

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 457
ANSWERED ON 22.07.2025

ILLCIT TOBACCO MARKET

457. SHRI MANISH TEWARI:

Will the Minister of COMMERCE & INDUSTRY (वाणिज्य और उद्योग मंत्री) be pleased to state:

- (a) whether the Government is aware of the alarming rise in the illicit tobacco market, if so, the details thereof along with the year-wise estimated revenue of the illicit tobacco market, since 2015;
- (b) the estimated revenue loss to the Union Government due to the smuggling and illegal trade of tobacco products during the last ten years, State and year-wise;
- (c) the steps taken to curb the illegal tobacco trade, including measures to strengthen enforcement and prevent tax evasion;
- (d) whether the Government has conducted any study on the impact of high taxation on tobacco products and its role in driving illicit trade;
- (e) if so, the details thereof along with the findings thereof and if not, the reasons therefor; and
- (f) whether the Government is considering any policy measures to balance public health objectives with the economic impact on legal tobacco farmers and industry stakeholders, if so, the details thereof?

ANSWER

वाणिज्य और उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)
THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI JITIN PRASADA)

(a) to (f): Customs Field Formations and Directorate of Revenue Intelligence (DRI) have seized around 3.93 crore sticks of cigarettes in the current financial year upto June, 2025. Further, CGST zones and DGGI have detected 61 cases of

Guthka/Chewing Tobacco/Cigarettes/ Pan Masala involving tax amounting to Rs. 104.38 crores approximately in the current financial year, upto June 2025.

The Government has introduced a special mechanism for manufacturers of tobacco products and related products which covers certain categories of goods including pan masala, various forms of tobacco (unmanufactured, hookah, chewing tobacco, snuff, gutkha) and tobacco preparations, requiring manufacturers to furnish detailed information about manufacture within specified timelines. The system mandates registration for each machine, monthly reporting and requires certificates for technical validation for machines as well, providing a real-time monitoring of production capacity and machine operations to track the illicit manufacture and supply of tobacco and related products. The Central Goods and Services Tax Act has been amended by Finance Act 2025, which empowers the Government to establish a comprehensive track and trace mechanism for specified goods. Further, to ensure strict compliance with the track and trace provisions, a penalty specifically for violations of track and trace mechanism has been introduced.

Government of India is a party to World Health Organization Framework Convention on Tobacco Control (WHO FCTC) and has ratified the Protocol to Eliminate Illicit Trade in Tobacco Products, adopted under the (Article 15) of WHO FCTC. Ministry of Health and Family Welfare is working with Department of Revenue, Government of India for the implementation of Track and Trace Mechanism for Tobacco Products in accordance with Article 8 of FCTC Protocol.
