

Hyderabad:Illegal cigarettes cause Rs 13,000 crore loss

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The huge drop in legal cigarette sales and the consequent reduction in the demand of FCV tobacco affecting the earnings from tobacco.



 The illegal cigarette trade is also leading to non-compliance with the rules and regulations framed for the tobacco industry. (Representational Image)

Hyderabad: The illegal trade in cigarettes is causing several problems for the government, including loss of Rs 13,000 crore in tax revenue per annum.

As per the data of the Tobacco Institute of India, 25 billion sticks of illegal cigarettes were consumed in 2017, which amounts to a quarter of the market size. India is the 2nd largest producer of tobacco in the world and the industry provides direct and indirect employment to 4.57 crore people, 70 per cent of them in the agricultural sector.

According to the Indian Journal of Agricultural Economics, East Godavari, West Godavari, Krishna, Guntur, Prakasam and Nellore are known for growing Flue Cured Virginia (FCV) tobacco which amounts to 30 per cent of the national export.

The huge drop in legal cigarette sales and the consequent reduction in the demand of FCV tobacco affecting the earnings from tobacco. The Tobacco Board stated that since 2013-14, the earnings of tobacco farmers had shrunk by more than `4,000 crore.

The illegal cigarette trade is also leading to non-compliance with the rules and regulations framed for the tobacco industry.

According to an Indian Market Research Bureau study, consumers have demonstrated a noticeable preference for smuggled cigarettes after the implementation of the 85 per cent pictorial warnings in April 2016.

Data showed that cases booked against smuggled cigarettes across India more than doubled to 3,108 incidents in 2016-17 from 1,312 in 2014-15.

Experts said a huge proportion of money generated through illegal cigarette trade was also channelised to criminal and terror activities.

Low transportation cost and attractive reward ratio makes cigarettes as one of the most illegally traded goods in the world.

A seller on condition of anonymity said that fake cigarettes come for almost half the price of regular cigarettes.

Asked about the adverse effects of illegal cigarettes, Dr Sai Praveen, a pulmonologist, said, "Anything which is combusted, burned and inhaled can deposit in human lungs and is injurious to health. The best option would be to completely quit tobacco."

Source: <https://www.deccanchronicle.com/nation/current-affairs/200719/hyderabad-illegal-cigarettes-cause-rs-13000-crore-loss.html>