

Rs. 13,000 Crore Revenue Lost Owing To Cigarette Smuggling

Illegal cigarette trade is more than 25% of the cigarette industry in the country, says Federation of All India Farmers Association (FAIFA).

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New Delhi: The Federation of All India Farmers Association (FAIFA) on Tuesday said India has lost approximately Rs. 13,000 crore in revenue due to growing cigarette smuggling and urged it to curb the menace.

"Illegal cigarette trade is more than 25 per cent of the cigarette industry in the country making India the fourth largest and fastest growing illicit market in the world. This has resulted in revenue losses of approximately Rs. 13,000 crore to the government and is growing annually," FAIFA said in a statement.

FAIFA has urged the government to protect the interests of legal Indian tobacco growers.



FAIFA urges government to have a taxation policy that disincentivises cigarette smuggling.

Over the years, while the Directorate of Revenue Intelligence (DRI) has been conducting raids to seize smuggled cigarettes from the international borders, they have denied having any consolidated data on the worth of the total seized smuggled cigarettes and tobacco.

The mails sent to the authorities at DRI, seeking details of the value of total seizures of smuggled cigarettes in the last two years remained unanswered.

FAIFA, representing the cause of millions of farmers and farm workers of commercial crops across the states of Andhra Pradesh, Telangana, Karnataka and Gujarat, has stated that the steep increase in tobacco taxation in the recent past led to the growth in the smuggling of cigarettes in the country.

"Increase in smuggling of cigarettes is evident by the growing number of seizures of smuggled cigarettes which has more than doubled to 3,108 in 2016-17 from 1,312 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," said the body which has also initiated letters to the Prime Minister's Office and the Union Health Ministry.

"Unlike India, no other country in the world has a huge and widespread dependence on the tobacco crop for livelihood.

"All efforts of the tobacco control programmes, 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," said Murali Babu, General Secretary, FAIFA.

FAIFA has also urged the government to have a taxation policy that disincentivises cigarette smuggling.

Source: <https://www.ndtv.com/business/budget-2018-rs-13-000-crore-revenue-lost-owing-to-cigarette-smuggling-1806446>