

Plugging counterfeiting can help govt increase tax revenues

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With the forthcoming **union budget**, one of the most critical factors to consider are the losses caused due to counterfeit products and fake products in high-priority and consumer sectors such as Auto, Pharma, FMCG, Electronics among others. According to surveys, the annual losses caused by

counterfeit products globally amounts to \$ 700 billion. Brands lose up to 20% of market share and companies face roughly 10% losses on revenue and profit due to counterfeit products in India.

“In its Budget Estimates (BE) for 2015-16, the Government of India (GoI) had pegged its fiscal deficit at Rs 5.6 trillion (3.9% of GDP; based on the assumption that nominal GDP for 2015-16 would be Rs 141 trillion). The exchequer needs to increase revenue for the implementation of their activities. Second, they also need to protect consumer interest. Every year Government loses revenue due to counterfeiting, theft and pilferage of central excise duty on various excisable products like Cigarettes and Pan Masala. A FICCI Cascade study 'Invisible Enemy' estimated the size of grey market for seven industry sectors in India - Auto components, Alcohol, Computer hardware, FMCG, Mobile Phones and Tobacco industries. The estimated tax loss to the exchequer was put at a staggering Rs 26190 crore.

“Our industry can help Government in plugging these loopholes. A brand owner that employs an authentication solution is likely to increase his business by cutting down the counterfeiter’s share. This increased business will consequently bring in more revenue to the exchequer in form of higher collection of taxes and duties. It is a well-known fact that money earned from counterfeiting is often used to fund transnational criminal activities. Therefore, reduction in counterfeiting will lead to curtailment of such criminal activities as well,” said **UK Gupta, President, Authentication Solution Providers’ Association.**

“We look forward to the policies that will be rolled out to improve infrastructure and enabling ease of doing business which are the key

aspects for our international customers looking at investing in India – especially in high-priority sectors like automotive, manufacturing, energy and textiles. Also, in the coming year the government’s focus on Make in India must be supported with policies to curb counterfeits across sectors which impacts revenues and ensure that these ‘Made in India’ labelled products are genuine, safe and secure till they are delivered to the end consumer," said **Raj Manek, Executive Director and Board Member of Messe Frankfurt Asia Holding Ltd.**



In a move to tackle this grave issue which has a serious impact on industries, ASPA in association with Messe Frankfurt India is organising India’s first International conference cum exhibition on authentication solutions, ‘The Authentication

Forum’, in the country next month. The Forum aims to raise awareness and bring together industry stakeholders and decision-making bodies at a platform to analyze the problem of counterfeiting in the country and provide ways to combat this menace using technologically advanced authentication solutions. The conference will take place from 8 – 9 February, 2017 at Taj Mahal Hotel, Man Singh Road, New Delhi.