

## GST: A Unique Opportunity to Address India's Growing Illegal Cigarette Trade

The Tobacco Institute of India (TII) has sent out a Press Statement appealing to the Government to seize the unique opportunity that GST presents to address the high tax arbitrage available with cigarette smuggling syndicates and in doing so provide relief to distressed tobacco farmers, the legal cigarette industry and also inject buoyancy in revenue collection from this sector.

According to a recently released FICCI Report, 'Invisible Enemy – A Threat to National Interests', Cigarettes are among the top 5 smuggled goods in the country with far reaching impact on various stakeholders including Government, domestic industry and society at large.

Indeed in recent months and as credit to the enforcement agencies, the incidence of seizures of smuggled cigarettes, as reported in the Media, has seen a sharp spurt in different parts of the country.

While increased vigilance by enforcement agencies of the Government has led to interception of illegal consignments of smuggled cigarettes, it must be noted that the seizures are only the tip of the iceberg of a much larger and threatening operation in illegal cigarette trade in the country. After all, for every seized consignment there are a large number of consignments that escape surveillance and find their way into the market. In fact, the FICCI Study estimates that the ratio of seizures to smuggled cigarettes ranges from a mere 0.3% in 2013 to 1.8% in 2015.

**It is evident that enforcement alone cannot fully address the menace of the large and growing**

**illegal cigarette trade in the country and that systemic policy changes in high taxation and excessive regulation are required to adequately deal with the size of the problem.**

Illegal trade in cigarettes in the last five years has seen a huge surge. According to Euromonitor International, India is the fastest growing and the 4<sup>th</sup> largest illegal cigarette market in the world totaling to 23.9 billion sticks in 2015. In fact, a FICCI Report estimates the overall market for illegal cigarettes in India at a significant 20.2% of the Cigarette Industry, resulting in a huge revenue loss of Rs.9,139 crores to the national exchequer.

**Ironically, while illegal cigarette trade shows no sign of abating, the Legal Cigarette Industry, which constitutes only 11% of total tobacco consumption in the country, continues to decline as a consequence of punitive taxation and the successive years of high excise duty increases since 2012/13.** During the last 5 years the legal cigarette Industry has seen more than 25% shrinkage in volume.

In its Study 'Invisible Enemy – A Threat to National Interests' FICCI notes that high taxation on cigarettes is the primary driver of illicit trade in the country making legal cigarettes unaffordable to a large section of consumers and pushing business to the underground, clandestine trade in illegal cigarettes. Clearly the large tax arbitrage opportunity has made India a preferred destination for international cigarette smugglers.

Moreover, since contraband products do not use locally grown tobaccos, illegal trade affects demand for domestic tobaccos thereby, impacting the earnings and livelihood of tobacco farmers in the country. In fact, since 2013-14, the annual earnings of FCV tobacco farmers have shrunk by more than Rs.1,500 crores due to fall in demand for tobaccos grown by them used in

the manufacture of domestic legal cigarettes. It is therefore, critical for the Government to contain the threat that the growing illegal cigarette trade poses to the entire legal cigarette value chain in the country and seize the opportunity that GST offers to address the high tax arbitrage that incentivizes cigarette smuggling syndicates.

**Use GST to curb illegal cigarette trade, says tobacco body**

The GST is an unique opportunity for the government to address the growing illegal cigarette trade in the country, according to Tobacco Institute of India (TII). The tobacco body representing interests of legal cigarette manufacturers at ITC, Godfrey Philips and GFT, also said the government must also consider the plight of distressed tobacco farmers. "GST presents a unique opportunity to address the growing illegal cigarette trade in the country," said TII Director Syed Mahmood Ahmad.

**Use GST to curb illegal cigarette trade: says TII**

The Tobacco Institute of India (TII) is a body representing interests of legal cigarette makers. It also said the government must also consider the plight of distressed tobacco farmers. "GST presents a unique opportunity to address the growing illegal cigarette trade in the country," said TII Director Syed Mahmood Ahmad.

**'Use GST to curb illegal cigarette trade'**

**New Delhi:** The GST is an unique opportunity for the government to address the growing illegal cigarettes trade in the country, according to Tobacco Institute of India (TII). A body representing interests of legal cigarette makers, also said the government must also consider the plight of distressed tobacco farmers. "GST presents a unique opportunity to government to address the growing illegal cigarette trade in the country," said TII Director Syed Mahmood Ahmad. This would also help "distressed tobacco farmers in the legal cigarette industry and also inject buoyancy in revenue collection from this sector."

**Government urged to address illegal cigarette trade through GST**

**New Delhi:** The Tobacco Institute of India -- that represents tobacco farmers, cigarette manufacturers and ancillary manufacturers -- urged the Centre on Thursday to use the GST to address the growing illegal cigarette trade and provide relief to distressed tobacco farmers in the country. "The GST is a unique opportunity to address the growing illegal cigarette trade in the country," said Syed Mahmood Ahmad, Director of TII. He said that recent seizures of smuggled cigarettes by enforcement agencies are only "the tip of the iceberg".

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**'गैर-कानूनी कारोबार पर रोक के लिए GST का यूज हो'**



**नई दिल्ली:** भारतीय तंबाकू संस्थान (टीआईआई) का मानना है कि सरकार के पास गैर-कानूनी कारोबार को रोकने का एक खास मौका है। यह संस्थान सिगरेट का वैध कारोबार करने वाली आईटीसी, गॉडफ्रे फिलिप्स और जीएसटी जैसी कंपनियों को नुमाइंदगी करता है। इसके साथ ही टीआईआई ने सरकार से संकट में फंसे तंबाकू किसानों की स्थिति सुधारने के लिए भी उपाय करने को कहा है। टीआईआई के डायरेक्टर सैयद महमूद अहमद ने कहा, "जीएसटी सरकार के समक्ष अवैध सिगरेट कारोबार पर अंकुश लगाने का एक बेहतर मौका है।" उन्होंने कहा

**Use GST to curb illegal cigarette trade, tobacco body says**

By Writam Mukherjee, ET Bureau | Updated: Mar 30, 2017, 03:14 PM IST  
services tax (GST) is an opportunity to address the high tax arbitrage available with cigarette smuggling syndicates and will thereby provide relief to the sector and boost revenue collection from this sector.

Tobacco Institute of India director Syed Mahmood Ahmad said GST presents a unique opportunity to government to address the growing illegal cigarette trade in the country. Cigarettes are among the top five smuggled goods in the country and India is the fourth

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**New Delhi | Agencies**  
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**Tobacco body calls for policy change**

**NEW DELHI, DHNS:** The Tobacco Institute of India on Thursday appealed to the government to seize the unique opportunity that GST presented to address the high tax arbitrage available with cigarette smuggling syndicates.

This, they said, would give relief to distressed tobacco farmers, the legal cigarette industry and also inject buoyancy in revenue collection from

**गैर-कानूनी कारोबार पर रोक को जीएसटी हो**

**नई दिल्ली।** भारतीय तंबाकू संस्थान का मानना है कि जीएसटी सिगरेट के गैरकानूनी कारोबार पर अंकुश लगाने का एक विशिष्ट अवसर है। यह संस्थान सिगरेट का वैध कारोबार करने वाली आईटीसी, गॉडफ्रे फिलिप्स तथा वीएसटी जैसी कंपनियों के हितों का संरक्षण करता है।

**सिगरेट के अवैध कारोबार पर रोक को जीएसटी का इस्तेमाल हो : टीआईआई**

**नयी दिल्ली।** भारतीय तंबाकू संस्थान (टीआईआई) का मानना है कि जीएसटी सरकार के पास देश में सिगरेट के गैरकानूनी कारोबार पर अंकुश लगाने का एक विशिष्ट अवसर है। यह संस्थान सिगरेट का वैध कारोबार करने वाली आईटीसी, गॉडफ्रे फिलिप्स तथा वीएसटी जैसी कंपनियों के हितों का संरक्षण करता है। इसके साथ ही टीआईआई ने सरकार से संकट में फंसे तंबाकू किसानों की स्थिति सुधारने के लिए भी उपाय करने को कहा है।

**निग्राट्रट्रॉन (व्याथिनि) ब्रायन्स जागाम निट्ट आर्रट्ट खिन्नगि: पिन्थाश्चिइ**

**अवैध उत्पादों का प्रवाह बढ़ा**

एनईपी/एनडीए, नई दिल्ली  
दि टोबैको इंस्टीट्यूट ऑफ इंडिया को केन्द्र सरकार ने अपील है कि वह सिगरेट पर लागू कर को उलटने का लक्ष्य उठाकर सिगरेट को तकनीकी कर रहे लोगों से निपटने के लिए जीएसटी में उलगाव करने अवसर का उपयोग करे।  
ऐसा करने से संकट इस तंबाकू किसानों, वैध सिगरेट उद्योग को खास फिलेस और इन क्षेत्र में राजस्व संग्रह में भी तेजी आएगी। इस ही में पिछले छह अठ्ठस सप्ताह हिंदी को खतरा संकेत के जारी एक रिपोर्ट के मुताबिक, सिगरेट उन क्षेत्रों 5 उपार्यों में शामिल है जिसको तकनीकी देव में को जारी है और सक्ता परन्तु खोज और समान प्रति प्रतिष्ठत पायीं पर इसका दुर्गामी प्रभाव पड़ता है। टोबैको इंस्टीट्यूट अवैध उत्पादों के निर्यात के लिए महमूद अहमद ने कहा, जीएसटी देव में वज्र से निपटने के अवैध कारोबार से निपटने के लिए सरकार को एक अनुक अवसर प्रदान करता है।