

Date	Place	Seizure Value (Rs. Lakhs)	Enforcement Agency	Source
December 1, 2017	Kochi	2.18	Customs	News Today
November 22, 2017	Guwahati	4	Railway Police	The Sentinel
November 18, 2017	Vijayawada	525	DRI	The Hindu
October 28, 2017	Mumbai	690	DRI	The Hindu
September 1, 2017	Banswara, Rajasthan	136	DRI	The Indian Express
August 15, 2017	Hyderabad	19	Police	The Hindu
August 3, 2017	Vadodara	0.89	Crime Branch	The Times of India
June 23, 2017	Varanasi	30	DRI	The Times of India
June 8, 2017	Guwahati	40	Police	The Assam Tribune
May 26, 2017	Panaji	50.40	DRI	Business Standard
May 21, 2017	Nashik	13.34	Police	The Times of India
May 15, 2017	Margao, Goa	1.61	Police	The Navhind Times
May 12, 2017	Margao, Goa	1	Police	The Times of India
April 11, 2017	Canacona, Goa	2.5	Police	The Times of India
April 3, 2017	Assam	428	Customs	The Assam Tribune
March 19, 2017	Coimbatore	10.38	Customs	The Times of India
March 17, 2017	Coimbatore	38.65	Customs	The Times of India
March 5, 2017	Noida	1,500	DRI	The Times of India
January 31, 2017	Mumbai	220	DRI	Hindustan Times
January 4, 2017	Chandigarh	-	Police	The Indian Express

SHARP GROWTH IN ILLEGAL CIGARETTE TRADE IN INDIA DUE TO EXTREME REGULATIONS & EXCESSIVE TAXATION ON CIGARETTES

THE TOBACCO INSTITUTE OF INDIA

The Tobacco Institute of India (TII) is a representative body of farmers, manufacturers, exporters and ancillaries of the cigarette segment of the tobacco industry in India. The Institute is recognized as a repository of reliable information on the industry and is privileged to be consulted by Government, Parliamentary Committees, Chambers of Commerce/Trade Associations and Media for information and policy recommendations on Tobacco issues.

As an organization, TII has always supported evidence-based, equitable, reasonable and implementable regulation and recognises the need to create greater awareness regarding tobacco consumption in India.



The Tobacco Institute of India

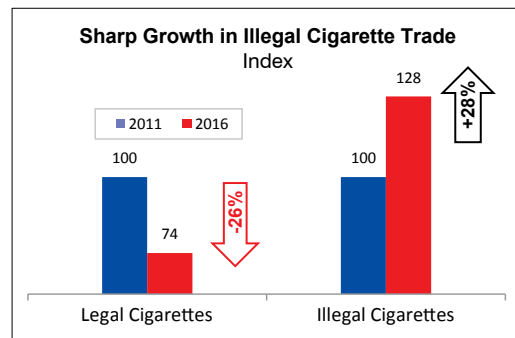
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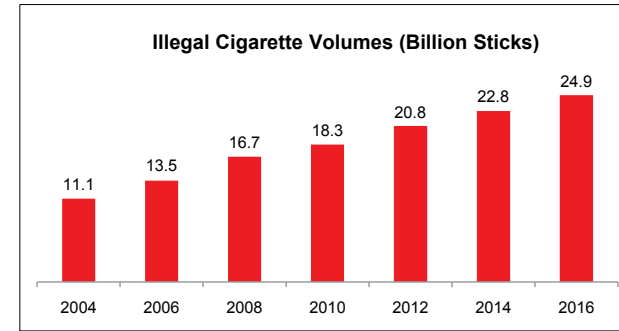
- High and discriminatory Cigarette taxation and extreme tobacco control regulations such as the 85% Pictorial Warning on Tobacco Product Packs in India have led to the decline of Legal Cigarettes in the country while Illegal Cigarette trade has grown significantly.
- Both high taxation on Cigarettes and extreme regulations produce counter-productive results. They do not reduce demand, but merely shift the demand from the Legal tax-paid and regulation-compliant products to Illegal tax-evaded and regulation non-compliant products.
- According to a study by IMRB (Indian Market Research Bureau), since the implementation of 85% Pictorial Warning in India in April 2016, consumers have begun to demonstrate a noticeable preference for smuggled cigarettes without the prescribed warnings.
- High and discriminatory taxation on cigarettes over the years particularly the past 6 years, has impacted the legal cigarette industry and provided a huge fillip to the illegal cigarette trade in the country.



Source: Cigarette Industry Factory Shipments; Euromonitor International

- The Goods and Services Tax (GST) regime introduced in July 2017, has further increased the tax burden on Cigarettes by increasing the GST Compensation Cess rates by a weighted average of about 13% over the pre-GST tax rates.
- The cumulative growth in the rate of tax on cigarettes, including the increase in rates of GST Cess, is a staggering 202% since 2011-12.

- Illegal cigarettes are sold cheap due to tax evasion affording a huge arbitrage opportunity. Availability of these products spreads across urban as well as rural markets – in metros they are almost universally available.
- According to Euromonitor International, illegal cigarettes have more than doubled since 2004, making India the 4th largest illegal cigarette market in the world.



Source: Euromonitor International, 2017

- Growth in illegal cigarette trade has many serious consequences:
 - Results in revenue loss of more than Rs. 13,000 crores to the national exchequer
 - Aids the prevalence of organized criminal syndicates that control illegal trade in cigarettes
 - Undermines the tobacco control policies of the government by not adhering to tobacco regulations
 - Adversely impacts the demand for domestic tobaccos since contraband products do not use locally grown tobaccos
- As per the information contained in Government Replies to Questions in Parliament, incidents of seizures of smuggled cigarettes across India have more than doubled to 3,108 in 2016-17 from 1,312 incidents in 2014-15.
- The reported seizures are only the tip of the iceberg of a much larger operation, as for every seizure dozens of consignments escape any surveillance.

Illegal Cigarette Seizures by Enforcement Agencies

As reported by Media since January 2017

Date	Place	Seizure Value (Rs. Lakhs)	Enforcement Agency	Source
March 19, 2018	Kolkata	5	Customs	The Telegraph
March 10, 2018	Pune	4.6	Police	Sakal Times
February 21, 2018	Bengaluru	4	Airport Officials	The Indian Express
February 13, 2018	Ahmedabad	144	Directorate of Revenue Intelligence (DRI)	The Indian Express
February 9, 2018	Vadodara	0.25	Crime Branch	The Times of India
February 2, 2018	Chennai	900	Customs	The Times of India
January 27, 2018	Coimbatore	-	Customs	Daily Thanthi
January 13, 2018	Patna	65	DRI and Railway Protection Force	The Times of India
January 12, 2018	Guntur	60	DRI	Business Standard
January 6, 2018	Kolkata	16	Customs	The Telegraph
January 3, 2018	Mumbai	620	DRI	The Times of India
December 22, 2017	Srinagar	2	Drug and Food Control Department	Greater Kashmir
December 20, 2017	Mapusa, Goa	6	Legal Metrology	The Times of India
December 16, 2017	Hyderabad	65.96	DRI	Business Standard
December 12, 2017	Panaji	15	Customs	United News of India
December 3, 2017	Hyderabad	633	DRI	The Asian Age