

| 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

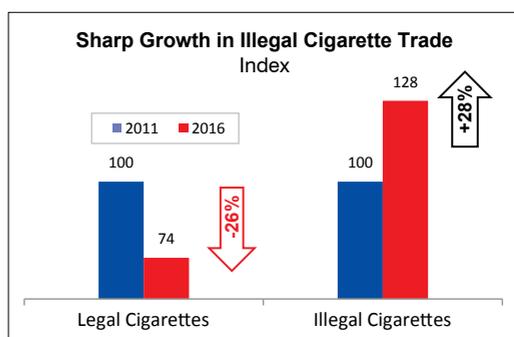
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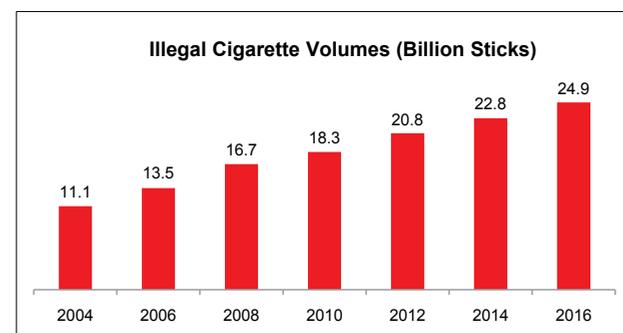
- High and discriminatory Cigarette taxation and extreme tobacco control regulations such as the 85% Pictorial Warning on Tobacco Product Packs in India have led to the decline of Legal Cigarettes in the country while Illegal Cigarette trade has grown significantly.
- Both high taxation on Cigarettes 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 |