensure authenticity. Improved supply chain and logistics management systems also help in preventing the infiltration of counterfeit products into legitimate markets. Furthermore, technologies such as blockchain and artificial intelligence are being used to track patterns of illicit trade, using data analytics to identify and prevent such activities. These innovations are essential in safeguarding supply chains and protecting consumers from counterfeit goods.

Addressing the global challenges of illicit trade in terms of counterfeiting and smuggling requires a multifaceted approach that leverages technological advancements, strengthens international cooperation, enacts impactful policy reforms, and prioritizes consumer education. Together, these efforts contribute to global economic stability and national security.



PLENARY SESSION 4

Dr. Anju Rathi Rana ILS

Additional Secretary, Ministry of Law and Justice, Government of India

At this juncture in the global landscape, technological advancements are reshaping the world. Illicit trade spans a wide range of activities, including drug trafficking, weapons smuggling, counterfeiting, and human trafficking. According to the United Nations, these activities account for over 5% of global GDP—an alarming statistic that calls for immediate action. Moreover, this

surge in criminal activities is increasingly facilitated by emerging technologies such as cryptocurrencies, the dark web, and sophisticated communication platforms, which enable illicit networks to operate with greater anonymity.

The Indian government has implemented several measures to combat illicit trade through various legislations aimed at curbing illegal activities. The introduction of the Goods and Services Tax Act in 2017 marked a significant step toward creating a unified tax structure and streamlining the taxation process for goods and services. The act enforces strict legal provisions and promotes transparency, which have been instrumental in combating illicit trade. Notably, Section 16 mandates that input tax credits can only be claimed on goods or services supported by valid tax invoices and proper documentation, effectively curbing fraudulent invoicing—a common tool in illicit trade. Furthermore, Section 68 requires that goods transported above a certain value be accompanied by electronic documentation. Sections 122 and 132 introduce stringent penalties, including imprisonment, for offenses related to fraudulent tax evasion or wrongful utilization of input tax credits.

Another important legislative measure is the Prevention of Money Laundering Act (PMLA), which aims to prevent and combat illicit trade by addressing money laundering activities that often fund illegal businesses. Under this act, offenders may face rigorous imprisonment ranging from 3 to 10 years, depending on



the severity of the crime, such as drug trafficking under the Narcotic Drugs and Psychotropic Substances Act.

The Customs Act regulates the import and export of goods, establishing a legal framework for customs operations such as inspections and assessments. This act plays a vital role in preventing smuggling and the entry of counterfeit goods by empowering customs officials to seize illegal shipments and impose penalties. The Consumer Protection Act seeks to protect consumers from unfair trade practices, including counterfeit and substandard goods. The act provides avenues for consumers to seek redressal and compensation for losses incurred due to the purchase of illicit products.

India must adopt a comprehensive set of strategies to address the complexities of illicit trade effectively. Each strategy should focus on enhancing the legal framework, leveraging technology, promoting collaboration, and fostering public awareness. Establishing dedicated units within existing law enforcement agencies will streamline responses to illicit trade, focusing on training personnel in trade regulations and emerging technologies. Additionally, inter-agency coordination among regulatory bodies, including customs and consumer protection agencies, is necessary. Implementing joint task forces can facilitate information sharing and coordinated actions against illicit trade.

Regular updates to Indian legislation are essential to specifically address online trading issue, defining terms related to cybercrime, e-commerce fraud, and digital counterfeiting. Stricter penalties, including significant fines and longer prison sentences, should reflect the severity of online offences. Expanding the scope of the Consumer Protection Act to include specific provisions for e-commerce and online sales will better protect consumers in the digital marketplace. Establishing fast-tracks courts with judges specialized in trade regulations will expedite judicial processes, reduce case backlogs, and provide quicker justice for victims. Awareness education campaigns, uniform legislation, and international cooperation is the need of hour to combat illicit trade, ensuring public safety and protecting human rights.

India should actively seek bilateral agreements with other countries focused on information sharing, joint investigations, and coordinated enforcement efforts. Such agreements can facilitate the exchange of intelligence on trends in illicit trade and successful enforcement strategies. Furthermore, engaging in international dialogues organized by entities such as the World Customs Organization and the United Nations Office on Drugs and Crime will help stay abreast of global threats and best practices. Active participation will contribute in shaping international policies on trade regulation and enforcement, aligning domestic strategies with global standards.



PLENARY SESSION 4

Mr. Samer Al Tarawneh

Legal Counsellor, Building Respect for IP Division,
World Intellectual Property Organization (WIPO)



Illicit trade, including counterfeiting and smuggling, undermines legitimate businesses, affects economies, and poses health and safety risks to consumers. WIPO addresses this challenge by facilitating international cooperation, offering technical assistance, and providing a legal framework to strengthen enforcement across borders. One of the substantial ways WIPO contributes to this global effort is through initiatives like the WIPO ALERT platform. This tool enables customs authorities to share and access information about counterfeit goods, making it easier for them to identify and intercept illicit shipments. By enhancing international cooperation and streamlining communication between customs and law enforcement agencies, WIPO helps to prevent the movement of counterfeit and smuggled goods across borders. This approach allows for a more effective and timely response to the growing threat of illicit trade, while also supporting the broader goal of protecting consumers from potentially dangerous products.

Furthermore, WIPO emphasizes the importance of raising awareness about the consequences of counterfeiting and smuggling on both a local and global scale. Through its outreach programs and collaborations with industry stakeholders, WIPO works to educate businesses, consumers, and governments about the risks associ-

ated with counterfeit goods. By strengthening the public-private sector partnership and encouraging greater compliance with existing systems, WIPO aims to create a more secure and sustainable environment for enforcement worldwide.

Building on the success of WIPO ALERT, which has been instrumental in helping customs authorities to identify counterfeit goods, WIPO is now advancing the development of WIPO ALERT Pay. This new initiative focuses on combating the illicit online trade of counterfeit goods by establishing voluntary cooperation with payment processors. WIPO ALERT Pay aims to disrupt the financial networks that facilitate the sale of counterfeit products,

helping to prevent illicit goods from reaching consumers and safeguarding legitimate businesses. By facilitating the exchange of information between right holders, such as brand owners, and payment processors, this initiative enhances the capacity to track and halt transactions involving counterfeit goods before they are completed. This effort directly addresses the growing challenge of online illicit trade, which has become increasingly prevalent in the digital age, by targeting one of its key enablers: online payment systems. WIPO's expanded focus on e-commerce helps close the gaps in enforcement, while reducing the economic impact of counterfeit trade globally.



PLENARY SESSION 4

Dr. Gulshan Rai

Former National Cyber Security Coordinator &
Former DG, CERT-In

Illicit trade is increasingly driven by technology across its four key components: the goods, money transfer, e-commerce transactions, and physical delivery. These components are interconnected, with illicit actors leveraging emerging technologies to facilitate the illegal flow of goods. The first component of illicit trade is the counterfeit goods, which span a wide variety of sectors, from luxury items to pharmaceuticals. The second key aspect is the evolution of money transfer, which has been significantly influenced by technological advancements. Today, both the movement of goods and funds can be facilitated through

electronic means, yet the delivery of physical goods remains essential. The third component is the ability to place orders through e-commerce platforms, enabling seamless transactions via mobile devices. However, despite these digital advancements, the final step-last-mile delivery-still requires physical handling. The fourth aspect involves the human workforce, which remains crucial in executing these illicit transactions. Together, these components highlight the central role of technology in driving the complex and multi-faceted nature of illicit trade.

Among these components, money transfer stands out as the most significant. The rise of multifaceted technologies, including artificial intelligence, machine learning, and quantum computing, has transformed the landscape of money transfer. These technologies, while not inherently designed for illicit purposes, can be employed to obscure transactions and facilitate illicit trade, creating challenges for regulatory authorities. Estimates suggest that illicit trade constitutes approximately 3% to 6% of total global trade, underscoring the need to address money transfer mechanisms effectively. A notable method used for money transfer in illicit trade is crypto currency, which emerged in response to regulatory issues in the U.S. banking system around 2009. Today, there are over 10,000 crypto currencies globally, with significant implications for financial transactions, and understanding the difference between crypto currencies and virtual currencies is imperative.



The cryptocurrency landscape is characterized by two main categories: coins (such as Bitcoin and Ether) and tokens. The underlying technologies supporting cryptocurrencies include artificial intelligence, blockchain, and encryption. Blockchain technology plays a pivotal role in authenticating and authorizing transactions, functioning as an open ledger where each block independently verifies transactions. While traditional banking systems maintain the privacy of transaction amounts, blockchain technology enables transparency regarding the amounts transferred, although the identities of the parties involved remain concealed. The market capitalization of cryptocurrencies is approximately \$24 trillion, with daily transaction volumes exceeding several trillion dollars. However, the expansive and opaque nature of cryptocurrency poses significant challenges in tracing illicit financial flows, particularly as most cryptocurrency exchanges operate outside India.

The delivery systems associated with illicit trade are evolving, with technologies like drones emerging as key players. While drones were effectively utilized during the COVID-19 pandemic for vaccine delivery, their use in illicit trade raises concerns. Current systems lack proper identification for drones crossing borders or state lines, making it difficult to

ascertain their origins. To enhance monitoring, a unique identification system for drones is proposed, enabling authorities to track and identify drones as they approach sensitive areas. This approach could significantly improve law enforcement capabilities in intercepting illicit deliveries. The interconnected nature of cross-border illicit trade necessitates innovative technological solutions. By leveraging the unique identifiers associated with crypto currency transactions, law enforcement can create visual maps to track and monitor financial flows. This method could help identify parties involved in illicit activities and their connections, ultimately aiding in the prosecution of offenders.

International collaboration is necessary for addressing the cross-border nature of illicit trade. Establishing a clear framework for international cooperation is necessary to facilitate data sharing among law enforcement agencies across borders. As illicit trade continues to evolve, it is imperative to develop appropriate technological platforms and engage in capacity building to enhance the efficacy of law enforcement efforts. A joint mechanism involving experts from various fields is essential to devise solutions that can effectively counter the challenges posed by emerging technologies in the realm of illicit trade.



PLENARY SESSION 4

Dr. Siang Hee TAN
Executive Director, CropLife



The agricultural sector faces significant challenges related to the distribution of illicit pesticides, which threaten global food security and public health and safety. With an annual investment of \$10-\$12 billion in bringing technology to the marketplace, the plant science industry plays an important role in ensuring farmers across the world, including India, have access to genuine products. The consequences of using illegal pesticides include crop failures, food safety issues, and wider implications for national security. The impact of organized crime in this sector, particularly through the illegal trade of pesticides, has been recognized globally, making international collaboration essential.

Illicit pesticides represent approximately 15% of the global trade in agricultural chemicals, underscoring the magnitude of the problem. This illegal trade has been linked to organized crime, making it a recognized international concern. Joint operations by the European Union, Europol, and other international agencies have led to the seizure of 2,000 tonnes of illegal pesticides between 2015 and 2023, with 21 suspects apprehended. To put this into perspective, a single seizure of 2,000 tonnes of illegal pesticides is enough to spray the entire agricultural area of Uttar Pradesh, which spans 243,000 square kilo-

metres. These illegal chemicals, if used, have the potential to severely impact India's food security, affecting not only crop production but also the safety and stability of the supply chain.

The rise of e-commerce has introduced new challenges, particularly in the sale of illegal and dangerous chemicals, including pesticides. During the COVID-19 pandemic, e-commerce became a dominant sales channel, allowing individuals to purchase products online. However, this ease of access also enabled the proliferation of unregulated and dangerous products on platforms such as India Mart. Unlike in regulated markets, where every pesticide is registered under relevant laws like The Insecticides Act, 1968, e-commerce platforms in India often bypass these regulations. This creates significant risks, as individuals may unknowingly purchase harmful substances without proper labelling

or registration.

In countries such as Australia, platforms like Amazon ensure that all products, including pesticides, are properly registered and labelled under the respective authorities. In contrast, on platforms like India Mart, consumers can purchase hazardous chemicals that resemble everyday items like food powders, without any adherence to national regulations. For example, chemicals available in small, unmarked packets could be misinterpreted for sugar or cooking ingredients, posing a major risk to consumers. While traditional shopkeepers are required to register with the Indian government's pesticide board, no such compliance is enforced for online sellers, creating a dangerous regulatory gap.

Several global organizations, including the United States Patent and Trademark Office (USPTO), European Union Intellectual Property Office (EUIPO), and Food and Drug





Administration (FDA), are working together to tackle the illegal pesticide trade. Additionally, advancements in artificial intelligence offer promising solutions for identifying and tracing illegal products online. AI-powered image recognition systems can scan e-commerce platforms to detect unregistered or hazardous chemicals and track the activity of sellers across multiple domains. Investigations have revealed that vendors often use multiple aliases to sell the same illegal products on various platforms, further complicating efforts to regulate this trade. For instance, a single seller might have hundreds of listings under different names, enabling the distribution of dangerous chemicals on a large scale.

The growing problem of illicit pesticides and unregulated e-commerce is a global issue with far-reaching consequences for food security and public safety. The availability of hazardous chemicals online and the lack of uniform regulation across platforms demand urgent attention. Governments and international bodies must collaborate to bring e-commerce platforms into compliance with national laws, ensuring that products sold online are safe and properly registered. The use of AI and other technological tools will be instrumental in managing the scale of this issue and protecting consumers from the dangers of illicit pesticides.



PLENARY SESSION 5

Panel Discussion

**Analyzing Threats and Strategizing
Response: Defending Borders Against
Organized Illicit Activities**

PLENARY SESSION 5

Mr. Robin Gupta

Joint Director, Directorate of Enforcement



The integrity of global supply chain is crucial for international trade, yet these systems remain vulnerable, particularly when decentralized and reliant on third-party contractors. Such vulnerabilities create pathways for smugglers to infiltrate the system, posing significant risks to trade security and economic stability. The involvement of third-party contractors in decentralized supply chains often creates loopholes that illicit actors can exploit. A recurrent issue in India is the use of forged documents in both import and export processes. Investigations have revealed a frequent occurrence of forged seals and letterheads, complicating the task of authenticating transactions. Customs authorities face considerable challenges in identifying such forgeries during inspections, primarily due to limited resources and the complexity of trade operations. This situation highlights the urgent need for enhanced tracking and verification systems to safeguard the integrity of global supply chains.

Compounding these vulnerabilities are free trade zones, which are designed to facilitate seamless trade by minimizing customs restrictions. However, these zones have unintentionally become hotspots for illicit activities. A prominent case in India involved a trade-based money laundering scheme valued at ₹8,000 crore, in which the same goods were repeatedly imported and exported, often with inflated values. The fraudulent documents, including invoices and packing lists, were entirely fabricated. This case underscores the susceptibility

of free trade zones to such activities and emphasizes the necessity for stricter oversight while maintaining a balance that does not impede legitimate trade. A risk-based approach to customs enforcement could effectively mitigate these threats while preserving the advantages of free trade zones.

In this framework, the Enforcement Directorate (ED) is instrumental in prosecuting offenses related to smuggling, especially those associated with money laundering. Activities linked to smuggling frequently activate scheduled offenses under the Prevention of Money Laundering Act (PMLA), necessitating coordinated responses from law enforcement agencies, including customs, police, and the Directorate of Revenue Intelligence (DRI). The ED has been instrumental in investigating cases involving the smuggling of red sanders, drugs, gold, and other valuable commodities. By tracing illicit financial flows, or proceeds of crime, the ED has successfully prosecuted numerous offenders. Publicizing these actions through press releases and media engage-

ment creates a deterrent effect, while capacity-building initiatives, including training programs for law enforcement officers, enhance the ability to combat smuggling across national and international borders.

Following the money trail emerges as a critical strategy in dismantling smuggling networks, as financial gain serves as the primary motive behind these crimes. The Financial Intelligence Unit (FIU), established under the PMLA, plays a pivotal role in tracking illicit funds. Financial institutions are required to report suspicious transactions to the FIU, which subsequently disseminates intelligence to enforcement agencies. The coordination between the FIU and agencies like the ED has proven highly effective in tracing laundered funds and bringing smugglers to justice. Active collaboration among these institutions is essential for ensuring continued success in combating money laundering and smuggling activities.

The rapid growth of e-commerce has introduced new challenges in regulating illicit trade. The sale of hazardous chemicals and counter-



feit products through online platforms has surged, particularly following the COVID-19 pandemic. Although regulatory frameworks such as the PMB 1964 govern the sale of pesticides and chemicals in India, many e-commerce platforms operate outside these regulations, posing significant risks to public health and safety. For instance, chemicals sold online often lack proper labelling and registration, making it difficult to differentiate between legitimate and dangerous products. Advanced technologies, such as artificial intelligence for image recognition, are being employed to track illegal products across e-commerce platforms. However, stricter enforcement and real-time monitoring are necessary to ensure compliance with national regulations in online trade.

Addressing the issue of smuggling necessitates concerted efforts from both public and private sectors. Government agencies must share real-time information on smuggling routes, networks, and methods with relevant stakeholders. Concurrently, private companies, particularly those involved in logistics, should invest in anti-money laundering systems and promptly report suspicious activities. Joint capacity-building programs that involve both sectors in training on identifying counterfeit

goods and understanding smuggling techniques are essential. Workshops on Intellectual Property Rights (IPR), for example, enhance customs officials' ability to distinguish between genuine and counterfeit products, which has become increasingly challenging in today's market. The private sector's active participation in providing training and support will strengthen enforcement capabilities and reduce the prevalence of illicit trade.

Overall, vulnerabilities in supply chains, particularly the use of forged documents and the exploitation of free trade zones, pose significant risks to global trade and economic stability. Smuggling networks continue to take advantage of these weaknesses, often driven by financial motives. However, through enhanced collaboration among enforcement agencies, private industry, and regulatory bodies, these threats can be effectively countered. A comprehensive approach that balances trade facilitation with stringent security measures is essential to protect supply chains and the broader economy from the harmful effects of smuggling. The integration of advanced technologies and continuous capacity-building initiatives will further bolster efforts to maintain secure and resilient supply chains.



PLENARY SESSION 5

Mr. Jaspal Singh

Special Commissioner of Police, Protective Security, Delhi

The Indian Penal Code, enacted in 1861, marked the beginning of formal legislation addressing offenses such as counterfeiting and smuggling. Despite over 150 years of enforcement, these issues remain prevalent in 2024, underscoring the limited progress made in combating them. Counterfeiting and smuggling cannot be entirely eradicated, they can only be minimized and controlled. The origins of smuggling often stem from tax impositions, prompting individuals to seek ways to bypass financial obligations. Additionally, state-imposed restrictions and quotas designed to achieve economic or political objectives fuel these illegal activities. Historical examples, such as the prohibition era

in the United States during the 1930s, illustrate how state policies can inadvertently create incentives for smuggling and counterfeiting.

In India, the state of Goa exemplifies these challenges, serving as a particularly vulnerable area due to its coastal boundaries shared with Karnataka and Maharashtra. The state's geographical position, combined with significant trucking movements and economic disparities in excise duties, makes it an attractive target for smugglers. To combat this issue, Goa established a robust Coastal Security Unit that operates up to five nautical miles from the high tide line. This unit has made strides in addressing illegal landings and contraband smuggling by identifying unauthorized jetties and landing points. While these initiatives have yielded positive results, the Goa Police often prioritize violent offenses, leaving counterfeiting and smuggling with lower precedence. To enhance police effectiveness, educational programs involving experts in trademark and copyright laws have been introduced, improving awareness among law enforcement personnel.

The increasing prevalence of online trade has exacerbated the issue of counterfeit products. In educated societies such as Goa, consumers are becoming more discerning and quick to report discrepancies between ordered and received items. Recent reports have highlighted the circulation of spurious drugs, revealing the continued presence of counterfeit products in the market. This situation calls for vigilant regulation of online trade to safeguard consumer safety and maintain product integrity.

To address the growing threat of counterfeit-



ing, training programs have been developed for police officers to educate them on the implications of these illegal activities. Collaboration with trade associations is essential to facilitate knowledge transfer and enhance the skill sets of law enforcement personnel. This approach aims to improve officers' ability to recognize and effectively address issues related to smuggling and counterfeiting.

A robust legal framework is crucial for effectively combating counterfeiting and smuggling. The implementation of new laws mandating the collection of forensic evidence will improve investigations and contribute to higher conviction rates. Ensuring certainty of punishment through professional investigations serves as a powerful deterrent against offenders. Initiatives such as videography of evidence and clear guidelines for the chain of custody represent significant steps forward in enforcement against smuggling and counterfeiting.

In light of security concerns that emerged after 9/11 Attack, container security has become a critical focus area. Containers have been exploited for smuggling a variety of contraband, including weapons and drugs. While Goa's port operations may not heavily rely on containerization, regions like Gujarat and Mumbai experience significant container

traffic, necessitating stringent security measures. Regular checks at interstate borders and ports to identify concealed contraband are essential for preventing smuggling activities.

Effective coordination between law enforcement and business representatives is vital in combating smuggling and counterfeiting. Companies are encouraged to collaborate with law enforcement agencies to facilitate information sharing and collective action against counterfeit products. Proactive engagement with industry stakeholders enhances the efficacy of law enforcement efforts and reinforces the message that counterfeiting and smuggling will not be tolerated.

The challenges posed by illicit trade in India are complex and require a comprehensive approach. Enhancing awareness among law enforcement agencies, improving training programs, and fostering collaboration between authorities and businesses are essential steps toward addressing these issues. Strengthening the legal framework and ensuring certainty of punishment will significantly contribute to minimizing these illegal activities. As geopolitical factors continue to influence economic conditions, vigilance in trade practices and law enforcement remains crucial in protecting product integrity and ensuring economic stability in the country.



PLENARY SESSION 5

Mr. Ayush Mani Tiwari

Inspector General, Border Security Force

The Border Security Force (BSF) was established in the aftermath of the Indo-Pakistan war of 1965, marking a pivotal shift in border management, which had previously relied on state armed police. Initially formed with 25 battalions, the BSF has now expanded to a formidable force of 193 battalions, comprising approximately 265,000 personnel, including Mahila Praharis. The Border Security Force (BSF) functions under two primary roles. The first is a peacetime mandate aimed at upholding the integrity of India's borders. The second is a wartime role that is activated during conflicts. The primary responsibilities of the BSF include preventing trans-border crimes, ensuring the security of

the border population, and curbing unauthorized migration into and out of India.

Since its inception, the BSF has made vital contributions to India's security and historical events. Notably, it played a crucial role in assisting the Mukti Bahini during the liberation of Bangladesh in 1971. Furthermore, the BSF has been instrumental in combating terrorism in Punjab and Kashmir, sacrificing the lives of 900 personnel in Punjab and around 1,280 in Kashmir. The dedication and bravery of BSF personnel have been paramount in maintaining national security and stability in these regions.

The challenges faced by the BSF are immense, especially given India's extensive borders with neighbouring countries that have historically been hostile. The border with Pakistan spans over 2,300 kilometres while the Indo-Bangladesh border extends approximately 4,096 kilometres. A significant portion of the Indo-Bangladesh border remains unfenced, with about 800 kilometres identified as porous, facilitating illegal activities. The demographic similarities and socio-economic conditions of the populations on both sides of the border exacerbate these challenges, complicating enforcement efforts and increasing the risk of cross-border crimes.

On the western front, the primary challenges include the smuggling of heroin, arms, and counterfeit currency. Recently, the use of drone technology has intensified these issues, with narcotics and weapons being transported via drones. The BSF has made significant strides in counteracting this threat through the installation of anti-drone systems. On the eastern border with Bangladesh, illegal immigration



presents a pressing concern as it directly impacts job availability for Indian citizens. Additionally, smuggling activities include the transit of gold, although a recent reduction in import duties has somewhat diminished this illicit trade.

Each day presents unique challenges for BSF personnel, ranging from threats of militant attacks in Jammu and Kashmir to violent confrontations with smugglers on the Indo-Bangladesh border. The nature of engagement differs significantly between the two borders, necessitating the use of non-lethal measures on the Bangladesh front to prevent escalation in bilateral tensions. Incidents of cattle smuggling and violent confrontations have led to injuries among BSF personnel, underscoring the delicate balance required in operations along these borders.

In response to evolving threats, the BSF has increasingly embraced technology to enhance border security. The establishment of floating border outposts in vulnerable areas, such as the Sundarbans, allows for greater surveillance and rapid response capabilities. Smart fencing and electronic surveillance systems, including AI-enabled cameras, have been implemented to provide real-time feedback on border activities. The successful installation of anti-drone systems has significantly mitigated the risks associated with aerial smuggling

attempts, showcasing the BSF's commitment to leveraging technology for operational effectiveness.

Addressing the challenges posed by smuggling, particularly counterfeit goods, requires a comprehensive approach that includes heightened awareness and training for enforcement agencies. Optimizing collaboration between various security forces is essential to ensure effective responses to smuggling activities. Additionally, continuous monitoring and adaptation to changing trends in smuggling are critical as the focus of illegal activities can shift rapidly from one commodity to another. Sustained inter-agency cooperation and intelligence sharing will play a vital role in establishing a unified front against border-related crimes.

The Border Security Force stands as a critical pillar of national security in a complex geopolitical landscape. While the BSF takes pride in its achievements, including the reduction of cattle smuggling and the adoption of advanced technology, complacency must be avoided. On-going vigilance and adaptability are essential in addressing the evolving threats posed by illicit activities along India's borders. Collaboration between various agencies, the adoption of innovative technologies, and sustained efforts to engage local populations will be crucial in enhancing border security and ensuring the safety and stability of the nation.



PLENARY SESSION 5

Ms. Pooja Jain

Senior Anchor, ET Now



Counterfeit goods, smuggling, and illicit trade pose significant threats to a nation's economy and security, directly impacting its human capital. Addressing these challenges is essential for the welfare of the nation. Despite ongoing efforts to combat illicit trade, substantial barriers persist, necessitating more robust policy reforms and enforcement measures. Evaluating successful initiatives from enforcement agencies reveals valuable insights into effective strategies, showcasing enhanced inter-agency collaboration, improved training, and the use of advanced technology.

In India, challenges such as porous borders and a high demand for counterfeit goods complicate the fight against illicit trade. While some of these issues may be unique to the Indian context, many align with global concerns, indicating that solutions must blend local innovations with international best practices. Countries that have successfully managed illicit trade often implement comprehensive border control measures and public-private partnerships. By adopting these strategies, India can build a more effective framework for addressing the complexities of illicit trade.

Combating illicit trade is a shared responsibility that extends beyond enforcement agencies to include private

citizens. Public awareness campaigns can empower individuals to recognize and report suspicious activities, fostering a culture of compliance within communities. Additionally, leveraging financial intelligence to track illicit funds is crucial for intercepting illegal trade activities before they materialize. Empowering financial intelligence units with the necessary skills can illuminate the financial networks that facilitate illicit trade, ultimately supporting government revenue collection and local economic stability.

The fight against illicit trade requires a multifaceted approach that incorporates successful policy initiatives and collaborative efforts while addressing demand dynamics. Recognizing past achievements is vital for motivating continued action and ensuring the security of national interests. By leveraging global best practices and fostering public engagement, India can significantly enhance its strategies to combat illicit trade and safeguard its economic resilience.





PLENARY SESSION 6

Panel Discussion

**Driving Change: Industry Leadership
in Anti-Counterfeiting and Anti-
Smuggling Initiatives**

PLENARY SESSION 5

Mr. Hem Kumar Pande

Former Secretary, Dept. of Consumer Affairs,
Govt and Think Tank Member, FICCI CASCAD



The illicit market poses a significant challenge to the global economy, representing approximately 3.5% of Global GDP, with estimates of its size growing from \$3 trillion to \$5 trillion—an amount comparable to the size of India's economy. This expansion raises questions regarding the responsibility for combating illicit trade. Is the issue primarily driven by consumer demand, or does it stem from the supply side, including manufacturers and e-commerce platforms? Understanding these dynamics is essential in developing effective strategies to address the growing problem of illicit trade.

Determining whether the illicit trade issue is a problem on the demand side or supply side is important. While consumers play a role in driving demand for lower-priced goods, the responsibility extends beyond individual choices. The supply side includes manufacturers and service providers, along with e-commerce platforms that facilitate the sale of these products. The convenience and accessibility of e-commerce have contributed to the proliferation of illegal goods, raising concerns about the accountability of major platforms such as Amazon and smaller marketplaces.

High taxation and irrational tax regimes may drive the proliferation of counterfeit goods. However, India possesses one of the best legal and policy frameworks for regulating trade. The persistence of illicit markets indicates that issues may lie in the implementation and enforcement of existing laws. Evaluating the

transparency of current processes is essential for instilling confidence among stakeholders and ensuring that enforcement mechanisms effectively address the challenges of illicit trade.

The government of India's campaign, "Jago Grahak Jago," emphasizes the importance of consumer awareness in combating illicit trade. However, placing the onus solely on consumers is insufficient. Urban consumers are becoming increasingly aware of their rights and are seeking value for their purchases, yet accountability must also extend to sellers and e-commerce companies. Consumers possess essential rights, including the right to information, education, and redressal. Despite e-commerce platforms capacity to listen to consumer grievances, there is often a lack of effective redressal mechanisms. The three-tier grievance redressal system, comprising the national, state, and district commissions, has underperformed, failing to adequately address consumer concerns.

Businesses and brands have a vital role in ensuring that their distributors adhere to

ethical practices. It is imperative for companies to monitor their supply chains closely and act against non-compliant distributors, blacklisting the offenders whenever necessary. Major brands must proactively address any illicit practices within their distribution networks. Even if a company blacklists one distributor, the potential for that distributor to shift to another company poses an ongoing challenge in combating illicit trade.

The complexities surrounding illicit trade necessitate a multi-faceted approach that addresses both demand and supply sides. High taxation, regulatory gaps, and inadequate enforcement mechanisms contribute to the persistence of illicit markets. E-commerce platforms must prioritize transparency and compliance with national regulations, while businesses must take proactive measures to ensure their distributors adhere to ethical practices. Combating illicit trade requires a collective effort involving consumers, businesses, and regulatory bodies working together to foster a safer and more equitable marketplace.



PLENARY SESSION 6

Mr. Devraj Lahiri

Divisional Chief Executive, ITD, ITC Ltd.

The outlawed tobacco trade in India presents a significant challenge to public health, government revenue, and economic sovereignty. Current estimates indicate that only 9% of all tobacco products consumed in the country consist of legal cigarettes. Alarming, one in every four cigarettes manufactured in India is illicit, primarily smuggled from external sources. Approximately 50% of these illegal cigarettes originate from the northeastern border with Myanmar, while over 20% are smuggled through ports in Dubai. Additionally, domestic production of illicit cigarettes, which are tax-evasive, further complicates the issue.

Several factors contribute to the rise of illicit cigarettes in India. A primary driver is the excessive taxation imposed on tobacco products between 2010 and 2017, which created substantial arbitrage opportunities. The relatively easy transport of cigarettes makes them an attractive target for smugglers, offering a powerful incentive to bypass legal channels. Despite collaborative efforts with enforcement authorities, it remains challenging to combat this issue effectively, as only an estimated 10-15% of illicit products are intercepted, leaving 85-90% to permeate the market. There is a well-established correlation between high taxation and the propensity for smuggling, underscoring the need for a balanced approach to taxation.



Key Drivers and Impact of Illicit Trade..

The Key Drivers :

- Substantial Financial Benefit.
- Low chances of discovered and Prosecuted
- Weak Legal & Regulatory framework
- Weak Enforcement

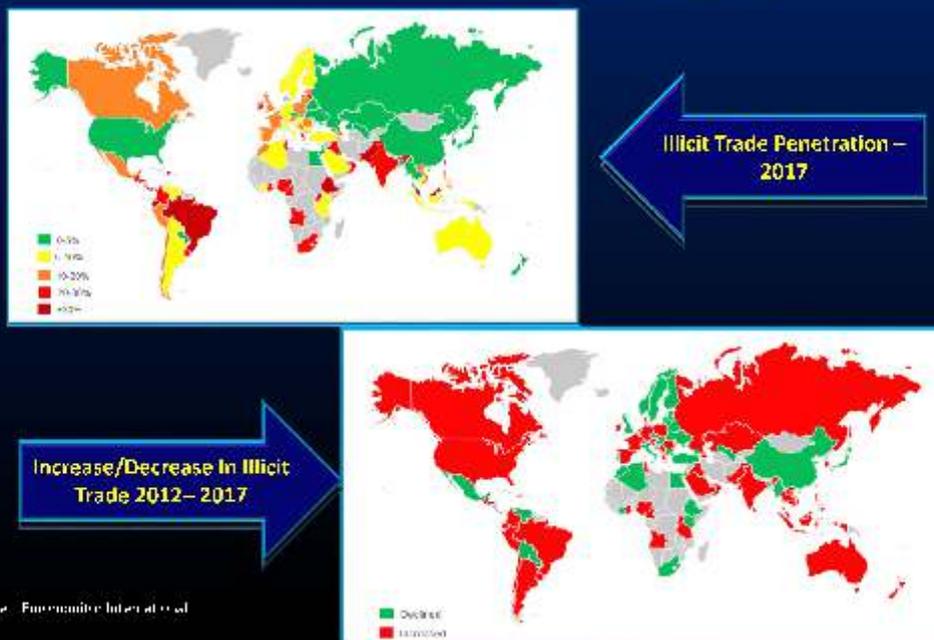
It Undermines :

- Sustainability of legitimate actors by
 - Reducing Profitability
 - Increasing cost of monitoring, compliance and insurances
 - Causing reputational damage
- Socioeconomic welfare of communities

It Deprives :

- Government of much needed revenue
- **Fuels** Corruption and terrorism.
- **Causes** Environmental damage
- **Threat** to public health

Illicit Trade Penetration And Growth



Source: Euromonitor International

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The consequences of the illicit tobacco trade are multifaceted, impacting both public health and the economy. With only 9% of tobacco consumption represented by legal cigarettes, the government's health objectives are undermined, as consumers resort to unregulated tobacco products. Furthermore, the estimated annual revenue loss for the

government due to this trade exceeds Rs. 20,000 crores, representing a significant financial drain. The economic sovereignty of the nation is also compromised, as the capacity to generate resources is diminished. The infiltration of illegal products has potential links to the funding of terror groups and the establishment of a parallel economy,

posing a grave threat to national security.

To combat the trade of illicit tobacco, robust collaboration with enforcement agencies is required. Despite the diligence of these authorities, challenges persist, particularly in enforcing laws against domestic illicit manufacturers. While there have been successful seizures of illicit products, the enforcement process can be hampered by delays in prosecution and limited resources, especially in rural areas where illegal manufacturing often occurs. The lack of adequate identification of illicit products further complicates enforcement efforts, as many are available in local markets without health warnings, leading to increased consumer acceptance.

To address these challenges, the industry has undertaken initiatives to sensitize relevant authorities and enforcement agencies. Training sessions have been conducted with law enforcement personnel, including workshops at the police training academy. These efforts aim to enhance the identification of

illicit products and strengthen collaborative enforcement actions. However, the focus must remain on both identifying illegal products and ensuring robust enforcement of existing laws. There is a dire need for sensible taxation policies that do not inadvertently fuel the illicit market while ensuring compliance with national regulations.

In conclusion, the illicit tobacco trade in India poses significant challenges to public health, government revenue, and the nation's economic integrity. The interplay of excessive taxation, smuggling networks, and domestic production of illicit products requires immediate attention from policymakers and enforcement agencies. Addressing this issue necessitates a comprehensive approach that includes effective enforcement, public-private partnerships, and strategic tax policies. Continued collaboration with enforcement authorities is required in curbing the flow of illicit tobacco products and safeguarding the health and economic well-being of the nation.



PLENARY SESSION 6

Mr. Anuj Bedi

Senior Counsel Brand Protection Indian Sub-Continent and Middle East, Puma Sports India Pvt Ltd.

The battle against counterfeiting represents a persistent and complex challenge for brand owners, necessitating unwavering commitment to safeguard the product integrity. Counterfeit activities not only threaten brand reputation but also pose broader societal risks. Continuous vigilance and proactive strategies are needed in addressing this enduring issue.

Counterfeiting poses significant threats that go beyond brand integrity and consumer trust, affecting society. A striking operation in South Africa revealed a case of counterfeit footwear during an investigation. Authorities uncovered a warehouse containing approximately 3,00,000 fake shoes imported from some other country. The situation became even more alarming when the investigation exposed links between the counterfeiters and extremist groups, including ISIS. This troubling connection highlighted how counterfeiting not only fuels illegal trade but also poses severe societal risks. Such incidents emphasize the pressing need for proactive measures to combat counterfeiting and reinforce the importance of a united effort from all stakeholders.

Brands that resonate with consumers, such as Puma, frequently become targets for counterfeiters due to their high demand and potential for profit. Counterfeiters exploit consumer loyalty by offering products at significantly

lower prices, making them more appealing to unwary customers. In response, brands must implement robust security measures across their product lines to protect their market integrity. Puma, for example, has integrated consistent security features across all products globally, ensuring that regardless of purchase location, consumers can recognize the authenticity of their products.



Consumer awareness plays a significant role in combating counterfeiting. Pricing often serves as a key indicator, with consumers recognizing that products priced significantly below retail price are likely to be counterfeit. Many consumers understand that opting for cheaper alternatives often means purchasing counterfeit goods. However, challenges persist when counterfeiters operate through unauthorized sellers who mix genuine and counterfeit products. When such cases come to light, brands actively take legal action to safeguard their customers and protect market integrity.

Collaboration with e-commerce platforms is needed in the fight against counterfeiting. Platforms like Amazon have implemented effective measures to address counterfeit sales, but others lag behind in their efforts. A proposed solution involves e-commerce websites forming an association to share best practices and establish uniform approaches for combating counterfeit listings. Such cooperation could strengthen consumer protection and enhance brand trust across the online marketplace. Yet, counterfeiters often evade detection by initially listing unbranded products before switching to counterfeits, complicating enforcement for e-commerce platforms.

Counterfeiters are highly adaptive, frequently rebranding or employing various tactics to avoid detection. They often register under generic categories, making it difficult for marketplaces to identify them as counterfeit sellers. This adaptability creates significant challenges for brands striving to safeguard their brand protection rights. Despite these obstacles, brands remain vigilant, consistently monitoring and removing counterfeit listings, demonstrating their commitment to combat this persistent issue.

The fight against counterfeiting is a long-term battle requiring continuous vigilance and collaboration across industries. Brands must stay proactive by implementing robust security measures and educating consumers about the dangers of counterfeit products. Strengthening partnerships with e-commerce platforms to establish more effective regulatory practices is essential for advancing these efforts. Recognizing the broader societal impact of counterfeiting is equally important, as its consequences extend beyond individual brands to create far-reaching social challenges. As this ongoing struggle continues, collective action will be needed to preserve marketplace integrity and ensure consumer safety.



PLENARY SESSION 6

Mr. Sumit Kapoor

Brand Protection Strategic Partnership Manager Amazon APAC

Amazon, as a leading global e-commerce platform, places immense value on customer trust, recognizing it as the foundation of its success. In a marketplace where millions of transactions take place daily, protecting the integrity of the platform is required. The company has developed robust policies and strategies to ensure a secure and reliable environment for both consumers and brands. These initiatives focus on curbing counterfeiting and ensuring the authenticity of products sold on the platform.

To safeguard its marketplace from counterfeit and infringing products, a series of robust proactive controls have been implemented. These measures are designed to detect potential violations before products are even listed, ensuring that only legitimate goods reach

consumers. The company leverages advanced technologies such as machine learning, artificial intelligence, and large language models (LLMs) for vet listings before they go live on the platform. These proactive efforts have resulted in a significant decline in the number of bad actors attempting to create accounts. In 2020, approximately 6 million bad actors were detected, but due to proactive controls, this number has decreased to 0.7 million. Additionally, only 0.1% of product listings have received counterfeit-related complaints from consumers. This decline reflects the effectiveness of Amazon's investment in technology and proactive controls.

Amazon has invested \$1.2 billion and employed over 15,000 people to combat counterfeit products, fraud, and infringements on its platform. The company's efforts have led to a 30% reduction in notices of infringement filed by brands, signifying a marked decrease in counterfeit-related issues. Furthermore, Amazon's policies have effectively deterred bad actors from infiltrating the platform, ensuring that brands and consumers are protected. Adopting a zero-tolerance approach to counterfeit products underscores a strong commitment to enhance the system.

Brand owners are equipped with advanced tools that allow them to effectively monitor and address potential infringements. These tools empower rights holders to take swift action, ensuring their rights are protected in real time on the platform. Brand Registry, a tool widely used by companies such as Puma, allows rights holders to scan for any infringe-



ments and report them to Amazon for action. Project Zero, another key tool, empowers brands to remove counterfeit listings directly from the platform in real-time, without needing to notify Amazon. Over 25,000 brands are currently utilizing Project Zero to safeguard their rights. Additionally, the transparency program offers a unique scannable code that brands can apply to their products. These codes are scanned when products enter and exit Amazon's fulfilment centres, and consumers can also verify the authenticity of products through this interface.

Amazon's tools and policies are designed to operate on a global scale, allowing brand owners to monitor and protect their rights across different markets. Amazon works closely with industry bodies like FICCI to gain insights into the challenges faced by rights owners. This collaboration ensures continuous improvement in Amazon's systems and better protection for brands.

Operating as a third-party marketplace, Amazon allows sellers to list products independently, while requiring them to submit certain documents for verification before they can create a store or list items. This model presents unique challenges, as bad actors may attempt to re-enter the platform under new identities after being previously removed. To address this, Amazon employs technology to detect signals indicating whether a seller is a repeated offender. This system raises red flags if a previously enforced seller attempts to return, thereby enhancing marketplace security.

Pricing is one of the key factors Amazon uses to detect counterfeit products, though it is not the sole indicator. Along with pricing, hundreds of other signals are analyzed to identify counterfeit listings. While sellers may offer discounts on genuine products, Amazon's systems use a combination of signals, including pricing, to distinguish between legitimate and counterfeit products.

Amazon is also committed to sustainable practices, particularly in packaging. The company's seller-shipping product packaging program eliminates the need for additional packaging materials by delivering items in their original product packaging. This initiative has saved 2 million tons of packaging material till date. As sustainability becomes increasingly important to consumers and businesses alike, Amazon continues to evolve its practices to minimize environmental impact.

Amazon's comprehensive approach to brand protection, driven by proactive controls, cutting-edge technology, and close collaboration with rights holders, has led to a significant reduction in counterfeit products and bad actors on the platform. The company's global tools, combined with a focus on consumer education and sustainable practices, are integral in maintaining consumer trust and ensuring a safe and secure marketplace for both brands and consumers. While challenges remain, Amazon's continued investment in technology and close cooperation with stakeholders will play a robust role in addressing future threats to the integrity of its marketplace.





PLENARY SESSION 7

Panel Discussion

**Harnessing Legal Power:
The Judiciary's Role in Combating
Smuggling and Counterfeiting**

PLENARY SESSION 7

Hon'ble Mr. Justice Navin Chawla

Judge, Delhi High Court

The pervasive issue of smuggling and counterfeiting has developed into a formidable \$2 trillion shadow economy, posing significant threats not only to a nation's economy but also to its security. The tax loss from these illicit activities has risen dramatically from ₹22,230 crores to ₹58,521 crores in just ten years, indicating a 163% increase. This economic impact affects every citizen, underscoring the importance of concerted efforts to tackle the menace of illicit trade in various forms, from traditional smuggling of gold and electronics to increasingly complex

narcotics and counterfeit goods networks.

The legislature has established a robust framework to counter smuggling and counterfeiting. Key laws include the Customs Act, Prevention of Money Laundering Act, and the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act for preventive detentions. These legislative tools are continually strengthened to address evolving threats in smuggling and counterfeiting. Recent amendments to the Acts and the inclusion of counterfeiting under the PMLA as proceeds of crime illustrate a legislative commitment in addressing these issues systematically.

The executive branch plays a crucial role through its active enforcement agencies, which include dedicated customs officers and police forces committed in preventing smuggling at its roots. Customs officials, who operate on the ground, work tirelessly to intercept smuggled goods before they enter the domestic market. However, the increasingly sophisticated nature of smuggling tactics presents ongoing challenges, particularly as technology advances. Efforts to intercept these activities require a combination of vigilance and innovative practices from enforcement bodies. Additionally, financial intelligence units are empowered to



trace complex money trails, which are often routed through hundreds of accounts in seconds, complicating efforts to trace the origins and movement of funds associated with smuggling.

The judiciary plays a crucial role in balancing the need to combat illicit trade with the responsibility to uphold the rule of law and protect individual rights. While judicial decisions, such as granting bail to accused smugglers, may sometimes attract criticism for perceived leniency, they reflect the judiciary's commitment in ensuring procedural fairness, adherence to due process, and rigorous standards of proof. By applying principles such as the mischief rule, judicial bodies work to close legal loopholes, ensuring that laws serve their intended purpose without compromising

fairness or justice. This nuanced and pivotal role underscores the judiciary's effort to strike a delicate balance between suppressing unlawful activities and preserving the integrity of justice.

Counterfeiting's economic toll is substantial, affecting national revenue, brand value, and consumer trust. The availability of counterfeit products from luxury goods to daily essentials not only erodes legitimate business but also deceives consumers who may unknowingly purchase fake goods. Swift legal measures, such as ex-parte injunctions and the appointment of court commissioners to seize counterfeit goods, highlight the urgency of eradicating counterfeiting. However, the persistence of counterfeiters necessitates ongoing vigilance and strengthened enforcement measures.



While technology offers enhanced enforcement tools, it also provides counterfeiters and smugglers with new methods to evade detection. Counterfeiters use tactics such as "latch-on" advertising on e-commerce platforms, where fake products appear alongside legitimate listings, misleading consumers. Financial transactions linked to illicit trade now traverse complex digital networks, making detection challenging. Proactively adapting enforcement strategies to stay ahead of these technological developments is vital, as merely reacting to new tactics allows illicit trade to flourish unchecked.

Public awareness and consumer responsibility play important role in the fight against smuggling and counterfeiting. Educating consumers about the long-term consequences of purchasing counterfeit products such as economic losses and the reinforcement of illicit networks can reduce demand and discourage

counterfeiters. A public that is informed about the hidden costs of counterfeit goods is less likely to engage with these products, contributing to a reduction in illicit trade. To combat this, comprehensive awareness campaigns are essential to foster consumer engagement and reduce demand for counterfeit products.

Effectively combating smuggling and counterfeiting requires coordinated efforts from the legislature, executive, judiciary, and public. With strong legislative backing, robust enforcement, and balanced judicial oversight, India is making strides in addressing the shadow economy. However, enduring success depends on an informed public that recognizes the impact of counterfeit products and illicit goods. By embracing technological advances proactively, empowering consumers, and applying a unified approach, India can move closer in curbing this pervasive menace, safeguarding economic stability, and reinforcing national security.



PLENARY SESSION 7

Mr. Balesh Kumar

Member, Appellate Tribunal-SAFEMA, Department of Revenue, Ministry of Finance

Economic offences such as illicit trade, smuggling, and property forfeiture pose significant risks to national security and economic health. The Appellate Tribunal, responsible for property forfeiture under various statutes including the Prevention of Money Laundering Act, encounters unique challenges that highlight the importance of strong collaboration between judicial and enforcement bodies. Insights gained from the tribunal role reveal the critical interactions between these entities, which are essential to effectively counter complex economic crimes.

Judicial collaboration involves more than just courtrooms, extending to enforcement agencies, government bodies, and international platforms. Judicial academies, like in Bhopal, support collaborative training programs that bring together judges, lawyers, and enforcement officers to address complex legal and enforcement issues. These sessions encourage open discussions, helping judicial and enforcement bodies align on key issues and deepen their understanding of shared goals. The Law Commission, established in 1834, remains a vital entity for reviewing outdated laws, proposing updates, and facilitating collaborative input from judicial, governmental, and public stakeholders.

Economic offences often involve cross-border evidence collection, particularly in cases of



smuggling and illicit trade. Gathering evidence across borders is complex, as critical information frequently lies outside national jurisdiction. Mutual legal assistance mechanisms, such as Letters of Request, are essential but can lead to delays that hinder judicial proceedings. The delayed response to these requests highlights the need for more streamlined processes to support timely international evidence access and enhance collaborative efficiency. Additionally, the increase in digital evidence, spanning documents, hard drives, USBs, and mobile data, demands sophisticated handling to maintain integrity, making it imperative for the judiciary to be equipped to manage digital complexities.

The rapid pace of technological advancements presents evolving challenges in combating economic crimes. To address these effectively, judicial and enforcement personnel must remain updated on emerging trends and techniques. International organizations, such as the Financial Action Task Force provide valuable resources, including typology reports

that identify trends in economic crimes and highlight key warning indicators. These insights are invaluable in uncovering vulnerabilities and guiding strategic responses. India's recent success in the FATF evaluation underscores its commitment to resilience and adaptability. Continued engagement with such international expertise will be required in addressing the complex landscape of modern financial crimes.

The judiciary and enforcement agencies must work collaboratively to counteract economic offences effectively. Academic and informal platforms enable cross-sector understanding, while institutions like the Law Commission provide a structured forum to keep legislation responsive to evolving challenges. Addressing evidence management issues requires efficient international collaboration and continued judicial engagement with technological advancements. By fostering public-private partnerships and leveraging global best practices, a robust response to illicit trade can be achieved, strengthening national economic security and upholding the rule of law.



PLENARY SESSION 7

Dr. Alka Chawla

Professor in charge, Campus Law Centre
Delhi University

The Indian judiciary has been instrumental in shaping the nation's approach in tackling illicit trade. Over time, landmark cases have reinforced the judiciary's authority to address counterfeiting effectively. Courts routinely employ powerful tools like Anton Piller orders and Mareva injunctions, which allow swift action against offenders, even if their identities are unknown. These measures not only demonstrate the judiciary's adaptability but also underscore its commitment in curbing counterfeiting's impact on society.

The role of the judiciary extends beyond enforcing laws, it acts as a mediator, balancing the interests of various stakeholders such as consumers, manufacturers, and enforcement agencies. Consumers, for instance, often buy counterfeit products, sometimes knowingly, to emulate high-end lifestyles, unaware of the

economic harm this causes to legitimate businesses and the loss of government revenue. Similarly, law enforcement agencies often face competing priorities, and counterfeiting and smuggling may not always be seen as a top-tier concern. Raising awareness among both the public and enforcement personnel about the economic repercussions of smuggling and counterfeiting could significantly increase recognition of its harmful impact on the broader economy.



The courts have set standards for punitive damages in counterfeiting cases to deter offenders, however, the existing fines remain insufficient. Beyond the financial impact, counterfeiting and smuggling also pose threats to national security, public health, and individual safety. Counterfeit luxury goods, spurious pharmaceuticals, and substandard consumer products can have serious consequences on the health and well-being of society. Drawing up judicial guidelines to tackle counterfeiting across sectors could provide essential structure and direction for all those involved in enforcement, offering an added layer of protection against these threats.

Advancements in technology continue to reshape counterfeiting and smuggling. Technologies like 3D printing now enable counterfeiters to replicate goods with minimal resources, while drones facilitate cross-border smuggling. As these technologies evolve, so too must the judiciary's approach. Working closely

with lawmakers to update legal frameworks that reflect these technological changes will be essential for addressing the new challenges posed by modern counterfeit methods. Additionally, specialized training for judicial members can equip them with a deeper understanding of the complexities of illicit trade, enabling more informed and effective decision-making in the courtroom.

The Indian judiciary has played a pivotal role in shaping a strong framework to combat illicit trade, with several landmark cases gaining international recognition. However, as illicit trade becomes increasingly sophisticated and technology-driven, the judiciary must evolve its strategies and tools to address these challenges effectively. By adopting proactive measures, enhancing judicial training, and strengthening punitive frameworks, India's judiciary can continue safeguarding national interests and economic stability, reinforcing its leadership in the fight against illicit trade.



PLENARY SESSION 7

Dr. Karnnika A Seth

Advocate & Cyberlaw Expert, Ministry of Defence & Ministry of Information Technology, Govt of India

In today's interconnected world, the realm of cyberspace has become a battleground where wars are no longer fought just offline but increasingly online. The rapid evolution of technology has introduced both opportunities and threats. Cybercrime, including money laundering, cyber terrorism, and cyber warfare, is becoming more prevalent, posing serious risks to national security and economic stability. The rise of the dark web and the anonymity it provides to criminals are major contributors to the difficulty law enforcement faces in combating these cyber threats.

The dark web exemplifies how technology can be exploited to facilitate and

conceal criminal activities, including illicit trade. Using advanced methods such as onion routing and proxy servers, cybercriminals effectively mask their identities, creating significant challenges for authorities attempting to track them. This veil of anonymity provides a secure haven for various forms of illicit trade, from trafficking in drugs and counterfeit goods to human exploitation, all of which flourish in the hidden corners of the internet. The intricate nature of these concealment techniques, involving multiple layers of encryption and routing, mirrors the complexity of peeling back layers of an onion. Each layer further obscures the perpetrators, making the fight against illicit trade in the digital realm an increasingly formidable task.

One of the most alarming aspects of modern cybercrime is its ability to disrupt vital sectors in mere seconds. Global events have demonstrated how attacks on infrastructure, such as power grids and transportation systems, can cause widespread chaos and harm to society. These attacks are not just isolated incidents, they represent a growing threat of cyber terrorism, which can cripple economies and threaten national security. Tracking down these criminals is not easy, as their digital footprints are carefully hidden. This challenge calls for global collaboration and the establishment of more robust international frameworks to tackle cybercrime effectively.



The response to cyber threats requires a comprehensive approach that combines advanced technology with strong legal frameworks. In recent years, there has been a significant boost to strengthen laws governing data protection and online activity, allowing authorities to track down offenders through telecom data, IP addresses, and digital footprints. In addition, technological advancements such as facial recognition, artificial intelligence, and blockchain offer promising solutions to combat counterfeiting and online fraud. These tools can help identify and verify digital content, ensuring that the rights of creators and consumers are protected in an increasingly digital marketplace.

Judiciary has adapted to the challenges of the digital age by embracing technology. The introduction of e-filing, video conferencing, and AI-based case prioritization has not only increased the efficiency of legal proceedings but has also made justice more accessible. As the use of electronic evidence becomes more common, courts are working to standardize procedures to ensure that this evidence is reliable and secure. With the growth of e-commerce, counterfeiting has flourished, posing risks to both consumers and businesses. To tackle this, innovative technologies like AI-driven algorithms, blockchain for identity

verification, and image scanning tools are being deployed to detect and prevent counterfeit products from reaching the market. Moreover, domain name disputes and cybersquatting have also emerged as significant concerns. Technology-driven mechanisms allow legitimate owners to reclaim their digital assets, ensuring that cybercriminals cannot exploit the system for profit.

As the digital landscape continues to evolve, India has made significant strides in bolstering its cybersecurity infrastructure. From legislative measures and technological advancements to the proactive role played by the judiciary, a systematic approach is being developed to combat cybercrime. The battle against cyber-enabled illicit trade is far from over, and the path forward demands sustained collaboration among law enforcement, the judiciary, and the private sector. By adopting global best practices, leveraging advanced technologies, and promoting a culture of digital responsibility, India can work toward building a secure and resilient cyberspace for its citizens. While the challenges of the digital age are significant, they are not insurmountable. With the right tools, strategies, and collective effort, a safer and more robust digital ecosystem can be achieved.





VALEDICTORY SESSION

VALEDICTORY SESSION

Hon'ble Mr. Justice Manmohan Sarin

Former Lokayukta, NCT of Delhi, Chief Justice High Court of Jammu & Kashmir, Judge, High Court of Delhi and Think Tank Member, FICCI CASCADE

The global economy faces significant threats from illegal activities that undermine legitimate businesses, jeopardize public safety, and destabilize national security. Smuggling, counterfeiting, and other forms of illicit trade are growing concerns, crossing international borders and hindering economic progress. These activities not only discourage foreign investment and employment but also endanger ecosystems and public health. Often linked to organized crime and terrorism, they highlight the need for enhanced regulatory frameworks and more effective enforcement measures.

Addressing the global scale of illicit trade requires a multifaceted strategy to safeguard economies and consumer interests. To tackle the rising challenges posed by illicit trade, the

"**SECURE**" mantra introduced by FICCI CASCADE offers a clear strategic framework. It emphasizes key actions such as **Surveillance, Enforcement, Capacity Building, a United Front, Rigorous Punishments, and Ease of Business** to support legitimate trade. This panoramic approach advocates for stricter



enforcement measures while simplifying regulatory processes to encourage lawful trade. By enhancing rigorous penalties for offenders involved in illicit activities while also offering favourable tax policies for legitimate businesses, SECURE serves as a blueprint for developing resilient economies that can combat the impact of illegal activities.

Strengthening partnerships between customs agencies, law enforcement, and judicial authorities is vital to curb illegal trade. Leveraging cutting-edge technologies such as artificial intelligence and machine learning can significantly enhance detection and interception capabilities. A collaborative global approach, supported by innovative tools, will ensure that enforcement efforts remain effective and adaptive in tackling the evolving threats posed by illicit markets.

Currently, in India, these crimes are governed by different laws or statutes, leading to jurisdictional conflicts and enforcement delays. A consolidated legal structure is essential to streamline prosecution and improve coordination among enforcement agencies. The

introduction of a comprehensive law, such as the United Nations Commission on International Trade Law (UNCITRAL) Model Law on arbitration, would significantly strengthen the legal framework for addressing smuggling and counterfeiting, providing a clear path for timely and effective enforcement.

Public awareness plays a pivotal role in the fight against illicit trade. Consumers need to be educated about the risks associated with purchasing counterfeit products, not only for their health and safety but also for the broader economic and social consequences. Highlighting the long-term damage caused by supporting illegal markets will help shape consumer behaviour, encouraging them to resist the temptation for cheaper counterfeit products. Over time, an informed public can significantly reduce the demand for counterfeit goods, contributing to the overall reduction of illicit trade.

The economic ramifications of illicit trade are staggering, with the underground market estimated to be worth \$2 trillion, equating to



approximately 3% of global GDP. This shadow economy surpasses the economic output of countries like Brazil, Italy, and Canada, underscoring the severe threat posed by smuggling and counterfeiting. Organized crime networks and the rapid evolution of technology have exacerbated the reach and influence of these activities. A comprehensive approach is necessary to safeguard global economic interests and address the growing threat that illicit trade poses to both developed and developing nations.

The COVID-19 pandemic highlighted vulnerabilities in global supply chains and emphasized the importance of legal mechanisms in maintaining economic resilience. Judicial interventions played an essential role during the pandemic, ensuring that essential goods were delivered to remote areas despite severe transportation disruptions. Legal measures, such as the restoration of industrial leases and the provision of economic relief, contributed to economic recovery during these challenging times. These interventions serve as a reminder of the importance of a responsive legal framework that can adapt to crises and support economic stability.



The global battle against smuggling and counterfeiting requires a coordinated and multi-dimensional approach. The SECURE mantra provides a strategic direction, emphasizing enforcement, international cooperation, and the integration of technology to counter these threats. Equally important are legislative reforms, public awareness campaigns, and responsible consumer behaviour. By fostering global collaboration, enhancing enforcement capabilities, and educating the public, nations can reduce the impact of illicit trade and protect the integrity of their economies.



VALEDICTORY SESSION

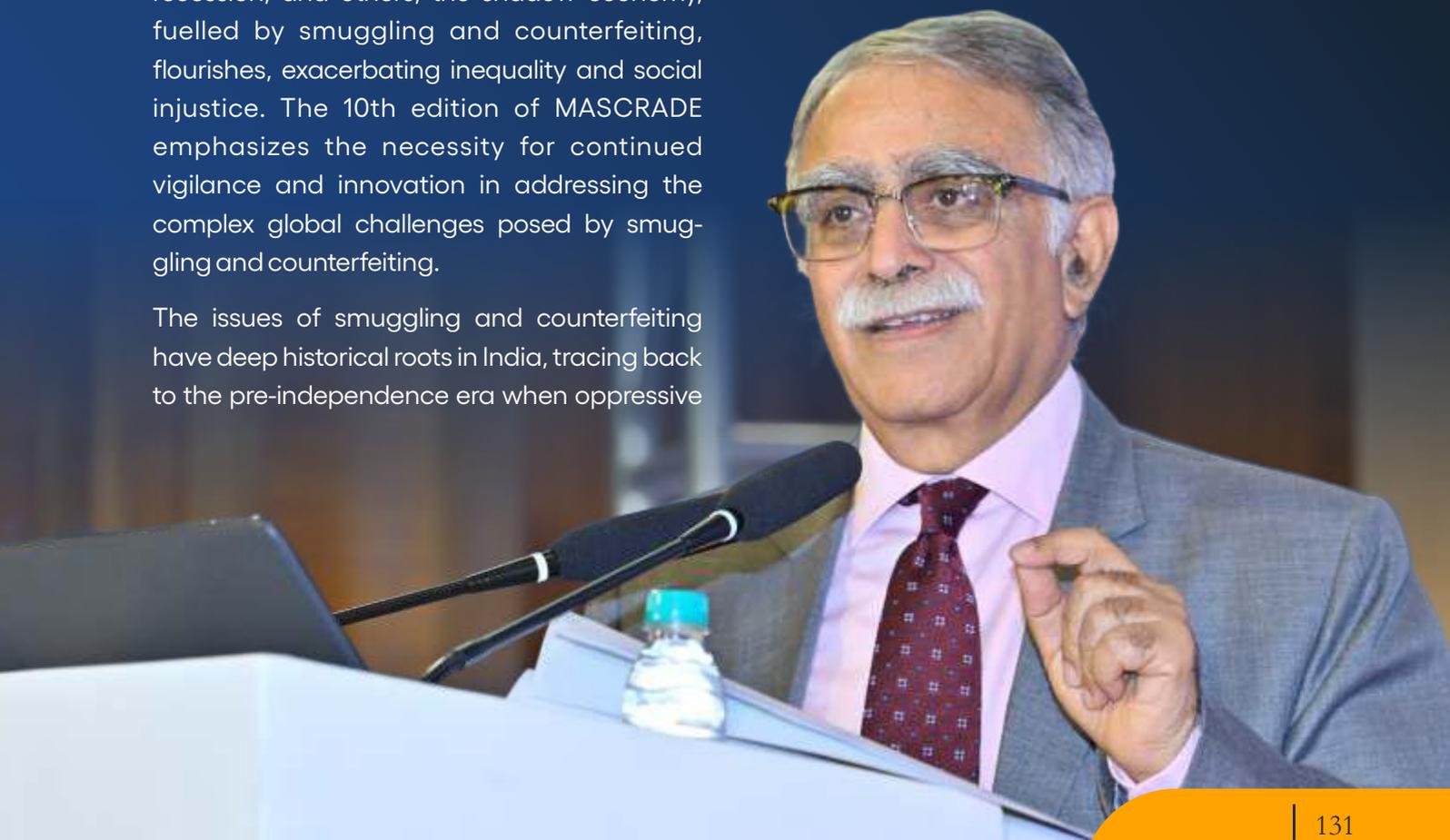
Hon'ble Mr. Justice Sanjay Karol

Judge, Supreme Court of India and Former Chief Justice,
Patna High Court and Tripura High Court

Smuggling and counterfeiting are major global threats that weaken economies and deplete government revenues. These illicit activities not only threaten social security but also undermine the integrity of nations, evolving into widespread issues that harm legitimate businesses and impose severe social and economic burdens on citizens. In India, the scale of the problem is vast, impacting multiple sectors and taking advantage of gaps in law enforcement and regulation. As the world faces challenges such as inflation, recession, and others, the shadow economy, fuelled by smuggling and counterfeiting, flourishes, exacerbating inequality and social injustice. The 10th edition of MASCRAGE emphasizes the necessity for continued vigilance and innovation in addressing the complex global challenges posed by smuggling and counterfeiting.

The issues of smuggling and counterfeiting have deep historical roots in India, tracing back to the pre-independence era when oppressive

taxation on goods fuelled underground markets. Even after independence, parliamentary discussions about the seizure of large quantities of contraband highlight the persistence of these illicit activities. The Indian Constitution, particularly through the Preamble and the Directive Principles of State Policy, emphasizes the commitment to social, economic, and political justice for all citizens. However, illegal activities like smuggling and counterfeiting undermine these foundational ideals by depriving the state of essential revenue and



heightening inequality. Therefore, the fight against smuggling and counterfeiting goes beyond legal and economic concerns; it is a constitutional necessity.

The magnitude of smuggling and counterfeiting poses a severe threat to India's economy. Major city markets are notorious for selling counterfeit products, ranging from everyday consumer goods to high-end luxury items. The World Gold Council reports that about 17% of the gold in India is smuggled. Recent incidents, such as the uncovering of a large fake visa racket, demonstrate how these illegal activities continue to evolve and adapt to new circumstances. The social costs of smuggling and counterfeiting are deeply concerning. The sight of children selling counterfeit goods at

traffic signals serves as a poignant reminder of the exploitation fuelled by these illicit activities, often in direct violation of constitutional protections against child labour. This exploitation not only deprives children of their right to education but also entrenches the cycle of poverty, hindering national efforts to eliminate child labour and promote social equity.

Effectively combating the problem of smuggling and counterfeiting requires strong international collaboration and the integration of advanced technologies. INTERPOL's Pangea operations, particularly during the COVID-19 pandemic, have proven the value of coordinated global efforts in addressing these challenges. Article 51(A) of the Indian Constitution underscores the duty of citizens to



foster harmony and promote international cooperation, emphasizing the importance of collective action to tackle these crimes. Persistent vulnerabilities along India's borders, especially in certain regions, call for enhanced security measures to stem the flow of illicit goods.

Innovative solutions, such as the use of QR codes by brands to verify product authenticity, offer promising tools in the fight against counterfeiting. Expanding such initiatives can empower consumers to identify genuine products, significantly reducing the prevalence of counterfeit goods. However, the ease of accessing counterfeit products online, particularly through social media platforms, highlights the urgent need for stronger regulatory monitoring and enhanced interstate collaboration.

Equally important is consumer education, especially in rural areas, where awareness of the risks associated with counterfeit goods remains low. Educating consumers how to identify authentic products and understand the dangers of counterfeit items becomes essential to curb this issue. Organizations like FICCI CASCADE play a vital role in leading these efforts by educating consumers and promoting informed decision-making, ultimately contributing to a more secure and equitable marketplace.

The judiciary plays a pivotal role in expediting cases related to smuggling and counterfeiting, ensuring justice is delivered efficiently and effectively. To combat the ever-evolving tactics of criminals involved in these illicit trades, continuous legal education and specialized



training for law enforcement agencies are imperative. The role of transporters, often used to facilitate the movement of smuggled goods, demands stricter oversight. Alarming, data from certain regions reveals that minors are being exploited as carriers, underscoring the urgent need for robust preventative measures and child protection frameworks. At the same time, consumer education is a key factor in disrupting the cycle of smuggled and counterfeit products, as many buyers remain unaware of the authenticity of the products they purchase.

Addressing the challenges of smuggling and counterfeiting requires a coordinated and comprehensive approach involving the gov-

ernment, judiciary, law enforcement, private organizations, and consumers. As India advances toward becoming an economic superpower, it is important to uphold constitutional principles and actively combat these illegal activities that undermine economic integrity. Public engagement, widespread consumer education, and the strategic deployment of technology will be instrumental in addressing these threats. By making informed purchasing decisions and raising awareness, citizens can take the lead in dismantling the networks of smuggling and counterfeiting. Such collective action will ensure a future rooted in justice, equality, and fairness, paving the way for India's rise as a global economic leader.



VALEDICTORY SESSION

Mr. Sanjeev Tripathi

Former Chief of RAW and Think Tank Member
FICCI CASCADE

MASCRADE 2024 theme, "Building Resilient Economies and Implementing Robust Measures from a Global Initiative Against Smuggling and Counterfeiting," resonates profoundly in an era shaped by globalization and rapid technological advancements. The challenges presented by illicit trade are complex and require a unified and multifaceted approach. There is an urgent need to integrate strong legal frameworks, advanced technologies, and international collaboration to effectively tackle the growing threats of smuggling and counterfeiting.

The economic losses from illicit trade create an annual drain on the global economy of \$2.2 trillion, making it one of the most significant financial threats globally. This alarming figure highlights the urgent need for swift and decisive action. The infiltration of counterfeit and smuggled goods into legitimate markets, particularly in sectors such as FMCG, automotive components, pharmaceuticals, and consumer goods, presents serious risks to public health, safety, and economic stability. To effectively counter these threats, a unified and coordinated cross-border approach is necessary, ensuring that all nations work together to protect both consumers and the global economy.

Key components of the proposed strategy include effective law enforcement, regional cooperation, rational tax policies, and stringent criminal penalties. While technological advancements introduce new challenges, they also present unprecedented opportunities to enhance defences against illicit trade. Leveraging artificial intelligence (AI) for gathering information, strengthening border control systems, and implementing advanced monitoring frameworks are significant steps in staying ahead of increasingly sophisticated criminal networks. Embracing these technologies is vital for safeguarding both the economy and society.

Public awareness plays a pivotal role in this fight, highlighting the importance of educating



consumers about the dangers posed by smuggled and counterfeit goods. Promoting a culture of vigilance is essential in reducing the demand for counterfeit and smuggled goods. To achieve this, initiatives must include effective mass communication strategies that engage and inform the public, ensuring that consumers understand the far-reaching impact their choices have on national security and economic resilience.

Capacity building remains at the heart of the collective efforts to combat illicit trade. Continuous training for law enforcement agencies and active engagement with the judiciary are necessary to keep up with the evolving tactics of illicit traders. Investing in human resources and enhancing expertise in areas like forensic evidence, digital crimes, and international trade laws will ensure that legal and enforcement systems remain strong and adaptable.

International collaboration is another important step in the global fight against illicit trade. Given the transnational nature of these chal-

lenges, a coordinated response involving knowledge sharing, intelligence cooperation, and joint enforcement actions is essential. Strengthening relationships with international organizations and counterparts will foster a united front capable of disrupting and dismantling illicit networks. The frameworks and strategies developed during this collaboration will serve as a strong foundation for ongoing global efforts.

In conclusion, the fight against smuggling and counterfeiting requires unwavering commitment and collective action from all stakeholders. By turning momentum into tangible actions, we can create a resilient, transparent, and secure global economy. As we work together to combat these illicit activities, we not only protect public health and economic stability but also reinforce the values of justice, fairness, and integrity. Through sustained collaboration, innovation, and vigilance, we can build a future where illicit trade has no place, and the prosperity of nations is safeguarded for generations to come.





AWARDS





RECOMMENDATIONS TO COMBAT ILLICIT TRADE



FICCI CASCADE

COMMITTEE AGAINST SMUGGLING AND COUNTERFEITING ACTIVITIES DESTROYING THE ECONOMY

Background

The global community is increasingly grappling with the detrimental effects of illicit trade, particularly smuggling and counterfeiting, which undermine economies worldwide. These illicit practices have pervasive consequences, impacting trade dynamics, foreign investments, employment rates, innovation, criminal activity, environmental sustainability, and, most critically, the health and safety of consumers. Their prevalence continues to expand in scale and severity, with smuggling and counterfeiting activities now constituting a formidable \$3 trillion shadow economy, equivalent to over 3% of the global GDP annually, surpassing the economic output of nations like Brazil, Italy, and Canada. The World Economic Forum identifies it as a 'global risk' with significant negative impacts over the next decade.

FICCI CASCADE

FICCI CASCADE (**Committee Against Smuggling and Counterfeiting Activities Destroying the Economy**) has been pursuing a campaign to counter the challenge of growing illicit trade in counterfeit and smuggled goods. FICCI CASCADE is committed to addressing the critical issue of illicit trade

through collaborative efforts with policy makers, industry stakeholders, enforcement agencies, youth, media, and consumers. Our mission involves fostering an engaged and informed public discourse on this pressing issue through various awareness programmes across different states. The committee aims at creating a national movement to make India safe from the bane of smuggling and counterfeiting by advocating effective actions, promoting legal businesses and protecting consumer's interests, thus, achieving the vision of a secure, healthy and prosperous India.

A report by FICCI CASCADE released in September 2024 titled - "**Challenging Landscape of Illicit Trade: How Changing Factors of Consumption Affect Illicit Markets in 5 Key Industries in India**", estimates the size of illicit market in India at Rs 7,97,726 crore in 2022-23. Considering 5 key industries-FMCG (packaged goods), FMGC (personal and household care goods), alcohol, tobacco, and textiles & apparel, where illicit trade significantly undermines legitimate businesses, distorts market competition, and erodes government tax revenues. According to the report, the expansion of the illicit market is driven by increased consumption of high value branded, luxury, and heavily taxed goods and services, particularly among the growing aspirational middle class in both rural and urban India.



Stakeholder's Response

Over the years, FICCI CASCADE has been at the forefront of raising awareness about the harmful impacts of smuggling and counterfeiting, striving to drive societal change through impactful campaigns. A cornerstone of this mission is its annual flagship international conference, MASCRade (Movement Against Smuggled and Counterfeit Trade).

In September 2024, FICCI CASCADE organized the 10th edition of MASCRade on the theme: **"Building Resilient Economies and Implementing Robust Measures from a Global Initiative against Smuggling and Counterfeiting."** The conference highlighted the urgent need to tackle the economic implications of illicit trade, advocating for unified global action. The discussions reinforced the importance of a coordinated international

effort to build resilient economies and curb the pervasive threats posed by illicit trade.

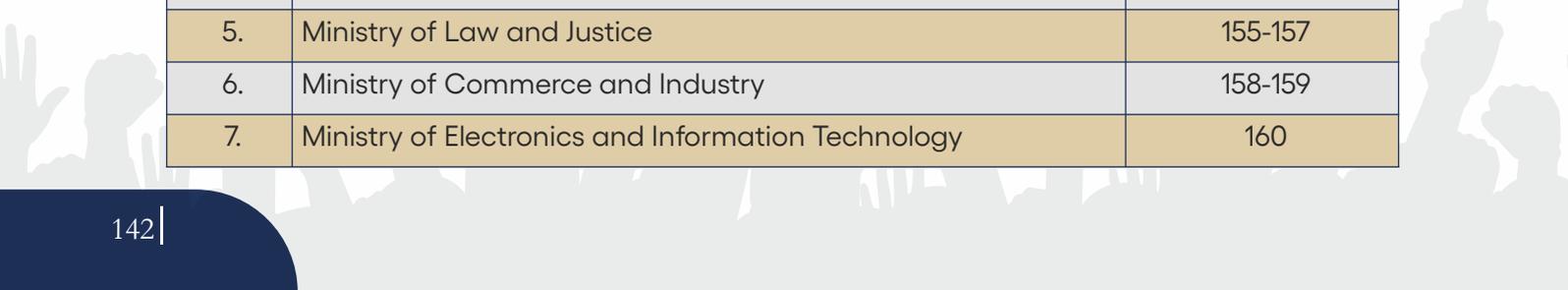
Throughout its journey, CASCADE has garnered unwavering support from numerous senior functionaries from government entities including CBIC, Department of Revenue, Directorate of Enforcement, Directorate of Revenue Intelligence, Indian Coast Guard, Border Security Force along with active participation of prominent international organisations, such as UNODC, WCO, OECD, WTO, Interpol, WIPO, INCB-UN, INTERPOL, UKIPO, JETRO, DKPTO, TRACIT, USPTO, US Dept. of Homeland Security, Australian Border Force, EUIPO and amongst others. Additionally, subject matter experts from countries like Denmark, Italy, France, Belgium, and others have joined forces with FICCI CASCADE to combat this global menace.

FICCI CASCADE's Recommendations

India, under the visionary leadership of Hon'ble Prime Minister Shri Narendra Modi, aspires to achieve ambitious milestones for a 'Viksit Bharat', including becoming the world's third-largest economy within the next decade and a developed nation by 2047. However, as India's economic stature grows, it becomes increasingly vulnerable to illicit trade activities. Tackling this challenge demands robust global

collaboration, strengthened enforcement, and public awareness. While the Government has taken significant steps to combat counterfeiting and smuggling, further policy reforms are essential to enhance enforcement efficiency and public vigilance. Therefore, FICCI, voice of Indian industry, would like to make the following recommendations to curb the growing hazard of smuggling and counterfeiting adversely impacting the economic growth of the country.

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Cabinet Secretariat and the Prime Minister's Office

I. Establishment of a Centralized Multi-Agency Body for Enhanced Coordination

To strengthen inter-ministerial cooperation and enhance coordination among various intelligence agencies of the government to combat the pressing issue of illicit trade, it is proposed to establish a centralized multi-agency body. This umbrella body would serve as a unified platform to facilitate seamless collaboration among relevant ministries, departments, and enforcement agencies.

Recommendation(s): -

The primary objectives of this multi-agency centre would include:

a. Centralized Intelligence Sharing and Coordination:

- The body would centralize and streamline intelligence sharing, ensuring real-time updates and data flow between relevant ministries, enforcement agencies, and international counterparts. This system would facilitate the tracking and identification of illicit trade networks, improving early detection of smuggling routes and counterfeit production.
- It would also develop a centralized repository for data on trends, products, and criminals involved in counterfeiting and smuggling, ensuring quick access for all relevant agencies and minimizing duplication of efforts.

b. Facilitating Inter-Agency Cooperation and Joint Task Forces:

- The body would foster stronger coordi-

nation between ministries (such as Finance, Home Affairs, Commerce, and Health), enforcement agencies (Customs, DRI, NCB, Police, etc.), and other stakeholders like industry representatives and consumer protection bodies.

- It would coordinate joint operations between agencies, ensuring resources are pooled effectively and tasks are not duplicated. This could include creating task forces that focus on high-priority areas of counterfeiting and smuggling, enabling targeted actions in the most impacted sectors.
- The body could set up multidisciplinary task forces, combining expertise in intelligence gathering, legal processes, and field enforcement to tackle cross-border smuggling and domestic counterfeiting networks.

c. Policy Recommendations:

- The body would act as a policy think tank by analyzing current enforcement gaps, trends, and emerging threats. Based on this data, it would recommend policy reforms and legislative measures to enhance the effectiveness of counterfeiting and anti-smuggling laws, including suggestions for stricter penalties and more efficient enforcement mechanisms.
- Additionally, it would monitor and evaluate existing laws to determine their effectiveness and recommend changes to close loopholes, improve regulatory oversight, and adapt to the evolving nature of illicit trade.



d. Strengthening International Liaison and Global Coordination:

- The body would work closely with international counterparts such as INTERPOL, WCO, and other enforcement bodies to ensure global cooperation. This would involve coordinating cross-border actions to track and dismantle international smuggling and counterfeiting networks, enhancing the effectiveness of global enforcement strategies.
- The body would also engage in standardizing practices across national borders to ensure that enforcement actions are consistent, strengthening India's ability to coordinate with global entities in a unified manner.
- This initiative could involve either establishing a new framework or optimizing existing structures, such as the Central Economic Intelligence Bureau (CEIB), to create a more robust and effective organization.

II. Policy Reforms on Taxation and Import Duties

In India, despite significant efforts by the government and enforcement agencies, illicit trade remains a pervasive issue, leading to substantial losses for industries, consumers, and the government. This illegal activity not only drains government revenues through evaded taxes but also disrupts legitimate business operations, resulting in a reduction of industrial growth and employment opportunities.

According to available statistics, the main items smuggled into India include gold, electronics, tobacco products, luxury goods,

textile goods, pharmaceuticals, food products, chemical products, and automobile parts. The smuggling of these goods is driven by high demand and the desire to evade import duties and taxes. Gold and cigarettes continue to be preferred items due to cultural preferences and/or steep duties, while electronics and luxury items are often smuggled to bypass heavy tariffs. The illicit trade in tobacco products, pharmaceuticals, and chemicals not only impacts revenue but also poses serious health risks. Smuggling of food products and automobiles distorts market competition, leading to losses for legitimate businesses and consumers.

Recommendation(s):-

a. Revising Import Duties and Taxation

Policies on High-Risk Goods: A review of import duties and taxation policies on high-risk goods, such as tobacco, pharmaceuticals, textiles, and luxury goods, should be conducted. Reducing excessively high duties on certain items can reduce the incentive for smuggling while enhancing regulatory oversight to ensure that legitimate trade channels remain intact. A gradual reduction of duties on specific items like electronics, textiles, etc could balance revenue generation with incentivizing legal trade.

b. Increasing Penalties for Smuggling and Counterfeit Goods:

Enhancing penalties for the trafficking of counterfeit or smuggled goods is essential. Significantly higher fines and longer prison sentences for those involved in smuggling or distributing counterfeit goods will make such activities less profitable and act as a deterrent. Furthermore, confiscation of assets tied to illicit trade (e.g., luxury vehicles, electronics, etc.) should be part of the legal framework to ensure that traffickers do not

simply replace goods after a seizure.

- c. Customs Modernization and Risk-Based Screening:** Modernize customs operations by implementing risk-based screening mechanisms to identify high-risk consignments without slowing down the legitimate flow of goods. This can involve the use of technology, including artificial intelligence and machine learning, to analyze trends in smuggling and predict potential illegal activities before they occur.

III. Curbing Smuggling through Trade Policy Agreements

Given the global nature of smuggling and counterfeiting, it is proposed that the Government of India strengthen its collaborative efforts with international partners through strategic trade agreements. These agreements can facilitate the exchange of intelligence, the harmonization of enforcement standards, and the adoption of best practices, enabling coordinated actions against smuggling networks and counterfeit operations on a global scale.

Recommendation(s)

- a. Robust Deterrence Against Smuggling:** Smuggling is a widespread issue that transcends borders, necessitating coordinated action with key global trade partners. By forging international trade agreements, countries can create a unified front to combat smuggling. This would foster a shared commitment to uphold legal trade standards and provide an effective deterrence against illicit activities. Such agreements can also include provisions for penalties and / or trade sanctions against countries or organizations found engaging in or facilitating smuggling activities,

thereby strengthening deterrence. Through these efforts, India and its global trade partners can work together to disrupt international smuggling syndicates, ensuring that enforcement actions are synchronized and effective.

- b. Strengthening Diplomatic Collaboration:** Trade agreements not only bolster economic ties but also pave the way for deeper diplomatic collaboration. These agreements offer a structured framework for nations to work together more effectively for sharing information, resources, and expertise to address smuggling and counterfeiting. Through regular dialogues and joint action plans, participating countries can align their efforts to ensure meaningful results. India can also advocate for the inclusion of anti-smuggling clauses in broader trade agreements, making countering illicit trade a fundamental aspect of trade relations with global partners.

IV. Leveraging Technology

Countries worldwide are increasingly investing in advanced technology to combat illicit trade and enhance border security. Nations like the U.S. and Israel are deploying cutting-edge technologies to effectively tackle smuggling and other illegal activities. For instance, China utilizes high-tech cameras, facial recognition, and drones along its borders and key trade routes to monitor and detect illegal activities. The United Kingdom uses radar and satellite systems to monitor ports and borders, while Australia deploys drones, satellite surveillance, and AI to track illegal shipments and patrol its vast coastline. In Latin America, countries like Colombia and Brazil are leveraging drones and AI to monitor remote regions and prevent smuggling.



India must follow suit by investing in state-of-the-art technologies to enhance its border control and surveillance capabilities. It is recommended that the Government of India allocate increased funding for acquiring advanced surveillance systems, AI tools, and data analytics platforms. These technologies will improve detection and prevention of illicit activities such as smuggling and counterfeiting, thereby safeguarding national security and economic interests.

Recommendation(s):

- a. Surveillance Systems:** Prioritize the acquisition of drones, satellite surveillance systems, and advanced border monitoring technologies. These tools will enable real-time tracking of goods crossing borders and improve the detection of illicit trade.
- b. AI for Smuggling Detection:** Deploy AI-powered platforms to analyze surveillance data, detect patterns, and identify smuggling activities with higher accuracy. Machine learning can help refine detection methods over time.
- c. Data Analytics for Prevention of Smuggling:** Develop data analytics tools to process trade-related data and identify suspicious trading patterns, unusual transactions, and discrepancies in documents, allowing for proactive intervention.
- d. Collaboration with Tech Providers:** Work with leading technology companies to integrate the latest innovations into India's border security infrastructure, ensuring the adoption of cutting-edge solutions for combating smuggling.



Ministry of Finance

I. Reward Scheme

Under the "Guidelines for Grant of Reward to Informers and Government Servants, 2015," the Central Board of Indirect Taxes and Customs (CBIC) offers rewards to informers, officers, and any other individuals who provide valuable information leading to the seizure of illicit goods, including narcotics, drugs, and psychotropic substances.

Recommendations(s):

a. Enhanced Public Awareness and Participation

To foster greater public involvement in combating smuggling activities, it is crucial to propagate the existing reward scheme more effectively. A comprehensive awareness campaign using media platforms, community outreach programs, and partnerships with industry stakeholders should be initiated. This campaign should highlight the incentives available for reporting illicit trade activities and encourage individuals to come forward with valuable information. Increased public participation could significantly improve the identification and reporting of smuggling cases.

b. Review of Confiscation Policies for Smuggled Goods

Currently, products such as tobacco are destroyed after seizure, and no proceeds from their sale are available to fund rewards. This creates a disincentive for pursuing cases involving such goods, as there is no financial reward for informers, officers, or other participants in such cases. To address this, it is recommended that the reward scheme for tobacco be aligned with that of narcotics and psychotropic substances, where rewards are offered even when the goods are not sold but destroyed. A standardized reward system

could be introduced, with rewards based on the quantity of goods seized and the severity of the offense. This adjustment would incentivize enforcement and reporting in cases involving tobacco.

c. Balancing Taxation Policies

It has been observed that the government must consider the right balance while fixing tax rates, considering both the need for revenue collection and the impact of these rates on the prices of goods. Goods with high tax rates become more susceptible to evasion, as the profitability of illegal activities increases. As a result, products like tobacco, alcoholic beverages, and luxury items, which carry a higher tax burden, contribute to a larger grey market-goods that remain unaccounted for and are not taxed. It is important to recognize that higher tax rates lead to greater evasion, an increase in the grey market, and unintended incentives for illicit trade, including counterfeiting and smuggling. It is recommended that tax rates be carefully calibrated, considering both the need for revenue collection and the potential for illicit trade. Adjusting taxes to strike a balance between fair taxation and reduced incentives for evasion will help curb smuggling and counterfeiting.

d. Strengthening Data-Driven Approaches

In today's digital age, data analytics is a critical tool in identifying and combating illicit trade activities. By effectively analyzing large volumes of trade and transaction data, enforcement agencies can detect smuggling patterns, identify high-risk areas, and make informed decisions to disrupt illegal activities.

Recommendation: -

It is recommended that the Government of India invest in advanced data analytics tools



and technologies to enhance the capabilities of enforcement agencies. Establishing dedicated data analysis units within relevant government departments will enable the systematic analysis of trade data, allowing authorities to identify patterns and trends related to high-risk consignments. These units will be able to generate actionable intelligence, which can be shared across agencies for timely and coordinated actions.

Additionally, the government should prioritize the scaling up of risk-analysis systems and information-based technology solutions. This could include deploying container scanners, AI-powered data analysis tools, and real-time tracking systems at key entry points to detect illicit goods before they enter the market. By integrating these advanced technologies, enforcement agencies can intercept smuggling operations more effectively and improve the overall efficiency of border security measures.

II. Strengthening the 'Mera Bill Mera Adhikar' Initiative to Address Tax Evasion

The "Mera Bill Mera Adhikar" initiative, launched on the GSTIN portal, continues to serve as a powerful tool in promoting consumer awareness and enhancing transparency in business-to-consumer transactions. Initiated under the collaborative efforts of the Central Board of Indirect Taxes and Customs (CBIC), state governments of Assam, Gujarat, Haryana, and the Union Territories of Daman and Diu, Dadra and Nagar Haveli, and Puducherry, the scheme has successfully encouraged consumers to actively request and submit authentic invoices. This is integral to building a transparent and accountable tax ecosystem.

Since its inception, the initiative has been instrumental in driving up tax compliance and curbing tax evasion. The rewards and

incentives associated with the scheme motivate consumers to take ownership of their purchases, thereby fostering a more robust tax culture. In this regard, the positive impact on consumer behaviour and compliance is a testament to the government's commitment to empowering the public, creating a transparent and fair economy.

- **Strengthening Invoice Verification Mechanisms:** To enhance the effectiveness of this scheme, we recommend implementing more rigorous and technologically advanced verification protocols for submitted invoices. The incorporation of blockchain-based systems or AI-driven verification tools could significantly reduce the risk of fraudulent or counterfeit invoices, ensuring that only legitimate transactions are rewarded.
- **Incorporating Incentives for Regular Participation:** To sustain long-term engagement with the initiative, we recommend introducing additional rewards for frequent participation or a loyalty program that increases the chances of winning based on the number of invoices submitted.
- **Promoting Integration with E-Commerce Platforms:** Encouraging e-commerce consumers to upload invoices or digital receipts from their purchases can further extend the reach of the scheme.
- **Strengthening Partnerships with State and Local Authorities:** To expand the reach and impact of the scheme, it is suggested to strengthen collaborations with state and local government bodies. These partnerships could facilitate more targeted and localized awareness efforts, ensuring that consumers in remote areas are equally encouraged to participate and take advantage of the benefits of the scheme.

Ministry of Consumer Affairs

I. Campaign for Consumer Awareness and Education

Enhancing consumer awareness and education is crucial in alerting consumers to the dangers associated with illicit products. Many consumers unknowingly purchase counterfeit, substandard, and illegal goods, which pose significant health, safety, and financial risks. There is a pressing need to educate consumers and shift their mindset to reduce demand for such products. By fostering a deeper understanding of the long-term consequences of engaging with illicit goods, consumers can be encouraged to make more informed, responsible purchasing decisions, ultimately curbing the demand for illicit products.

Recommendation(s):

- Strengthening the 'Jago Grahak Jago' Campaign:** The "Jago Grahak Jago" campaign, a flagship initiative for raising consumer awareness, plays a critical role in addressing various consumer issues, including the risks associated with counterfeit, spurious, and smuggled goods. To further enhance its effectiveness in combating these issues, the campaign can be restructured to specifically highlight the dangers of illicit products. By incorporating targeted messaging on identifying counterfeit goods, understanding the legal risks of engaging with smuggled items, and recognizing the long-term impact of purchasing substandard products, the campaign can better empower consumers to make informed and responsible decisions. Increased use of digital platforms, public service announcements, and regional outreach can further expand its

reach and impact, encouraging consumers to be more vigilant and demand legitimate, quality products.

- Targeting Rural Areas and Smaller Cities:** The issue of illicit trade is prevalent not only in urban areas but also in tier 2, tier 3 cities, and rural areas. To address this, it is essential to leverage communication channels such as advertisements, advisories, and public service campaigns in regional languages. Distributing educational materials and using other forms of public outreach will increase the impact of awareness efforts.
- Consumer and Retailer Training Programs:** Organizing workshops and training sessions for both consumers and retailers is critical. These interactive sessions can focus on counterfeit detection and provide practical advice on how to scrutinize products before making a purchase.

II. Safeguarding Consumer Interests in E-Commerce Platforms

The Consumer Protection Act, 2019 aims to address consumer issues by establishing a robust mechanism for dispute resolution through specialized bodies. These include the National Consumer Disputes Redressal Commission (NCDRC) at the national level, the State Consumer Disputes Redressal Commission (SCDRC) at the state level, and the District Consumer Disputes Redressal Commission (DCDRC) at the district level. These commissions have the authority to offer specific remedies and, when deemed necessary, provide compensation to consumers for their grievances.



The rapid expansion in the e-commerce sector has also led to an increase in online frauds, posing significant risks to consumers. These frauds include misleading product listings, counterfeit goods, payment scams, and unauthorized data breaches, where consumers are misled into sharing sensitive information. In response to the growing challenges in the e-commerce sector, the Department of Consumer Affairs has introduced the Consumer Protection (E-commerce) Rules, 2020. This legislation, formulated under the Consumer Protection Act, 2019, outlines the duties of online platforms and sets clear guidelines on the accountability of both marketplace and inventory-based e-commerce businesses. The rules also include provisions for the resolution of consumer complaints and ensure consumer rights are upheld in the digital marketplace.

Recommendation(s):

- **Formation of a Specialized Task Force:** It is proposed that the Ministry, in collaboration with cybersecurity authorities, form a specialized task force to focus on identifying and taking action against fraudulent online platforms. This task force would be responsible for monitoring and investigating emerging types of online fraud and ensuring that preventive measures are implemented in real-time. Additionally, it should collaborate with international agencies to address cross-border e-commerce fraud, thereby enhancing the protection of consumers on a global scale.
- **Establishment of Cybersecurity Standards:** In collaboration with cybersecurity experts, the Ministry can establish clear minimum cybersecurity standards and guidelines for online platforms operating within the country.

These standards should cover critical areas such as data protection, encryption, transaction security, and incident reporting protocols. Ensuring these measures will create a secure online environment for consumers and businesses alike.

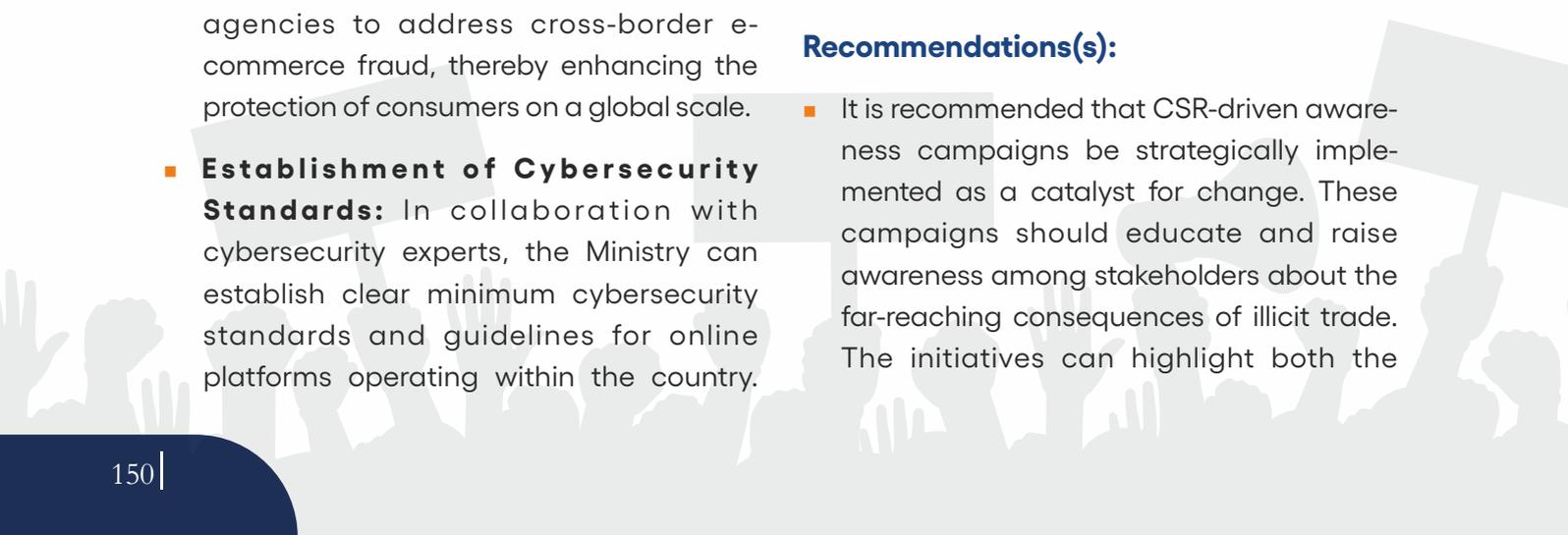
- **Automated Monitoring Systems:** Implementing automated monitoring systems to detect red flags such as fake reviews, suspicious purchase patterns, and phishing attempts can provide valuable early warnings. This proactive approach will enable swift investigation and action against fraudulent activities, ensuring greater consumer protection.

III. Leveraging CSR Funds to Combat Illicit Trade: A Call to Action

Corporate Social Responsibility (CSR) funds provide businesses with a valuable opportunity to create meaningful change by addressing pressing societal issues, including the challenge of illicit trade. By channeling CSR resources toward raising awareness, strengthening enforcement efforts, and promoting ethical business practices, companies can play a pivotal role in combating the growing threat of illegal trade. This strategic use of CSR not only helps mitigate the harm caused by illicit activities but also reinforces a company's commitment to fostering a fair and transparent economy.

Recommendations(s):

- It is recommended that CSR-driven awareness campaigns be strategically implemented as a catalyst for change. These campaigns should educate and raise awareness among stakeholders about the far-reaching consequences of illicit trade. The initiatives can highlight both the



financial repercussions, such as revenue loss, market distortion, and tax evasion, as well as the non-financial impacts, including reputational damage and the erosion of trust in businesses.

- By emphasizing the risks and legal penalties faced by those involved in illicit trade, these campaigns can effectively deter unethical practices. Ultimately, CSR initiatives can promote a culture of transparency, accountability, and ethical conduct, driving meaningful change and strengthening the collective effort to combat illicit trade.

IV. Establishing a Unified Reporting System for Illicit Products

It is proposed to develop a centralized digital platform aimed at tackling the rising problem of counterfeit and smuggled products. This portal would provide consumers with an easy way to report suspected illicit goods in the

market, serving as an essential tool for collecting vital data on the extent and origin of such products.

Recommendation(s):

- The platform could be designed to track emerging trends and patterns related to the distribution of counterfeit and illicit goods. This would provide both the Ministry and enforcement agencies with a comprehensive overview of the issue, allowing for the identification of high-risk areas and targeted interventions.
- By maintaining a centralized database of information on illicit products, the Ministry would gain valuable insights into the issue, allowing for the development of more effective, targeted solutions.
- This initiative aims to improve the efficiency of enforcement agencies in conducting search and seizure operations by accurately identifying major hotspots for the sale of illegal products.



Ministry of Home Affairs

I. Advanced Strategies and Intelligence Sharing

Smuggling, fueled by increasingly sophisticated global criminal networks, presents a significant threat to both economic stability and national security, facilitated by the unlawful movement of goods across international borders. Unaccounted and untaxed sale proceeds of smuggling have emerged in recent years as one of the the main sources of Terror Financing. Effectively combating this challenge requires a concerted focus on enhancing border security, incorporating advanced surveillance technologies, reinforcing checkpoints, and providing specialized training for enforcement personnel. Equally crucial is the establishment of seamless intelligence-sharing mechanisms between border security forces and other law enforcement agencies to ensure the timely interception of illicit activities.

Recommendation(s):

- **Establish Dedicated Intelligence Units for Monitoring Illicit Trade:** It is recommended to set up specialized units focused on monitoring illicit trade, equipped with advanced tools and trained personnel. Collaboration with national and international intelligence agencies will be instrumental in ensuring access to timely, accurate, and actionable data.
- **Implement Advanced Risk Assessment and Predictive Analytics Tools:** The implementation of advanced tools, powered by AI and machine learning, to analyze data such as cargo shipments and traveler profiles. This will help identify high-risk individuals, consignments, and routes, enabling targeted interceptions and better detection of suspected consignments.

II. Checking Notorious Markets

Retailers and wholesalers involved in the distribution of counterfeit, fake, and smuggled goods have entrenched themselves in several prominent markets across the national capital and major cities. These markets, such as Delhi's Gandhi Nagar, Kashmere Gate, Palika Bazaar, Nehru Place, Ghaffar Market, Sadar Bazaar, as well as Chennai's Burma Bazaar, etc. have gained notoriety reputation as hubs for smuggled and counterfeit products. They are known for offering a wide variety of illegal goods, including apparel, footwear, automobile parts, electronics, mobile phones, luxury items, and leather products, all contributing significantly to the growth of illicit trade.

Recommendation(s):

It is recommended that the enforcement authorities take sustained and coordinated actions against such notorious markets.

- **Enhanced Surveillance and Operations:** Implement frequent and targeted operations aimed at disrupting counterfeit and smuggled goods markets.
- **Establish Strategically Placed Picket Posts:** To increase oversight and facilitate prompt enforcement actions, strategically placed picket posts should be set up in and around these high-risk markets to monitor and regulate the flow of goods.
- **Ongoing Monitoring and Intelligence Gathering:** Establish dedicated units for continuous monitoring of these markets and gathering intelligence on illegal activities.

III. National Legislation on Organized Crime

Globalization, economic liberalization, the removal of international trade barriers, and rapid technological advancements have all significantly contributed to the rise of organized crime. This, in turn, has made illicit trade more complex and challenging to address. Illicit trade is deeply intertwined with transnational organized crime, which not only undermines economic growth, individual prosperity, and corporate profitability but also fosters social and political instability. These criminal networks, with their strong cross-border connections, facilitate smuggling operations and fuel international terrorism. Representing approximately 10% of global trade, illicit trade has been rightly termed by the FBI as the primary criminal activity of the 21st century.

Recommendation:

Organized crime, particularly in the context of illicit trade, presents a complex and multifaceted challenge that transcends national boundaries. While different jurisdictions have developed their own frameworks to address this issue, India lacks a comprehensive national law specifically targeting organized crime. The Maharashtra Control of Organized Crime Act (MCOCA), enacted in 1999, was a pioneering step in the country, initially designed to combat organized crime and terrorism. This law was later extended to Delhi, Karnataka, and Arunachal Pradesh, but the absence of a unified national approach leaves gaps in addressing the full scope of transnational criminal activities. In light of these growing concerns, effective enforcement of laws is required to holistically curb the problem of transnational organized crime. It is recommended that the government should consider establishing a national law to

effectively control and combat organized crime as part of a long-term strategy.

Key aspects that can be Included:

- **Transnational Cooperation:** Strengthening collaboration with international law enforcement agencies like INTERPOL and the United Nations Office on Drugs and Crime (UNODC) to facilitate cross-border investigations and information sharing.
- **Specialized Anti-Organized Crime Units:** Establishment of dedicated task forces at the national level to investigate and combat organized crime syndicates involved in illicit trade.
- **Effective Legal Framework:** A comprehensive set of laws addressing all aspects of transnational organized crime, including penalties, forfeiture of assets and anti-money laundering measures aimed at creating an effective deterrence.

IV. Advancing Border Security through Technological Integration

The adoption of advanced technologies in border security marks a transformative shift, ushering in a new era of heightened efficiency and responsiveness. As the nature of threats continues to evolve, adopting cutting-edge technologies is essential to stay ahead of illicit activities. Advanced surveillance tools, including high-tech cameras, sensors, and drones, enable real-time monitoring and intelligence gathering, fostering a proactive and adaptive defense against potential security breaches. These innovations not only enhance the accuracy of identification but also empower authorities to swiftly detect and respond to individuals with nefarious intent, strengthening overall border security.



Recommendation(s):

- **Deploy Advanced X-ray Scanning and Imaging Systems:** It is recommended to deploy advanced X-ray scanning and imaging systems at border crossings, to bolster border security and streamline inspection processes. These cutting-edge technologies enable non-intrusive inspections of vehicles and cargo, offering a comprehensive and efficient means to detect hidden compartments and illicit goods. By eliminating the need for physical contact, these systems ensure both accuracy and speed in the examination process, significantly enhancing the effectiveness of border management operations.
- **Implement Electronic Tracking Systems for Cargo Shipments:** To modernize border security and supply chain management, it is crucial to implement electronic tracking systems for cargo shipments. These systems enable real-time monitoring, providing complete visibility into the movement of goods and ensuring they adhere to approved routes and protocols. By offering this level of surveillance, the likelihood of cargo being diverted for illicit activities, such as smuggling, is significantly reduced.

V. Reinforcing Infrastructure and Building Robust Capacity for Resource Development

Currently, economic offenses are often deprioritized in law enforcement, as police officers are more involved with the investiga-

tion of more immediate and visible crimes, such as violent offences, maintaining law and order, etc. on a day-to-day basis. This situation creates a significant resource gap, limiting their capacity to effectively address economic crimes. Moreover, many officers lack exposure to the complexities and nuances of counterfeiting and smuggling, which further hampers their ability to prioritize and combat these issues.

Recommendation(s):

- **Prioritize the Investigation of Economic Crimes:** It is recommended that state police forces prioritize the investigation and enforcement of economic crimes such as smuggling and counterfeiting, which have far-reaching economic and societal consequences. To effectively combat them, it is crucial for police departments to strengthen their capacity through enhanced skills, improved infrastructure, and advanced technology.
- **Reassess and Strengthen Specialized Units like Economic Offense Wings (EOW):** Given the growing sophistication of illicit trade and the extensive consequences of these crimes, it is imperative for state governments to reassess their approach. Specialized units, such as EOW, must be strengthened and adequately resourced to tackle the scale and complexity of these criminal activities. By enhancing the capacity of these units and focusing on targeted training and technological upgrades, state police forces can more effectively address the challenges posed by smuggling, counterfeiting, and other forms of economic crime.



Ministry of Law and Justice

I. Deterrent Penal Provisions

The Customs Act, 1962 imposes stringent penalties for offenses involving large volumes of smuggled goods. Sections 111 to 114 and 135 provide for the confiscation of goods, fines of up to three times the value of the goods, and imprisonment of up to seven years, particularly when the value of the smuggled goods exceeds Rs. 1 crore. These provisions are designed to serve as a powerful deterrence against large-scale smuggling operations. However, the penalties under the Trademarks Act, specifically Sections 102 to 105, concerning counterfeit goods, remain inadequate in addressing the rising tide of counterfeit trade, which continues to harm consumers, businesses, and the broader economy.

Recommendation(s):

- **Non-Bailable Offenses:** The current practice of allowing bail for counterfeiting offenses, especially those punishable by a maximum of three years' imprisonment, enables criminals to resume illegal activities shortly after arrest. In order to address this, it is crucial to review the penalties under these laws and make offenses non-bailable.
- **Stronger Penalties for First-Time Offenders:** For first-time offenders involved in counterfeiting, penalties should be increased to a fine range of Rs. 1 lakh to Rs. 5 lakh, coupled with imprisonment of 1 to 5 years.
- **Escalating Penalties for Repeat Offenders:** For repeat offenders or those involved in large-scale counterfeiting operations, penalties should be considerably more severe. The fine should range between Rs.

2 lakh and Rs. 10 lakh, with imprisonment extended to a period of 3 to 7 years. This escalation in penalties will create a strong deterrence for those who view counterfeiting as a low-risk, high-reward venture.

- **Confiscation of Assets:** In addition to monetary fines and imprisonment, it is recommended that courts be empowered to order the confiscation of assets including property, vehicles, and equipment used in the manufacturing and distribution of counterfeit goods. This would further undermine the financial motivations of counterfeiters.

II. Need for a Proactive Judicial Approach

The judiciary plays a critical and decisive role in interpreting laws and combating counterfeiting and smuggling. Its active involvement is essential in addressing existing gaps in the legal framework and closing any loopholes that facilitate these crimes. A proactive judicial approach is particularly crucial when dealing with socio-economic crimes that not only harm businesses but also have far-reaching consequences for the national economy. These illegal activities undermine legitimate industries, discourage innovation, and hinder the growth of domestic businesses, thereby negatively impacting the broader economic landscape.

Given the magnitude of the damage caused by counterfeiting and smuggling, it is vital that the judiciary recognizes these activities as direct threats to the nation's economic well-being. A proactive stance will empower courts to address the issue more effectively and ensure that perpetrators face swift and appropriate consequences.



Recommendation(s):

- **Expeditious Adjudication and Prosecution:** An essential element for effective enforcement is the timely investigation and launching prosecution in cases related to counterfeiting and smuggling. To enhance the efficiency of adjudication, it is recommended that proceedings for such cases be completed within one year of initiation. This will help reduce delays and improve the overall effectiveness of the judicial process. Additionally, to reduce the backlog of cases and ease the burden on courts, the establishment of an Alternate Dispute Resolution (ADR) mechanism should be encouraged. ADR can provide faster resolutions for certain types of cases and alleviate pressure on the traditional judicial system.
- **Specialized Courts and Judicial Benches:** There is a pressing need for a focused judicial approach to counterfeiting and smuggling that ensures swift disposal of cases while enhancing deterrence against these illegal activities. In this regard, it is recommended that the establishment of specialized courts or the designation of specific judicial benches would be highly beneficial for the swift resolution of such cases.
- **Utilizing Summary Judgment in Civil Litigation:** In the context of civil litigation, commercial courts have provisions for summary judgment, a legal tool that enables faster resolution of straightforward cases. Counterfeiting lawsuits, due to their nature, are ideally suited to benefit from summary proceedings, which can expedite the legal process for cases where the facts are clear and the liability is evident. It is therefore recommended that

the proposed case management system incorporate provisions for summary trials in counterfeiting cases.

III. Judicial Orientation for Combating Illicit Trade

To effectively combat the growing threat of counterfeiting and smuggling, it is crucial that the judiciary is well-equipped with a deep understanding of the complexities and far-reaching consequences of these illicit activities. Given the significant role that the judiciary plays in addressing these crimes, enhancing judicial awareness can be a powerful tool in strengthening the legal response to such crimes. It is recommended that the National Judicial Academy (NJA) organizes comprehensive orientation programs aimed at educating judges on the economic, social, and legal impacts of illicit trade. These programs should not only focus on the legal aspects of counterfeiting and smuggling but also highlight their detrimental effects on industries, consumers, national security, and economic stability.

IV. Adopting Best Practices to Counter Smuggling and Counterfeiting

The fight against smuggling and counterfeiting is not confined to national borders, as these crimes often involve transnational networks and sophisticated operations. For the judiciary to effectively prosecute such complex and large-scale crimes, it is essential to facilitate the exchange of critical information related to global smuggling and counterfeiting activities. This exchange can play a crucial role in uncovering illicit trade routes, identifying key actors, and building stronger cases against offenders.



Given the increasingly interconnected nature of global trade and the rise of online platforms used for illicit activities, judicial authorities must adopt a collaborative and international approach. The exchange of information between national and international judicial bodies, enforcement agencies, and industry stakeholders is vital for a comprehensive response.

Recommendation(s):

- **International Cooperation and Information Sharing:** Establish bilateral and multilateral agreements to enable seamless sharing of intelligence and evidence to combat cross-border smuggling and counterfeiting.
- **Global Standards for Case Handling:** Adopt international best practices for handling digital evidence and securing intellectual property rights. Ensure consistency in how evidence is collected and used across jurisdictions.
- **Technology Integration for Cross-Border Investigations:** Utilize technologies such as blockchain, AI, and data analytics to track and trace illicit goods.
- **Training on International Legal Mechanisms:** Provide judges with regular training on international treaties (e.g., UNTOC, TRIPS) to enhance their understanding of cross-border legal processes for such cases.
- **Cross-Border Judicial Dialogue:** Create platforms for regular communication and exchange of case studies between judicial authorities across borders to share best practices and resolve international legal challenges.
- **Public-Private Partnerships:** Encourage partnerships between the judiciary, law enforcement, and private sector (e.g., multinational corporations, e-commerce platforms) to enhance intelligence sharing and enforcement of IP rights.



Ministry of Commerce and Industry

The sale of counterfeit and smuggled goods has a profound ripple effect on the economy, harming businesses across the entire supply chain. These illicit practices not only create unfair competition by allowing illegal traders to undercut prices but also erode the trust and reputation of legitimate companies. As a result, investments in innovation, quality, and brand development by lawful businesses are undermined. The unchecked growth of illicit trade creates an uneven playing field, which impedes the success and growth of legitimate enterprises. To address this challenge, it is crucial for governments and businesses to collaborate for strengthening trade agreements, enhancing export monitoring, protecting brands, and ensuring compliance with international standards to safeguard the integrity of legal business operations and ensure a fair market environment.

Recommendation(s):

I. Leveraging Technology to Combat Illicit Trade

Illicit trade thrives in the shadow of legitimate commerce, with illegal market operators utilizing advanced technological tools to evade detection. While various international standards are in place to combat these activities, there is a growing need for more effective legal, regulatory, and operational measures to disrupt the flow of illicit goods. To address this, it is suggested that experts advocate for the integration of cutting-edge technologies such as blockchain, RFID, and track-and-trace systems within supply chains. These technologies enable real-time monitoring of goods, enhancing transparency and significantly reducing the risks associated with unauthorized activities, from the point of origin to the end consumer. This will help curb

illicit trade by reducing the pathways through which counterfeit or smuggled products can infiltrate the market without detection.

II. Public-Private Cooperation for Market Integrity

By facilitating the sharing of information and intelligence, the partnership between government agencies and private sector entities enables a more thorough understanding of the methods and operations employed by illicit networks. A coordinated approach between the public and private sectors can lead to more efficient detection, prevention, and disruption of illicit trade, ensuring greater accountability and the protection of global markets.

- **Facilitating Information Sharing:** Establish secure channels for the exchange of information between government agencies and private sector entities to improve detection and disruption of illicit trade.
- **Joint Risk Assessment:** Conduct joint risk assessments to identify vulnerabilities in supply chains and online platforms, ensuring early detection of counterfeit and smuggled goods.
- **Collaborative Enforcement:** Public and private sectors should engage in joint enforcement actions, such as raids and inspections, to combat counterfeiting and smuggling.
- **Training and Capacity Building:** Organize training programs for both government officials and private sector representatives to strengthen skills in detecting and preventing illicit trade.

- **Promoting Transparency and Accountability:** Encourage transparency in supply chains and corporate accountability, ensuring businesses take responsibility for protecting their brands and consumers from illicit goods.
- **Collaboration with Regulatory Bodies:** E-commerce platforms should work closely with regulatory bodies and industry stakeholders to develop and enforce policies aimed at preventing the sale of counterfeit goods.

III. Ensuring Authenticity in Online Marketplaces

The rapid growth of e-commerce has led to a rise in counterfeit products infiltrating online platforms, posing risks to both consumers and businesses. Strengthening the integrity of online marketplaces is essential to combat this challenge.

Recommendation(s):

- **Stringent Seller Verification:** Implement robust seller verification processes to ensure only legitimate sellers operate on e-commerce platforms.
- **Enhanced Product Authentication:** Develop product authentication mechanisms to confirm the legitimacy of goods listed on online platforms.
- **Transparent Supply Chain Practices:** Encourage e-commerce platforms to adopt transparent supply chain practices to trace the origins of products.
- **Advanced Detection Algorithms:** Invest in advanced algorithms to detect and remove counterfeit listings, preventing fraudulent products from reaching consumers.

IV. Promoting Compliance with International Standards

In today's globalized trade environment, adherence to international standards is critical to combating the increasing threats of smuggling and counterfeiting. The World Trade Organization's (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) plays a pivotal role in strengthening global efforts to prevent the illicit trade of counterfeit goods.

Recommendation(s):

- **Strengthen TRIPS Implementation:** Ensure adherence to TRIPS provisions, which support intellectual property protection and help prevent the trade in counterfeit goods.
- **Enhance Border Controls:** Leverage WTO regulations to bolster border controls and improve enforcement against smuggling and counterfeiting activities.
- **Support Regulatory Frameworks:** Strengthen regulatory frameworks that enable nations to better control the flow of illegal products and safeguard legitimate trade.



Ministry of Electronics and Information Technology

Role of Technology in Tackling Illicit Trade

Mapping the scale and intricacies of counterfeit and smuggled goods within the economy presents a significant challenge. However, technology offers manufacturers powerful tools to stay ahead in the fight against counterfeiting and smuggling.

India, rapidly emerging as a global hub of technological innovation, is home to a wealth of diverse talent within the IT sector. The diverse and multifaceted talent within India's IT sector serves as a global resource, empowering individuals and organizations worldwide. To combat the growing menace of counterfeiting and smuggling, India must harness this potential to explore, develop, and implement effective global solutions through advanced information technology.

Information systems play a pivotal role in combating illicit trade by streamlining counterfeit detection processes and facilitating the seamless exchange of vital information. These systems can be the cornerstone of a robust strategy to safeguard the economy from the adverse impacts of illicit trade.

Recommendation(s):

I. Cybersecurity Awareness Campaigns

The Ministry of Electronics and Information Technology (MeitY) led major cybersecurity awareness campaigns across India. Key initiatives included the Safer Internet Day Campaign and the National Cyber Security Awareness Month among a few. MeitY also organises workshops like Cyber Surakshit Bharat to enhance cybersecurity skills among government officials. MeitY also launched the "Stay Safe Online" campaign during India's G20 presidency, promoting cyber hygiene among citizens, including specially abled

persons, to build a safer digital ecosystem. The Ministry can further enhance its efforts by educating consumers on the risks associated with cyber threats and equipping them with strategies to safeguard their personal and financial information. Such initiatives will not only protect users but also foster greater confidence in digital technologies, thereby contributing to the success of the Digital India campaign.

II. Monitoring Online Marketplaces

The Ministry can implement new-age advanced cybersecurity solutions, such as Intrusion Detection Systems (IDS), Security Information and Event Management (SIEM) platforms, and Endpoint Detection and Response (EDR) tools, to enable continuous monitoring and proactive threat detection. Furthermore, robust protocols can be established to facilitate real-time alerts and efficient incident response mechanisms, ensuring swift identification and resolution of security incidents or breaches.

III. Advanced Data Analytics Platform

Developing AI-powered tools capable of integrating vast datasets from sources such as trade records, customs declarations, financial transactions, and online marketplaces is essential. Leveraging machine learning algorithms, these tools can analyze data to identify patterns, anomalies, and trends associated with illicit activities like smuggling and counterfeiting. By providing actionable insights and predictive analytics, these platforms can help law enforcement agencies and regulatory authorities optimize investigations and allocate resources efficiently to combat illegal trade.



MEDIA COVERAGE

FICCI CASCADe emphasises global cooperation against smuggling for building resilient economies

New Delhi: FICCI Committee Against Smuggling and Counterfeiting (CASCADe) that has been running an intensive campaign against the menace of smuggling and counterfeiting that contributes to revenue loss and organised crime, will be organising the 10th edition of MASCRADe (Movement Against Smuggled and Counterfeit Trade) September 25-26 here in New Delhi.

The theme of this edition would be 'Building Resilient Economies and Implementing Robust Measures from a Global Initiative against Smuggling and Counterfeiting'.

Also, a report titled 'Illicit Markets in India: Assessment and Effect of Consumer Preference' would be presented.

India is the fastest growing major economy in the world and has been the sole 'bright spot' in an otherwise sagging economy, but the silent menace of smuggling and illicit trade threatens its position of becoming a \$5 Trillion economy.

Smuggling and counterfeiting threaten Indian industries, hampering job creation and impeding economic growth, apart from depriving the government of tax revenue and blocking resources for infrastructure and public health measures.

Mr. Anil Rajput, Chairman, FICCI CASCADe, said, "The interplay of technology and artificial intelligence has made the illicit market more sophisticated and more resilient, posing a complex web of challenges to the economic stability of nations. International collaboration along with greater consumer participation

and responsibility among citizens are not an effective measure against illicit trade. While the Indian Government has taken credible steps to control illicit trade, and the enforcement agencies making more progress, there are only the tip of the iceberg. In this backdrop, intense, targeted and sustained all round efforts are in the need of the hour."



The body has urged in the international community and organisations to highlight and curb the hidden links between smuggling, counterfeiting and terrorism and organised crime.

It has also been organising awareness programmes on strategies to counter smuggling, including inter-school competitions to educate the young or the to-be-consumers.

MASCRADe is an international forum that has member organisations, including the World Customs Organization (WCO), World Intellectual Property Organization (WIPO), International Narcotics Control Board (INCB), INTERPOL, among others, and representatives from several countries to provide insights against smuggling and illicit trade.

MASCRADe report in reports cover various fields such as cyber law, artificial intelligence, intellectual property rights and e-commerce, along with senior officials from the Government of India to highlight the detection of connections between smuggling, organised crime and terror financing.

Meanwhile, the MASCRADe discussion on activities would revolve around consumer awareness, strictly enforced and sustained government policies in terms of taxation, trade deals etc.

There also needs to be a multilateral collaboration to address the issue comprehensively. This collaborative effort could involve optimizing intelligence sharing, conducting joint investigations and enforcement actions, sharing best practices, establishing bilateral and multilateral agreements and enhancing mutual legal assistance, among other initiatives.

Additionally, the collaboration should leverage the power of new-age and emerging technologies, such as AI and machine learning, to identify and analyse patterns of illicit trade, thereby enhancing detection and enforcement capabilities.

The 9th edition of MASCRADe last year was a two-day event organised on the theme "Tackling Illicit Trade: Socio-Economic Perspectives and Way Forward".

A IEE FICCI CASCADe study titled 'Illicit Markets: A Threat to Our National Interests' revealed a staggering 10% increase in tax evasion due to smuggling in India from 2019 to 2023. The government faced a substantial financial impact, with losses reaching ₹28,221 crore, compared to ₹22,530 crore, spanning crucial sectors such as alcoholic beverages, mobile phones, FMCG household and personal goods, and tobacco products.

These industries collectively suffered an astounding 30% surge in sales losses, escalating from ₹30,048 crore in 2019 to ₹2,80,094 crore in 2023, highlighting the gravity of the illicit trade issue.



Ravneet Singh Bittu during the FICCI-CASCADe's MASCRADe 2024 PIC/MPOST

Need to crack down on illicit trade: Bittu

NEW DELHI: Minister of State for Food Processing Industries & Minister of State for Railways Ravneet Singh Bittu on Wednesday emphasised the need of harsh penalties and cracking down heavily on the nexus of people engaged in illicit trade and activities.

Addressing the 10th edition of FICCI-CASCADe's 'MASCRADe 2024', Bittu asserted that co-ordination between various enforcement agencies is key to overcoming the battle against the nefarious elements ruining our economic growth. "Together, we build resilient economies, fostering global collaboration to combat these threats with robust initiatives. Let's safeguard Bharat's future together," he added. He further stated that the opinions and

views of FICCI CASCADe's report will help the government to come down heavily on illicit trade activities.

Rajiv Talwar, special secretary to the government, and member of the Central Board of Indirect Taxes and Customs (CBIC), said: "CBIC is serving as the fulcrum in the movement against counterfeit goods and smuggling. We have built a technology-driven risk management portal that help us predict possible smuggling operations. CBIC officers are making on an average 60 detections a day through this portal."

Chairman of FICCI CASCADe Anil Rajput, said: "Consumers have and will continue to remain the prime focus group for both legal and the illicit players." MPOST

सोना समेत अन्य वस्तुओं की तस्करी पर अंकुश जरूरी : फिक्की कैस्केड

नई दिल्ली | फिक्की की तस्करी एवं जालसाजी गतिविधियों के खिलाफ कमेटी (कैस्केड) ने देश में सोना समेत अन्य वस्तुओं की तस्करी पर रोक के लिए वैश्विक सहयोग की जरूरत बताई है। संगठन की ओर से इस माह दिल्ली में मास्क्रैड (तस्करी और जालसाजी के खिलाफ आंदोलन) का आयोजन भी किया जाएगा। इस अंतरराष्ट्रीय मंच में विश्व बौद्धिक संपदा संगठन (डब्ल्यूआईपीओ), विश्व अंतरराष्ट्रीय नारकोटिक्स नियंत्रण बोर्ड (आईएनसीबी), इंटरपोल आदि सहित प्रमुख अंतरराष्ट्रीय संगठन के अधिकारी

और देशों के प्रतिनिधि शामिल हैं। यह तस्करी एवं अवैध व्यापार को महत्वपूर्ण जानकारियां देते हैं। फिक्की कैस्केड के चेयरमैन अनिल राजपूत ने कहा कि अवैध बाजार, वित्तीय प्रवाह, संगठित अपराध और आतंकवाद के बीच संबंधों का जाल है। यह राष्ट्र की सामाजिक-आर्थिक स्थिरता के लिए खतरा है। उपभोक्ताओं की भागीदारी, लोगों के बीच जिम्मेदारी के भाव के साथ अंतरराष्ट्रीय गठजोड़ इस अवैध कारोबार के खिलाफ प्रभावी कदम हैं। केंद्र सरकार ने अवैध कारोबार पर नियंत्रण के लिए कदम उठाए हैं।

Illicit market in 5 key Indian industries:

Textiles and Apparel with an illicit market size of Rs 4,03,915 crore in 2022-23 accounts for over 50% of the total illicit market, as per FICCI CASCADe report

THE SIZE OF THE MARKET

Industry	Value (2022-23)
FMCG - Packaged Foods	₹22,2875 cr
FMCG - Personal & Household Care Goods	₹73,813 cr
Textiles and Apparel	₹4,03,915 cr
Tobacco Products	₹30,017 cr
Alcoholic Beverages	₹66,106 cr
Total	₹7,77,726 cr

Size of illicit trade directly proportional to higher taxes; far more profound in tobacco and alcohol



Source: FICCI CASCADe Report

FICCI-CASCADe 2024: Urgent need for strict measures against illicit trade

DEEPAK KUMAR JHA
NEW DELHI

The Centre on Wednesday emphasized on the need of harsh penalties and cracking down heavily on the nexus of people engaged in illicit trade and activities across the country. "Punishment is necessary, and it is important to instill fear in the minds of perpetrators that harsh penalties are in store for them if they engage in illicit trade activities," said Ravneet Singh Bittu, Minister of State for Food Processing Industries & Minister of State for Railways. Addressing the 10th edition of FICCI-CASCADe's - 'MASCRADe 2024', Bittu asserted that co-ordination between various enforcement agencies is key to overcome the battle against the nefarious elements ruining our economic growth. "Together, we build resilient economies, fostering global collaboration to combat these threats with robust initiatives. Let's safeguard Bharat's future

together," he added. He further stated that the opinions and views of FICCI CASCADe's report will help the government to come down heavily on illicit trade activities. Special Secretary in the Government of India and Member (Compliance Management), Central Board of Indirect Taxes and Customs (CBIC), Rajiv Talwar, said, "CBIC is serving as the fulcrum in the movement against counterfeit goods and smuggling. We have built a technology-driven risk management portal with very wide capabilities that help us predict possible smuggling operations. CBIC field officers are making on an average 60 detections a day with the help of this portal." Talwar added that over 3,000 people have been arrested in the last 15 months and foreign products worth Rs 40 crore were seized. FICCI CASCADe Chairman Anil Rajput said consumers



Illicit Market Size	
Industry	Value (INR Crores) 2022-23
FMCG - Packaged Foods	222875
FMCG - Personal & Household Care Goods	73813
Textiles and Apparel	403915
Tobacco Products	30017
Alcoholic Beverages	66106
Total	797726

remain the prime focus group for both legal and the illicit players. In today's technology-dominated landscape, artificial intelligence has assumed great significance and at present we are witnessing the positive impact of this technology on our businesses and society. "I believe that my mantra called the 'SECURE' framework which stands for Surveillance, Enforcement, Capacity Building, United Front against illicit trade, Rigorous Punishment, Entire Ecosystem built on simplicity when looked at in totality, will provide a 360 degree addressal of the complicated issue of illicit trade and will also add value and significantly strengthen our strategy against this global menace," he said. Director, Compliance and Litigation Directorate, World Customs Organization Pranshu Kumar Das, Director General, Indian Council of Arbitration (ICA) and Former Director General, FICCI and

Think Tank Member, FICCI CASCADe Arun Chawla were present on the occasion. During the event, FICCI CASCADe, in association with the Thought Arbitrage Research Institute (TARI), launched a report 'Consumption Factors of Illicit Markets in 5 Key Industries' which pegs the size of illicit market in India at Rs 7,97,726 crore in 2022-23. Considering 5 key industries - FMCG (packaged goods), FMCG (personal and household care), alcohol, tobacco, and textiles & apparel - where illicit trade is undermining legitimate businesses, distorting competition, and significantly eating into government tax revenues, the report attributes the burgeoning size of the illicit market in heightened consumption of high value branded, luxury, high-end, taxed goods and services, especially among the expanding aspirational middle class, both in rural and urban India.

Illicit market valued at ₹8 lakh cr in 5 industries

NEWS ECONOMIC BUREAU ■ New Delhi

THE illicit market in 5 key Indian industries—FMCG (packaged goods), FMCG (personal and household care), alcohol, tobacco, and textiles & apparel—was valued at ₹7,97,726 crore in the financial year 2022-23, as per FICCI CASCADE'S latest study which was released on Wednesday.

Textiles and apparel with an illicit market size of ₹4,81,118 crore in 2022-23 accounts for over 60% of the total illicit market.

The illicit market for FMCG (packaged food) has grown from ₹1,32,474 crore in 2011-12 to ₹2,33,875 crore in 2022-23, marking a rise of 99%, said the report. The estimates for illicit market of FMCG (personal and household care goods) grew from ₹45,019 crore in 2017-18 to ₹75,813 crore in 2022-23 (71.4%).

The illicit market of alcoholic beverages saw a rise of 102.6% between 2011-12 and 2022-23. In current price value terms, the illicit market reached ₹66,100 crore for 2022-23, after ₹48,134 crore in 2011-12.

For tobacco products, between 2011-12 and 2022-23, the illicit market grew by 17.5%, from ₹75,486 crore to ₹88,010 crore. The report said the illicit market in these five categories expanded faster in rural India, especially among the growing classes of middle and lower income groups.



Illicit mkt for FMCG rises 99%

Illicit market for FMCG (packaged foods) has grown from ₹1,32,474 cr in 2011-12 to ₹2,33,875 cr in 2022-23, a rise of 99%, report said. Estimates for illicit market of FMCG (personal and household care goods) grew from ₹45,019 cr in 2017-18 to ₹75,813 cr in 2022-23.

Textiles, FMCG products account for 90% of illicit trade into India

AN
NEW DELHI

The illicit market in textiles and apparel, packaged goods, personal and household care, alcohol and tobacco has expanded faster in India and is undermining legitimate businesses, according to a report.

As per the report, textiles and apparel accounted for over 50 per cent of the total illicit market in 2022-23. FMCG (Packaged food) and FMCG (Personal and Household Care Goods) accounted for nearly 37 per cent of the total size of the



Illicit market.

Industry body FICCI's Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (CASCAD E), in association with the Thought Arbitrage Research Institute (TARI) has launched a comprehensive report titled 'Consuming The Illicit: How Changing Factors of

Consumption Affect Illegal Markets in 5 Key Industries' that pegs the size of illicit market in India at ₹7,97,726 crore in 2022-23.

Besides undermining the legitimate businesses, the report asserted that the illicit trade is distorting competition and significantly eating into government tax revenues.

The report attributed the burgeoning size of the illicit market to heightened consumption of high-value branded, luxury, high-end, taxed goods and services, especially among the expanding aspirational middle class, both in rural and urban India.

The changing spending pattern—with rising disposable incomes—highlights consumers opting for products that are taxed more, such as products carrying tax rates of 28 per cent in case of beauty and cosmetic products and readymade garments which are taxed at 12-18 per cent, which give illicit players the opportunity to use arbitrage for economic gains.

The impact is far more profound in the case of industries that have historically been exposed to higher tax regimes—tobacco and alcohol. These two products are taxed under the GST ambit.

'Need to crack down heavily on illicit trade'

AGE CORRESPONDENT
NEW DELHI, SEPT. 25

Union minister of State Ravi Shankar Prasad Wednesday pressed for the need of harsh penalties and cracking down heavily on the nexus of people engaged in illicit trade and activities.

Addressing the 10th edition of "FICCI-CASCADE'S - 'MASCARADE 2024'", Mr Prasad asserted that co-ordination between enforcement agencies is key to the battle against those nefarious elements ruining our economic growth.

Illicit trade in textiles, FMCG undermines India's economy: Report

TDG NETWORK
NEW DELHI

The illicit market in textiles and apparel; packaged goods; personal and household care; alcohol; and tobacco has expanded faster in India and is undermining legitimate businesses, according to a report.

As per the report, textiles and apparel accounted for over 50 per cent of the total illicit market in 2022-23. FMCG (Packaged foods) and FMCG (Personal and Household Care Goods) accounted for nearly 37 per cent of the total size of the illicit market. Industry body

FICCI's Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (CASCAD E), in association with the Thought Arbitrage Research Institute (TARI), has launched a comprehensive report titled 'Consuming The Illicit: How Changing Factors of Consumption Affect Illegal Markets in 5 Key Industries' that pegs the size of illicit market in India at Rs 797,726 crore in 2022-23.

Besides undermining the legitimate businesses, the report asserted that the illicit trade is distorting competition, and significantly eating

into government tax revenues. The report attributed the burgeoning size of the illicit market to heightened consumption of high-value branded, luxury, high-end, taxed goods and services, especially among the expanding aspirational middle class, both in rural and urban India. The changing spending pattern—with rising disposable incomes—highlights consumers opting for products that are taxed more, such as products carrying tax rates of 28 per cent in case of beauty and cosmetic products and readymade garments which are taxed at 12-18 per cent,

which give illicit players the opportunity to use arbitrage for economic gains.

The impact is far more profound in the case of industries that have historically been exposed to higher tax regimes—tobacco and alcohol. These two products are taxed under the GST ambit. "India witnessed a surge in per capita income between 2011-12 and 2022-23. But, the mismatch between purchasing power and aspiration has increasingly fed into an ever-increasing space for illicit market and counterfeiting," the report said.

FICCI CASCADE underlines need for global cooperation to curb smuggling for sustainable growth

PIONEER NEWS SERVICE ■
NEW DELHI

To combat the menace of smuggling and counterfeiting that feed into terror financing and organised crime, FICCI Committee Against Smuggling and Counterfeiting Destroying the Economy (CASCAD E) will be organising the 10th edition of MASCARADE (Movement Against Smuggling and Counterfeit Trade) this month in the national Capital. MASCARADE is an international forum that hosts senior officials from prominent international organizations, including the World Customs Organization (WCO), World Intellectual Property Organization (WIPO), International Narcotics Control Board (INCB), INTERPOL, and others, and representatives from several countries to provide insights against smuggling and illicit trade. India is the fastest growing major economy in the world and has been the sole 'bright spot' in an otherwise sagging scenario of slowing global economy, but the silent menace of smuggling and



illicit trade threatens its ambition of becoming a \$5 Trillion economy. "Smuggling and counterfeiting threaten Indian industries, hampering job creation and impeding economic growth, apart from depriving the government of tax revenue and bleeding resources for enforcement and public health measures," said Anil Rajput, Chairman FICCI CASCADE, which has been running an incessant campaign against the menace. It has roped in the international community and organisations to highlight and underline the hidden links between smuggling, counterfeiting and terrorism

and organised crime. The body has also been organising awareness programmes on strategies to counter smuggling, including inter-school competitions to educate the young or the to-be-consumers. MASCARADE ropes in experts from various fields such as cyber-law, artificial intelligence, intellectual property rights and e-commerce, along with senior officials from the Government of India to brainstorm on the detection of connections between smuggling, organized crime and terror financing. Meanwhile, the MASCARADE discussions on solutions would revolve

around consumer awareness, stricter enforcement and calibrated government policies in terms of taxation, trade deals etc. There also needs to be a multilateral collaboration to address the issue comprehensively. "This collaborative effort could involve optimizing intelligence sharing, conducting joint investigations and enforcement actions, sharing best practices, establishing bilateral and multilateral agreements and enhancing mutual legal assistance, among other measures," said Rajput. Additionally, the

collaboration should leverage the power of new-age and emerging technologies, such as AI and machine learning, to identify and analyse patterns of illicit trade, thereby enhancing detection and enforcement capabilities. The 9th edition of MASCARADE last year was a two-day event organised on the theme- 'Tackling Illicit Trade: Socio-Economic Perspectives and Way Forward'. A 2022 FICCI CASCADE study titled 'Illicit Markets: A Threat to Our National Interests' revealed a staggering 163% increase in tax losses due to smuggling in India from 2010 to 2020. The government faced a substantial financial impact, with losses reaching ₹58,521 crore, compared to ₹22,230 crore, spanning crucial sectors such as alcoholic beverages, mobile phones, FMCG, household and personal goods, FMCG-packaged foods, and tobacco products. These industries collectively suffered an astounding 340% surge in sales losses, escalating from ₹50,046 crores in 2010 to ₹2,60,094 crores in 2020, highlighting the gravity of the illicit trade issue.

Illicit trade at ₹7.97L cr in 5 key sectors

FE BUREAU
New Delhi, September 26

INDUSTRY CHAMBER FICCI has called for strict punishment and better surveillance to deal with illicit trade, which is pegged at ₹7.97 lakh crore a year for five key sectors including apparel and fast-moving consumer goods.

The illicit market in packaged foods at ₹2.33 lakh crore in 2022-23 was more than one-fourth (25.4%) of the country's packaged food market, according to FICCI's committee against smuggling and counterfeiting activities destroying the economy (CASCAD E) report released on Wednesday.

Illicit trade in the textiles and apparel segment stood at ₹4.03 lakh crore in FY23, growing 29.67% since 2017-18 when it was worth ₹3.11 lakh crore, the report said.

The Central Board of Indirect Taxes and Customs, which is working against counterfeit goods and smuggling, has effected the arrest

MEDIA COVERAGE

Illicit Markets in India Surge: Impact on Legitimate Businesses and Tax Revenues

A recent report highlights the rapid growth of illicit markets in India, particularly in textiles, apparel, and FMCG sectors. The report, from FICCI's CASCADE and TARI, estimates the illicit market's size at Rs 7,97,726 crore for 2022-23, significantly affecting legitimate businesses and government tax revenues.

The Hindustan Times Desk | New Delhi | Updated: 23-09-2024 10:39:57 | Viewed: 23-09-2024 10:39:57



Illicit market in five key Indian industries now valued at nearly Rs 8 lakh crore

The report highlighted that the illicit market in these five categories expanded faster in rural India, especially among...



Arshad Khan

Updated on: 24 Sep 2024, 9:35 am | 2 min read



The illicit market in five key Indian industries - FMCG (packaged goods), FMCG (personal and household care), alcohol, tobacco, and textiles and apparel - was valued at Rs 7,97,726 crore in the financial year 2022-23, as per FICCI CASCADE'S latest study released on Wednesday.

Textiles and apparel with an illicit market size of Rs 4,03,915 crore in 2022-23 accounts for over 50% of the total illicit market.

Minister Calls for Tough Penalties to Curb Illicit Trade at FICCI Event

Minister of State for Food Processing Industries Ravneet Singh Bittu emphasized the need for stringent penalties against illicit trade, addressing the 10th edition of FICCI-CASCADE'S 'MASCRADE 2024'. Central Board of Indirect Taxes and Customs (CBIC) member Rajiv Talwar highlighted the board's technological advancements in tackling counterfeit goods and smuggling. The event underscored the impact of the illicit market on five key industries, with a report revealing its substantial value and accelerated growth in rural India.

The Hindustan Times Desk | New Delhi | Updated: 25-09-2024 18:36:57 | Viewed: 25-09-2024 18:36:57



Illicit trade at ₹7.97-lakh cr in FMCG, textile, alcohol, tobacco sectors: FICCI

The problem is severe in the textiles and apparel business where the illicit market size could be ₹4,03,915 crore, over 50% of India's illicit trade in these sectors

By JOE MATHEW, Sep 23, 2024 | 3 min read



Illicit trade in FMCG (packaged foods) and FMCG (personal and household care goods) could be worth ₹2,23,875 crore and ₹73,813 crore, respectively.

Image: Getty Images

Bittu hits back at Rahul Gandhi amid Jammu and Kashmir alliance troubles

Bittu responds to Rahul Gandhi's remarks that FICCI's report on illicit trade is 'another example of BJP's record of failure'

By ANSARUL HAQUE | THE HINDUSTAN TIMES

3 X 0



Illicit market in key Indian industries valued at US \$ 95,329 million, says FICCI report

By Apparel Resources News Desk | 23 September 2024 | 3 min read



Image | Courtesy: www.thehindustantimes.com

The industry body FICCI has demanded tough penalties and increased monitoring to combat the illegal trade, which is estimated to cost five major industries, including clothing and textiles, US \$ 95,329 million annually.

The Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (CASCADE) in association with the Thought Arbitrage Research Institute (TARI), launched a report 'Consuming The Illicit: How Changing Factors of Consumption Affect Illegal Markets in 5 Key Industries' which states that illicit trade in the textile and apparel category was valued at US \$ 48,266 million in FY '23, a 29.67 per cent increase from US \$ 37,165 million in 2017-18.

MoS Ravneet Singh Bittu Addressed FICCI's 10th Edition Of MASCRADE 2024 In New Delhi



Minister of State for Food Processing Industries Ravneet Singh Bittu expressed concern over the issue of illicit trade and emphasized adopting best practices to deal with these challenges. While addressing the FICCI's 10th edition of MASCRADE (Movement Against Smuggled and Counterfeit Trade) 2024 in New Delhi today, he said both the central and state agencies need to work collaboratively to tackle the issue. The minister also urged support from the government.

तस्करी, जालसाजी से भारी आर्थिक और सामाजिक नुकसान हो रहा है: न्यायमूर्ति संजय करोल



Published on: Fri, Sep 27, 2024 2:58 PM by: Admin

न्याय मूर्ति: 27 सितंबर 2024 (शुक्रवार) न्यायमूर्ति संजय करोल ने तस्करी और जालसाजी के बढ़ते हुए के नुकसान और समाजिक हानि के मुद्दे पर नवीन दिल्ली में आयोजित FICCI के 10वें संस्करण के 'MASCRADE 2024' कार्यक्रम में भाग लेते हुए कहा, 'तस्करी और जालसाजी से भारी आर्थिक, सामाजिक हानि और स्वास्थ्य को हानि में आ रही है। जल्दी से सरकार को इन मुद्दों को संबोधित करने और समाधान के लिए प्रयास करने की आवश्यकता है।'

Justice Karol Calls for Tech-Driven Solutions to Combat Illicit Trade at MASCRADE Conference

During the 10th edition of MASCRADE, Supreme Court Justice Sanjay Karol stressed the significant impact of smuggling and counterfeiting on India's economy. He and other speakers called for stronger collaboration, technological innovation, and enhanced consumer awareness to address this growing threat.

Source: [The Economic Times](#) | Hyderabad: 27-09-2024 10:44 AM | Chennai: 27-09-2024 10:44 AM



MEDIA COVERAGE



SOCIAL MEDIA

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MASCRADE 2024
 MOVEMENT AGAINST SMUGGLED & COUNTERFEIT TRADE
 25th - 28th September, 2024 | The Loft, New Delhi

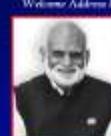
Inaugural Address By
SHRI RAVNEET SINGH BITTU
 Minister of State for Food Processing Industries & Minister of State for Railways, Government of India

Institutional Partner: 

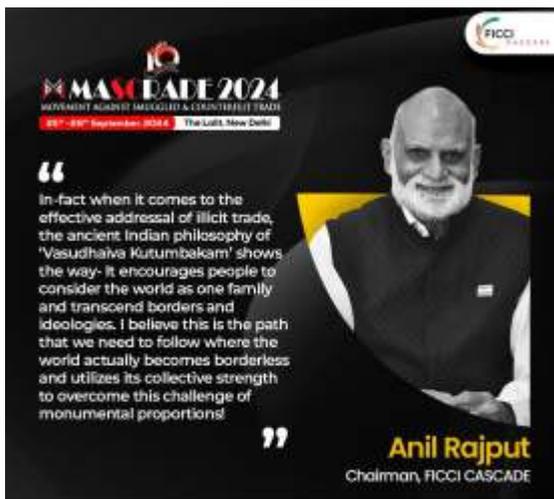


MASCRADE 2024
 MOVEMENT AGAINST SMUGGLED & COUNTERFEIT TRADE
 25th - 28th September, 2024 | The Loft, New Delhi

INAUGURAL SESSION
 Building Resilient Ecosystems and Implementing Robust Measures from a Collaborative against Smuggling and Counterfeiting

Welcome Address by	Vide Address by	Inaugural Address by	Special Address by	Vote of Thanks by
 Chairman, FICCI CASCADA	 Senior Counselor and President, Shri Ram Prasad Shastri Institute of Management	 Minister of State for Food Processing Industries & Minister of State for Railways, Government of India	 Special Secretary, Ministry of Trade and Industrial Policy Promotion, Government of India	 Member, Council of Trade & Industry, FICCI, New Delhi

Institutional Partner: 



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“In-fact when it comes to the effective address of illicit trade, the ancient Indian philosophy of ‘Vasudhaiva Kutumbakam’ shows the way- it encourages people to consider the world as one family and transcend borders and ideologies. I believe this is the path that we need to follow where the world actually becomes borderless and utilizes its collective strength to overcome this challenge of monumental proportions!”

Anil Rajput
 Chairman, FICCI CASCADA

Institutional Partner: 



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Dr. Ajit Ranade
 FICCI Chairman, Greater India of Productivity Solutions

Institutional Partner: 



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Mr. Jaspal Singh
 Special Commissioner of Police, Protective Security, Delhi

Institutional Partner: 



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Mr. Kenneth Wright
 IP Enforcement Consultant, Danish Patent and Trademark Office (DPTOP)

Institutional Partner: 



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 25th - 28th September, 2024 | The Loft, New Delhi

Mr. Vivek Johri
 Former Chairman, Central Board of Indirect Taxes and Customs

Institutional Partner: 



MASCRADE 2024
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 25th - 28th September, 2024 | The Loft, New Delhi

Plenary Session 5 | Building Resilient Ecosystems and Implementing Robust Measures from a Collaborative against Smuggling and Counterfeiting

Mr. Priya Jain	Mr. S. Parvath	Mr. Jaspal Singh	Mr. Ajay Mittal Tiwari	Mr. Rohit Gupta
				

Institutional Partner: 



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Dr. Siang Hee TAN
 Executive Director, CopiLife

Institutional Partner: 



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 25th - 28th September, 2024 | The Loft, New Delhi

Mr. Shishir Priyadarshi
 Former Director, WTO

Institutional Partner: 

MAM DATE 2024
MOVEMENT AGAINST SMUGGLERS & COUNTERFEIT TRADE
18th - 20th September, 2024 | The Lobby, New Delhi

DR. ANJU RATHI RANA, ILS
B.A., LL.B., Ph.D. in Law
Additional Secretary, Department of Legal Affairs, Ministry of Law and Justice, Government of India

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Mr. Anil Sinha
Former Director, Central Bureau of Investigation
and IAS, 1984-1986, IAS, 1986-1990

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Mr. P K Malhotra
Former Secretary, Ministry of Law & Justice, Govt. of India and Think Tank Member, FICCI CASICAIDE

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HON'BLE MR. JUSTICE NAVIN CHAWLA
Judge, Delhi High Court

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Shri Ayush Mani Tiwari
Inspector General, Border Security Force

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Rajiv Talwar
Member (Compliance Management), Central Board of Indirect Taxes and Customs

“ We are in a position to anticipate illicit trade to a large degree for actually predicting and anticipating the possible roots and modalities to be adopted in the course of smuggling and inclusive partnerships. ”

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Dr. Alka Chawla
Professor in charge, Campus Law Centre, Delhi University

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Mr. Anuj Bedi
Senior Counsel Brand Protection Indian Subcontinent and Africa, Puma Sports India Pvt. Ltd.

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HON'BLE MR. JUSTICE MANMOHAN SARIN
Former, Lokayukta, NCI of Delhi, Chief Justice, High Court of Jammu & Kashmir, Judge, High Court of Delhi and Think Tank Member, FICCI CASICAIDE

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MOVEMENT AGAINST SMUGGLERS & COUNTERFEIT TRADE
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Valedictory Session

Welcome and Introductory Remarks by **Hon'ble Mr. Justice Manmohan Sarin**
Former, Lokayukta, NCI of Delhi, Chief Justice, High Court of Jammu & Kashmir, Judge, High Court of Delhi and Think Tank Member, FICCI CASICAIDE

Valedictory Address by **Hon'ble Mr. Justice Sanjay Karol**
Judge, Supreme Court of India, Former Chief Justice, High Court and Judge, High Court

Concluding Remarks by **Mr. Sanjeev Tripathi**
Former Chief of RAW and Think Tank Member, FICCI CASICAIDE

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Mr. Sanjeev Tripathi
Former Chief of RAW and Think Tank Member, FICCI CASICAIDE

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SOCIAL MEDIA



10th
EDITION

MASCRADE 2024

MOVEMENT AGAINST SMUGGLED & COUNTERFEIT TRADE

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Title Partner



Platinum Partner



Session Partner



Associate Partner





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soon...

at

11th edition

 **MASCRADE 2025**
MOVEMENT AGAINST SMUGGLED & COUNTERFEIT TRADE
18-19 September 2025 | The Lalit, New Delhi

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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.

A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 2,50,000 companies.

FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community.

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 at FICCI Federation House, New Delhi.

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

www.ficcicascade.in