

# Use GST to curb illegal cigarette trade: says TII

**FC BUREAU**

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AS the Lok Sabha cleared the goods and services tax (GST) bill amid debate over tax slabs for commodities, a research body has suggested that the reform initiative has the potential to curb illegal cigarettes trade in India.

The Tobacco Institute of India (TII), a body set up by cigarette makers like ITC, Godfrey Philips and VST, says the government must consider the distressed tobacco farmers' plight to decide on the tax slab under GST.

"GST presents a unique opportunity to the government to address the growing illegal cigarette trade in the country," said TII's director

Syed Mahmood Ahmad. It would help distressed tobacco farmers and the cigarette industry, he said adding revenue collection from the sector would also increase.

TII represents leading cigarette manufacturers accounting for over 98 per cent of the domestic sales of duty-paid cigarettes. The Lok Sabha approved four legislations for GST on Wednesday.

"Indeed in recent months and as credit to the enforcement agencies, seizures of smuggled cigarettes, as reported in the media, has seen an spurt in different parts of the country," he said.

As illegal cigarette trade continues, the local tobacco industry, which constitutes only 11 per cent of the tobac-

co consumption, has been declining because of punitive taxation and the successive years of high excise duty hikes since 2012-13, said TII.

During the last 5 years, the cigarette industry has seen 22 per cent shrinkage, dropping from 110 billion sticks in 2011-12 to around 85 billion sticks in 2015-16.

According to a Ficci report, cigarettes are among the top 5 smuggled goods with far reaching impact on various stakeholders including the government, domestic industry and society at large.

According to Euromonitor International, India is the fastest growing and the 4th largest illegal cigarette market in the world, totaling to 23.9 billion sticks in 2015.