

## Curb Cigarette Smuggling in India: FAIFA to Government

Federation of All India Farmer Associations (FAIFA), an organization representing the cause of millions of farmers and farm workers appealed to the Government of India to curb the growing menace of Cigarette Smuggling in India to protect the interests of Indian FCV tobacco farmers.

In a statement issued on January 16, 2018, FAIFA said that the steep increase in tobacco taxation in the recent past has led to the growth of 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, the Federation said. “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,” added FAIFA.

FAIFA noted that illegal cigarette trade is more than 25% of the Cigarette Industry in the country making India the 4<sup>th</sup> 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, FAIFA said. “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, FAIFA claimed. “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,” FAIFA emphasised.

Mr. Murali Babu, FAIFA General Secretary, 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 pointed out.

“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,” FAIFA said in the statement.

THE ECONOMIC TIMES

## Disincentivise cigarette smuggling through tax policy: FAIFA

By PTI | Jan 16, 2018

NEW DELHI: Ahead of the budget, farmers body FAIFA today asked the government to have a taxation policy that curbs cigarette smuggling, saying Indian tobacco growers are suffering due to it.

### 'Govt lost ₹13,000 cr revenue due to cigarette smuggling'

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 annually," FAIFA said in a statement.

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desh, 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 from the international borders, they have denied having any consolidated data on the worth of the total seized smuggled cigarettes and tobacco.

NDTV

## 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), January 30, 2018

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## Revise tax policy to disincentivise cigarette smuggling, say farmers

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"We appeal to the government to have a taxation policy, that disincentivises cigarette smuggling," FAIFA General Secretary said.



smuggling.

With the smuggled products cheaper, there has been a shift in consumption which affected Indian tobacco farmers adversely as the smuggled cigarettes do not use Indian tobacco, it added.

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more than Rs 3,300 crore since 2013-14, FAIFA claimed.

Babu said India has a huge and wide-spread dependence on the tobacco crop for livelihood.

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## Government lost Rs 13,000 cr revenue due to cigarette smuggling: FAIFA



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

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

## Farmers body urges government to curb cigarette smuggling

"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.

Claiming that seizures of smuggled cigarettes has doubled in the last two years, a pan-India farmers body on Tuesday urged the Central government to curb the growing menace of cigarette smuggling in India to protect the interest of legal Indian tobacco growers.

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