



Interactive Session
on
Impact of Illicit Trade on Industry, Economy and Consumers
24th May, 2017- ITC Maurya, New Delhi

Report

The existence and operation of illicit trade vis-à-vis counterfeiting and smuggling has been an enduring problem that has escalated in scope and magnitude, impacting industries, government, economies and, the health and safety of the consumers. Moreover, such operations have close links to terror organizations and criminal networks. In fact, it is today one of the biggest challenges faced by India and its industry, impacting the country's image in the global arena.

FICCI's Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (CASCADE), over the years, has been actively focusing on curbing the problem of growing illicit trade in smuggled, pass-offs and counterfeit goods.

In pursuance of its agenda, FICCI CASCADE organized an interactive session on the '**Impact of Illicit Trade on Industry, Economy and Consumers' on 24th May 2017 at the ITC Maurya, New Delhi**. The intent was to facilitate a wider exchange and ensure a multifaceted perspective to understand the gravity of the menace caused by illicit trade activities. The session focused on issues such as need for increased consumer awareness; strengthening of enforcement regime; impact of taxation policy; improvement in regulatory mechanism and enhanced stakeholder collaboration.

Ms. Sushmita Dev, Member of Parliament, Lok Sabha, was one of the key speakers at the event. She stated "Tax evasion needs to be seen as an anti-national act and illicit trade should be treated as a national threat," She further emphasized on the need for a national agency to take over to stop the menace of illicit trade.

Mr. Arun Chawla, Deputy Secretary General, FICCI, in his welcome address, stated, "India today has the potential to become a global manufacturing hub. However, widespread smuggling and counterfeiting, in the absence of an adequate enforcement mechanism to stop it, can act as a dampener in achieving this goal. It is time that we, as a nation and as a part of the global economy, call for stern and resolute counterstrike force against such ill-intentioned activities."

According to FICCI's recent report, '*Invisible Enemy: A Threat to Our National Interests*', the top five goods where the seizures by DRI has been the highest in the past few years have been - gold, cigarettes, machinery parts, fabric/silk yarn and electronic items.

The report also states that illicit trade operators are now switching over to cigarettes and fabric/silk yarn as they are low-risk, high-reward goods. As per the report, in the last one year, the DRI seizures of smuggled cigarettes has increased by 78% (from Rs. 90.75 crores in 2014-15 to Rs. 162 crore in 2015-16) followed by fabric/silk yarn, where the increase is by 73% (from Rs. 24.03 crores in 2014-15 to Rs. 41.78 crore in 2015-16). The seizures of gold have witnessed an increase of 61% (from Rs. 692.35 crore in 2014-15 to Rs. 1119.11 crore in 2015-16), while the DRI seizures of machinery parts and electronic items has seen a decline.

The interactive session was also addressed by eminent panelists including **Mr. L. Mansingh**, former Secretary, Department of Consumer Affairs, Government of India; **Mr. Pankaj Kumar Singh**, Additional Director, Directorate of Revenue Intelligence, Government of India; **Mr. Pankaj Kalra**, Country Manager, HPE India Pvt. Ltd and **Ms. Deepika Raikwar**, Regional Legal Manager, Hindustan Unilever Ltd.

Some of the key deliberation points that emerged from the panel discussion were as follows:

1. India is being used at a transit point for counterfeiting and smuggling. Stringent polices and strategic collaborations should be undertaken to counter this menace.
2. The responsibility also lies with consumers to counter counterfeits and smuggled products. Consumer need to be more aware and socially responsible to report fake and spurious goods.
3. Some consumers are unaware of counterfeit products, while some buy intentionally as they cannot afford branded products. There is a need of a transparent system and collaboration between stakeholders to manage this issue.
4. A single database for maintaining records of illicit trade should be maintained, which will make it easier for law enforcement agencies to act upon and control it.
5. Fast moving consumer goods, such as cosmetics, footwear, sunglasses, televisions, electronic products etc. are mostly counterfeited in the markets.
6. There is a need for increased information sharing between enforcement agencies and stakeholders for countering illicit trade.
7. Impetus on public policy is a must in countering this issue.

Mr. Anil Rajput, Chairman, FICCI CASCADE, in his closing remarks, emphasized, "Illicit trade is not just the enemy at the gates, but one that has broken through. All stakeholders must join hands to reign in this dangerous force."

On the occasion, a film on FICCI CASCADE showcasing its achievements and activities since its establishment in 2011 was also released. Over 150 participants attended the interactive session and took part in the discussions.
