

Report- Srinagar, 13th September, 2012

As a part of the pan India campaign to generate awareness on the impact of smuggled, contraband and counterfeit products among consumers and citizens, FICCI Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (CASCADE) in collaboration with Kashmir Chambers of Commerce and Industry organized a seminar in Srinagar on 13th September, 2012 which focused on the growing link between counterfeiting, smuggling and crime.

Inaugurated by his Excellency, Shri N N Vohra, Governor, Jammu and Kashmir, the seminar was graced by other dignitaries including the Hon'ble Minister of State Science and Technology Mr. Aaga Syed Ruhullah Mehdi; Inspector General Crime Mr. Abdul Ghani ; Justice (Retd) Mr. B A Kirmani, President State Consumer Disputes Redressal Commission; President of Kashmir Chamber of Commerce Mr. Abdul Hamid Punjabi; Editor of Rising Kashmir Mr. Shujat Bhukari; FICCI Advisor and Former Delhi Police Special Commissioner Mr. Deep Chand; and Director of FICCI-CASCADE Ms Meenu Chandra.

In his welcome address Mr. Abdul Hamid Punjabi, President, Kashmir Chambers of Commerce, cited examples of Kashmiri handicrafts, paper mache products and walnut wood handicraft industry which are being adversely affected/ which are the worst victims of the counterfeiting. He further enlightened the gathering on the severity of the issue and its impact. He emphasized that there is a need to curb this menace and each one of us have to take a collective stand and work towards formulating stringent policies.. It is not only for the manufacturers to take strong steps against this problem but also each one from the civil society and the consumers. He further sought the support of FICCI-CASCADE in this regard. Mr. Deep Chand Advisor, FICCI-CASCADE addressing the gathering on the India's economic scenario, highlighted that one of the major issues for the economy and the industry today is the uninhibited growth of counterfeit, fake and smuggled goods. Counterfeiting is being considered the world's fastest growing industry and per current estimates represents up to 10 per cent of world trade. While elaborating on the level of counterfeits floating in the market, he mentioned that Asia has emerged as a leading place for manufacturing counterfeit goods. Further J&K has also emerged

as a hotbed of illegal cigarettes in India, state represents one of the largest markets for illegal cigarettes in the country; tax-evading cigarettes have a share of 8% in the cigarette market in J&K. With some of India's largest manufacturers of illegal cigarettes based in J&K, over 20 million illegal sticks are sold in the state every month. Consequently, the state government suffers an annual tax loss of about Rs. 9.5 crore. He put forth several suggestions to deal with this problem, which include bringing down to a reasonable level the prices of branded products. Mr. Aga Syed Ruhullah Mehdi, Minister for Science and Technology and Information Technology, raised concerns about counterfeit goods as they are not only bane for the consumers but for the government as well. The revenue of the government is zero as the manufacturers of such goods don't pay tax. This black money is used for other illegal works such as terrorism and other unlawful activities which pose threat to the nation. Talking about the magnitude of the problem it was informed that Asia is the largest producer of counterfeit goods while 70% of such items come from China. It was emphasized that the law enforcement agencies must act stringently to stop this menace.

His Excellency, Shri N N Vohra highlighted the problems faced by the artisans, manufacturers of handicrafts, saffron, walnut, shawl and carpet weaving industries in Jammu and Kashmir. His Excellency raised concerns vis-à-vis introduction of fake currency by the neighbor country to destroy our economy and huge unlawful funds which accrue from smuggling, fake currency, black money and hawala transactions that are being utilized by organized crime groups and mafia networks to foster illegal trade in arms and drugs and fund terrorist activities. He stressed upon buying and selling only genuine. He congratulated FICCI-CASCADE and the Kashmir Chambers of Commerce for joining hands to deliberate on such an extremely important problem and expressed the hoped that the Seminar will culminate with a set of recommendations which would go a long way in curbing counterfeiting, smuggling and other organized crime.

The second session focused on how Counterfeiting is becoming a threat to National Security

Mr. Toby Simon, President, Synergia Foundation presented the facts and figures of the counterfeit in various industries and it's affect on the industry and national security. He

mentioned that the terrorist groups like Al- Qeda are now raising money by indirectly getting into the counterfeit trade. The terrorist organizations are now getting involved in trading in the counterfeit products instead of narcotics , they either themselves or through some agents get in touch with the retailer or the middlemen lure them of monetary benefits and make them sell the counterfeit product and hence destroy the supply chain integrity. The money which is generated through this chain is then utilized by them in their terrorist activities causing a threat to national security. He mentioned that no one actually knows how the counterfeits enter the supply chain; it is only the people who are involved in trading of the counterfeit product have the proficiency to destruct the supply chain. Hence the need is to maintain the supply chain integrity and have measures to regulate the supply chain. Mr. Shujat Bukhari, Editor, Rising Kashmir drew attention towards the contraband and counterfeit product manufacturers hurting the integrity of the brand, further diluting the brand owner's reputation. Being an issue concerning public at large he added that there is a need for the media to be more aware and sensitized towards the issue and the role of media towards generating awareness among public at large.

Justice B A Kirmani **discussed the role of Consumer Forums and Organizations in Spreading Awareness in Counterfeiting and Smuggling.** He appealed to media to highlight such issues so that people can come to know about this counterfeiting. Media should sensitize people about such grave issues. He emphasized that the laws in the country are sufficient but what is required is their successful implementation. He further observed that the KCCI should also be more vibrant and educate both the manufacturers and the consumers on the issue. Mr. Bijon Misra, Director, Partnership for Safe Medicines India pointed out that the fake and counterfeit medicines have a direct impact on the health and safety of consumers. He encouraged the use of technology to track and trace goods and help maintain the supply chain integrity. In his opinion the need of the hour is that each one must act in coordination with each other upon the issue and join hands in this fight against the growing problem. Organization of seminars can only be a tool to make consumer aware but effective accomplishment of the goals discussed is what is required.

Mr. Abdul Ghani, Inspector General J&K Police lamented that the manufactures who produce and develop counterfeits roam freely in the society without any fear just because of lack of coordination between different law enforcing agencies. They play with the laws and get away easily. He mentioned that there are too many laws and too many law enforcing agencies which lack coordination and hence the accountability aspect/accountability of one specific agency is lost in this process He suggested that the need is to make one strong law enforcing agency to curb counterfeiting in the market and to punish culprits. He divulged that existence of unorganized sector that accounts about 80% of the market is also responsible for adding on to this menace. He mentioned that with training programs and campaigns like '*Jago Grahak Jago*' the scenario will definitely change but the need is for sectors to join hands together and curb this menace. The gathering participated in the seminar and expressed their desire to have more such programs which would make them aware about their rights and bring the experts together to respond to their queries. At the end of the seminar Mr. Brij Bhardwaj expressed his gratitude to all the dignitaries and the gathering to have participated in the seminar.

Recommendations:

1. Consumer awareness and education should be promoted using campaigns, print and electronic media as a vital tool: not only in urban but also in rural areas
2. The need is Save Hand and Handicraft, Promote the handicraft industry by introducing policies, special schemes and incentives to the artisans
3. Industry should adopt better pricing strategy so that affordable quality goods available to common man
4. The stakeholders i.e. the trade, industry, media law enforcing agencies and the society at large should work together to deal with this issue.
5. Enforcement agencies should act pro-actively to control this problem
6. Maintain supply chain integrity by identifying and eradicating the destructors of the supply chain
7. Public at large and Consumer organization encouraged to bring their complaint/ issue and form pressure groups to incite/ stimulate the consumer about the issue and then government to form better polices
8. Government should ensure implementation of the laws and effective execution of judicial pronouncements
9. Use technology to curb counterfeiting
10. Have integrated law and a single specialized agency for enforcement to address the issues to avoid chaos and have better accountability