

Tobacco Institute of India raises concerns on hiked NCCD on cigarettes

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Tobacco Institute of India said that India may become a preferred destination for "smuggled cigarettes" as the increase in National Calamity Contingent Duty (NCCD) will incentivise illegal cigarette trade operators.

"The increase in NCCD announced in the Union Budget 2020-21 and the resulting escalation in cigarette taxation leading to higher tax arbitrage will serve as a huge incentive to illegal cigarette trade operators, who target India as a preferred destination for smuggled cigarettes," it said in a statement.

It pointed out that illegal cigarettes have grown consistently in the country and now account for one-fourth of the Indian cigarette market.

"In the current economic environment the proposed increase announced in the Union Budget on NCCD will aggravate the pressure on the legal cigarette Industry, encourage illegal cigarette trade and adversely impact tobacco farmer earnings whose livelihood is intrinsically connected with the legal cigarette value-chain," the Tobacco Institute of India stated.

"In the interest of the FCV tobacco farming community and the Legal Cigarette industry which is reeling under huge pressure we appeal to the Finance Minister to reconsider the proposal and withdraw the NCCD levy," it added.

Source: <https://www.thehindubusinessline.com/news/tobacco-institute-of-india-raises-concerns-on-hiked-nccd-on-cigarettes/article30719702.ece>