

ILLICIT TRADE

# Rise in seizure of smuggled cigarettes

Since January this year, cigarettes of foreign brands worth Rs 25 crore have been seized.

KUNDAN JHA  
NEW DELHI

There has been a jump in the seizure of smuggled cigarettes with the Directorate of Revenue Intelligence (DRI) seizing cigarettes of foreign brands worth approximately Rs 25 crore since January this year. The total number of cigarettes seized by the DRI across all the zones of the country, is around 2 crore.

"We are witnessing a jump in the seizure of smuggled cigarettes and that is because of the alertness of various agencies formed to bust such activities. We are further committed to continue our efforts to prevent illicit trade. We update the data on the seizures on a regular basis," a statement of DRI reads.

"The biggest seizure of this year was made in February when the DRI had seized smuggled cigarettes worth Rs 17 crore. Most of these cigarettes are routed from China and South-East Asian countries," the same statement said.

A recent report prepared by the Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (CASCADE), the think tank wing of the Federation of Indian Chambers of Commerce and Industry (FICCI), has revealed that incidents of cigarettes and tobacco products smuggled into the country have jumped to 159% in 2018-19 from 2016-17.

"While there is an increase in vigilance by the enforcement agencies like DRI, Customs and other such organisations, smuggling of cigarette has witnessed a quantum jump and the total seizures mentioned in the books may be just a tip of the iceberg of a much larger network," the report of FICCI's CASCADE said.

FICCI's CASCADE is an industry body that works to address issues of illicit trade activities in the country. On the condition of anonymity, a senior DRI official said: "Statistics of the total revenue loss is not available, but as per a rough estimate, the loss may be up to Rs 600 billion. The reason behind the multifold increase in cigarette smuggling is due to the rise in taxes on imported cigarettes in the country." "The rise in taxes has not only affected the business prospects of the domestic cigarette industry, but has paved the way for notorious people seeking to make quick money out of selling smuggled cigarettes. Smuggled brands of foreign cigarettes have already captured around 30% of the market available for this segment," the same official cited above said.

Another DRI official told *The Sunday Guardian*: "On one hand, the smugglers take the free trade agreement (FTA) route for smuggling of foreign cigarette brands to avoid GST during imports. On the other hand, the illicit traders purchase copy of the foreign cigarette brands from China and push them into the country through the smuggling net."

Sources have said that besides China and the FTA route, smugglers also use the Middle East, Myanmar and Nepal as entry points for their illicit trade.

