



**Press Release**

## **FAIFA appeals to the Government to curb the growing menace of Cigarette Smuggling in India**

- *Seizure of smuggled cigarettes doubles in the last 2 years*
- *Estimated loss to the Government is Rs 13,000 crore annually because of smuggled and illegal cigarettes*

**New Delhi, 16 January 2018:** Federation of All India Farmer Associations (FAIFA), a non-profit organization representing the cause of millions of farmers and farm workers of commercial crops across the States of Andhra Pradesh, Telangana, Karnataka, Gujarat etc. today appealed to the Government of India to curb the growing menace of Cigarette Smuggling in India protect the interests of Indian FCV tobacco farmers.

The steep increase in tobacco taxation in the recent past led to growth of the smuggling of cigarettes in the country, due to the high tax arbitrage. This is evident by the growing number of seizures of smuggled cigarettes which has more than doubled to 3108 in 2016-17 from 1312 in 2014-15 as per the details shared by the Finance Ministry in Parliament in December 2017. It is important to note that the reported seizures are only the tip of the iceberg of a much larger operation, as for every seizure dozens of consignments escape any surveillance.

Illegal cigarette trade is more than 25% of the Cigarette Industry in the country making India the 4th largest and fastest growing illicit market in the world. This has resulted in revenue losses of approximately Rs. 13000 crores to the Government and is growing annually. Illicit trade in tobacco is often backed by organized crime and terrorist groups. The shift in consumption to smuggled cigarettes has affected the Indian tobacco farmers' adversely as the smuggled cigarettes do not use Indian tobacco. During the last 6 years, the consumption of domestic Flue Cured Virginia (FCV) tobacco has reduced substantially. This has resulted in drop in earnings of FCV tobacco farmers which have shrunk cumulatively by more than Rs 3300 crore since 2013-14.

**Mr. Murali Babu, General Secretary, Federation of All India Farmer Associations (FAIFA),** said, "Unlike India, no other country in the world has a huge and wide-spread dependence on the tobacco crop for livelihood. The ongoing distress of FCV tobacco farmers and others dependent on tobacco for their livelihood makes it very important for policy makers in India to strike a balance between the country's excessive Cigarette taxation and regulations and the livelihood of people. The socio-economic importance of tobacco and its employment-generation capacity should not be overlooked while framing tobacco taxation and regulatory policies in India."

"All efforts of the tobacco control programs, in the form of high taxation, Graphical Health Warnings (GHW), or other regulatory overreach are largely focused on the FCV type of tobacco crop, which has boosted illicit trade in the country." **Mr. Murali Babu added**

**Facebook: Protect Our Livelihood/ POLFAIFA**

<http://bit.ly/2cAA0ph>

**Twitter: POLFAIFA**

<http://bit.ly/2d5Fteb>

We appeal to the Government to have a taxation policy, that dis-incentivises cigarette smuggling. Protection of the domestic legal industry in the country will help in sustaining livelihood opportunities and reduce revenue leakages. As it is well known, illicit trade is controlled by anti-social elements, international crime syndicates and terror organizations, which is adding huge cost to the nation, both financial and otherwise. We are sure that a balanced tobacco control policy both in terms of taxation and Graphic health warnings will be in the long-term interest of India.

**For further information please contact:**

Murali Babu – 9989005898

Venkatesh Warlu – 7093787182