

## 'Tobacco, mobiles and booze are fast-moving duplicates'

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Our Bureau

Tobacco, mobile phones and alcoholic beverages are the three products, in that order, that figure in spurious/illicit trade the most, according to the FICCI Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (Cascade).

The FICCI Cascade report says the total loss to the government on account of illicit markets in just seven manufacturing sectors was ₹39,239 crore in 2014.

### Revenue loss

The revenue loss to exchequer on account of illicit trade is attributed to tobacco products estimated at ₹9,139 crore followed by mobile phones at ₹6,705 crore and alcoholic beverages at ₹6,309 crore.

This was revealed at a seminar on 'Combating Counterfeiting and Smuggling – An Imperative to Accelerate Economic Development' organised here by the FICCI Cascade here on Friday.

The study also establishes a relationship between high taxes and availability of illicit products. High tax rates tend to exacerbate illicit markets by creating greater demand for cheap and counterfeit substitutes.

This is because high tariffs and taxes create opportunities for those involved in illicit markets to step in and supply 'reduced' versions of the original product at lower prices.

### Switch-over

According to FICCI's recent report that focusses on the negative impact of smuggled goods on the economy and businesses, the smugglers are now switching over to cigarettes and fabric and silk yarn as they are low-risk, high-profit goods.

Kerala has traditionally been a hot bed for the smugglers because of factors such as its vast coastline. A number of seizures of highly smuggled goods such as gold and cigarettes have been carried out in the past few months.

The seminar discussed the importance of increased awareness on the hazards of counterfeiting and smuggling, and the need for effective enforcement to enhance economic development.

### Adverse impact

According to the report, in the last one year, the seizures of smuggled cigarettes has increased 78 per cent (from ₹90.75 crore in 2014-15 to ₹162 crore in 2015-16) followed by fabric/silk yarn (up 73 per cent from ₹24.03 crore to ₹41.78 crore) and gold (up 61 per cent from ₹ 692.35 crore to ₹1119.11 crore). PC Jha, Advisor, FICCI Cascade, said the problem of illicit trade is much more serious than it is commonly perceived. It has a huge adverse impact on the security and economy, revenues, health of the people and also on the environment.

There is also no doubt that the illegal money generated through illicit trade in smuggled, counterfeited and pirated goods is a major source to finance such dangerous activities as terrorism, insurgency and other organized crimes.

Deep Chand, another Advisor, emphasised on the need for consumers to being constantly aware of the detrimental impact of illicit products.

**Source:** <https://www.thehindubusinessline.com/news/tobacco-mobiles-and-booze-are-fast-moving-duplicates/article22838655.ece>