

## Counterfeit products 25-30% of the market in India, reveals ASPA and CRISIL Report

- ASPA and CRISIL release their first-of-a-kind report titled "State of Counterfeiting in India 2022".
- The landmark report is based on an independent survey conducted with consumers and retailers covering twelve Indian cities to gauge their perception of counterfeiting in several key sectors.
- Consumers' perception pegged the extent of counterfeiting at 25-30% of the market, higher than the general industry expectations.
- Counterfeiting is most prevalent in FMCG, Apparel, and Agrochemical sectors (~30%), followed by the Pharmaceutical, Automotive, and Consumer durables sectors (20-25%).
- Apparel (31%), FMCG (28%), and Automotives (25%) are the top segments where consumers came across a counterfeit product, followed by Pharmaceuticals (20%), Consumer Durables (17%), and Agrochemicals (16%).
- Nearly 27% of consumers were unaware that the product was counterfeit at the time of purchase.
- Almost 89% of consumers acknowledge the presence of fake products in the market, and 31% willingly purchase counterfeit products.
- More awareness about using various authentication methods is the need of the hour. Consumers should also know how to report a counterfeit to the brand's consumer helpline number or at consumer forums.

**New Delhi, India: January 23, 2023;** Counterfeiting activities are impacting the sustainable growth of the major industry in India, including Pharmaceuticals, FMCG, Automotives, Apparel, Consumer Durables/Electronics, and Agri products, according to a new report released by ASPA & CRISIL. The report is based on an independent survey conducted with consumers and retailers covering twelve Indian cities (Delhi, Agra, Jalandhar, Mumbai, Ahmedabad, Jaipur, Indore, Kolkata, Patna, Chennai, Bangalore, and Hyderabad) to gauge their perception of counterfeiting in several key sectors.

An important finding of the survey was that consumer perception pegged the extent of **counterfeiting at 25-30% of the market**, higher than the general industry expectations. Counterfeiting is most prevalent in FMCG, Apparel, and Agrochemical sectors (~30%), followed by the pharmaceutical, automotive, and consumer durables sectors (20-25%). The survey also reveals that **almost 89% of consumers acknowledge the presence of fake products in the market** and are often compelled to buy counterfeits for reasons such as sensitivity to price, demand-supply gap, desire to buy luxury brands, peer pressure, and social motivations.

However, **nearly 27% of the consumers were unaware that the product was counterfeit at the time of purchase, making** it more important to spread awareness about the issue and identification methods in fighting fakes. **Apparel (31%), FMCG (28%), and Automotives (25%) are the top segments where consumers came across a counterfeit product**, followed by Pharmaceuticals (20%), Consumer Durables (17%), and Agrochemicals (16%). Even after discovering that the product is fake, consumers take close to negligible action about reporting it.

Sharing the insight on the report, **Mr Nakul Pasricha, President of the Authentication Solution Providers' Association (ASPA), said**, "Illicit goods trade stood at Rs 2.6 trillion in FY 2019-20 in India and affecting almost all sectors. It is on the rise and heavily bleeding the country, industry, and consumers by large. An aware consumer holds the power to fight this menace; however, we must enhance consumer awareness about this issue. Consumers play the most crucial role in fighting against fakes. When many

consumers are unaware of the actual threat from counterfeits, the country will never be able to harness the strength of active consumer participation in curbing the sale of fake products in the market.”

**Mr. Suresh Krishnamurthy, Senior Director, CRISIL Market Intelligence and Analytics**, said, “Counterfeiting is not limited to high-end luxury items. Even common items, from cumin seeds to cooking oil and from baby care items to medicines, are increasingly reported as counterfeit. An important finding of the survey was that consumer perception pegged the extent of counterfeiting at 25-30% of the market, higher than the general industry expectation.”

Talking about what India can do to curb this menace, **Mr Nakul Pasricha** added, “The country requires a comprehensive, proactive, and holistic counter approach. We need to make a significant change in increasing awareness, implementing authentication solutions, supporting these with robust track and trace infrastructure, and securing the supply chain against criminals. Since its inception, ASPA has made good progress in creating momentum in the fight against fakes in India, and we are committed to strengthening this momentum. We look forward to working with government departments, industry bodies, and institutions to develop more avenues to make India’s fight against counterfeiting more powerful.”

### **Sectors-specific key highlights:**

#### **1. Pharmaceuticals:**

- ❖ Consumer perception on the extent of counterfeiting: 20% of the market.
- ❖ The city-wise extent of counterfeiting: Out of the total consumers surveyed across different cities, 32% in Hyderabad, 29% in Indore, 25% in Chennai, and 23% in Jalandhar came across counterfeit pharmaceutical products.
- ❖ Reasons: Supply chain inefficiencies and the gap between demand and supply.
- ❖ Methods adopted by the industry to check counterfeit: Security Label, Tamper evident seals, Security tear tape, Tagger foil, Security blister foils, and serialization.

#### **2. FMCG:**

- ❖ Consumer perception on the extent of counterfeiting: 25-30% of the market.
- ❖ The city-wise extent of counterfeiting: Mostly prevalent in tier II & tier III cities and villages.
- ❖ Reasons: Lower cost and unavailability of original products.
- ❖ Methods adopted by the industry to check counterfeit: While the industry is adopting authentication solutions, there needs to be more communication with consumers. 35% of the consumers who came across counterfeit FMCG products were unaware that the products were counterfeiting, which is the highest among all segments.

#### **3. Automotive:**

- ❖ Consumer perception on the extent of counterfeiting: 20-25% of the market.
- ❖ The city-wise extent of counterfeiting: Prevalence across cities. However, it was highest in Chennai, Indore, and Patna.
- ❖ Reasons: Lower cost and unavailability of original products.
- ❖ Methods adopted by the industry to check counterfeit: Selling auto parts directly to end-users, using anti-counterfeiting technologies, raids, incentivizing mechanics, garage owners, and services centers to use genuine parts.

#### **4. Apparel:**

- ❖ Consumer perception on the extent of counterfeiting: 30-40% of the market.

- ❖ The city-wise extent of counterfeiting: Prevalence across cities. However, it was highest in Ahmedabad, Chennai, Indore, and Kolkata.
- ❖ Reasons: Knowingly purchase a first and second copy of brands online and in WhatsApp groups. The wedding apparel segment has a higher level of fake products, followed by luxury brands and sportswear.
- ❖ Methods adopted by the industry to check counterfeit: Few Brands are taking anti-counterfeiting measures.

**5. Agriproducts:**

- ❖ Consumer perception on the extent of counterfeiting: 30% of the market.
- ❖ The city-wise extent of counterfeiting: Prevalence across cities. However, it was highest in Chennai, Indore, and Patna.
- ❖ Reasons: Price sensitivity, peak demand in seasons and lack of awareness, lack of monitoring and surveillance, inadequate judicial frameworks, and penalties. 40% of farmers bought counterfeit products because of low prices. Lower cost and unavailability of original products.
- ❖ Methods adopted by the industry to check counterfeit: Few brands are using anti-counterfeiting technologies, however, educating them on these tools is crucial and needs to be done on a mass level.

**6. Consumer Durables/Electronics:**

- ❖ Consumer perception on the extent of counterfeiting: 25% of the market.
- ❖ The city-wise extent of counterfeiting: Tier II and Tier III cities are flooded with fake and cheap-grade electronic products.
- ❖ Reasons: Importing cheap products and selling them using the original brand labels / replacing the costly components with cheap quality components/e-commerce becoming a common means of purchasing goods.
- ❖ Methods adopted by the industry to check counterfeit: Most brands are using anti-counterfeiting technologies and constantly monitoring the market.

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**#Photo Caption: ASPA Report**



**About Authentication Solution Providers' Association (ASPA):**

Formed in 1998 as a non-profit organization, the Authentication Solution Providers' Association (ASPA) has a rich heritage of over two decades of supporting the development, promotion, and adoption of Authentication & Traceability Solutions (ATS) to help fight counterfeiting and illicit trade. It is the only body of its kind in India with wide participation from industry stakeholders and is recognized globally as a self-regulated organization promoting ethical practices across the industry.

**Press**

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