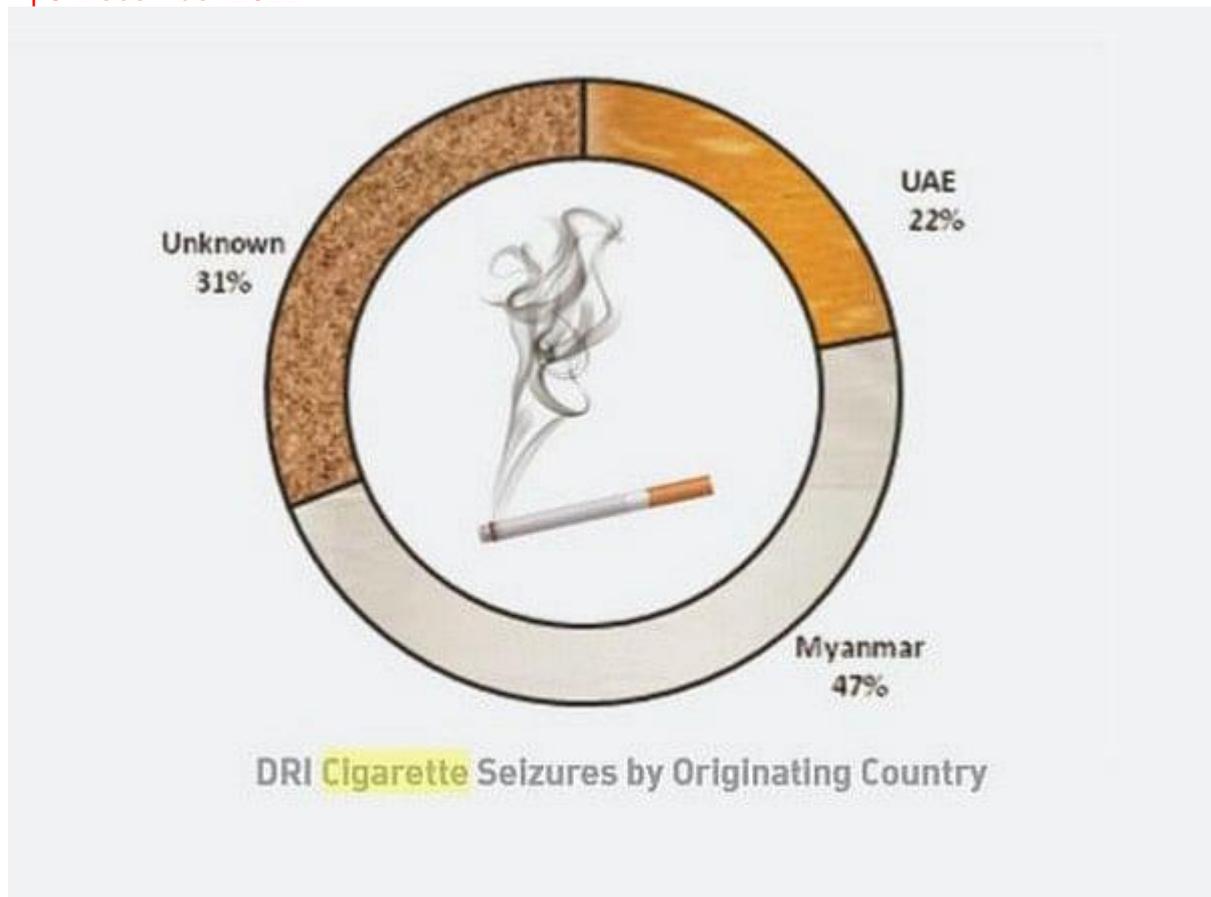


Tax arbitrage makes smuggling of cigarettes into India favorable: DRI Report

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New Delhi [India], December 5 (ANI): Smuggling of cigarettes into India is an area of concern as the high incidence of taxation on cigarettes results in a tax arbitrage in favour of the smugglers, the annual report produced by the Directorate of Revenue Intelligence said on Monday.

Moreover, no taxes are being paid on the smuggled cigarettes and there is no statutory requirement of pictorial warning covering at least 85 per cent of the packaging space, which the report said makes trafficking of the commodity lucrative.

Cigarettes and tobacco products are generally heavily taxed by the governments to reduce consumption of these products, as these can undermine public health.

In order to evade the high rate of tax and cess levied on cigarettes and tobacco products as also to avoid printing of the pictorial and textual warnings, illegal means of importation of cigarettes and tobacco products is resorted to, to meet the demand in the market and rake in exorbitant profits, the report said.

“More importantly, the smuggled cigarettes are, on an average, 50 per cent cheaper in the Indian market, compared to the price of any similar cigarette brand,” the report read.

From a public health perspective, the smuggling of cigarettes also poses a very serious challenge since a part of the smuggled cigarettes are counterfeits and the quality of tobacco and other ingredients used in the said cigarettes, is inferior, it added.

In the report for the year 2021-22, DRI said it seized 1,102.63 lakhs cigarette sticks, which is estimated to be valued at Rs 9,332.4 lakh.

Notably, around half of the seized cigarettes originated from neighbouring Myanmar, followed by UAE at 22 per cent. The origin of the rest 31 per cent is unknown, the report said.

Separately, a comparative year-wise trend of NDPS seizures showed that there has been a sharp increase in the number of seizures of the items in India.

In 2021-22, seizures of cocaine increased 3,479 per cent from 8.667 kg to 310.21 kg, an annual report produced by the Directorate of Revenue Intelligence said on Monday. In 2019-20, the seizure was 1.108 kg.

For methamphetamine and heroin, the seizure increased by 1,281 per cent and 1,588 per cent to 884.69 kg and 3,410.71 kg, respectively, the report showed.

Further, for ganja, data showed DRI made a maximum number of seizures of ganja in Madhya Pradesh, Tripura, Uttar Pradesh, Assam, and Maharashtra.

DRI arrested about 131 persons during the financial year 2021-22 for offences committed under the NDPS Act, 1985, the report said.

Union Finance Minister Nirmala Sitharaman on Monday asked enforcement agencies to up their vigil and go after big smugglers involved in drug trafficking and sending 'mountains' of illegal drugs into the country.

Sitharaman said cocaine and other psychotropic drugs have started coming into India and the agencies need to figure out if the country is becoming a consuming country. She made the remarks while addressing the 65th Founding Day of the Directorate of Revenue Intelligence here in the national capital on Monday.

"DRI should make sure that smugglers are not smarter than you. Each one of these (smuggling) cases, at the earliest point of time, must come to the conclusion," said Sitharaman.

She said arrest and prosecute the smugglers and the DRI must ensure that big handlers of such smuggling activities must face the law of the land. (ANI)

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