

Union Budget: FAIFA urges govt to take measures to curb cigarette smuggling

PTI | Jan 25, 2023

NEW DELHI: Farmers' body FAIFA on Wednesday requested the government to take measures to curb cigarette smuggling, causing a revenue loss of Rs 13,000 crore annually to the exchequer.

Federation of All India Farmer Associations (FAIFA) in a pre-budget presentation to finance minister Nirmala Sitharaman highlighted the growing menace of cigarette smuggling, resulting in various issues -- ranging from the rise of crime to huge tax losses to the government.



The association -- representing millions of farmers and farmworkers of commercial crops across Gujarat, Andhra Pradesh, Telangana and Karnataka -- urged the government to consider lowering taxes to arrest cigarette smuggling, FAIFA said in a statement. Quoting news reports, it said, the government is planning to cut import duty on gold from the current 18.45 per cent to about 12 per cent to make the yellow metal cheaper and curb its smuggling.

Similarly, the government is also looking at reducing the basic customs duty (BCD) on phones to make them cheaper so as to arrest smuggling.

While the government is considering these options, the statement said, it should also consider means to stop cigarette smuggling, causing a revenue loss of Rs 13,331 crore annually compared to a tax loss of Rs 2,859 crore on account of the smuggling of phones.

FAIFA president Javare Gowda said the reduction in taxes on legal cigarettes will not only reduce the huge tax loss for the government but also will bring relief to millions of tobacco farmers who are dependent on the legal domestic industry.

"The huge taxes on tobacco is being exploited by smugglers and creating an extra burden on our enforcement agencies and loss to our government and farmers. Illicit cigarettes are in big demand across the country and currently exceed one-third of legal volumes and a tax cut will drastically reduce this market," Gowda said.

As per the Directorate of Revenue Intelligence (DRI) Annual Report, 11 crore cigarette sticks valued at Rs 93 crore were seized during 2021-22.

Despite hectic efforts by enforcement agencies, it is difficult to control cigarette smuggling because it is on average 50 per cent cheaper in India and the arbitrage is huge for smugglers as the market size is quite large, it said.

Source: <https://timesofindia.indiatimes.com/business/budget/union-budget-faifa-urges-govt-to-take-measures-to-curb-cigarette-smuggling/articleshow/97309903.cms>