

Illicit trade increasingly exploiting legitimate supply chains, digital platforms: Ram Nath Kovind

Former President Ram Nath Kovind on Thursday said smuggling and counterfeiting were gradually eroding the trust that forms the foundation of a healthy economy, stressing the need for greater cooperation among governments, enforcement agencies, industry and consumers to tackle the growing menace.

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Addressing the 12th edition of FICCI CASCADE's MASGRADE 2026 here, Kovind said consumers trust manufacturers, manufacturers trust supply chains, while investors trust institutions and regulators, making the fight against smuggling and counterfeiting ultimately a fight to protect the systems that allow an economy to function.

"The entire economic system is based on trust. Therefore, the movement against counterfeiting and smuggling is about protecting the trust in the systems and institutions that allow an economy to function," he said.

Kovind said illicit trade had also demonstrated that a supply chain was only as secure as its weakest point, underlining the relevance of the conference theme, "One World, One Fight: Eliminating Counterfeiting and Smuggling Through Collective Action".



Former President Ramnath Kovind (Photo: IANS)

He said India was at an important stage of its economic journey, witnessing transformation in manufacturing, infrastructure, technology, entrepreneurship and global trade. With Indian enterprises becoming increasingly part of global value chains and the digital economy opening new opportunities, he said there was an equal responsibility to protect the ecosystem supporting this growth.

"There are three ideas about India that we must defend together," Kovind said, referring to Bharat as Vishwaguru, India as a global centre of enterprise, manufacturing and innovation under the Make in India and Atmanirbhar Bharat aspirations, and the Indian citizen as a discerning and empowered consumer entitled to expect genuine and safe products.

"Illicit trade undermines all three," he said.

Kovind also stressed that technology could play a major role in combating smuggling and counterfeiting, with data analytics helping identify unusual patterns, artificial intelligence assisting agencies in assessing risks and digital systems improving transparency.

However, he cautioned that technology alone would not be sufficient and called for stronger inter-agency and international cooperation in intelligence sharing.

The challenge is increasingly extending beyond traditional smuggling routes, with illicit networks using legitimate logistics infrastructure, documentation, financial channels and digital platforms to disguise unlawful activity, CBIC Chairman Vivek Chaturvedi said.

"The illicit economy is no longer simply about bringing prohibited goods across the border. It is increasingly about creating an entire parallel supply chain using legitimate logistics infrastructure, documentation, financial channels, and digital platforms to disguise such illicit activity," he said.

Chaturvedi said combating illicit trade was not merely a question of revenue collection and enforcement but also involved protecting the integrity of markets, safeguarding consumers, supporting legitimate industry and securing the economic interests of the country.

He said the customs administration was strengthening the use of non-intrusive inspection technologies to identify high-risk consignments with greater precision while ensuring that legitimate trade moved with minimum friction.

“The real success of customs should never be measured simply by what we seize, but also by what we are able to prevent from entering our markets,” Chaturvedi said.

He said the Directorate of Revenue Intelligence booked more than 3,000 commercial cases in 2024-25 involving around Rs 4,000 crore in duty, export and incentive amounts that, if not evaded, would have contributed to public revenues and services.

FICCI CASCADE Chairman Anil Rajput said the fight against illicit trade should not be viewed merely through the lens of revenue losses, describing it as a security and governance imperative with implications for peace and stability.

He outlined a UNITE framework for collective action, centred on Unified Intelligence, Networked Enforcement, Innovation, Trusted Trade and Empowered Citizens, and stressed that no country or institution could tackle global illicit networks alone.

FICCI Secretary General Anant Swarup said illicit trade networks were becoming increasingly sophisticated, technology-enabled and borderless, with consequences extending beyond revenue losses to investment, employment, consumer safety, innovation and fair competition.

“For a fast-growing economy like India, trusted markets and secure supply chains are indispensable. Our response to illicit trade must therefore go beyond seizures alone,” he said.

Amazon India CFO and FICCI CASCADE member Kapil Hathi said the sophistication of counterfeiters had grown exponentially, making investment in advanced technology and tools essential to detect products and anomalies that may not be identifiable to the human eye.

The concerns raised at the conference come against the backdrop of growing vulnerabilities in supply chains across sectors. A KPMG report released at the event identified gaps in transport and storage networks, wholesale and distribution channels, rural retail networks and other parts of supply chains as potential points through which illicit products can enter legitimate markets.

The report also highlighted the growing use of digital platforms, social media, e-commerce marketplaces and encrypted communication channels by illicit networks, making technology-led monitoring and end-to-end traceability increasingly important.

The discussions at MASCRATE 2026 emphasised that tackling illicit trade would require moving beyond seizures and individual enforcement actions towards stronger intelligence sharing, supply-chain controls, technology-led risk assessment and greater cooperation between enforcement agencies and legitimate industry.

The issue also has implications beyond the economy, with illicit markets potentially affecting consumer safety, energy security, food security and the ability of legitimate businesses to compete on a level playing field.

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