

Seminar on 'Curbing Counterfeiting and Smuggling – An Imperative for Indian Economy'

16 the August 2012, Jaipur

The seminar commenced with the welcome address by Shri. Gyan Prakash, Director, FICCI, Jaipur Rajasthan State Council. Shri. Gyan Prakash greeted the distinguished guest and the delegates. While addressing the gathering on the disastrous effect of counterfeiting and smuggling on the Indian economy, Sh. Gyan Prakash highlighted the fact exact figures on the extent of smuggling and counterfeiting in India is missing. He informed the gathering that FICCI CASCADE had taken the initiative and commenced the research study on this aspect. The research study will be discussed amongst experts of the various relevant sectors.

Mr. P.C. Jha, Adviser FICCI CASCADE provided an overview to the gathering on the gravity of the issue. He pointed out the seriousness of the issue stating that there is no field or no good where there is no counterfeiting. Stressing further on the urgent need to address the issue, he pointed out that the global annual trade has increased many folds and is more than 36 lakhs crore reflecting a 1000% increases in trade. He also alluded to the statistics from the ICC-BASCAP 2009 global research on consumer attitudes towards counterfeiting and piracy. In this study Indian consumers have admitted to have purchased counterfeit or illegal copies of DVDs or CD's, Clothes, Software for computers, Luxury items e.g. purses, watches, jewellery, leather goods Perfume Cosmetics e.g. make-up, lotion ,Auto, shampoo, toothpaste ,Small Electronic gadgets e.g. mobile phones, camera Alcoholic Beverages and medicines etc. He further alluded to a random survey that reveals that there exist 65 companies whose name start with Rolex, 135 companies with name Tata and 400 companies with name Reliance. He further pointed out

that China accounts for 70% of the counterfeited goods traded globally. The music and film industry together face a loss of rupees 2600 core due to the sale and purchase of counterfeit CDs and DVDs. He pointed out that due to consumption of counterfeited baby products the health and well being of an infant or toddler remains at stake; similarly use of fake auto parts and other parts o machinery etc lead to failure of engines, more fuel consumption.He however commented that despite number of studies and survey the data on the problem of counterfeiting is disparate. Meanwhile, consumers are the worst affected and should be made aware of their rights and should make use of their influence with their purchasing choices. He further highlighted the fact that in respect of alcoholic beverages and tobacco products the government on the one hand accepts that these products are harmful for public health but somehow thinks that if the tax rates are kept high then the consumption would be reduced and thereby this would help to protect the health of the public. However, over a period of time this strategy has not worked. On the other hand if the tax rate is high the profit margins for the counterfeiters would be high. Raising tax on these products is counterproductive. Thus, the intended objective to protect the health of public is not served. On the other hand by providing higher incentive to counterfeiters and smugglers the availability of inferior goods increases in the market. So if the tax rate is less at least the consumption of the genuine goods would be more which will be less harmful to the public which are of lesser quality than the genuine goods. He further called upon the industry to play a proactive role in order to preserve their brand. He suggested that the agencies look into all aspects of the problem which can be done by making the provisions of law more stringent, improvement in the intelligence bureau and mass awareness there also have to be more dedicated efforts to be put in by the industry.

Applauding the work of FICCI CASCADE he stated that since its inception FICCI CASCADE has done a remarkable work in publicising the issue by conducting workshop, holding seminars in school; making the children and youth active participants in the workshops and also involving governmental organisations. The 'Bhagidari' project started by FICCI in association with the Delhi Government and such further campaigns need to be promoted. He further keeping into mind the gravity of the issue suggested that as a lot has to be done all the sectors together right from media to industry , people, government and promotion councils have to join hand and fight the problem. Sincere efforts and result oriented steps are required to be taken and secure the public interest.

Further in the seminar Mr. Rajiv Jain, Chairman, Gems & Jewellery Export Promotion council addressing the gathering gave the overall perspective of the Gems & Jewellery council on the issue of counterfeiting. He appraised the gathering about the situation that existed when there was 0% duty on diamonds and hence it was imported and re exported which created a sought of circular trade. In January when 20% duty was imposed on diamonds the council saw a fall in the exports by 30%. He further stated that there needs to be a balance between the tariff policies so formulated which can stop smuggling and counterfeiting of diamonds as the counterfeiting of diamonds is very high in the market. The council has issued code of ethics which is required to be followed by the council members and any member found guilty of misconduct and dealing in counterfeited diamonds are barred from the council. He further highlighted that there are testing laboratories in operation in all major cities and once the diamonds are tested report is issued in this regard. Dr. Mr Anant Sharma, President, Consumers Action and Network Society welcomed the FICCI CASCADE team to the State of Rajasthan. He

addressed the congregation and emphasised on the urgent need to curb the issue of counterfeiting together. He stated that the issue is not only essential for the state of Rajasthan but also for the country as a whole. The menace of counterfeiting is a topic which is directly related to the industry and the worst suffers in the entire scenario is the public. It is thus very essential for the public to realise that counterfeited products are not only a problem for industry but also counterfeits of beauty products etc. are dangerous for health of the individual. These products have a far reaching effect on the health in a recent report it is shared that fake cosmetics have high quantity of lead that have now been reported to have led to liver and kidney related diseases. Similar is the case with the electronic items whose counterfeits lead to hazardous accidents. Hence these illegal activities affect the industry leading to losses in trade. There is a dire need to implement the policies and we all together must opt for quality than the price of the products.

Mr. Bejon Misra, Member, Partnership for Safe Medicines India, while discussing the issues of smuggling and counterfeiting congratulated FICCI to have brought in the topic to the city of Jaipur and insisted upon the aspect that there is no difference in the generic medicines and branded medicines but the requirement is to join hands together and stand against the counterfeits. He stated its has to be a joint effort of all together whether it is the enforcement agencies or FICCI or customs and police officials at all the levels have to work together to wipe out the counterfeits and we must ensure that while buying a product we buy the genuine product.

Mr. K C Tomar, Editor, Hindustan Times, Rajasthan Edition talked about the role of media and how important is to create awareness among masses in all languages. The attitude towards the issue and awareness of the same is really essential and it is a moral obligation of all to generate the need to curb the menace. The movement must be taken up and cooperated by everyone and the editors as they have a vital role in the Newspaper. He offered to take up any information or report related to counterfeiting and highlight through newspapers and magazines.

Mr Alok Tripathi, Additional DG Police, SOG, Jaipur discussed the role of enforcement agencies and the effect of counterfeits on consumer health safety and the revenue of the state. He emphasised on the fact that there are existing laws on every aspect of counterfeiting but we need to ensure that are these laws sufficient or there is a need to amend the laws. He expressed his contentment that such events are organised and the problem needs to be solved with the utmost priority. He further stated that in the year 2010 only 200 cases of counterfeiting has been reported. He suggested that there is a need for more and better investigation into the cases. Mr. O P Dadhich, Commissioner Central Excise, Rajasthan conveyed his concern over the burning issue of counterfeiting. He talked about the role of customs to be very vital; once the goods are cleared customs role does not end. He stated that the menace is now becoming a demonic dragon around \$200 billion of counterfeit goods was traded in 2005. Thus the enforcement agencies and every sector has to come forward and fight against the counterfeit and smuggling. The seminar concluded with a vote of thanks by Sri. Gyan Prakash.