



श्रीमती द्रौपदी मुर्मू
भारत की राष्ट्रपति
Smt. Droupadi Murmu
President of India



राष्ट्रपति
भारत गणतंत्र
PRESIDENT
REPUBLIC OF INDIA

MESSAGE

I am happy to know that the Directorate of Revenue Intelligence (DRI) is celebrating its 65th Foundation Day on 4th December, 2022 and also bringing out its annual report 'Smuggling in India Report, 2021-22', on this occasion.

During its more than six decades of service to the nation, DRI has earned a formidable reputation among its peers, both within and outside India's borders, as an agency that consistently contributes above and beyond its Charter of guarding the economic frontiers of this nation.

I am happy to learn that in the year gone by, officers of DRI through their dedication and hard work, have been able to detect a wide variety of cases of large-scale commercial frauds and outright smuggling, in particular of social menaces of narcotics, drugs and cigarettes.

I extend my warm greetings and felicitations to all officers and staff of DRI on this occasion and wish them all success in their future endeavours.

New Delhi

November 15, 2022

(Droupadi Murmu)



श्री जगदीप धनखड़
भारत के उपराष्ट्रपति

Shri Jagdeep Dhankhar
Vice-President of India



भारत के उपराष्ट्रपति
VICE-PRESIDENT OF
INDIA

MESSAGE

I am pleased to know that Directorate of Revenue Intelligence (DRI) is celebrating its 65th Foundation Day on December 04, 2022.

For more than six decades, the officers and staff of DRI have consistently displayed remarkable courage and tenacity in confronting the serious challenges posed by smuggling of contraband items like gold, narcotics etc., commercial frauds, trade in illegal wildlife and environmentally sensitive items. DRI has discharged its responsibilities with commitment and professionalism, and has made a significant contribution in safeguarding India's interests, at home and abroad and in ensuring national security.

On this solemn occasion, I encourage the officers and personnel of DRI to re-dedicate themselves with renewed zeal and commitment in the service of the nation.

New Delhi

November 14, 2022

(Jagdeep Dhankhar)



श्री नरेन्द्र मोदी
Shri Narendra Modi



प्रधानमंत्री
भारत सरकार
Prime Minister
Government of India

MESSAGE

I am pleased to learn about the 65th Foundation Day of the Directorate of Revenue Intelligence (DRI) on December 4, 2022. Heartiest congratulations and best wishes to everyone associated with DRI during the course of its six-and-a-half-decade journey.

Over the years, DRI personnel have served the nation with dedication and commitment. Their indefatigable efforts have helped combat financial fraud and defend the economic interests of honest citizens and the nation.

The dedication and professionalism of the institution's workforce, coupled with alertness and prompt action against economic offenders have been instrumental in thwarting the designs of anti-national and anti-social elements.

In the past few years, India has been a leading voice for a coordinated international effort in intelligence, investigation and indictment of fugitive economic offenders and organised crime syndicates. When the problem is global, the solution has to be global too.

Fast-paced technological changes necessitate keeping pace with the latest trends in fintech and digital systems through upgradation of skills and systems. I am sure that the DRI will continuously adapt global best practices and processes to further protect the nation's economy.

The next 25 years of Amrit Kaal are an opportunity for DRI personnel to devote themselves and contribute to strengthening our resolve to build a strong, self-reliant India. May everyone at DRI continue with efforts to take the organisation and the nation to greater heights of glory.

May the publication of the Smuggling in India Report 2021-22 be a successful endeavour.

Greetings and best wishes for the 65th Foundation Day of DRI to every member of the organisation and their near and dear ones.

(Narendra Modi)

New Delhi

अग्रहायण 08, शक संवत् 1944

29th November, 2022



श्रीमती निर्मला सीतारामन

वित्त एवं कार्पोरेट कार्य मंत्री
भारत सरकार



Smt. Nirmala Sitharaman

Minister of Finance and
Corporate Affairs
Government of India

November, 2022

MESSAGE

I extend my best wishes and heartiest congratulations to the Directorate of Revenue Intelligence on the occasion of its 65th Foundation Day.

I am informed that in the fiscal year gone by, DRI's effort have yielded seizures of 3,463 kg of heroin (including the 2,988 kg seized at Mundra port), 833 kg of gold and 321 kg of cocaine, among other contraband. The deterrent effect of these seizures is manifold and cannot be quantified. Crime syndicates are evolving at a fast pace and using novel ways of concealment of drugs and gold in commercial consignments of goods. I commend the officers of DRI for their commitment and ingenuity in consistently detecting unique modus operandi. It is this dedicated and professional service as a guardian of our economic frontiers that has contributed to DRI's stature as one of the premier intelligence and law enforcement agencies of the Government of India.

We belong to a civilization in which it is said आ नो भद्राः क्रतवो यन्तु विश्वतः that is, let good thoughts come to us from all directions. While DRI has been enforcing various bilateral and multilateral Agreements and Treaties signed between Indian Customs and foreign Administrations, I urge DRI to engage with its partners more extensively for discharge of its assigned Charter. As the Hon'ble Prime Minister has aptly summarised, "Global cooperation for local welfare – is our call".

I am sure that DRI will continue to play role as a pivotal constituent of the intelligence and enforcement network of the country. I wish its officers and staff all the very best in this endeavour.

(Nirmala Sitharaman)



प्रधान मंत्री कार्यालय
नई दिल्ली-110 011
PRIME MINISTER'S OFFICE
NEW DELHI - 110 011

अजीत डोभाल, कीर्ति चक्र
राष्ट्रीय सुरक्षा सलाहकार
Ajit Doval, KC
National Security Adviser

MESSAGE

My best wishes to the Directorate of Revenue Intelligence (DRI) on the occasion of its 65th Foundation Day.

2. Over the last six decades, the DRI has acquitted itself as a highly professional and committed organisation in the service of the nation. It has made for itself a special place among law enforcement agencies. In addition to safeguarding the economic frontiers of the country, DRI has also made sterling contributions to strengthening national security through its networks in India and abroad.

3. The recent spate of significant narcotic seizures by DRI bears testimony to its ability to conduct intelligence-based operations through its capable and highly motivated workforce. It is commendable that a lean team of just over 800 officers is able to investigate diverse cases ranging from complex commercial frauds to smuggling of gold, narcotics, wildlife, arms, antiques, environmentally sensitive items and other contraband and prohibited goods.

4. DRI has also been instrumental in interdicting and investigating cases involving sensitive dual-use goods. This has contributed immensely to the security of the nation, safety of its citizens and India's impeccable record in non-proliferation of sensitive technologies.

5. I congratulate the DRI family on their 65th Foundation Day for their significant contributions to the nation. I take this opportunity to wish the entire DRI team all the best in their future endeavours.

(Ajit Doval)



वित्त राज्य मंत्री
भारत सरकार
MINISTER OF STATE FOR FINANCE
GOVERNMENT OF INDIA

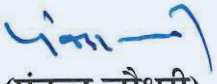
पंकज चौधरी
PANKAJ CHAUDHARY

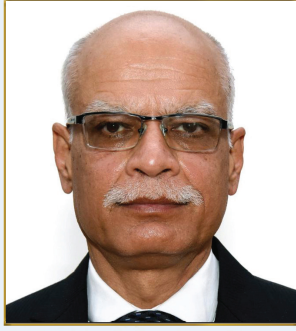
संदेश

मैं, राजस्व आसूचना निदेशालय के 65वें स्थापना दिवस के अवसर पर अपनी शुभकामनाएं और हार्दिक बधाई देता हूं।

गत वर्ष में राजस्व आसूचना निदेशालय ने नशीले पदार्थों, सोना, वन्य जीवन और अन्य प्रतिबंधित पदार्थों की तस्करी को रोकने के लिए अभूतपूर्व प्रयास किए और पुनः एक बार राष्ट्र की सेवा के प्रति अपनी असाधारण प्रतिबद्धता और समर्पण को प्रदर्शित किया। इसलिए कोई आश्चर्य नहीं कि राजस्व आसूचना निदेशालय की गिनती देश की प्रमुख आसूचना और कानून प्रवर्तन एजेंसियों में की जाती है।

राजस्व आसूचना निदेशालय अंतर्राष्ट्रीय स्तर पर अन्य देशों के सीमा शुल्क प्रशासन के साथ भारतीय सीमा शुल्क द्वारा हस्ताक्षरित विभिन्न द्विपक्षीय और बहुपक्षीय समझौतों और संधियों को लागू करने में अग्रणी भूमिका निभा रहा है, जो हमारे देश की सांस्कृतिक और प्राकृतिक विरासत को संरक्षित करने के साथ-साथ तस्करी और वाणिज्यिक धोखाधड़ी को रोकने में सहायक रहा है। मैं राजस्व आसूचना निदेशालय के अधिकारियों और कर्मचारियों के अथक प्रयासों की सराहना करता हूं और निदेशालय के उज्ज्वल भविष्य की कामना करता हूं।


(पंकज चौधरी)



तरुण बजाज, भा.प्र.से.

सचिव

Tarun Bajaj, IAS

Secretary



भारत सरकार
वित्त मंत्रालय
राजस्व विभाग
Government of India
Ministry of Finance
Department of Revenue

MESSAGE

I extend my best wishes to the Directorate of Revenue Intelligence (DRI) as it celebrates its 65th DRI Foundation Day on 4th December 2022.

DRI is the apex anti-smuggling body of the Government of India, which has cemented its place in intelligence circles as an agency that not only plays a pivotal role in combating outright smuggling, but also specialises in unearthing complex frauds and trade-based money laundering schemes.

In an inter-connected economic landscape, the security of a nation is inter-twined with its economic security and the safety of its supply chains. Trans-national criminal syndicates, state-sponsored criminal gangs and non-state actors continuously target a nation's economy. Amidst such challenges, effective yet discreet enforcement architecture becomes essential for a nation's development. DRI has a crucial role to play in this enforcement architecture of India.

Earlier this year, I had the occasion to witness DRI in action during my visit to DRI's Imphal Regional Unit which coincided with a gold seizure operation. While a lot has been said about DRI's professionalism and dedication, what impressed me most was the multiplier effect that DRI's officers are able to create with their lean strength, especially in the remotest corners of the country.

Hon'ble Prime Minister has time and again highlighted the need for increased use of technology and data analytics in governance and enforcement. On this occasion I encourage the officers of DRI to continuously innovate and acquire new skills, capabilities and technologies in their efforts to become more efficient and act as a deterrent against smuggling syndicates and commercial fraudsters.

I congratulate the officer and staff of DRI for their excellent work and wish them more success and laurels in the years ahead.

(Tarun Bajaj)

Secretary (Revenue)

Dated: 10.11.2022



संजय मल्होत्रा, भा. प्र. से.
राजस्व सचिव
Sanjay Malhotra, IAS
Revenue Secretary



भारत सरकार
वित्त मंत्रालय
राजस्व विभाग
Government of India
Ministry of Finance
Department of Revenue

MESSAGE

I am happy to learn that the Directorate of Revenue Intelligence (DRI) is celebrating its 65th Foundation Day on 4th December, 2022.

Since its inception in 1957, DRI has earned the reputation of being a competent, effective and professional intelligence and law enforcement agency of the country. It has consistently delivered impressive results, not only in the area of enforcement of customs laws, but also in providing intelligence inputs to other law enforcement agencies on matters of national security. DRI also provides intelligence inputs to partner Customs Administrations leading to large scale seizures of contraband outside India's shores: a true testimony to India's motto of 'वसुधैव कुटुम्बकम्'. The 'Smuggling in India Report 2021-22' provides a glimpse of the admirable work being done by DRI.

DRI's Foundation Day is not only an occasion to celebrate the achievements in the year gone by, but also a time to acknowledge the invaluable contribution of generations of officers who have made it the formidable edifice that it is today. I extend my warm greetings and felicitations to all officers and staff, and I hope that DRI shall continue to serve with the same dedication and discipline in the years to come.

(Sanjay Malhotra)
Secretary (Revenue)
Dated: 04.12.2022



विवेक जौहरी, भा. रा. से.
अध्यक्ष

Vivek Johri, IRS
Chairman



भारत सरकार
वित्त मंत्रालय राजस्व विभाग
केन्द्रीय अप्रत्यक्ष कर एवं सीमा शुल्क बोर्ड
नॉर्थ ब्लॉक नई दिल्ली-110 011
Government of India
Ministry of Finance
Department of Revenue,
Central Board of Indirect Taxes & Customs
North Block, New Delhi-110 001

MESSAGE

On behalf of the entire CBIC family, I extend my heartiest congratulations to the Directorate of Revenue Intelligence (DRI) on the occasion of its 65th Foundation Day.

In its sixty-five years of dedicated service to the nation, DRI has earned a distinguished reputation in the global law enforcement fraternity as an effective and professional intelligence agency. With a little over 800 officers in its fold, DRI has been able to evolve institutional mechanisms for selecting the right talent and the ability to quickly equip them with its accumulated trove of tactic learnings, which are being passed on from one batch of officers to the next. The efficacy of this capacity building is reflected in DRI's ability to consistently evolve to adapt to the emerging challenges and deliver exceptional results.

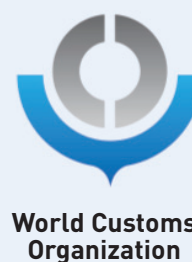
I must place on record my appreciation for the signature cases detected by DRI in the fiscal year 2021-22, in particular those pertaining to narcotics and gold, details of which are encapsulated in the chapters of this Annual Report. The unique modus operandi being unearthed through DRI's seizures paves the way for similar analysis and risk assessment by enforcement agencies across the globe and has earned both DRI as well as CBIC accolades from the highest echelons. I will be failing in my duty if I don't acknowledge the invaluable labour and mettle put in by previous and present officers and staff of DRI, often at the risk of their lives, which are instrumental in making DRI the formidable institution that it is today.

My best wishes to DRI for scaling greater heights in the times to come.

(Vivek Johri)



Kunio Mikuriya
Secretary General



MESSAGE

Dear Director General,

It is my pleasure to write this message for the 2022 edition of the “Smuggling in India Report”, which is being published on the occasion of the 65th Foundation Day of the Directorate of Revenue Intelligence (DRI).

Since joining the World Customs Organization (WCO) in 1971, the CBIC has closely cooperated with the WCO and its Members on a variety of enforcement-related topics.

The WCO and the CBIC are currently implementing the INAMA India Project to strengthen CBIC’s capacity to conduct effective Illegal Wildlife Trade (IWT) enforcement operations and the implementation of the Convention on International Trade in Endangered Species (CITES).

This year the CBIC also contributed to the preparation of the first WCO Trendspotter Study focused on Customs-related Commercial Fraud, which was published on 24 November 2022.

“The CBIC has been also very active in area of IPR protection and information exchange by participating in the WCO Counterfeiting and Piracy Group and Global Information and Intelligence Strategy Project Group meetings and supporting the work of the WCO Task Force on CEN Data Collection and Data Analysis.”

The CBIC has also played an important role in funding activities through their Customs Cooperation Fund (CCF) India. For example, CCF India will be funding the WCO CEN data visualization project for next 5 years. Similarly, CBIC experts have participated as trainers in a wide-range of WCO training initiatives around the world.

This report is another example of CBIC's continued commitment to tackle illicit trade. It provides timely and useful information on how smuggling trends have changed over the past year, enabling the CBIC and other WCO Members to respond to these changes in the most effective manner.

I thank the CBIC for their valuable contribution to the international Customs community and I wish the DRI continued success in carrying out its important enforcement work.



(Kunio Mikuriya)



Jagjit Pavadia
President



**International
Narcotics Control
Board**

MESSAGE

On behalf of the International Narcotics Control Board (INCB), it is my privilege to congratulate the Directorate of Revenue Intelligence (DRI) on its 65th Founders Day on 4 December 2022. The organization has accomplished a momentous journey, scaling numerous peaks which have made it one of the premier intelligence agencies in India today. The high standard of their work is evidenced by their release of the "Smuggling in India Report, 2021-22".

In the year gone by, DRI has continued to build on its previous successes in all the core areas of its activity i.e., anti-smuggling, commercial frauds, and trade-based money laundering. However, DRI's interdictions and impact is remarkable in all transnational organized criminal activity including trafficking in drugs and drug precursors. It already had to its credit the country's largest seizures of methaqualone (2016), fentanyl (2018) and heroin (2021). In the past year or so, DRI has also made large seizures of cocaine, several of them from containerised cargo, indicating a new trend of trafficking of large quantities of cocaine to India. This year, the agency also successfully dismantled an illicit clandestine factory manufacturing the methamphetamine precursor – ephedrine, seizing over 660 kg of the substance along with 5200 kg of raw material and laboratory equipment.

The INCB commends the DRI for its stellar work, including in the area of preventing drugs and precursors trafficking. We also thank the DRI for its active role and participation in several INCB initiatives and look forward to continuing and further strengthening this partnership, towards our common objective of preventing trafficking in drugs, while at the same time ensuring their availability for medical and scientific purposes.

Jagjit Pavadia

(Jagjit Pavadia)



Marco Teixeira

Regional Representative for South Asia
UNODC



UNODC

United Nations Office on Drugs and Crime

MESSAGE

The Regional Office for South Asia of the United Nations Office on Drugs and Crime (UNODC) congratulates the Directorate of Revenue Intelligence (DRI) of the Government of India on its 65th Foundation Day.

The growing challenges and threats related to organized crime, including illicit trafficking, require from governments a robust investment in further strengthening regional and international cooperation and partnerships, together with a continued commitment at the national level. UNODC welcomes the significant results achieved by the DRI in all its mandated areas, including countering smuggling and illicit trafficking in various forms. UNODC, *inter alia*, congratulates DRI for the seizures of heroin and synthetic drugs conducted at several locations and wishes the Directorate every success in carrying out its increasingly critical mission in the future.

UNODC shares with its key national partners a growing concern about the new *modus operandi* being adopted by criminal organizations, which calls for the need to further enhance the capacities of law enforcement agencies. UNODC endeavours to continue to support Member States in sharing their expertise and experience in this critical area.

UNODC pledges its support as a long-standing partner to DRI and looks forward to further enhancing the existing strategic partnership with the Government of India, under the auspices of the upcoming UNODC Regional Programme for South Asia (2023-2027). As a newly appointed Regional Representative for South Asia, I look forward to cooperating closely with key national agencies of India, including DRI, and to supporting their achievements.

A handwritten signature in blue ink, reading 'Marco Teixeira'.

Marco Teixeira
Regional Representative for South Asia
UNODC



Andy Morling

Deputy Director (Criminal Enforcement)
Criminal Enforcement Unit



**Medicines & Healthcare products
Regulatory Agency**

MESSAGE

The threat to the public from the illegal trade in medicines is unabashedly an organised and global one. This requires a similarly organised and global law enforcement response. To make their illegal profits, criminals operate across international borders, and nowhere is this more evident than in the sale and supply of unlicensed, substandard and falsified medicines through online channels. This is why meaningful collaboration between international law enforcement partners is vital if we are to afford optimum protections to the public from the scourge of medicines-related crime.

The Criminal Enforcement Unit (CEU) of the Medicines and Healthcare products Regulatory Agency (MHRA) is charged with protecting the UK from this harmful and malevolent cross-border trade. The CEU aims to prevent offending where it can, disrupt offending where it can't, and to bring offenders to justice where it should.

We cannot do this alone. Collaboration with longstanding international partners such as the Directorate of Revenue Intelligence (DRI) in India is vital to success. Indeed, real progress in addressing worldwide criminal threats can only be made by working with partners across sectors and across borders.

The CEU values its close and productive relationship with the DRI which has endured for many years and delivered tangible results. The sharing of intelligence, insight and information between the two organisations has also built a strong sense of mutual trust and respect. Despite the obvious challenges for both India and the UK during the pandemic, this relationship remains as solid as ever. I'm confident that as the world emerges from the many challenges of Covid-19, this will strengthen further leading to more and impactful public safety outcomes.

(Andy Morling)



Catherine A. Hermsen

Assistant Commissioner for Criminal
Investigations

MESSAGE

It is with the highest respect that we present our congratulations to the Directorate of Revenue Intelligence (DRI) on your sixty-fifth Foundation Day.

As we reflect on the worldwide events that have challenged us from a government and law enforcement perspective, we as a public health / law enforcement organization take great satisfaction in the mutually beneficial relationship between the Food and Drug Administration (FDA), Office of Regulatory Affairs, Office of Criminal Investigations (OCI) and DRI.

Although FDA OCI has many beneficial international relationships, our partnership with DRI stands out as a prime example of strategic, as well as operational, success. Through combined training and leadership meetings, we have developed synergistic strategies for action; and, through our action in operational initiatives, we have reinforced those strategies and chartered a path forward.

DRI has reason to be proud on this commemoration of 65 years of commendable service to the people of India. Although our history as a criminal investigative agency is not as long, FDA OCI nevertheless looks forward to many future years of continued collaboration and success with DRI.

FDA OCI is proud to celebrate this landmark year for DRI, and we join with you in the shared mission of safety and perseverance for the coming year.

Catherine A. Hermsen

(Catherine A. Hermsen)



Andy Leggett

Director

Risk & Intelligence Service



HM Revenue
& Customs

MESSAGE

I would like to take this opportunity to congratulate India's Directorate of Revenue Intelligence (DRI) on celebrating its 65th Foundation Day on the 4th December 2022.

We value our long-standing strategic relationship that provides enhanced cooperation, and we are grateful for the DRI's continued support provided in tackling threats to HMRC.

I look forward to strengthening our collaboration and support, and working together on the international stage.

A handwritten signature in black ink, appearing to read 'A Leggett'.

(Andy Leggett)



Michael Rzepczynski
Regional Director
Middle East Region



MESSAGE

On behalf of the U.S. Drug Enforcement Administration (DEA), Middle East Region, I would like to take this opportunity to thank the Directorate of Revenue Intelligence (DRI) for their continued partnership with us in the fight against illicit narcotics trafficking, illicit finance, and terrorist related acts.

Our joint investigations have targeted the largest drug trafficking networks operating in India and throughout the world. We value our relationship, our strength as partners and our shared mandate that is committed to keeping our citizens safe by the relentless pursuit of criminals wherever they live, operate and seek to profit from the misery of others caused by drug trafficking and misuse. DEA and DRI's partnership is vital to the safety of citizens throughout the world.

As a result of the vital cooperation between India and the United States, DRI efforts have prevented the distribution of hundreds of millions of dosage units of pharmaceutical drug from India. In the past year, DRI has conducted numerous arrests and made substantial seizures of both cocaine and heroin, as well as other controlled substances.

We look forward to the future and our valued relationship with the DRI. Together we can continue our diligent efforts to improve the safety and security of both of our countries.

Sincerely,
Michael Rzepczynski
Regional Director
Middle East Region

DISCLAIMER

While every effort has been made to ensure that the information available in this report is accurate and up to date and that the text is free of any errors of omission or commission, DRI does not accept any responsibility or liability for error of fact, omission, interpretation or opinion that may be present, nor for the consequences of any decisions based on this information. The text of the report does not necessarily reflect the views or policies of the DRI, CBIC, or the Government of India, nor does it imply any endorsement. The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the DRI, CBIC, or the Government of India.

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मोहन कुमार सिंह, भा.रा.से.
Mohan Kumar Singh, I.R.S



महानिदेशक
राजस्व आसूचना निदेशालय
Director General
Directorate of
Revenue Intelligence

Foreword

The success of any organisation can be measured by asking two important questions. First, has the organisation truly been able to fulfil its mandate? Second, has it enhanced its capabilities over the years to adapt to the evolving challenges?

On the 4th of December 1957, the Directorate of Revenue Intelligence (DRI) was constituted with a very specific aim: to deal exclusively with the work relating to the collection and study of information on smuggling activities and the deployment of anti-smuggling resources at an all India level. Over the years, DRI has grown into the apex anti-smuggling agency of India, working under the Central Board of Indirect Taxes & Customs, Ministry of Finance, Government of India, tasked with detecting and curbing the smuggling of contraband, drug trafficking and illicit international trade in other goods including wildlife and environmentally sensitive items - as well as combating commercial frauds related to international trade and evasion of Customs duty.

The sustained performance of DRI is a testament to the dedication and professionalism of its officers, and the ever-growing capabilities of the organisation. It is a reflection of the expertise in collecting information and carrying out investigations, which has resulted in the detection of cases and seizure of contraband year after year. In its 65 years of service to the nation, DRI has cemented its place in intelligence circles as an agency that not only plays a pivotal role in combating outright smuggling, but also specialises in unearthing complex frauds and trade-based money laundering. Through their tireless efforts, the 800-odd officers of DRI play an effective role in safeguarding the economic frontiers of the country, along with contributing towards national security through close coordination with other agencies.



The 2021-22 'Smuggling in India Report' before you, not only documents the significant efforts of Indian Customs and DRI in combating threats to the economic security of the nation, but also highlights the trends, areas of concerns, and the challenges involved in securing our economic frontiers. The report sums up the cumulative efforts and experiences of DRI in countering the smuggling of contrabands like gold, narcotics, cigarettes, currency and flora and fauna, as well as the detection of commercial frauds. It also captures the international cooperation and engagements helmed by DRI under the aegis of various bilateral and multilateral agreements and treaties signed by Indian Customs with foreign Customs administrations.

The past year has witnessed a record number of narcotics seizures by DRI, majority of which have been made on commercial trade routes. There has been a surge in seizures of narcotics along the maritime route on the west coast of India. These cases also point to the increasing challenge due to sophisticated concealment and extraction methods being used by smuggling syndicates, indicating on their resourcefulness and wherewithal. Similar trends are also being observed in gold smuggling. While the role of a host of supply side factors cannot be discounted, it is a fact that smuggling syndicates are deploying multiple modes to push narcotics into India, perhaps also due to rise in demand. DRI is committed to concerted multi-agency efforts for combating the expanding menace of drug smuggling into India.

I am proud of the way we, as part of DRI, have continued to serve the country within the mandate given to us. In doing so, we have proven successful in thwarting the nefarious attempts of smugglers and tax evaders time and time again. DRI celebrates its 65th year in 2022, coinciding with 60 years of the Customs Act, the legal provisions of which we primarily enforce. My congratulations and greetings to all on this occasion.

I am happy to place before you this report with acknowledgement of the hard and sincere work put in by team DRI for its creation. I hope that this report, along with its previous editions, will serve as a repository of the constantly evolving smuggling landscape in India, and the efforts taken by DRI to secure India's interests against these threats. I welcome your feedback, views, and suggestions to help improve this publication.

Jai Hind!



CHAPTER 1

Role of Customs in National Security

Overview

Customs are the guardians of the economic frontiers of the nation. As the volume and diversity of international trade grows, and supply chains become more inter-dependent, the possibility of legitimate trade being misused by non-state actors increases. This, in turn, poses a real threat to the physical safety and security of any nation. The dynamic nature of this threat makes it imperative for Customs to remain cognizant of its role in national security. World over, Customs typically is the first line of defence of a country against trans-national crime, terrorism and extremism.

In December 2015, WCO's Policy Commission issued the 'Punta Cana

Resolution' concerning the role of Customs in the safety and security of a nation. This resolution highlighted the need for Customs Administrations to be aware of their role in ensuring the safety and security of their country, and taking resolute action towards fulfilling this responsibility.

The role of Customs in national security was always at the core of DRI's functioning. However, with the impact of the recent geo-political changes in India's neighbourhood in the recent times, it has acquired far more importance than it has been at any time in the past.

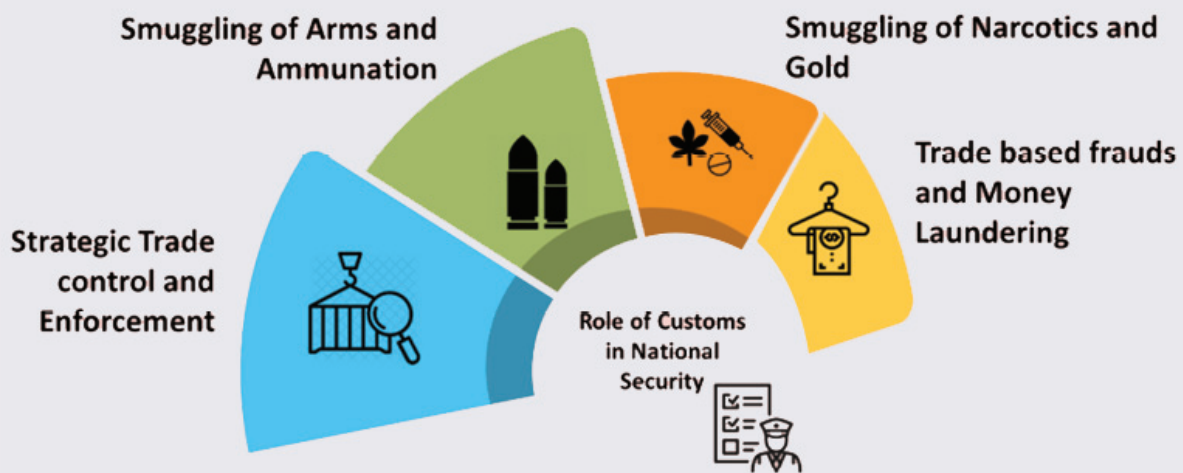


Figure 1: Role of Customs in National Security



PUNTA CANA RESOLUTION

RESOLUTION OF THE POLICY COMMISSION OF THE WORLD CUSTOMS ORGANIZATION ON THE ROLE OF CUSTOMS IN THE SECURITY CONTEXT

(Punta Cana, December 2015)

THE POLICY COMMISSION

NOTING :

the recent terrorist attacks in Tunisia, Turkey, Lebanon, France, Mali and other countries, as well as on a Russian airliner over Egypt, by violent extremist groups which threaten the security and safety of people, as well as economic development, political stability and social cohesion of countries in all parts of the world;

the G20 Statement of 16 November 2015 on the Fight Against Terrorism in which the G20 condemns, in the strongest possible terms, the recent heinous terrorist attacks as an unacceptable affront to all humanity;

the United Nations Security Council's Resolution of 20 November 2015 wherein the Council unequivocally condemned, in the strongest terms, the terrorist attacks perpetrated by ISIL (also known as Da'esh) in Sousse (Tunisia), Ankara (Turkey), over Sinai (Egypt), Beirut (Lebanon) and Paris (France) and called upon its Member States that have the capacity to do so to take all necessary measures, in compliance with international law, to redouble and coordinate their efforts to prevent and suppress terrorist acts;

RECOGNIZING that :

Customs authorities around the world are the first line of defence against many criminal and violent extremist and terrorist organizations that exploit international boundaries, thereby highlighting the important role of Customs in border security through management of the movement of goods, money, people and means of transport across borders;

through the management of the movement of goods, people and means of transport, Customs has a key role to play in tackling cross-border provision of material support to terrorism and terrorist financing;

Customs authorities, through the deployment of effective and efficient control measures, contribute to national economic prosperity (through fair and accurate revenue collection), economic development (through trade facilitation), public health and safety (through suppression of illicit trade), and national security (through prevention and detection of smuggling of restricted, prohibited and strategic goods);

Smuggling exposes and exploits the chinks in border security and border management of a country. It exposes critical gaps in the national security architecture, which can be used for harming the economic security of the country through seemingly innocuous activities like smuggling of commercial goods. Smuggling of gold, narcotics, explosives, dual-use goods, arms and ammunitions threaten the safety and security of the country. Further, illicit supply chains established by smuggling syndicates to smuggle commercial goods can be exploited by anti-national forces to bring in arms and ammunition into the country. Fraudulent trade transactions can be used by non-state actors to finance their activities. The global supply chain is also increasingly being used by such non-state actors to mask illegal trade as genuine trade transactions.

Smuggling of Fake Indian Currency Notes (FICN) is another grave security threat. In the Indian context, smuggling of FICN from across the border is intended to harm and destabilise the Indian financial system and likely to fund terrorist activities. Smuggling of narcotics and drugs is also another form of terrorism that not only assists the financing of nefarious activities but also lays to waste the young generation of a nation. Smuggling of narcotics is, in itself, lucrative and offers high profit margins. It doesn't require heavy investments in infrastructure and human resources. This makes it a preferred mode of generating finances for non-state actors.

As the trans-national criminal syndicates, state-sponsored terrorists and non-state actors shift their modus operandi and take advantage of a world coming to terms with

the post-covid new normal, the role of Indian Customs and the DRI acquires more importance in the security architecture of the country.

Narco-terrorism

The trend of seizure of Heroin in the Arabian Sea region continued in 2021-22. Customs and DRI has made major seizures of Heroin from containerized cargo originating from Afghanistan and transiting via Iran and UAE. Apart from concealing drugs in consignments of rock salt and talc stones, sophisticated modus operandi like soaking threads in liquid Heroin and concealing drugs within container frames were observed in 2021-22.

This points to the involvement of smuggling syndicates with significant access to resources and technical know-how, possibly indicating the involvement of state-sponsored actors in smuggling of narcotics into India. Apart from the record seizures of 3000 kg Heroin from a consignment of Talc in September 2021 at Mundra Port and 205 kg of Heroin from a consignment of Gypsum in April 2022 at Kandla Port, officers of DRI in two cases booked in quick succession in February and March, 2022 seized Heroin from cargo containers at the container depot at Tughlakabad, New Delhi. In the first case, 34.7 kg Heroin was seized from four containers declared to contain Rock Salt and in the second case, 2.4 kg Heroin was seized in the form of sediment from a consignment of Pomegranate juice. Officers of DRI also seized Heroin-soaked thread weighing 393 kg from

a consignment at Pipavav port, clearly indicating the capability of smuggling syndicates in concealing drugs in trade consignments.

Apart from Heroin, 2021-22 also witnessed two significant seizures of Cocaine in containerized cargo emanating from Afghanistan-Iran. This trend indicates that drug syndicates and criminal

organizations in the region are working with other international syndicates and criminal organizations to traffic drugs into India. The magnitude and modus of the cases clearly hint towards attempts by inimical elements to push narcotics into India and use proceeds of such smuggling to finance anti-national activities.

Fake Indian Currency Notes (FICN)

Fake Indian Currency Notes (FICN) pose a threat to the national security of India. FICN is smuggled into India mostly through the porous land borders of Bangladesh and Nepal. The National Crime Records Bureau (NCRB) data shows that there was a significant increase in the seizure of fake Indian currency notes (FICN) in 2021, when compared to 2020. The pandemic had impacted smuggling of FICN, which

was a major reason for low recovery in 2020. After easing of covid restrictions, people involved in this illegal business became active again and started pumping fake notes into the country. Analysis of movement of FICN in the broader South-East Asian region indicates the use of neighbouring countries like Bangladesh, Myanmar as staging points to push FICN into India.

Strategic Trade Control Enforcement

India is a signatory to three multilateral export control regimes viz. Wassenaar Arrangement, Missile Technology Control Regime (MTCR), the Australia Group and is a responsible member of the international community. It is thus contingent upon India to make all possible efforts to ensure that its borders and trade are not used for proliferation and illegal trade in dual-use goods and technologies. To this effect, Customs as a border agency and DRI as the apex law enforcement agency act as effective deterrents.

India has an excellent non-proliferation record and has never allowed its economic frontiers to be misused for activities that threaten international peace and harmony.

Strategic Trade Control Enforcement refers to enforcing licensing provisions in trade of strategic goods like Weapons of Mass Destruction (WMDs) or dual-use goods, which have both military and civilian applications. As the expansion of global trade and supply chains intersect with the advancement in technologies and growing stature of India in international trade, Strategic Trade Control Enforcement (STCE) has become an important dimension of national security. In the Indian context, the Directorate General of Foreign Trade (DGFT) notifies a list of goods and technologies under the SCOMET (Special Chemicals, Organisms, Materials, Equipment and Technology) list. These goods and technologies have dual-use

applications, i.e. these can be used for both malign and benign applications. Any export or transit of such goods and technologies from India requires a license from the DGFT.

India has become a preferred trading route in the global supply chain leading to the need for extra vigil on goods transiting through Indian airports and seaports. This is evident from several cases related to enforcement of strategic trade controls detected by DRI and Indian Customs in 2021-22, wherein items/equipment controlled under the SCOMET (Special Chemicals, Organisms, Materials, Equipment, and Technologies) List were being transported between two foreign countries, with India being used as

a transit point. Effective action and inter-agency cooperation acted as a deterrent for ensuring that Indian ports were not used as transit points for illicit trade in dual-use goods and technologies.

The changing role of Customs, particularly in the field of national security requires precise and technology-driven enforcement interventions and strategies. DRI is collaborating with all relevant stakeholders to ensure that as India's stature in the international community grows, non-state actors and elements inimical to the rise of India are not able to exploit India's growing trade volume for their nefarious designs.



CHAPTER 2

Foreign Trade Policy & Free Trade Agreement Violations

Overview

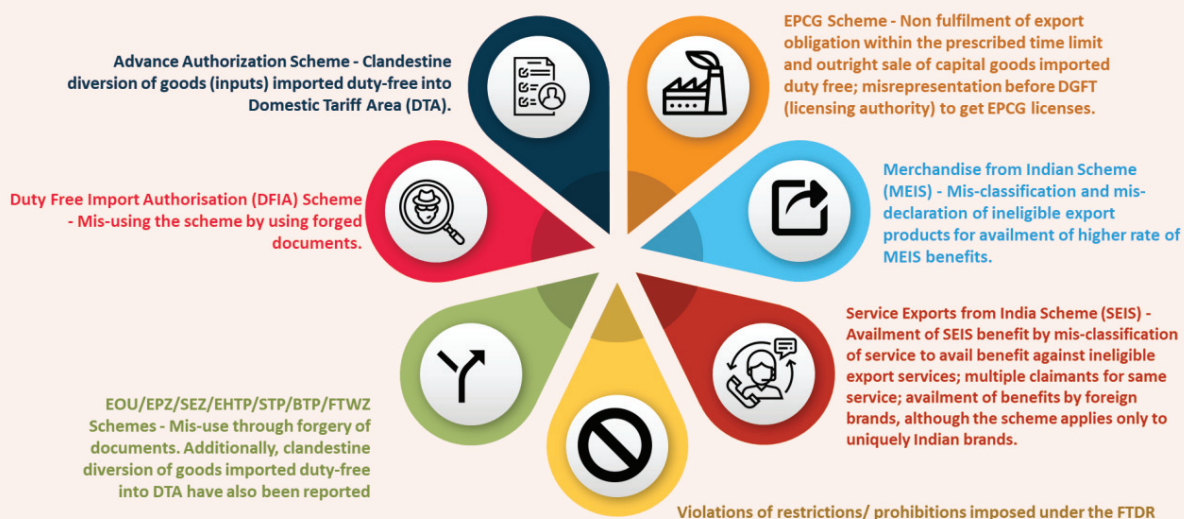
The Directorate of Revenue Intelligence, in terms of its charter, is mandated to collect, analyse, act on/ interdict, disseminate intelligence concerning illegal movement of goods and contraband into or out of the country. The DRI is also mandated to keep an eye on the important seizures and

customs investigations; and, if necessary, assume the responsibility of investigating cases which warrant a specialised handling. The DRI also evaluates the trends, shifts and patterns of such illicit activities and appraise their impact on the nation's economic and physical security.

Contraventions of Foreign Trade Policy

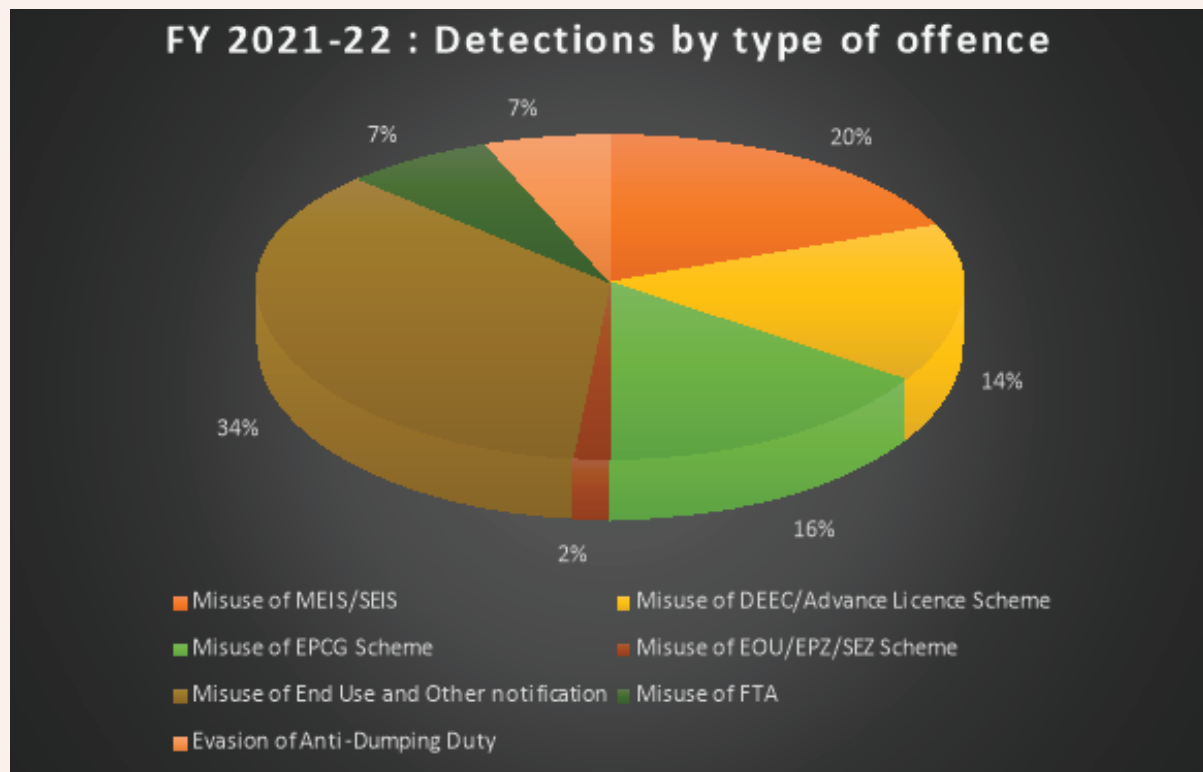
The contraventions that have been noticed during investigation of such cases relate to claim of inadmissible benefits under the FTP schemes; diversion of goods which are imported at concessional rates of duty and with an 'actual user condition' in

violation of license conditions and without the payment of appropriate duties; through a show of false and fraudulent fulfilment of export obligations; through breaches of restrictions imposed on export/ import of goods under the FTDR Act etc.

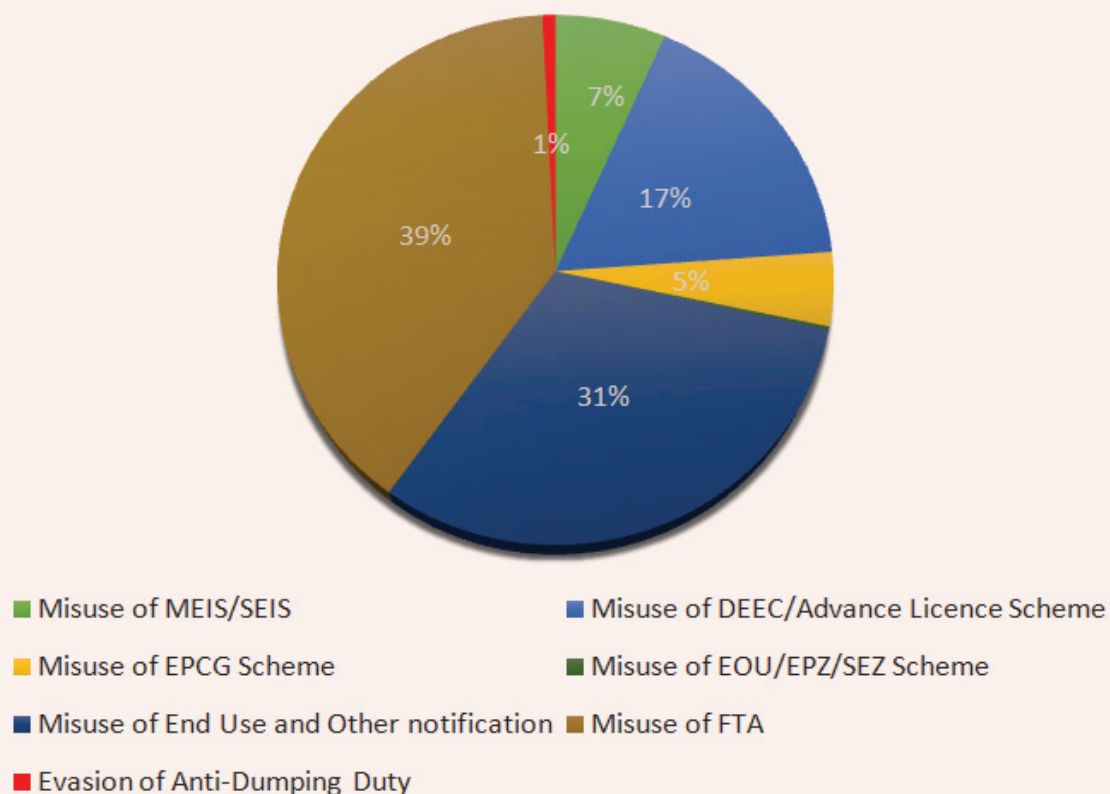


Various detections, pertaining to violations of Foreign Trade Policy and misuse of Foreign Trade Agreements, made by DRI in

FY 2021-22 are discussed in the following paragraphs.

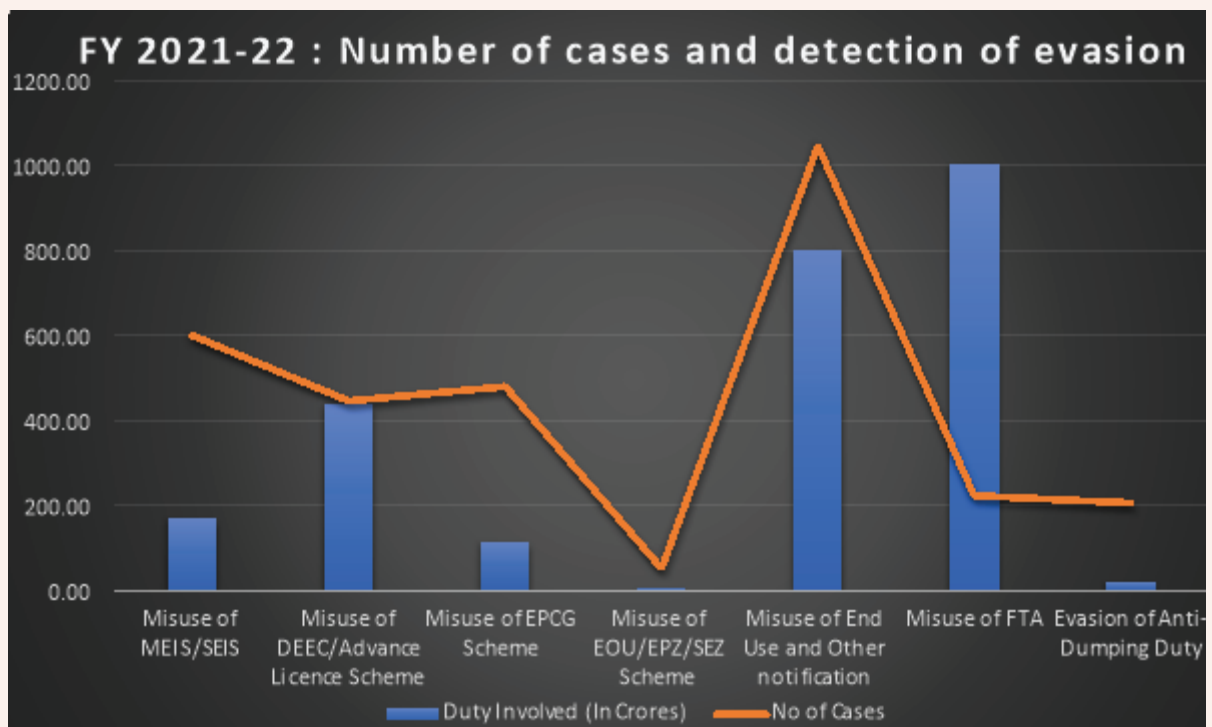


Source: National Customs Offence Database - DIGIT



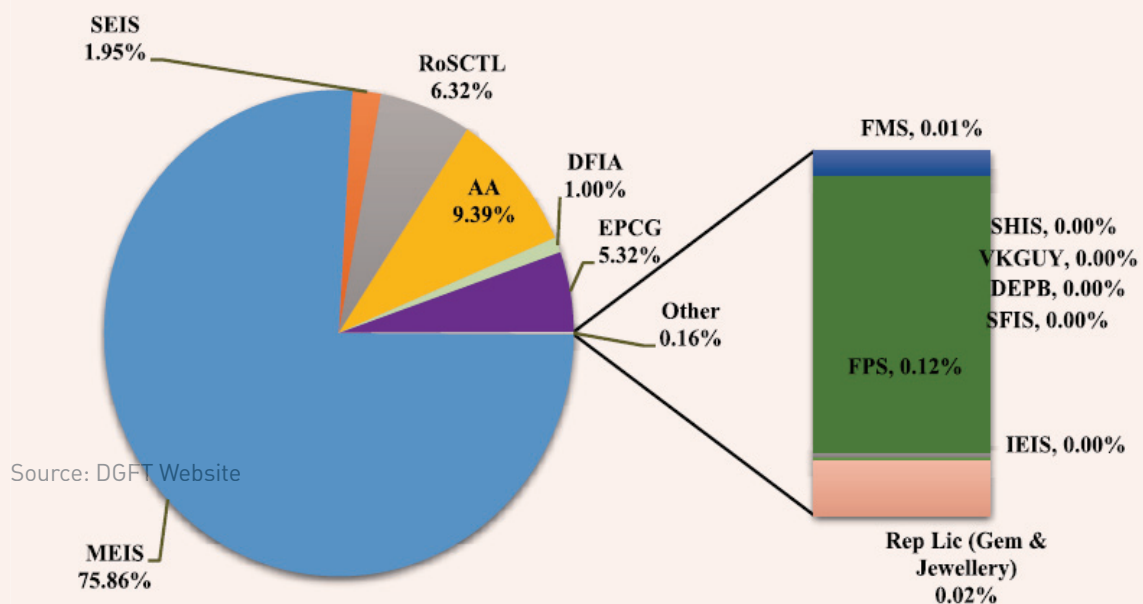
FY 2021-22 : Distribution by the amounts of duty involved

Source: National Customs Offence Database - DIGIT



Source: National Customs Offence Database - DIGIT

Percentage Share of various schemes in issuance of scrips/authorisations during the year 2021-22



Source: DGFT Website

Term/Abbreviation	Expansion
MEIS	Merchandise Exports from India Scheme
SEIS	Service Exports from India Scheme
RoSCTL	Rebate of State and Central Taxes and Levies
AA	Advance Authorisation
DFIA	Duty Free Import Authorisation
EPCG	Export Promotion Capital Goods
FMS	Focus Market Scheme
FPS	Focus Product Scheme
IEIS	Incremental Export Incentivization Scheme
SHIS	Status Holder Incentive Scheme
VKGUY	VisheshKrishi and Gram Udyog Yojana
DEPB	Duty Entitlement Passbook Scheme
SFIS	Served From India Scheme

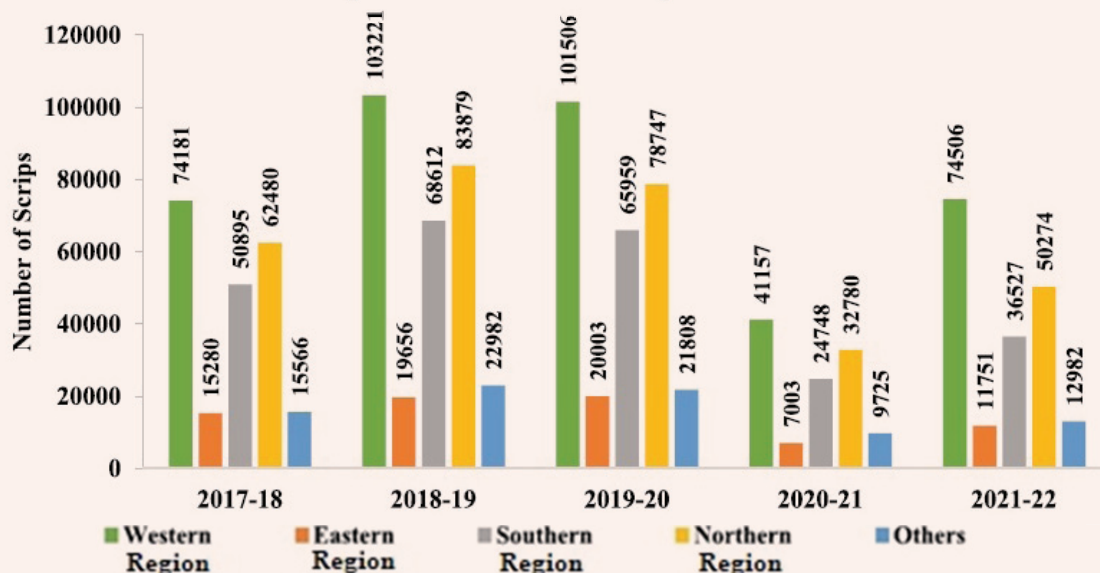
Cases made by DRI indicating Misuse of Various Schemes

Misuse of “Merchandise Exports From India Scheme” (MEIS)

Merchandise Exports from India Scheme (MEIS) was introduced by the Government of India with effect from 01.04.2015 under the Foreign Trade Policy 2015-20. MEIS is a duty scrip given as a reward by the Government to an exporter of goods, where the value of the scrip ranges from 2% to 7% of the FOB value of goods exported.

At the time of introduction, MEIS covered 4914 tariff lines at 8-digit level, and it was gradually expanded to include about 8059 lines. These scrips can be used to offset import duties and are freely transferable against goods imported / domestically procured as per para 3.02 of Foreign Trade Policy (FTP).

Issuance of Scrips under Merchandise Exports From India Scheme



DRI unearthed cases, where certain entities were exporting articles of stone under CTH 68159990, and were wrongly claiming the benefits of MEIS at 5% and 7% of the FOB Value. The said export goods were correctly classifiable under CTH subhead 6802 for which no MEIS benefit was available. The total MEIS benefit wrongly availed in these cases is about INR 56.27 Crores.

In general, the cases booked by the DRI reveal instances of exporters, who have mis-classified their export goods under wrong Customs Tariff Headings to avail MEIS benefit at a higher rate, instead of declaring the correct Customs Tariff Heading, where either MEIS benefit is not available or available at a lower rate. By this mode of operation, the exporters have indulged in a deliberate misclassification of export products to avail of undue and

inadmissible benefits under the MEIS and thereby violated the provisions of Foreign Trade Policy.

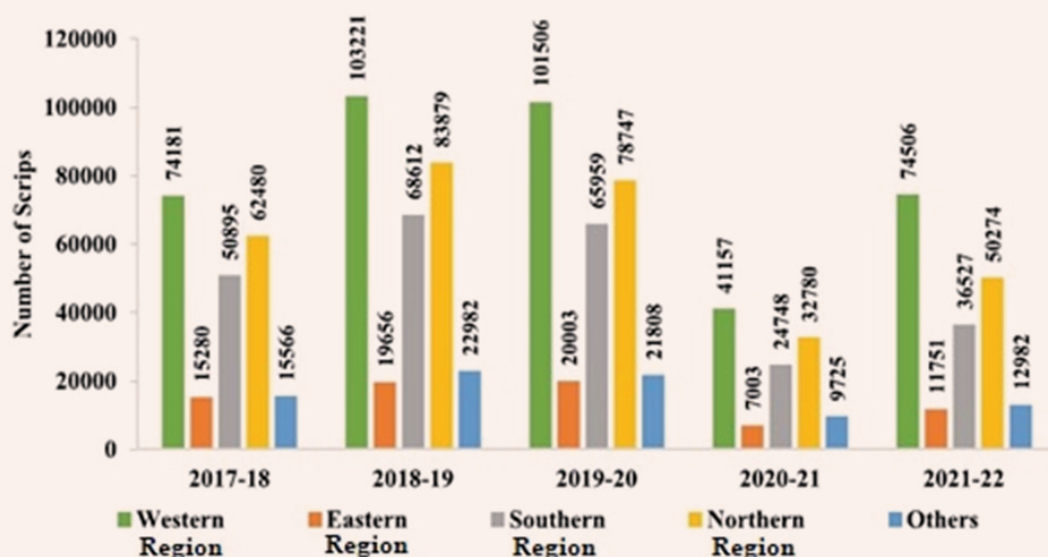
The scheme is no longer operational now as in terms of Para 3.04 B of the Policy inserted vide Notification No: 30/2015-2020 dated 01/09/2020 the benefits under MEIS shall not be available for exports made with effect from 01.01.2021.

Misuse of “Service Exports from India Scheme” (SEIS)

SEIS scheme is an incentive scheme for eligible service exports which was introduced in the Foreign Trade Policy (2015-20) by replacing the Served from India Scheme (SFIS). SEIS offers reward at 3% or 5% of net foreign exchange earned, and the scheme covers ‘Service Providers located in India’ instead of ‘Indian Service Providers’, which was the case in the earlier policy. Under SEIS, rewards are given to the

service exporters in the form of duty credit scrips, which are transferable and can be used for duty payment. Services such as Hotels and Hospitality, Engineering Services, Research and Development and Healthcare services are being rewarded so that they can scale up and maintain world class service delivery. The rates for all these services were further increased by 2% in the mid-term review of the FTP.

Issuance of Scrips under Merchandise Exports From India Scheme



Source: DGFT Website

DRI has detected and acted on instances, where the actual nature of service provided is misdeclared to fit in the list of services eligible for SEIS benefits. Investigations

have revealed the existence of a complete ecosystem, where such misdeclarations are done with the active collusion of the exporting entity as well as their agents.

DRI detected a case where SEIS benefits were claimed for “Computer related services” by misdeclaration. Such services, covered under CPC Code 84, are not eligible for SEIS. The duty involved was about INR 40.96 Crores.

For example, “software, information technology and computer related services” covered under CPC 84 are not eligible for SEIS benefit. However, many export service providers had misclassified / mis-declared their software, Information Technology and computer related services, to avail undue benefit

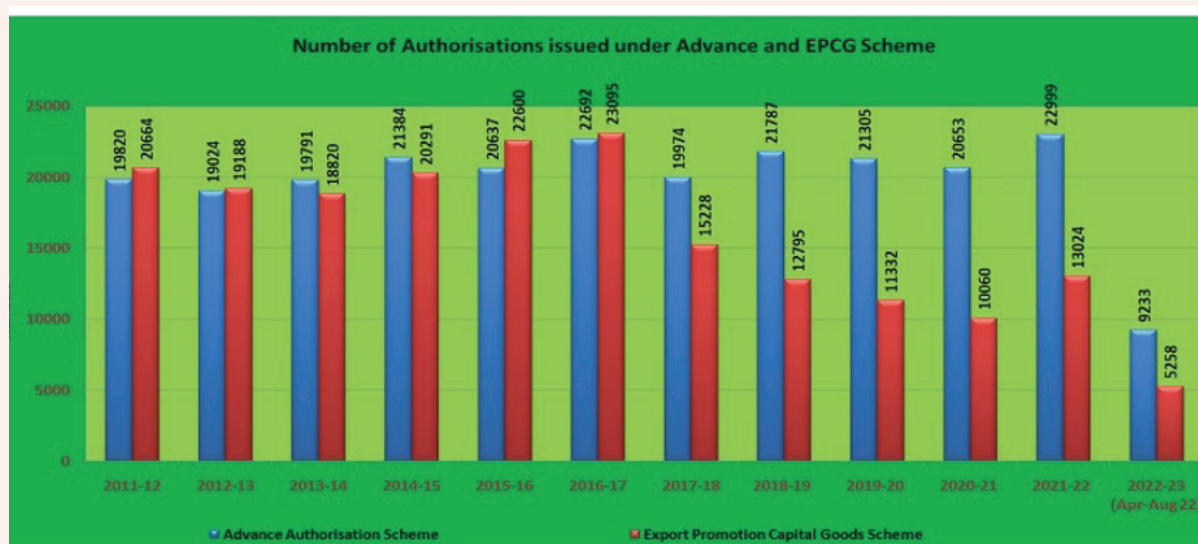
of SEIS, thereby violating the provisions of Foreign Trade Policy. It has also come to light that benefits have been taken on the claim of having provided services like “stevedoring” – a service that actually requires one to be licensed by the Port authority- without being in possession of requisite licences/ authorisations.

Misuse of Advance Authorization Scheme

Advance Authorisation is issued to allow duty free import of inputs, which are physically incorporated in the export product (making normal allowance for wastage). In addition, fuel, oil, catalysts

which are consumed/utilized in the process of production of export product, may also be allowed.

The quantity of inputs allowed for a given product is based on specific norms defined

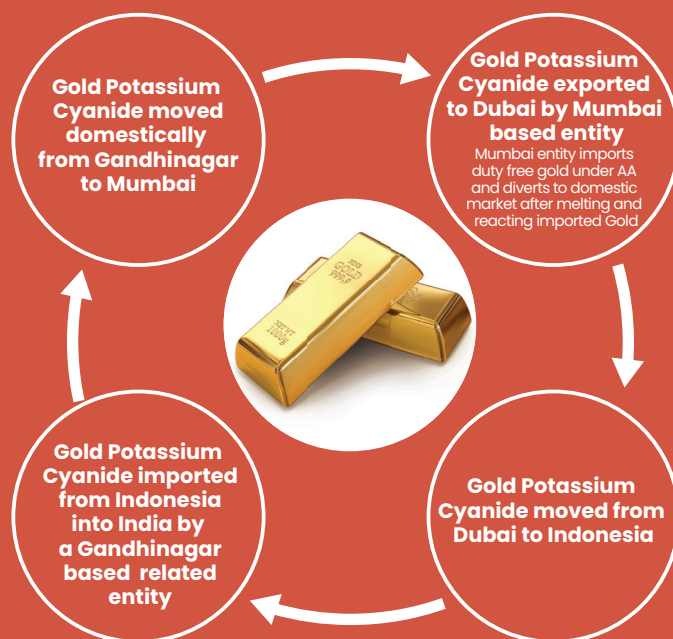


Source: DGFT Website

for the export product, considering the wastage generated in the manufacturing process. DGFT provides a sector-wise list of Standard Input-Output Norms (SION) under which the exporters may choose to apply. Alternatively, exporters may apply for their own norms in cases where the SION does not suit the exporter. Advance Authorisation covers manufacturer exporters or merchant exporters tied to supporting manufacturer(s).

Minimum value addition required to be achieved under Advance Authorisation is 15%.

The most common misuse of Advance Authorization is the diversion of goods imported duty-free into the open market. Some importers take this *modus operandi* a step further, by importing better quality, high-value inputs and diverting the same in the domestic market. The export obligation is then met by goods manufactured from low-quality inputs. In many instances, it is also found that the Advance Authorizations were obtained by declaring such supporting manufacturer, whose manufacturing facilities existed only on paper or whose operations had ceased long ago.



DRI unearthed a huge duty evasion racket of about Rs 339 Crores by a Mumbai based firm. About 2,200 kg of gold worth over Rs 1,000 Crores, imported duty free under Advance Authorization, was diverted to the local market and this resulted in the violation of the “actual user condition” imposed under the license.

In order to fulfil its export obligation, they were exporting Potassium Dicyanoaurate/ Gold Potassium Cyanide (GPC) from India to Dubai, which were further sent from Dubai to Indonesia and were routed back to India duty-free by wrongful claim of the AIFTA exemption notification 046/2011, dated 01.06.2011.

The Mumbai based firm was assisted by its connected firm based in Gujarat, from which it procured GPC and fraudulently claimed it to be a resultant product made from the duty-free imported gold.

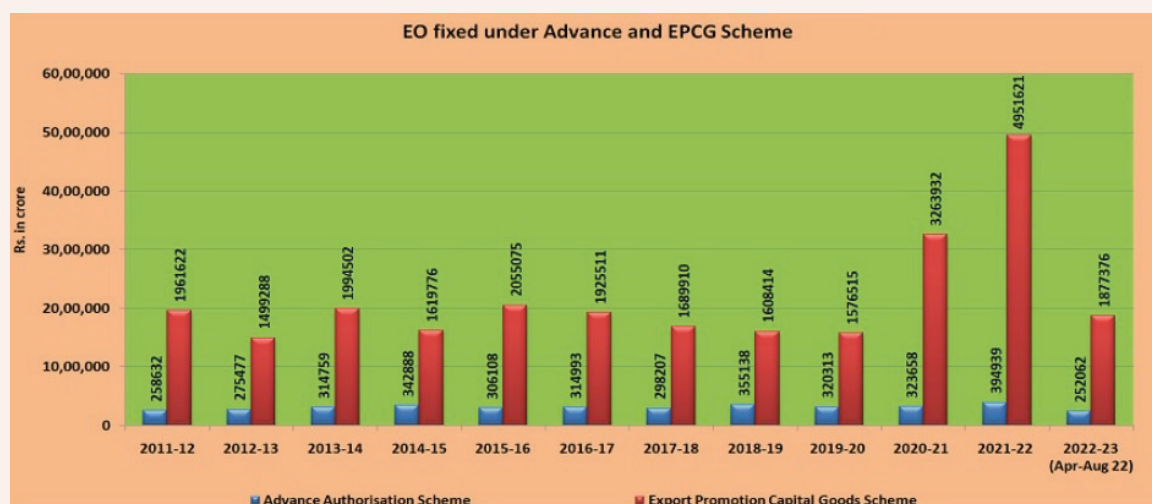
DRI detected another case, where an importer who was engaged in the business of manufacturing and sale of Processed Still Wine falling under CTH 22042910, had imported Raw Still Wine (12.5% alcohol) without payment of customs duty under Advance Authorization scheme from 2004-2009 period and failed to fulfil their export obligations for the said imports. The quantum of the duty involved was about Rs 7 Crores.

DRI detected a case where an importer had violated the actual user condition imposed on the gold imported duty-free under import authorization. The said gold was diverted to domestic entities, which were neither a supporting manufacturer associated with the importer nor had they any facility/capability to manufacture gold jewellery. The quantity of gold involved was about 268.42 kg, involving a duty amount of Rs. 117.32 Crores.

Misuse of EPCG scheme

Chapter 5 of the FTP covers Export Promotion Capital Goods Scheme (EPCG Scheme). The objective of the EPCG scheme is to facilitate import of capital goods for producing quality goods and services to

enhance India's export competitiveness. EPCG scheme allows import of capital goods (except those specified in negative list in Appendix 5F) for pre-production, production and post-production at zero customs duty.



Source: DGFT Website

However, the said duty-free import of capital goods is subject to an export obligation of a value equivalent to six or eight times of duty saved on the importation

of such capital goods within six years from the date of issuance of the EPCG authorization. In simple words, there is an obligation on the beneficiary importer

to export goods and bring in foreign exchange equal to 600 per cent or 800 per cent of duty saved on such imports. These exports are required to be made within six years from availing the EPCG benefit. DRI has detected many cases where importers have misrepresented the facts in order to obtain the licenses and have not fulfilled the stipulated export obligations. Many

importers even resort to straight and simple sale and diversion of the goods, which are imported duty free, which is a clear violation of the Actual User Condition of the imports under EPCG Scheme since there is a clear embargo on change in ownership till export obligation is met and Export Obligation Discharge Certificate (EODC) is granted.

A public sector entity had imported ground handling equipment viz., baggage handling system, passenger boarding bridges, queueing conveyor etc., by incorrectly availing customs duty exemption under the Export Promotion Capital Goods (EPCG) Scheme. The goods i.e., ground handling equipment are not permitted for duty-free import under EPCG Scheme in terms of Appendix-5F of DGFT Public Notice No.47/2015-20 dated 06.12.2017 and the duty evasion was to the tune of about Rs. 12 Crores.

Prohibitions and Restrictions

Importers and exporters often attempt to side step various restrictions imposed on the import and export of goods. The restrictions are attempted to be overcome by outright misdeclaration, concealment of the contraband/prohibited goods under a cover cargo etc. DRI keeps a constant vigil on such practices to protect the interests of revenue along with national security concerns and honouring international commitments.

Import of electronic cigarettes (e-cigarettes) or any parts or components thereof such as refill pods, atomisers, cartridges etc, including all forms of “electronic nicotine delivery systems”,

“heat not burn” products, e-hookah and the like devices by whatever name and shape, size or form it may have, excluding products licensed under the Drugs and Cosmetics Act, 1940, are prohibited in accordance with the Prohibition of Electronic Cigarettes’ (Production, Manufacture, Import, Exports, Transport, Sale, Distribution, Storage and Advertisement) Act, 2019. In one such case, DRI detected the illegal importation of e-cigarettes, where the declaration of the goods in the bill of entry was hair straightener, exercise books, head massager etc. E-cigarettes valued at about Rs. 20 Crores were seized.

DRI detected a case, where certain entities were importing black pepper by overvaluing the goods to circumvent the “Minimum Import price” imposed vide various DGFT notifications, as per which the import of black pepper falling under CTH 090411 is prohibited if the CIF value is below Rs. 500/kg. Documents recovered revealed that the imported pepper were sold in the domestic market at a unit price in the range of Rs. 300 - Rs. 425 per kg, against the unit price of Rs. 502 - 515 per kg, as declared by them to the customs authorities at the time of import. The said entities had imported about 775 MT of black pepper, with declared value of Rs. 38 Crores by such overvaluation.

DRI detected a case in which a passenger was attempting to smuggle into India two marmoset monkeys, 4 tarsier monkeys, 141 iguanas & 12 bearded dragons, which were identified by the WCCB officials to be covered under Appendix II of CITES and prohibited under FTP and Customs Act, 1962. The passenger was arrested.



Free Trade Agreements

Article XXIV of GATT enables WTO members to enter into free trade agreements, in which they offer each other tariff and non-tariff concessions on a reciprocal and mutually beneficial basis. India's preferential trade arrangements (PTAs) and regional trade agreements (RTAs) have registered prolific growth in the last three decades. By October 2022, as many as 355 RTAs were in force when compared

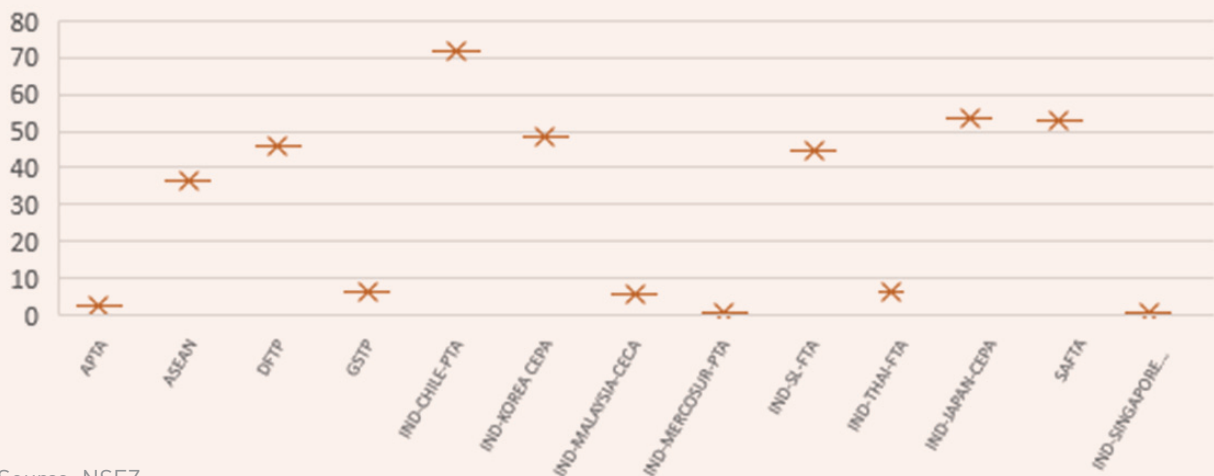
to just 28 in 1990. As of April 2022, India has signed 13 Free Trade Agreements (FTAs) with its trading partners, including the 3 agreements, namely India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA), India-UAE Comprehensive Partnership Agreement (CEPA) and India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA) signed during

the last five years. In addition, India has signed six limited coverage Preferential Trade Agreements (PTAs). The PTAs are one-sided trade preferences and include generalised system of preferences (GSP) schemes, as well as other non-reciprocal preferential schemes that were granted a waiver by the WTO's general council.

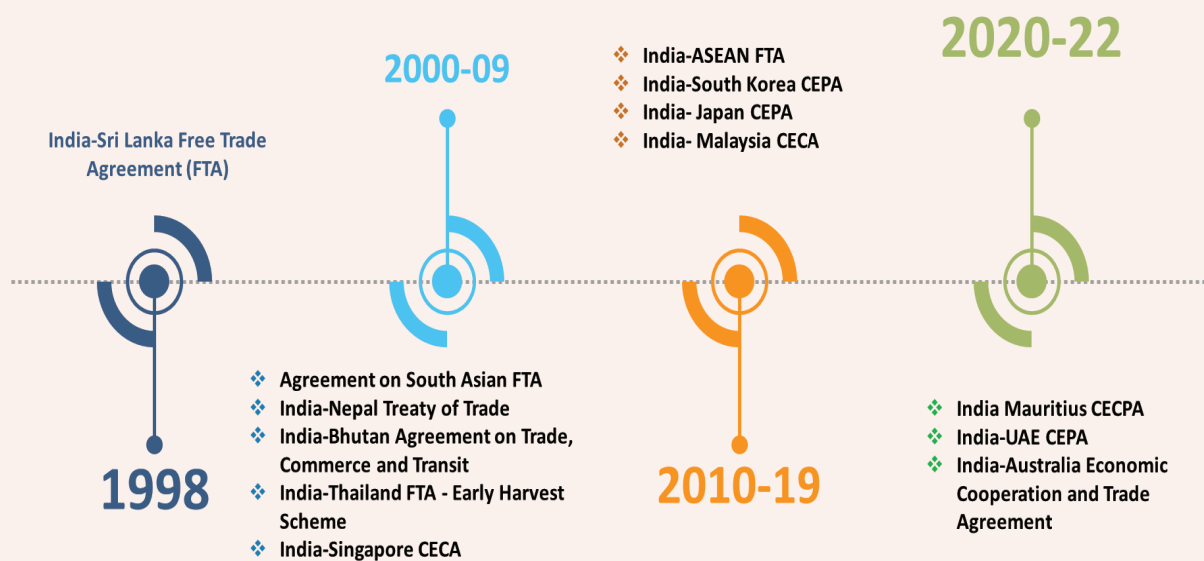
In any free trade agreement (FTA), the signatory countries agree on a lower or a preferential tariff to be applied to the goods exchanged between them, while at the same time, the participating countries remain unbound to levy their own (higher) rate of duties on imports from other non-participating countries. Therefore, it is imperative that a set criteria is documented to determine the national source of a product in any such preferential arrangement to distinguish products of the partner country/region from that produced by others. This becomes especially important in light of the fact that in the distributed production processes and integrated global value chains of today, there is a substantial likelihood that products often pass through many countries in the production process. To avoid these preferential rates being exploited by others by merely shipping goods from other markets through one of the participating jurisdictions in an FTA, the participating entities agree to the criteria for what constitutes a product "originating" in each of their markets. Goods that cannot qualify under these tests of origin are not extended any benefit in terms of being classed as preferential imports/ exports .

Sub-section (1) of section 5 of the Customs Tariff Act, 1975 provides that the central government may notify rules for determining if any article is the produce or manufacture of a foreign country or territory, in a situation where lower rate of duty is to be charged on such goods by virtue of a trade agreement between the Government of India and the government of the foreign country or territory. The law also requires the owner of such goods to make a claim at the time of importation, supported by such evidence as are indicated in the concerned rules, for assessment at the appropriate lower rate under such an agreement. Various notifications have been issued to publish the rules concerning the Determination of Origin of Goods under the particular Free Trade Agreements. The actual grant of tariff concessions under the preferential trade agreements are made vide Notifications issued under Section 25 of the Customs Act, 1962, which empowers the Central Government, in case it is satisfied that it is necessary in the public interest, to exempt generally either absolutely or subject to such conditions (to be fulfilled before or after clearance) as may be specified in the notification, goods of any specified description from the whole or any part of duty of customs leviable thereon. Thus, the Free Trade Agreements entered into by India are implemented through an "act of transformation" by the way of the incorporation of the treaty provisions into domestic law.

FTA UTILISATION RATES- 2021-22 - IMPORTS INTO INDIA



Source: NSEZ



TimeLine-FTAs signed by India

The Finance Act, 2020, notified on 27 March 2020, made certain amendments to the Customs Act, 1962 - one modification that happened vide clause 110 of Finance Act, 2020 was the insertion of a new Chapter VAA and a new Section 28 DA in the Customs Act, 1962. In addition, Section 111 of the Customs Act also witnessed a new insertion in terms of clause (q), which makes any goods imported on a

claim of preferential rate of duty, which contravenes any provision of the (new) Chapter VAA or any rule made thereunder, liable to confiscation. Following these changes, the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (CAROTAR 2020) were issued by Notification No 81/2020-Customs (NT) dated 21 August 2020.



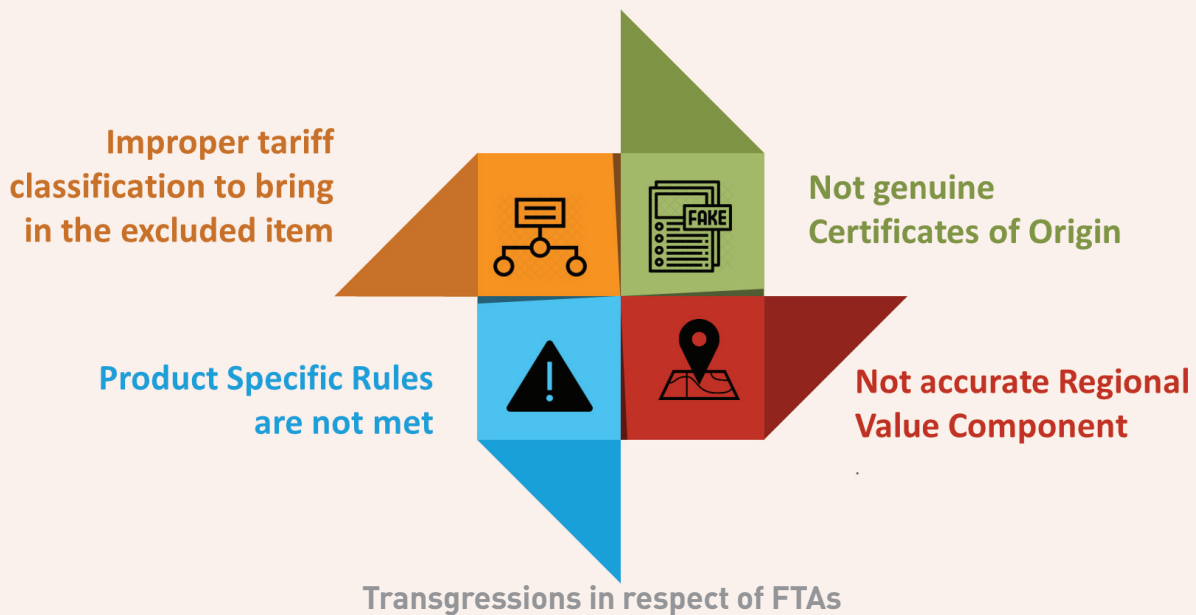
Changes in FTA provisions in the year 2020

The aim of these changes is to supplement the operative documentation procedures related to application of the Rules of Origin (ROO) criteria contained in the respective trade agreements (FTA/PTA/ Comprehensive Economic Cooperation Agreement (CECA)/ Comprehensive Economic Partnership Agreement (CEPA); and in the customs notifications issued in terms of Section 5 of the Customs Tariff Act, 1975 that provide for the manner of determination of the COO in the case of the import goods brought in under a preferential claim of duty. The CAROTAR 2020 have come into effect from 21 September 2020.

Broadly, in respect of the Free Trade Agreements, the transgressions that have been noted have been on account of genuineness or authenticity of the certificate of origin; or that the claim of preferential treatment has been made on the basis of an 'inaccurate' country of origin certificate wherein country of origin criterion stated in the certificate of origin, has not been met and as a consequence, the claim of preferential rate of duty made

by importer was found inadmissible and invalid. In respect of the latter typology of offences, the violation relates specifically to a counterfactual conclusions of Origin of goods - the particular yardstick relating to originating goods - of the regional value content of the goods not having been met; and/ or the particular goods, not having undergone an appropriate change in tariff classification at the specified level of the Harmonized System from the tariff classification in which all the non-originating materials used in their manufacture are classified. In addition, violations relate to claim of preferential treatment on goods, which are not eligible for concessions in the importing State party. The other infractions concern goods on which concessions have been claimed, not complying with the consignment conditions in accordance with Trade Agreement (Direct Consignment*) or ineligible third country products being sought to be passed off as originating goods under a specific preferential trade agreement.

** Direct Consignment: Most agreements lay down the condition that good claiming originating status of a country should be directly transported from that country to the importing country. Certain relaxation may be provided in a trade agreement, subject to presentation of certain documents.*



Misuse of FTAs

In Budget speech in Year 2020, Hon'ble Union Finance Minister Ms. Nirmala Sitharaman stated *"It has been observed that imports under Free Trade Agreements (FTAs) are on the rise. Undue claims of FTA benefits have posed threat to domestic industry. Such imports require stringent checks. In this context, suitable provisions are being incorporated in the Customs Act. In the coming months we shall review Rules of Origin requirements, particularly for certain sensitive items, so as ensure that FTAs are aligned to the conscious direction of our policy."* Though measures have been taken up to prevent the misuse

of FTAs, through changes brought about in the Finance Act, 2020 and Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (CAROTAR 2020), unscrupulous traders have attempted to misuse the FTA provisions, as seen from the investigation of such cases. A very common transgression noticed is regarding the misclassification of imports to such categories of CTH which is eligible for benefits under Free Trade Agreements. Some such instances which were unearthed by Formations of Directorate of Revenue Intelligence are provided below.

Misdeclaring the country of origin by routing of goods through the countries with which India has Free Trade agreement is also prevalent among the transgressions. Forging of documents to affect such routing has been detected in DRI investigations. In one such case, Chinese Origin Steel products were routed through Malaysia for availing benefits under the notification No. 46/2011 by Delhi based importers. Agents of the Importers in Malaysia arranged for forged COO Certificates and fake letters authenticating the COOs. The consignments were also undervalued at 20-25%. DRI Investigation revealed that Duty evasion on account of mis-declaration of the country of origin was Rs 7.4 Crore. Two persons were arrested by DRI in the said case.



DRI Investigation revealed that Gurugram based industrial unit was misclassifying parts of motor vehicles as parts of automobile seats with an intent to avail concessional rate of Basic Customs Duty under India-Japan PTA. Parts of automobile seats(9401) are eligible for the said benefit under Serial No 800 of Notification No.69/2011-Cus whereas Parts of automobiles(8708) are not eligible. The imports were adjuncts to seats which are parts of vehicle and were not essential parts of Seats. Duty evasion in this case was Rs 4 Crore. The same kind of misclassification was also noticed in various cases which resulted in ineligible claim of benefits under Indo-Korean PTA.



The Manufacturing unit of a Multi National Automobile Company imported electronic control units under CTH 90328990 by availing FTA benefits under Notification 151/2009 Cus and Notification 152/2009 Cus (India-Korea FTA). DRI Investigation revealed that these imports are misclassified as these imports are solely and principally used with Motor cars and hence should be classified under CTH 87089900 and thereby not eligible for benefits under India-Korea FTA. Duty evasion in this case was Rs 86.64 Crore.



Two units of a Multinational Manufacturing group were importing "Hub bearing assembly and its parts; body parts and suspension parts of Motor Vehicle" by misclassifying it under CTH 87089000 thereby availing FTA benefits under Serial No 892 of Notification 152/2009 Cus (India-Korea FTA). DRI Investigation revealed that the said imports are correctly classifiable under CTH 87085000, 87082900 and 89088000 for which FTA benefits are not available. Duty evasion on this case was Rs 93.53 Crore.

DRI Cases: Instances of Misclassification to avail FTA benefits

In another matter investigated by the DRI, a multinational mobile phone maker and a large e-commerce operator have been found to have engaged in misuse of the ASEAN- India Free Trade Agreement. The importing entities claimed benefits of exemption in terms of S.No. 1364 of table in Notification no. 46/2011- Cus., dated 1.6.2011, made apparently irregular imports in as much as the import goods did not seem to fulfil the Origin criteria laid out in terms of Rule 3 of the Customs Tariff [Determination of Origin of Goods under the Preferential Trade Agreement between the Governments of Member States of the Association of Southeast Asian Nations (ASEAN) and the Republic of India] Rules, 2009 – the AIFTA Rules, for short– Notification no. 189/2009- Cus (N.T.), dated 31.12.2009.

In terms of Rule 5 of the AIFTA Rules, for "not wholly produced or obtained products", twin conditions have to be fulfilled for the product to qualify as originating and be eligible for preferential tariff treatment. Firstly, the AIFTA content should not be less than 35 percent of the FOB value; secondly, the non-originating materials should have undergone at least a change in the tariff sub-heading (CTSH) level i.e. at the six-digit of the Harmonized System. In the said case investigated by DRI, these conditions were not fulfilled.



CORONA VIRUS

CHAPTER 3

Smuggling: Emerging trends during the pandemic

Overview

The COVID-19 pandemic has forced the policymakers and the businesses worldwide to thoroughly revisit their prevalent policy/business models. The same holds good for smugglers and contraband traffickers as well. Like any other economic agent aiming to maximize his profitability within the exogenous and force majeure constraints, these nefarious elements too swiftly adapted to the dynamics of changing circumstances

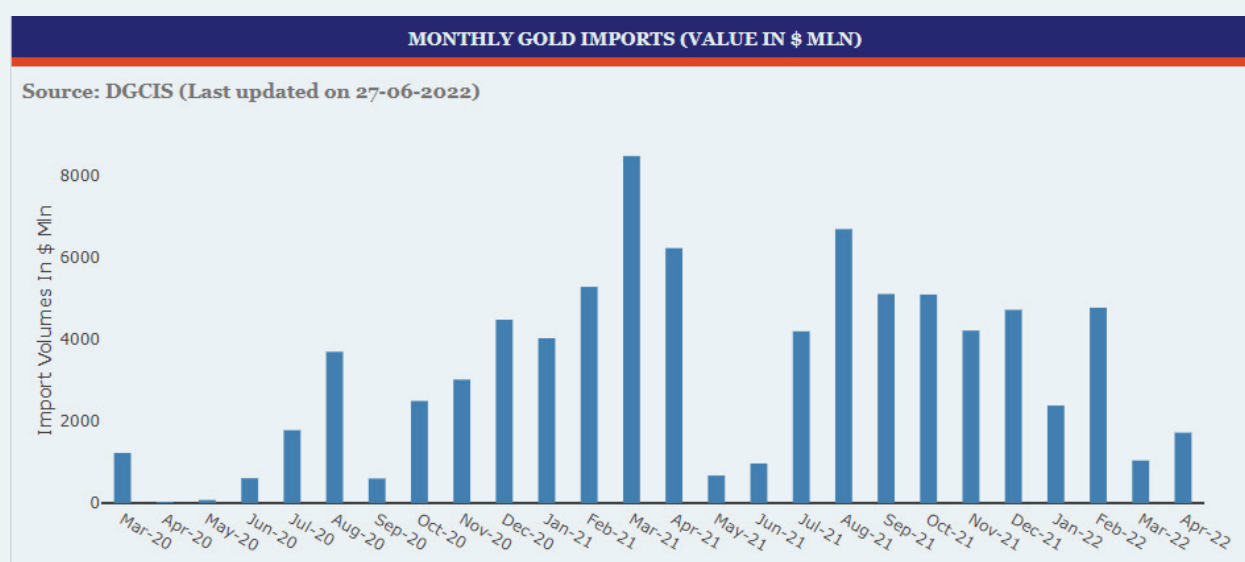
and started using novel modus operandi which were robust and resilient to the challenges posed by the pandemic.

This chapter seeks to provide a bird's eye view of the overall trends in smuggling which have emerged during the COVID-19 pandemic. The thematic chapters on gold, narcotics, and other contraband, which too are part of this report, may be referred to for further details in these specific areas.

Gold

India is the world's second-largest consumer of gold after China. India's gold imports were worth \$34.62 billion in 2020-21 and rose by 33.34 percent to \$46.14 billion during 2021-22. The imports are

largely driven by the jewelry industry. The gems and jewelry exports during 2021-22 grew by about 50 percent to about \$39 billion.

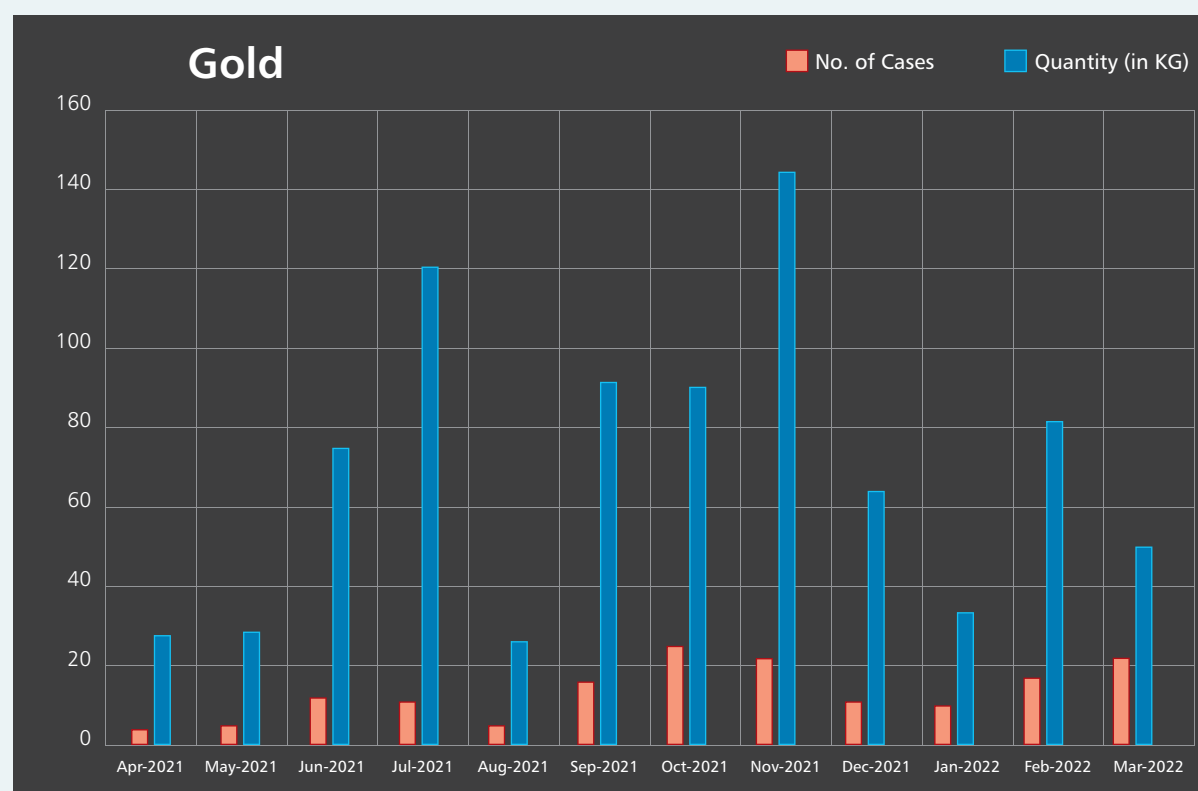


The quantum of smuggling has gone up during the period in which the economic activities were gradually unlocked post-COVID-related lockdowns. This derives

credence from the number of gold seizures made by the DRI in FY 2021-22, as can be seen in Table 1 and Figure 2 below:

Table 1: Details of gold seizures by DRI

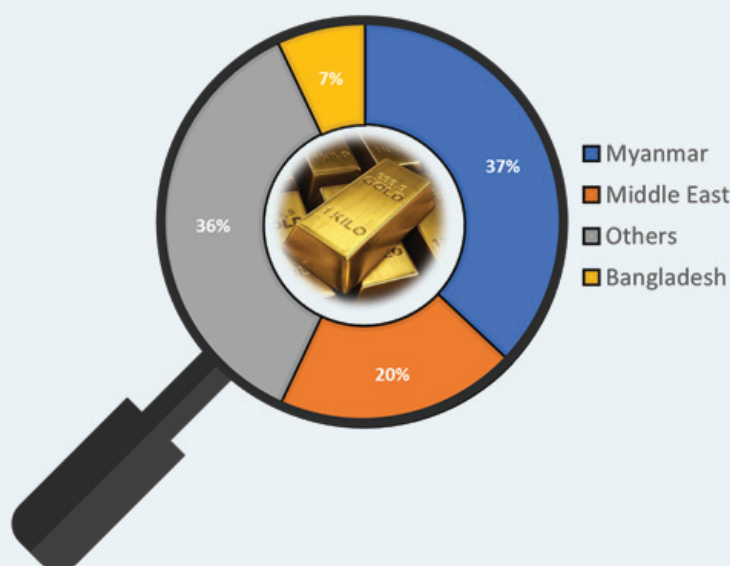
Month	No. of Cases	Quantity (in kg)	Value (in Rs. Crores)
Apr, 2021	4	27.71	13.33
May, 2021	5	28.48	13.96
June, 2021	12	74.89	36.66
July, 2021	11	120.52	57.03
Aug, 2021	5	26.18	12.44
Sep, 2021	16	91.49	43.84
Oct, 2021	25	90.25	44.08
Nov, 2021	22	144.43	70.96
Dec, 2021	11	64.02	31.37
Jan, 2022	10	33.47	16.50
Feb, 2022	17	81.63	38.63
Mar, 2022	22	50.01	26.56
Total	160	833.07	405.35



In a significant shift from the trend noticed in 2019-20, the largest amount of gold seized by the DRI in 2020-21 & 2021-

22, was of Myanmar origin. In 2019-20, the largest originating country/region of smuggled gold was the Middle East.

DRI Gold Seizures in FY 2021-22 :
Percentage of quantity seized by originating country



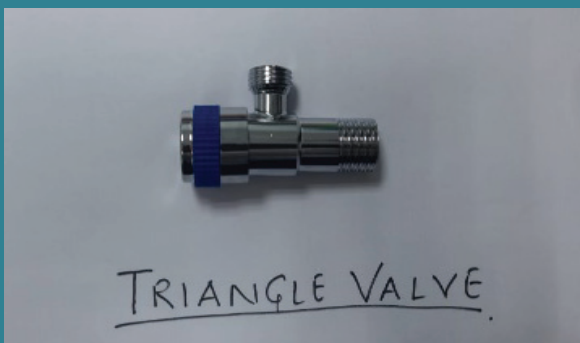
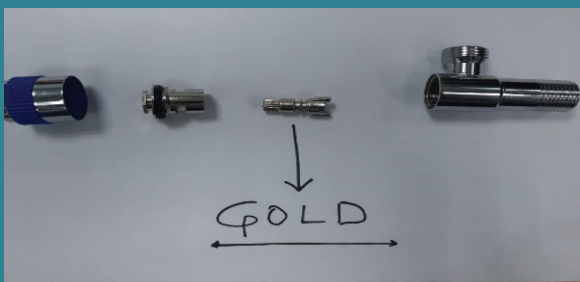
Sources of smuggled gold seized by DRI

In a covert intelligence operation undertaken by the DRI on 19.11.2021, code-named “Molten Metal”, several Indian and foreign (Chinese, Taiwanese, and South-Korean) nationals suspected to be indulging in smuggling gold into India from China/ Hong Kong, using the air cargo route, were identified. The intelligence indicated that the gold smuggled in the form of machinery parts was being remolded into bar/cylinder shapes before being disposed of in the local market. Acting on the said intelligence, the DRI officers examined an import consignment at Air Cargo Complex, Indira Gandhi International Airport. The consignment was found to contain electroplating machines fitted with transformers. The ‘E’ and ‘I’ shaped laminates of the transformers were found to have been replaced with laminates made of gold and coated with nickel, essentially to hide the identity of gold. Approximately 1 kg of gold was recovered from each of the 80 imported electroplating machines. In a swift follow-up operation, further recovery of over 5 kg of foreign-origin gold smuggled into India earlier adopting an identical modus operandi, was made from a Delhi-based jeweler. Further, during the search operations carried out in several rented premises in Chattarpur and Gurugram, four foreign nationals (two from South Korea and one each from China and Taiwan) were found to be using sophisticated metallurgical techniques to remold the smuggled gold into bar/cylindrical shapes for further disposal. These activities were being conducted by the foreign nationals in rented farmhouses/apartments in plush localities of South Delhi and Gurgaon and extreme precautions were being taken by them to keep the illegal nature of their activities hidden even from their immediate neighbors. The recovered gold, totally weighing over 85 kg and, valued at approximately Rs. 42 crore, was seized. The four foreign nationals involved in the smuggling activities were arrested.



'E' & 'I' shaped laminates made of gold

In another intelligence operation conducted by the DRI on 12.05.2022, codenamed "Golden Tap", it was detected that a syndicate was smuggling gold from Guangzhou, China through the Air Cargo Complex, IGI Airport, New Delhi. The consignments were declared to contain "Triangle Valves" and the smuggled gold was being ingeniously concealed as a small part of the said valves, as depicted in the picture below. The said part though made of gold was coated with nickel to make it look like that of steel. Other three parts were made of steel only. Over 61 kg of gold was recovered from one such consignment of Triangle Valves. The recovered gold was found to be of 99% purity and was valued at Rs. 31.2 crore.



Gold concealed in Triangle Valves

The aforesaid detections are a pointer to the involvement of organized trans-national crime syndicates in smuggling gold using ingenious concealment techniques, even

during the Covid-19 Pandemic, which is fuelled by the insatiable demand of gold in India.

Four courier parcels consigned from UAE to different addresses in New Delhi were intercepted at the New Courier Terminal, New Delhi on 16.07.2021. These parcels were declared to contain auto and other machinery parts. However, on examination, 13 yellow metal pieces of cylindrical shape, weighing 16.79 kg and valued at Rs. 8.07 crore, were recovered. The recovered gold appeared to have been melted and poured into the hollow portions of the machine parts for concealment.

Following the aforesaid seizure of 16.79 kg gold from four courier parcels, two more parcels were intercepted at the New Courier Terminal, New Delhi on 22.07.2021. These parcels were declared to contain pumps and industrial appliances etc. However, on examination, 6 cylindrical yellow metal pieces, 3 from each parcel, totally weighing 11.236 kg were recovered from the cavities of the industrial appliances. In this case too, the recovered metal appeared to have been melted and poured into the hollow machine parts for the purpose of concealment.



Gold concealed in machinery parts

The DRI further seized over 5 kg of gold in Mumbai, which had been smuggled in a courier consignment, adopting identical modus operandi. In yet another detection, over 15 kg of gold was recovered and seized from another courier consignment in September, 2021 wherein the back covers of imported wrist watch were found to be made of gold.



Wristwatch back covers made of gold

The surge in smuggling using the courier route, as illustrated by the above cases, is an emerging trend. This indicates to a switch from the conventional mode of in-person smuggling of gold to courier mode, primarily on account of large-scale disruption in international passenger air traffic owing to the pandemic. Concealment in machine parts is hard to detect, even with sophisticated x-ray equipment. Therefore, efforts will have to continue in the direction of improving the quality of both human intelligence, data analytics and profiling. DRI is fully committed to preventing the smuggling of precious metal using this modus operandi and to ensuring that the offenders are swiftly caught and brought to justice.

During the pandemic, due to the widespread disruption to air traffic, there was a rise in the instances of gold smuggling by land routes (road or rail). Much of this smuggled gold originated in Myanmar and was smuggled into India through the old Tamu-Moreh-Imphal trajectory in Manipur, which goes through a vast expanse of unguarded but difficult terrain, and the Zokhatwar route in Mizoram. However, due to the constant and

alert vigil maintained by DRI officers, there was a string of spectacular gold seizures in the last three quarters of FY 2020-21. These include the seizure of 51.33 kg of smuggled gold in November 2020 by the DRI in the north eastern region, seizures of 84 kg, 66 kg and 55.61 kg of smuggled gold in August 2020, November, 2020 and January, 2021 respectively in and around Delhi.

One of the important consequences of the economic devastation caused by the covid-19 pandemic was the loss of employment, especially in the unorganized and low-wage sectors. This led to the loss of livelihood for a large number of Indian migrants, especially those engaged in low-skill jobs in the Gulf countries. With the resumption of air connectivity, a lot of these workers, without any source of income in a foreign land, were desperate to come back home. Their economic and psychological distress was taken advantage of by certain unscrupulous agents, who lured such helpless migrant workers into smuggling small quantities of gold, mostly in paste and powder form, into India. DRI and the Customs formations booked a series of such cases in 2021-22.

Foreign Currency

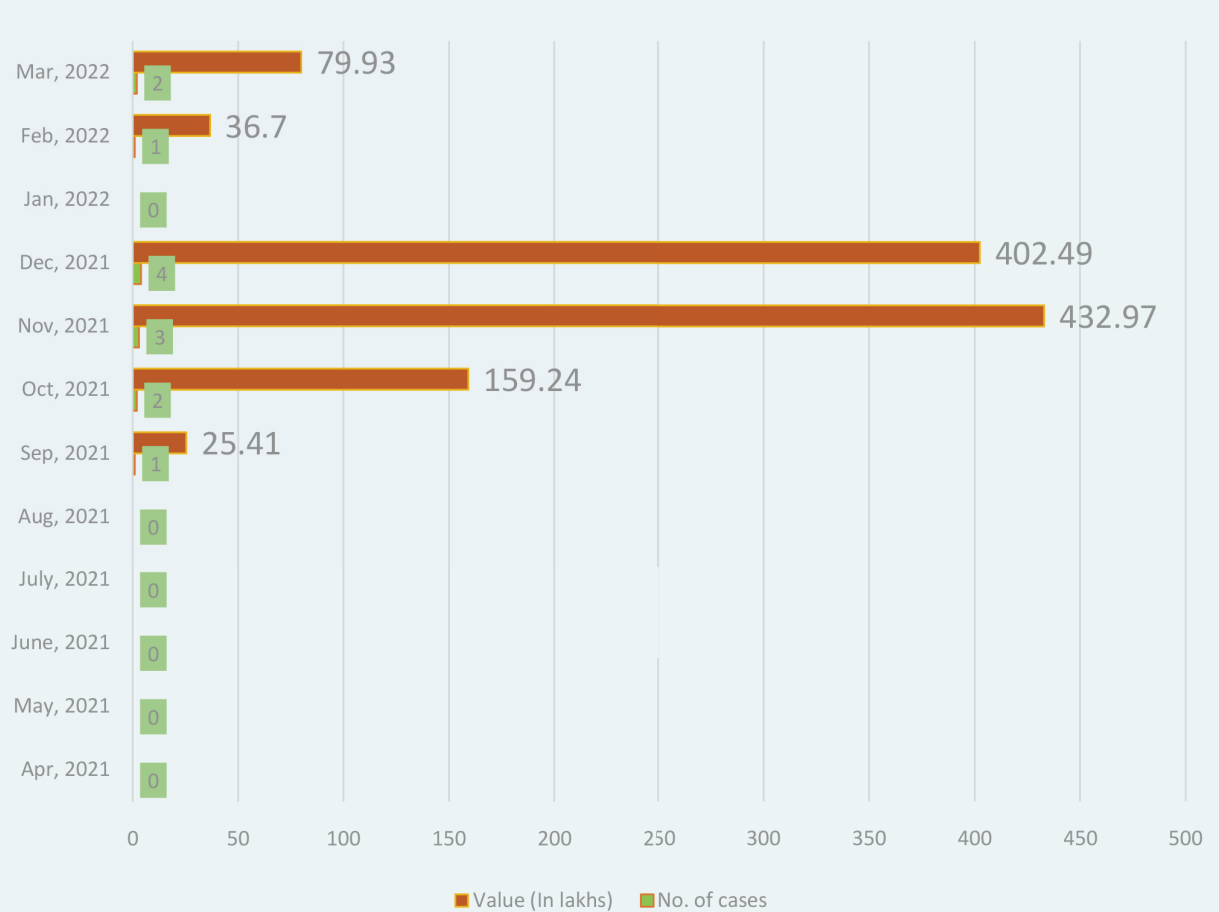
Smuggling of foreign currency out of India, beyond the limits prescribed by the Reserve Bank of India, has emerged as a serious threat to the economic security of India during the COVID pandemic. With the disruption of the traditional methods

of cross-country hawala settlements, physical smuggling of foreign currency has often been the chosen recourse for those wishing to move liquid value across borders without detection

Table 2: Details of Foreign Currency Cases booked by DRI

Month	No. of Cases	Value (in Rs. lakh.)
Apr, 2021	0	0
May, 2021	0	0
June, 2021	0	0
July, 2021	0	0
Aug, 2021	0	0
Sep, 2021	1	25.41
Oct, 2021	2	159.24
Nov, 2021	3	432.97
Dec, 2021	4	402.49
Jan, 2022	0	0
Feb, 2022	1	36.7
Mar, 2022	2	79.93
Total	13	1136.74

Details of FC cases booked by DRI



The Financial Action Task Force (FATF) also recognizes the physical movement of currency as a critical method of money laundering across the globe. Cash is still widely used in the criminal ecosystem and it remains the source of most criminal activities. In many cases, even when the proceeds of a crime are initially generated in electronic form (such as the theft of funds from a bank account), criminals choose to withdraw the funds from a bank account in cash, transport it to another country and remit it into another account to obliterate

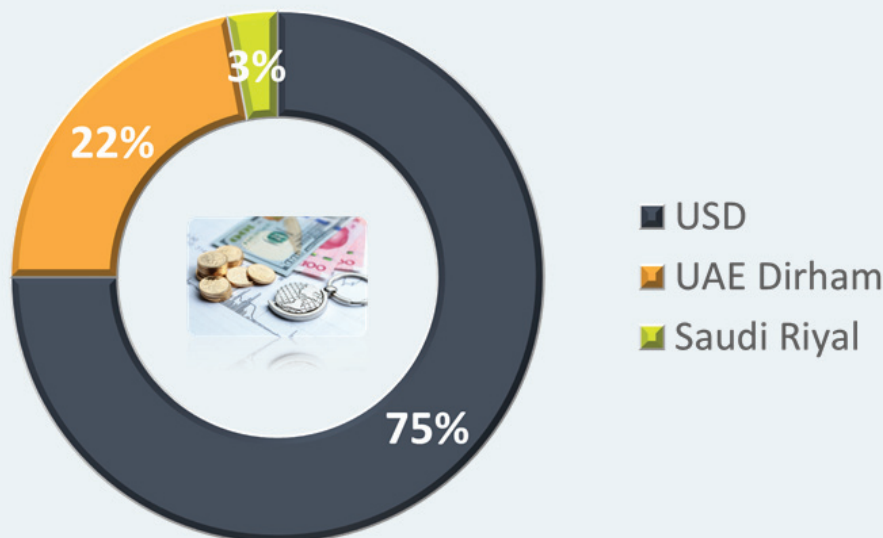
the audit trail. The physical transportation of cash across an international border is one of the oldest and most basic forms of money laundering. Physical transportation of cash as a method of money laundering is not restricted to a particular type of crime and is rampant across drug trafficking and illegal trafficking of other commodities such as alcohol and tobacco. It is also used widely by criminals involved in other illicit activities including tax frauds, wildlife/ weapons/ arms smuggling etc.

Acting on specific intelligence that two persons were transporting a large number of foreign currency notes (USD), the officers of DRI intercepted the said two persons on 17.12.2021 and recovered 1,23,600 US Dollars from two specially made pouches inside their luggage at a hotel in Guwahati. Follow-up action led to the interception of three more people of the syndicate and recovery of 61,100 US Dollars from them. The actual recipients of the foreign currency were also apprehended and the search at their rented premises in Guwahati resulted in the recovery of more USD. A total of 1,89,700 USD valued at INR 1,43,12,865/- was seized and 7 persons were arrested in this case.

Acting on the basis of specific intelligence that foreign currency in large amount was attempted to be smuggled out of India, officers of the DRI intercepted two persons flying to Sharjah at CSI Airport, Mumbai on 26.11.2021. Detailed search of the luggage of both the passengers led to recovery of 5,00,800 USD and 800 UAE Dirham. On further investigation, two more persons who were involved in handing over the foreign currency to both the passengers, were apprehended. The recovered 5,00,800 USD and 800 UAE Dirham, collectively valued at Rs 3.68 crores, were seized and four persons were arrested under the relevant provisions of the Customs Act, 1962

On 03.12.2021, acting on the basis of a specific intelligence that one passenger flying to Dubai from CSI Airport, Mumbai would attempt to smuggle out large quantity of foreign currency out of India, officers of the DRI intercepted one person at the Customs Counter at CSI Airport. The check-in bag was offloaded from the flight and search of the said bag resulted in recovery of 1,32,000 USD, 42,150 EURO, 29,500 Saudi Arabian Riyal and 6,00,000 Japanese Yen. Based on preliminary investigation, one more person was apprehended in the follow-up action. The recovered 1,32,000 USD, 42,150 EURO, 29,500 Saudi Arabian Riyal and 6,00,000 Japanese Yen collectively valued at INR 1.43 crores were seized and two persons were arrested under the relevant provisions of the Customs Act, 1962.

DRI Foreign Currency Seizures in FY 2021-22 :
Currency as a percentage of quantity seized



Cigarettes

Cigarette smuggling is another area of concern. High incidence of tax on cigarettes in India results in a tax arbitrage in favor of smuggled cigarettes on which no taxes are paid and there is no statutory requirement of pictorial warning covering at least 85 percent of the packaging space. More importantly, the smuggled cigarettes are, on an average, 50 percent cheaper in

the Indian market, compared to the price of any similar cigarette brand. From a public health perspective, the smuggling of cigarettes also poses a very serious challenge since a part of the smuggled cigarettes are counterfeits and the quality of tobacco and other ingredients used in the said cigarettes, is inferior.

Table 3: Cigarette seizures by DRI

Sticks (in lakh)	Value (in Rs. lakh)
1102.63	9332.4

Acting on specific intelligence, the officers of DRI intercepted one six-wheeler truck at Ukhrul, Manipur on 06.02.2022. The search of the said truck resulted in the recovery of 15,86,800 cigarette sticks of foreign origin. Based on information provided by the driver of the said truck, immediate follow-up action at a godown in Imphal resulted in the further recovery of 16,90,000 cigarette sticks of foreign origin. The total recovered 32,76,800 cigarette sticks of foreign origin, valued at Rs 6.55 crore along with the carrier vehicle, were seized and one person was arrested.



DRI Cigarette Seizures by Originating Country

Narcotics

Traditional smuggling of narcotics into India has always been through the passenger route. During the pandemic, however, an increasing number of cases were detected wherein narcotic substances were found

to have been smuggled through the cargo route. This can largely be attributed to the breakdown of passenger air traffic during the pandemic and also to the recent political changes in Afghanistan.

Table 4: DRI's NDPS Seizures in FY 2021-22

No. of Cases	Quantity (in kg)
103	28,334.32

In September 2021, specific intelligence was developed by the DRI that an import consignment declared to contain semi-processed Talc stones originating, from Afghanistan and shipped from Bandar Abbas Port, Iran to Mundra Port, Gujarat was suspected to contain Narcotics drugs. Intelligence indicated that these drugs have originated from Afghanistan. Accordingly, the officers of DRI detained the consignment having two containers for examination under the Narcotics Drugs and Psychotropic Substance Act 1985. The examination was conducted in the presence of experts from the Forensic Science Laboratory, Gandhinagar. During the examination, 1999.58 kg of heroin from one container and 988.64 kg from the other container, totaling 2988.22 kg, were recovered and seized under the NDPS Act, 1985.



Based on specific intelligence that an air cargo consignment declared to contain 330 trolley bags, imported from Entebbe, Uganda, at Delhi Air Cargo Complex, IGI Airport, New Delhi, would have narcotic drugs concealed therein, the officers of DRI examined the said consignment on 09/10.05.2022. On examination, 54.07 kg of off-white powder, ingeniously concealed inside the hollow metal tubes of 126 trolley bags, was detected. On random testing of the said off-white powder on Field Drug Testing Kit, it tested positive for Heroin. A swift follow-up operation in Punjab and Haryana led to further recovery of 6.72 kg of heroin and Rs.48,17,300/- in cash. In total, 60.79 kg of heroin valued at Rs. 425.54 crore and Rs.48,17,300/- in cash were seized under the NDPS Act, 1985. The importer and two other concerned persons were arrested.



[Drugs concealed in hollow metal tubes of trolley bag]

Based on specific Intelligence that a consignment declared to contain 904 cartons of “Apple Sun Top Juice” and 944 cartons of “Pomegranate Sun Top Juice” of Afghanistan origin but imported from Bandar Abbas Port (Iran), at ICD Tughalkabad, would have undeclared contraband concealed therein, the officers of DRI examined the said consignment on 08.03.2022. During the examination, it was observed that each juice carton contained 12 bottles of 1 liter each. On visual inspection, 24 juice bottles in two cartons of Apple Juice, appeared to have whitish sediments mixed with Juice. The contents of some such bottles, when tested with the aid of the Field Drug Testing Kit, tested positive for heroin. A total of 24 liters of juice, containing heroin, was recovered.



[bottle of juices containing heroin]

Red Sanders

The International Union for Conservation of Nature (IUCN), an international organization for nature conservation, has in 2018, reclassified red sanders (*Pterocarpus santalinus*) as a 'near threatened' species from the earlier classification of 'endangered'. Red Sanders is the only species of *Pterocarpus* that has been listed in Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

It takes 50-60 years for a red sanders tree of pole size (30 cm) to reach 70 cm girth which is considered as harvestable girth in natural forests. It is estimated that at least

10-12 years are required for such trees to move from one girth class (10 cm class intervals) to the next. The wood of most of the red sanders trees has a normal grain. However, there is also a rare variant with a 'wavy' grain that fetches higher prices in the international markets. The high demand and price in the international market is the main cause for illegal felling and smuggling of red sanders. The demand for red sanders is said to be mainly in countries like China, Japan, Hong Kong, Singapore, and Myanmar where they are used for making furniture, dyes, musical instruments and also for medicinal purposes.

Table 5: Seizures of Red Sanders of DRI

No. of Cases	Quantity (in MT)	Value (in Rs. crores)
14	161.83 MT	97.05

Based on specific intelligence that red sanders logs were being attempted to be smuggled out of India in the guise of export of "Cast Iron Pipes" from ICD-Tughlakabad, Delhi, the detailed examination of a consignment on 20.12.2021 resulted in the recovery and seizure of 9.44 MT of red sanders having a market value of Rs. 8 Crore (approx).



Red Sanders logs wrapped in cloth

Acting on specific intelligence, the officers of DRI had earlier intercepted a container on 13.11.2021 at ICD, Piyala which was declared to contain “hardware items” and destined to Busan, South Korea. On examination, however, 9.98 MT of red sander logs were recovered and seized.



[Seizure of 9.98 MT of Red Sanders at ICD Piyala]

On 17.11.2021, the officers of DRI intercepted another container at JNPT that had railed out from ICD, Piyala, and was destined for Sanshui, China. Though it was declared to contain “hardware articles”, 12.16 MT of red sander logs were recovered and detained. A third container originating from ICD, Piyala which had already sailed out of Mundra port for Sanshui, was recalled by DRI and eventually examined by the officers at Mundra on 29.12.2021. Contrary to the declaration of “hardware articles”, 12.03 MT of red sander logs were recovered and seized from the said container. The officers of DRI intercepted a consignment at Mundra port on 16.03.2022 which was destined for Port Klang, Malaysia and declared to contain tractor parts. However, on examination, 11.7 MT of red sander logs valued at Rs.9.36 crore, were recovered from the container. The aforesaid exports had been allowed on the strength of forged/fake shipping bills and self-sealing certificates of Noida SEZ. The sudden spurt in the smuggling of red sanders during the pandemic could be attributed to the requirement of comparatively less financial investment and high rate of return.

Smuggling of mobile phones, health supplements, e-Cigarettes etc. through the Foreign Post Office

During the period of the Covid-19 pandemic, several instances of smuggling of restricted /prohibited consumer items like mobile phones, e-cigarettes, and their pods through the Foreign Post Office, were

noticed. The reason for the surge in this mode of smuggling could be on account of the emphasis on “contact-less delivery” with the least human interface during the period of the Covid-19 Pandemic.

Intelligence was developed by the officers of DRI that some unscrupulous persons were smuggling mobile phones of Apple brand, Health supplements, Cosmetics, and E-Cigarettes, etc in commercial quantity from the USA, Canada, Dubai, the Philippines through Foreign Post Office, Kotla, New Delhi by mis-declaring them as goods for personal use (lamps, garments, mobile phone parts and accessories, books, household goods, etc), without using any IEC.

Acting on the said intelligence, 49 parcels imported from these countries and received at FPO, New Delhi from 20th July to 25th July 2021, were examined. 20 of these parcels had been imported from Dubai. On examination of these 20 parcels, 448 new iPhones of different models and mobile phone parts & accessories were recovered, the market value of which was estimated at Rs 3.65 Crore.

Similarly, 24 of these parcels were found to have been imported from the USA. Three of these parcels were found to contain 163 old and used assorted iPhones; three parcels had 4416 e-cigarette pods and 18 parcels contained different types of health supplements, collectively valued at Rs 1.15 Crore. Besides, three parcels imported from the Philippines were found to contain injectable cosmetic treatment vials of Rition 5000 mg and Glutathione, valued at about Rs 8.37 lakh. Remaining two parcels imported from Canada, were found to contain e-cigarettes worth Rs 14 lakh.

Resolve

The officers of DRI have been successful in thwarting several large-scale smuggling attempts which sought to capitalize on the economic and social instability

and restrictions brought about by the COVID-19 pandemic. DRI resolves to remain committed to its relentless of anti-smuggling pursuits.



CHAPTER 4

Gold Smuggling in India: Emerging Trends

Demand for Gold and Smuggling in India

Gold has an important role in Indian culture and is inseparable part of many ritual practices, marriage ceremonies and Indian festivals, besides being a symbol of wealth and status in society. The local economic activity is also often reinforced by an informal system of exchange that relies on gold reserve as liquid investment, especially in times of emergency. The fascinating intersection of traditional cultural practices and contemporary economic forces drive an unparalleled level of demand for this precious metal and underpin the Indian gold market.

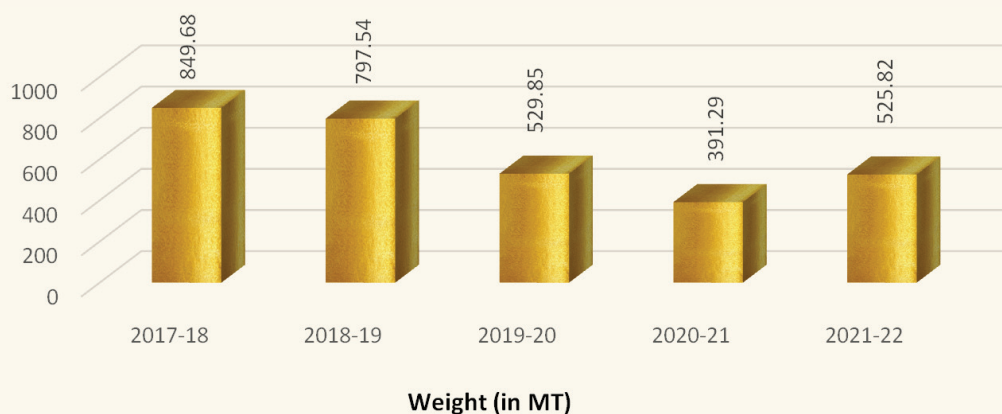
Gold smuggling in India is fueled by this huge demand for gold combined with import duty on licit import of gold. Besides being one of the major vehicles of money laundering in the country, smuggling of gold also leads to growth of mafia groups in the country and is a heavy drain on the foreign exchange resources of the country. The Directorate of Revenue Intelligence has always risen to the challenge and has made great inroads into breaking the gold smuggling syndicates over the years.

Import

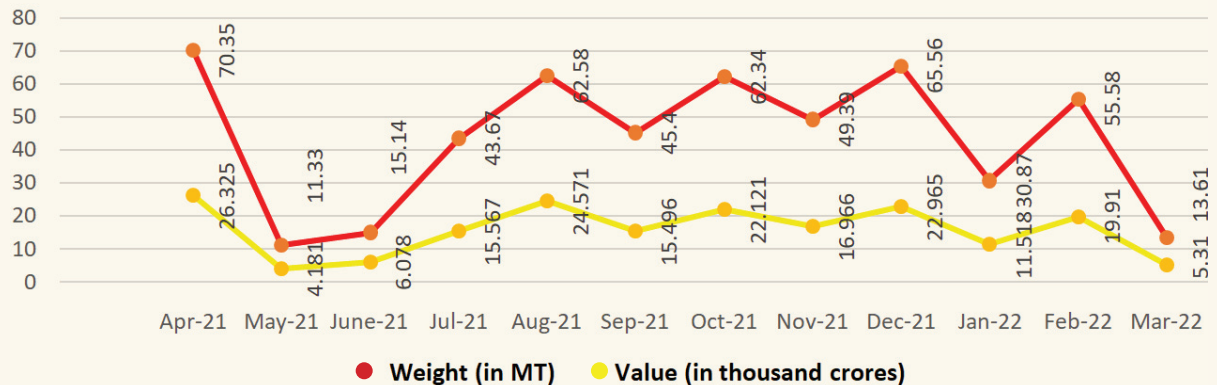
The quantum of import of gold into India is significantly high to meet the huge demand. India, the world's second-biggest gold consumer after China, imports about 900 MT of gold a year. Gold consumption in India was 797.3 MT in 2021, the highest in the past five years, according to the World Gold Council data. India being a negligible

producer of gold, the huge demand for gold in the country is met through imports. India imports gold dore bar as well as refined gold. In the last five years, imports of gold dore bars made up 30 per cent of the total official imports of the yellow metal in India.

Gold Import Trend for last 5 Years



Monthwise Gold import in 2021 -22

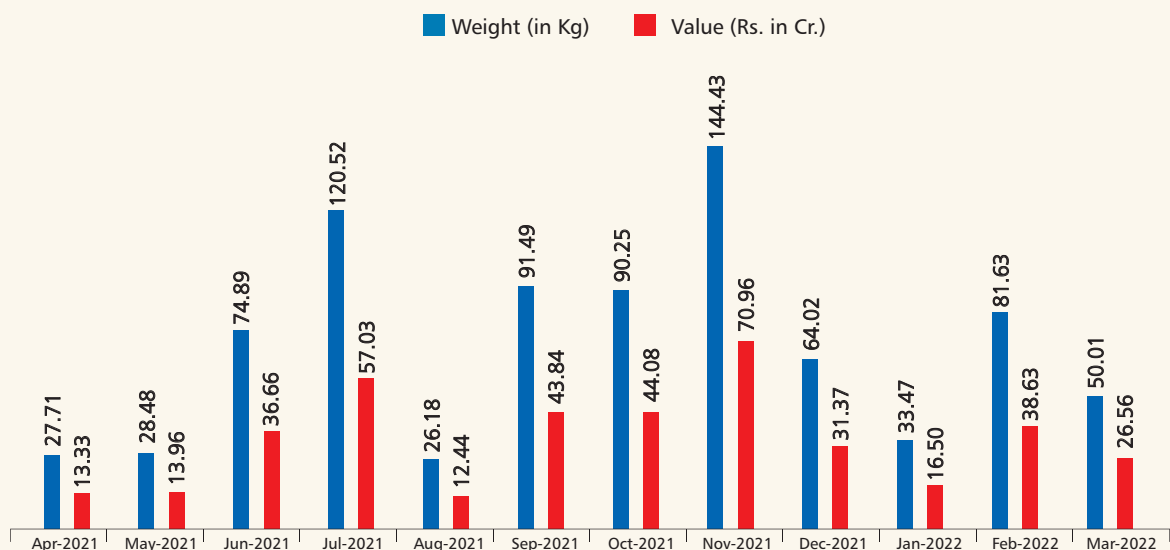


Rising to the forefront: Seizures

As in the previous years, the Directorate of Revenue Intelligence has continued to be persistent in countering gold smuggling in India during 2021-22. All possible vulnerable gateways such as sea, land and air are being actively monitored by

the officers of DRI. Breaking through the web of syndicates, multiple carriers, unique modus operandi and novel ways of concealment, DRI has made seizures of 833 kg of smuggled gold during 2021-22.

Monthwise Gold Seized by DRI in 2021-22



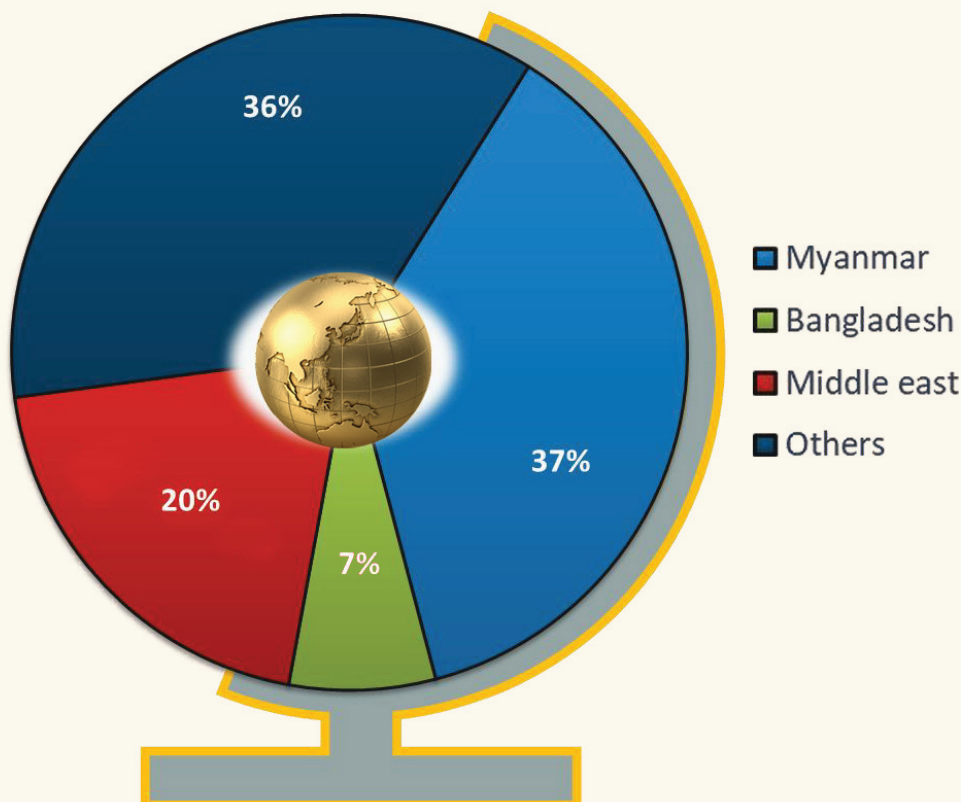
Gold Mafia veering towards Smuggling through Land Borders

Although Switzerland is the biggest source of licit gold bullion entering India, historically gold has been smuggled from Middle East countries into India through air routes for a long time. However, alertness of Indian law enforcement agencies has compelled the gold smuggling syndicates to adopt new modus operandi and strategies. Increased surveillance at International airports has forced the change of route from West Asia by air to land route i.e. through the China-Myanmar-India borders. Geographically, India has land borders with five countries in the North Eastern Region viz. Myanmar,

Bangladesh, Bhutan, Nepal and China. The geostrategic location and the presence of China and other Southeast Asian countries on either side has been crucial in effectively transforming Myanmar as the transit corridor for smuggling of gold into India.

The investigation of the gold smuggling cases booked by DRI suggests that Myanmar has now emerged as one of the major transit points of gold being smuggled into India. Origin of smuggled gold into India is detailed in the pie chart below:

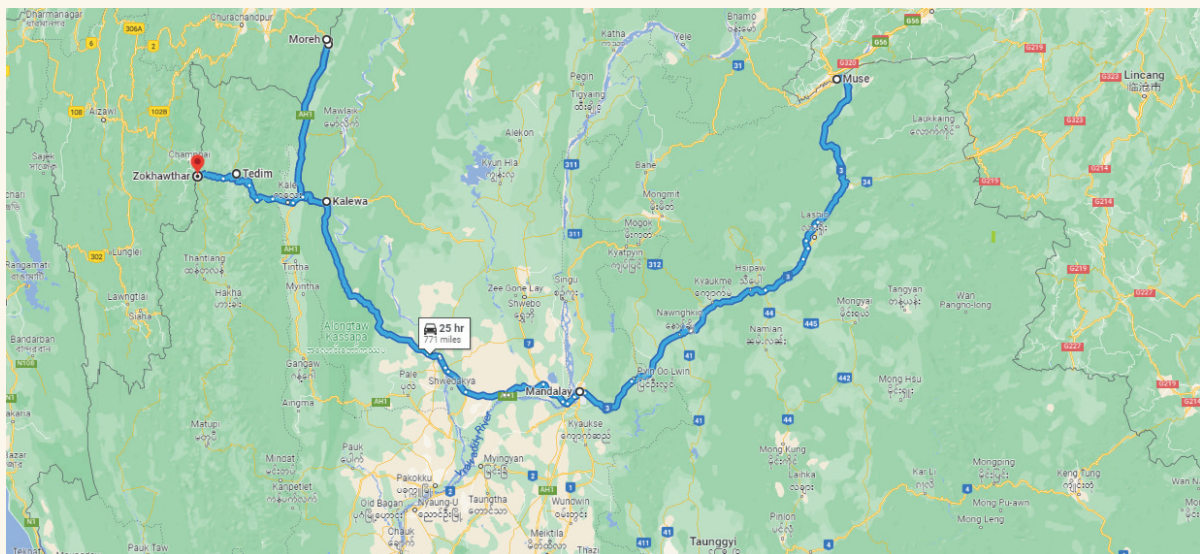
Origin of Smuggled gold into India



The trends of gold smuggling and seizure data show that 73% of smuggled gold caught has been brought through Myanmar and Bangladesh. Many international reports suggest that smuggled gold is brought into Myanmar through China at Muse, one of the bordering cities on the Myanmar-China border. Gold enters Myanmar from China, primarily through the border towns of Ruili on the China side and Muse on the Myanmar side. Muse is located in the Shan State of North Eastern Myanmar and Ruili is located in Dehong Dai Prefecture of Yunnan Province. Ruili is also known as China's gateway to Myanmar.

The smuggled gold is then further transported from Muse through Mandalay-Kalewa route to places at the Indo-Myanmar Border (IMB). India shares

a long, densely forested, hilly and rather inaccessible border with Myanmar in the states of Manipur, Mizoram and Nagaland. Two flagged routes for smuggling of gold from Myanmar into India are Muse-Mandalay-Kalewa-Tedim-Zokhawthar and Muse-Mandalay-Kalewa-Tamu-Namphalong-Moreh. The former route is connected to Mizoram in India, whereas the latter route opens to Manipur in India. Thus, Manipur and Mizoram are the two strategic states at the Indo-Myanmar Border in connection with gold smuggling. The shift in gold route through the IMB may also be attributed to the crackdown on insurgency, leading to the well-established routes and network of carriers engaged in erstwhile arms smuggling being lured into the lucrative world of gold smuggling.



(Route of gold smuggling in Myanmar)

Moreover, the existence of scattered defunct gold mines in Myanmar and possible unaccounted mining of gold at many locations favours the gold smuggling syndicate. Considering the traditional socio-religious relation among the people residing at the borders of India and Myanmar, both countries have adopted the

Free Movement Regime, which permits the local population along the border to travel 16 km into the other country without Passport and Visa. The gold smuggling syndicates also target the people living in the border areas for carrying smuggled gold.

India's role and position in the Global Gold Trade

India has emerged as a major market of gold consumption, and is the epicenter of licit as well as illicit trade of gold. India's gold import, both refined gold and gold dore bars, has increased significantly in the recent years. India is both the world's largest importer of gold and also the largest exporter of gold jewellery. The age-old practice of procuring gold from "family jewellers" without proper documentation spurs the black market in gold. Indian households may have accumulated up to 25,000 tonnes of gold, thereby retaining

the tag of the world's largest holders of the metal, according to the World Gold Council (WGC).

To meet the demand for gold and to make good profits, various modus operandi are adopted by the gold syndicates and smugglers such as concealment in body, concealment in machinery or scrap in cargo shipments, concealment in baggage, concealment in body prosthetics and in various forms including in paste and powder form.

Diverse Modus

Constant hard work and vigil by the officers of DRI have resulted in remarkable gold seizures during 2021-22. Be it at land

route, sea route or air route, excellent efforts of the officers led to some of the exceptional seizures, detailed below.

Cargo / Courier / Baggage Mode

i) On 19.11.2021, the officers of DRI intercepted and examined a consignment, declared to contain electroplating/re-working machines and examination of the consignment led to the recovery of 80.13 kg. of foreign origin gold. Simultaneous searches were conducted at six premises in Delhi and Gurugram, belonging to the members of smuggling syndicate comprising

of Chinese, Taiwanese and South Korean nationals, including some Indian nationals. Search at one such premises resulted in the further recovery of 5.41 kg of foreign origin gold. The recovered gold, totally weighing 85.54 kg. and valued at Rs 41.95 crore, was seized and six persons including four foreign nationals were arrested.

- ii) The officers of DRI examined four suspected courier consignments declared to contain automobile parts (shock absorber, blower fan, AC compressor, electric motor) and machinery parts (air compressor, pipe treading machine) at New Courier Terminal, IGI Airport, New Delhi on 16-17.07.2021. On examination, a total of 13 pieces of gold weighing 16.79 kg, neatly concealed and moulded to take the shape of the cavities of the auto parts and machinery items, were recovered. In a follow-up action, two more courier consignments were intercepted at the courier terminal. The courier consignments were declared as industrial appliances viz. pumps, tool sets etc. However, on examination, they were found to contain 11.24 kg of gold concealed in the hollow portions of the pumps and industrial appliances. The cumulative gold seized from the said six courier consignments was 28.21 kg, valued at Rs. 13.41 crore.
- iii) DRI officers intercepted a consignment originating from Dubai, UAE and destined for Chennai with declared description as “Lock Set, Door Handle, High Pressure Washer, Heavy Tools Set, Adjustable Hinges and Paint Spray Gun”. On examination of the consignment, 5.25 kg of gold concealed in High Pressure Washer was recovered. The gold concealment in a metal structure makes X-ray screening inconclusive. As the consignment was destined for Chennai, the officers of DRI intercepted three persons in Chennai, who were key persons of this smuggling ring. The modus operandi involved booking of shipment from Dubai to Chennai, wherein the IEC holder was to receive the parcel containing the concealed gold and hand over the same to the handler. The gold weighing 5.25 kg and valued at Rs. 2.33 crore was seized and three persons were arrested.
- iv) On 20.04.2021, DRI officers recovered 127 pieces of gold bars totally weighing 14.763 kg valued at Rs 7.16 crore from unaccompanied baggage which had landed at Cochin. The gold bars were concealed inside the compressor of a refrigerator. Four people were arrested in this case.

Land Route

- v) On 16.06.2021, DRI officers seized 260 gold biscuits of foreign origin weighing 43.12 kg valued at Rs. 20.95 crore. The gold biscuits were concealed in a specially made iron rectangular pipe attached to the left door frame of the intercepted truck's front cabin and from the brake drum of the vehicle's left drop-down tyre.

- vi) On the basis of specific intelligence, the officers of DRI intercepted a car along with one motorbike, which was escorting the car at Khudengthabi on the Moreh-Imphal Highway on 06.09.2021. On thorough rummaging, 178 gold biscuits of foreign origin were recovered, found concealed inside the rear wheel axle cavities on both sides of the car. The recovered gold, weighing 29.52 kg and valued at Rs. 13.99 crore, was seized and two persons were arrested.
- vii) On 27.11.2021, officers of DRI seized 70 gold biscuits weighing 11.62 kg and valued at Rs. 5.74 crore found ingeniously concealed inside the cavity above the media panel of the dashboard.

Air Route

- viii) On 25.02.2022, officers of DRI seized 7.67 kg of gold of foreign origin in paste form concealed in the headgears of three passengers arriving from Sharjah.
- ix) On 15.08.2021, the officers of DRI intercepted a Toyota Fortuner car with four persons near Agra Expressway Toll Plaza at Lucknow and another vehicle with three persons at Agra-Fatehabad Toll. 77 pieces of foreign origin gold and cash of Rs. 3.53 lakh were recovered. The gold, collectively weighing 8.9 kg, was seized and seven persons were arrested. The intercepted persons admitted that the gold was smuggled into India through CCS International Airport Lucknow.
- x) Acting on the basis of specific intelligence, the officers of DRI intercepted four passengers, who had arrived at Coimbatore International Airport from Sharjah on 24.02.2022 after they had crossed the Green Channel. Personal search of the passengers led to recovery of foreign origin gold in the form of paste concealed in their pants, inner garments and knee caps. The gold collectively weighing 4.9 kg and valued at Rs. 2.59 crore was seized and the four passengers were arrested.

Modus Operandi

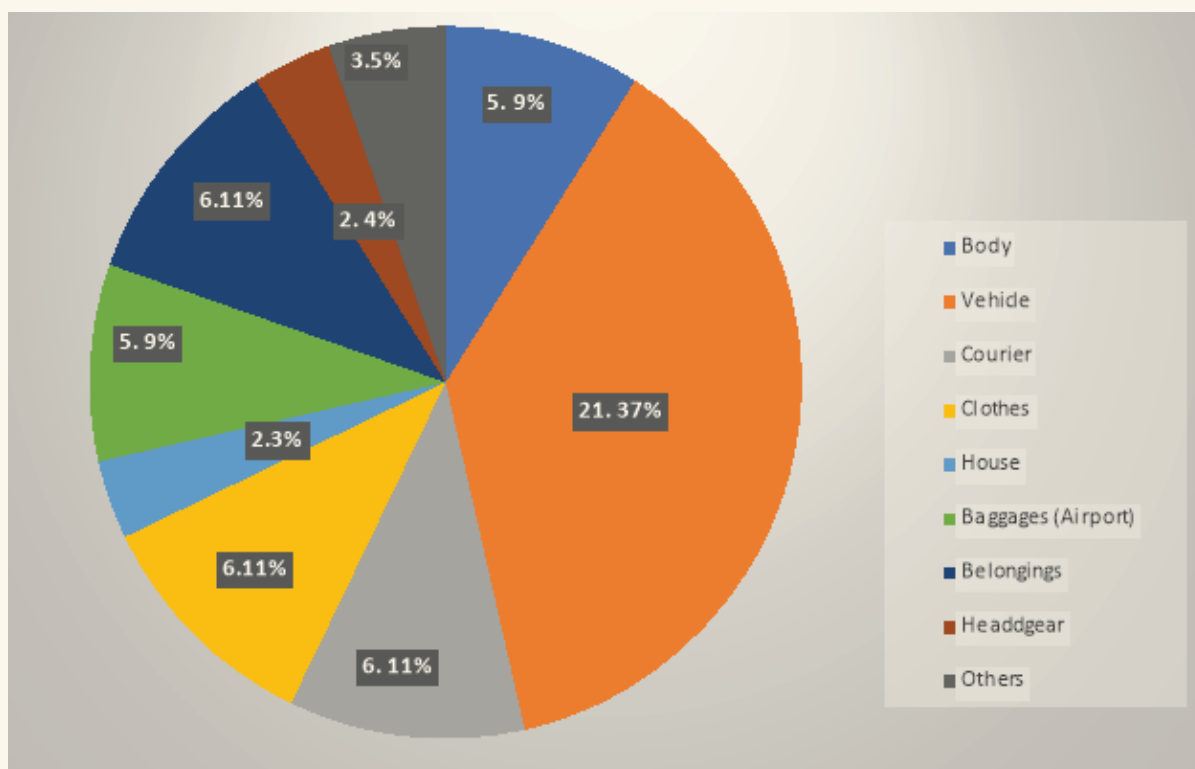
Over a period of time, there has been a transformation in the modalities adopted by gold smugglers. Through air route, the carriers mostly conceal the gold in their rectum, baggage and belongings. In the recent past, gold in the form of thin foils, beadings of suitcases, paste and powder form have been recovered

from smugglers. Through land route, the smugglers engage carrier vehicles such as trucks, cars, passenger buses and motorcycles. However, alertness of the officers has broken down every mode of concealment. Fuel tanks, dashboard, AC filters, seats, wheel axle, chassis cavity and spare tyres are used for concealment

besides specially built cavities in the vehicles. Of late, trends have emerged of utilizing courier services and many such cases have been booked by DRI. Gold is also being moulded into machinery parts and smuggled through import and courier consignments. DRI officers seized 16.79 kg of gold neatly concealed and moulded to take the shape of the auto parts and machinery cavities on 17.07.2021. DRI

officers seized 8.81 kg of gold valued at Rs. 4.47 crore on 23.09.2021 in various shapes such as sheets, thin rods, square pieces etc. which were professionally concealed in various electronic goods like used laptops, tabs and trolley suitcases, which were brought into India as checked-in baggage by passengers returning from abroad. A pie chart showing the various places of concealment is as follows:

Place of Concealment of the Gold Seized during F.Y. 2021-22



Other than these, the concessions given under the various export incentive schemes are also used to divert the gold imported without payment of duty into

the local market and substitute products manufactured from domestic supplies are exported for fulfillment of export obligation.

Gold Smuggling - Links to Money Laundering & Vulnerability to Terror Financing

Despite being deficient in gold as a natural resource, India's gold refining landscape has drastically widened in the last decade. Several refineries have been set up in the country which promotes import of gold dore bars, as well as eases the assimilation of illicit gold into legal form. To help promote the government's initiative of Atmanirbhar Bharat (Self Reliant India), the India Good Delivery Standards (IGDS) were introduced by the Bureau of Indian Standards (BIS). The standards specify a range of measures such as fineness, weight, markings and dimensions of gold bars of refineries.

Gold has proved to be an attractive vehicle for money laundering for criminals due to the reasons that it remains stable

in value, is easily transformable and interchangeable for other assets. From mining to retailing, lucrative proceed-generating opportunities are presented by this precious metal especially for those who are inclined to engage in illegal activities. Gold continues to offer opportunities for arbitrage due to differential prices internationally. It also remains vulnerable to be used in trade based money laundering operations as it permits high values to be moved across borders in a relatively convenient way with a product that can be transformed to be concealed easily. This quality of gold to move value quickly and easily, renders it also susceptible to be used in funding terrorism.



CHAPTER 5

Environmental Issues

“Earth provides enough to satisfy every man’s needs, but not every man’s greed.”

- Mahatma Gandhi

Overview

Crimes against environment need special attention as natural resources are finite and cannot be replenished. A grave threat is posed to our everyday lives, our planet and to future generations due to environmental crimes. Environmental crimes range from over-exploitation of protected species to illegal logging and dumping of hazardous waste. Globally, environmental crimes are considered as the fourth largest illegal trade, after arms, drugs and human trafficking. The illegal trade in wildlife is estimated to be worth up to USD 20 billion per year .

Live animals, plants and derivatives are illegally traded for food, traditional medicines, artifacts, fashion and exotic pets. Animal commodities such as ivory, rhino horns and tiger parts are trafficked from various countries of Africa and South-East Asia to other parts of Asia. A number of smaller wild species are also killed either for traditional medicine, food and decorative products or captured for pet trade particularly in South-East Asia. Most importantly, these animals become prey to growing myths surrounding the purported medicinal benefits.

Routes Prone For Committing Offence

The wildlife trafficking networks operate globally, encompassing different countries as sources, origin, transit, and destination locations. The routes used to smuggle wildlife across countries and continents are often the same routes used to traffic weapons, drugs and people. The porous international borders with Bangladesh, Nepal, Myanmar, China and other Southeast Asian countries, and a growing aviation market makes the fight against

the illegal wildlife trade increasingly difficult in India. The anonymity offered by the internet and social media and the emergence of dark-net and crypto-currency has led to an increase in this illegal trade. While air route is used for trafficking of wild fauna, the land and sea borders of the country are majorly used for smuggling of flora.

Significant Detections Of Environmental Crimes By DRI During 2021-22

DRI plays a pivotal role in tackling environmental crimes across the international borders. Some of the

significant seizures by DRI in 2021-22 are tabulated below

Common Name	No. of incidents	Quantity	Estimated Value (Rs. In crore)
Elephant Tusks / Ivory obtained from Elephant Tusks	02	27.85 kg	716.4
Red Sanders logs	14	161.83 MT	97.05
Ambergris	1	22.50 kg	22.50
Dried Sea Horses	1	51.42 kg	0.24
e-waste, bio-medical and Municipal waste (in import)	05	-	2.63

Apart from DRI, in 2021-22, Customs formations across India have also made some significant seizures. The seizures include 4762 numbers of Indian star tortoise and 145 MT (in 25 cases) of red

sanders seized while being attempted for export. Similarly 77 numbers of exotic birds were seized while being imported into the country.

Trends In Smuggling Of Flora And Fauna

Red Sanders (*Pterocarpus Santalinus*)

In India, red sanders grows in southern tropical dry deciduous forests mainly in Palakonda and Sheshachalam hill ranges of Cuddappah-Chittoor districts of Andhra Pradesh. It is also found in Anantapur, Kurnool, Prakasam and Nellore districts of Andhra Pradesh and grows sporadically in the wilds of Tamil Nadu and Karnataka. The species has negligible utilization

within the country, with some use in Ayurvedic medicines and for making small toys. The species has virtually no domestic demand for constructional or furniture use. Almost all the seizures indicate the illegal outbound trade of logs due to high demand in China and Japan.

In 2018, The International Union for Conservation of Nature (IUCN) has reclassified the conservation status of red sanders (*Pterocarpus Santalinus*) from

‘endangered’ to ‘near threatened’. and is listed in Appendix II of the Convention on International Trade in Endangered Species of wild fauna and flora (CITES).



The significant price difference of Red sanders logs between the point of felling and the final destination makes it highly lucrative for smugglers. The number of seizures across the country and abroad show that red sanders continues to be smuggled out of India in large quantities. It has been found to be primarily smuggled through Nhava Sheva, Mundra and Chennai ports and in some cases the Shipping bills are filed at SEZ. It is also noticed that the

containers concealed with red sanders are shipped first to transit countries like Dubai, Malaysia and South Korea and from there to the actual destination to avoid detection. The modus of replacement of declared goods with red sanders enroute to the port for export is a common occurrence. In recent times, the use of air-cargo route and smuggling of smaller quantities of red sanders as part of export shipments have also been observed.



In 2021-2022, DRI seized a total of 161.83 MT of red sanders valued at around Rs. 97 crores, attempted to be smuggled out of India in various operations spread across India. Red sanders logs were attempted to be smuggled out of India in the guise

of various products such as iron & brass builder hardware, pressure cookers/ household items, cotton knitted garments, granite slabs, tractor parts and, cast iron pipes.

Ambergris

Ambergris is produced in the digestive system of sperm whales and is grey to blackish in colour. The colour of ambergris is due to long periods of exposure to sea and air resulting in oxidation. Ambergris is found usually on the sea coasts of Maldives, China, Japan, India, South Africa, Brazil, Madagascar, Australia, and New Zealand. Ambergris is used in luxury perfumery, as ambrein extracted from Ambergris is used to increase the fragrance of perfumes. In China, Ambergris is referred to as 'Dragons Spittle' where as in Egypt, it is used as an incense. As per CITES,

ambergris is a waste product of sperm whales and therefore is not protected under CITES. However, in India, both sale and possession of ambergris is illegal under the Schedule I of the Wild Life (Protection) Act, 1972.

The period 2021-22 witnessed a spate of seizures of ambergris both by the Central and State Law Enforcement Agencies. Investigations conducted by various agencies reveal that due to high demand and profit for the item in the international market, perpetrators resort to smuggling.



Based on specific information that a gang would be transporting ambergris from the coast near Tuticorin for smuggling it to Sri Lanka by boat, the officers of DRI intercepted a car and recovered 22.50 kg of ambergris, valued in the international market at Rs. 22.50 Crores in August 2021.

Reptiles And Other Exotic Species

Reptiles are one of the extensively traded groups of vertebrates in the exotic pet trade. Approximately, 8% of the reptile species traded in the world are regulated by CITES. The most trafficked tortoise species in the global illegal pet trade is

the Indian star tortoise which is a species native to India, Sri Lanka and Pakistan . These Star tortoises are collected from India in large quantities and smuggled into Southeast and East Asian countries.



In August 2021, Customs officers in Chennai seized 2247 Indian star tortoises from an export consignment declared as containing “mud crab”. The star tortoise, set apart by the intricate pattern on its shell and favoured as a pet in some countries, is protected under the Wildlife Protection Act 1972, and listed under Appendix I of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

There is also a growing trend of smuggling of exotic wildlife species into India for pet trade. India is high in reptilian diversity (610 species in mainland India and 50%

of that is endemic) and there is a serious threat to native fauna due to exotic pets, as trade increases the likelihood of invasion and spread of zoonotic diseases.

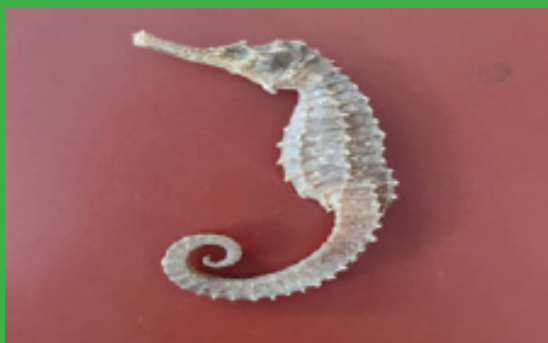


In October 2022, DRI officers seized 1204 reptiles of various exotic species such as ball python, green iguana, monitor lizard, corn snakes, African spurred tortoise etc. at Chennai. Subsequently, 650 exotic reptiles were seized at Mumbai.

Seahorses

Seahorses are flagship species for their habitats, including seagrass beds, mangroves, coral reefs, estuaries, and seaweeds. They play an indispensable ecological role in the marine food chain and therefore decrease in their population destabilises the ecological balance of marine ecosystem. Some of the Asian cultures believe that seahorses have anti-

inflammatory properties. It is estimated that 150 million Seahorses are used for the preparation of traditional Chinese medicine every year. These are also used in aquariums, souvenirs, keychains etc. Sea horses are covered under Appendix II of CITES and Schedule I of the Wildlife (Protection) Act, 1972 and therefore prohibited for export from India.



During March 2022, 51.423 kg of 'dried sea horses', valued at Rs.23 Lakhs, which was being moved from Chennai to Kolkata by Train for onward smuggling to Bangladesh in the guise of garments, was seized by DRI officers at Howrah Railway Station.

Elephant Tusks

Elephant tusks are extensions of incisors and are soft and easy to craft. The demand for Elephant tusks is due to scarcity and the cultural status it attracts. CITES prohibits commercial international trade in ivory of

both Asian and African Elephants. In India, trading in elephant tusks is prohibited under Schedule I of Wild Life Protection Act, 1972.



In August 2021, the officers of DRI intercepted two passengers at Howrah Railway Station and seized 59 cylindrical pieces of tusks of Indian elephant in assorted sizes, totally weighing 14.90 kg and valued at Rs1.48 crores from their luggage.

Illegal Dumping Of Hazardous Waste

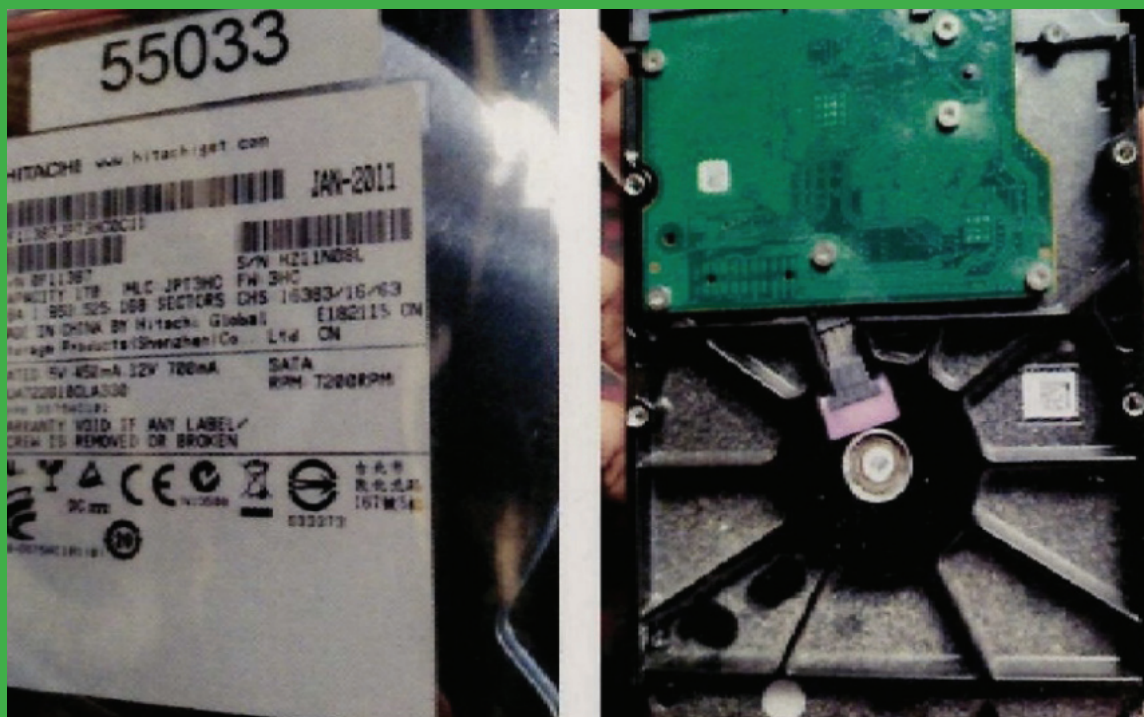
Any waste that has a harmful effect on the environment and human health is considered to be hazardous. Thousands of tonnes of hazardous waste are dumped every year into underdeveloped/developing countries due to regulatory vacuum and laxity in management of hazardous wastes, affecting their people and environment. *The Basel Convention adopted in 1989*

regulates the transboundary movements of hazardous wastes and other wastes and obliges its parties to ensure that such wastes are managed and disposed of in an environmentally sound manner. The Convention covers toxic, poisonous, explosive, corrosive, flammable, ecotoxic and infectious wastes.

E-Waste

E-waste, also known as waste electrical and electronic equipment, is one of the fastest growing waste streams in the world, according to the Global E-waste Monitor. The rapidly changing trends in consumer electronics and the use and throw culture has resulted in the piling up of E-waste

across the world. As per International Telecommunication Union, only 17% of the world's E-waste is properly recycled. Consignments of discarded E-waste from developed countries are finding their way into other parts of the world and polluting the environment.



During January 2022, officers of DRI seized 16143 units of 'old/ used and second hand internal hard disk drives', which were certified to be E-waste and imported by a New Delhi based importer, without having requisite import authorization from DGFT and prior permission from Ministry of Environment and Forests, Government of India.

Bio-Medical Waste And Municipal Waste

Bio-medical waste means any waste, which is generated during the diagnosis, treatment or immunization of human beings or animals or in research activities pertaining thereto or in the production or testing of biologicals, and including categories mentioned in Schedule I, of the Bio-Medical Waste Management Rules, 2016. Municipal waste generally contains

various discarded materials such as plastics, rubber, wood, paper, used textiles, glass, metals, spoilt food materials, broken furniture and other damaged articles. Shipping bio-medical and municipal waste illegally from developed countries into developing and underdeveloped countries is cheaper than recycling them.



In December 2021, DRI officers intercepted 13 containers of imported paper waste at Kolkata. Upon examination, it was seen that the paper waste was contaminated with other waste materials like medical waste, grocery bag scrap, pet bottles, printed/bleached cup-stock, used tri-layered surgical masks, used hand gloves for medical use, books with covers, used and crushed aluminium beverage cans, lids of plastic containers, used metallic cutlery, food containers etc., in violation of the provisions laid down under the Hazardous and other Wastes (Management, Handling and Trans-boundary Movement) Rules, 2016.

Conclusion

Following the international practice of facilitating cross border trade and movement of passengers, India has brought about many reforms focussing on greater easement of movement for passengers and cargo across its borders. Both the passenger traffic and cargo have been showing an upward trend in volume. Targeted risk intervention strategies combined with traditional methods like the use of sniffer dogs at ports and airports to detect smuggling of wild life articles and endangered species of wild life are helpful. Another trend noted has been the emergence of new markets in

wild life trade to electronic platforms like social messaging and dark net sites - this involves transactions in money through the use of crypto currency assets and at the same time allows both the buyer and seller of such illicit goods to remain anonymous and difficult to track. DRI continues to focus efforts and build capacity to detect and interdict wild life trafficking. DRI also continues to engage closely with forest and wild life officials both nationally and internationally, in working collectively for the suppression of illicit trade in wild life and wild life products.



CHAPTER 6

Smuggling of Narcotic Drugs and Psychotropic Substances

Overview

As a responsible member of the international community, India has always been active in global efforts to tackle the illicit drug menace. India is signatory to three United Nations conventions on drugs – the 1961 Single Convention on Narcotic Drugs, the 1971 Convention on Psychotropic Substances and the 1988 Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

Drug law enforcement in India derives its strength from Article 47 of the Constitution of India, which reads as: *“The State shall endeavour to bring about prohibition of the consumption except for medicinal purposes of intoxicating drinks and of drugs which are injurious to health.”* The Parliament enacted the Narcotic Drugs and Psychotropic Substances Act, 1985 (NDPS Act), which came into force on 14th November 1985. NDPS Act, 1985 was enacted to ensure that India fulfils its international obligations and objectives underlined in Article 47 of the Constitution of India. NDPS Act prohibits, except for medical or scientific purposes, the manufacture, production, trade, use etc. of narcotic drugs and psychotropic substances. The rules and schedules of the NDPS Act, 1985 are being constantly updated to keep it in tune with the

innovations and developments in the field of drugs and psychotropic substances, including the challenges in drug law enforcement. Thus, India has a robust legal framework to tackle the drug menace.

India has adopted the policy of empowering multiple agencies to enforce the NDPS Act, 1985 namely, Customs, DRI, Police, Narcotics Control Bureau (NCB), Central Bureau of Investigation (CBI) and Central Bureau of Narcotics (CBN) amongst others. Recently, the National Investigation Agency (NIA) has also been empowered under the NDPS Act. Further, N-CORD (Narcotics Coordination Centre) was set up in 2016 to coordinate among various central and state agencies, for effective drug law enforcement. Further, vide order issued under F.No. I-12023/21/2019-NCB-II dated 19.07.2019, the Ministry of Home Affairs has constituted a Joint Coordination Committee to monitor the investigation of big drug seizure cases.

Being the apex anti-smuggling agency, DRI coordinates with various national and international enforcement agencies as part of its law enforcement efforts against smuggling of narcotic drugs and psychotropic substances.

UNODC Report 2022

The preface of the UNODC Report 2022 is a clarion call by Ghada Waly, Executive Director United Nations Office on Drugs and Crime.

“This is the first World Drug Report of the post-pandemic world. While countries continue to grapple with COVID-19 and its consequences, we have emerged from cycles of lockdowns to confront a “new

normal” and we have found that the world post-pandemic remains one in crisis, faced with multiple conflicts, a continuing climate emergency and threat of recession, even as the multilateral order is showing troubling signs of strain and fatigue. World drug challenges further complicate the picture. Cocaine production is at a record high, and seizures of amphetamine and methamphetamine have skyrocketed. Markets for these drugs are expanding to new and more vulnerable regions. Harmful patterns of drug use likely increased during the pandemic. More young people are using drugs compared with previous generations. People in need of treatment cannot get it, women most of all. Women account for over 40 percent of people using pharmaceutical drugs for non-medical purposes, and nearly one in two people using amphetamine-type stimulants (ATS), but only one in five in treatment for ATS is a woman.”

The UNODC has called for action to save lives, while taking care in crises and conflicts and leaving no one behind. The special points of interest being:

- The market for cocaine is booming, with new record highs in manufacture and high levels of use;
- While the majority of people who use drugs are men, women use some drug types nearly as much as men; and women continue to be underrepresented in drug treatment;
- Young people continue to use more drugs than adults, and have higher levels of use than that in past generations; and
- Different drugs pose different demands on healthcare systems.

The UNODC Report 2022 finally concluded that key policy implications and dynamics to watch for are:

- i) Trafficking by sea, mainly in shipping containers, is growing, accounting for nearly 90 per cent of cocaine seized globally in 2021. Seizure data suggest that trafficking is expanding to other regions outside the two main markets, North America and Europe, with increased levels of trafficking to Africa and Asia. Multiple indicators point to an overall increase in cocaine use over the past decade and early indications suggest that use is rising again in 2021 after a decline during the pandemic.
- ii) The large majority of people, who use drugs continue to be men, but women make up more than 40 per cent of people who use ATS and who engage in non-medical use of pharmaceutical stimulants, pharmaceutical opioids, sedatives and tranquillizers.
- iii) The majority of people being treated for drug use disorders in Africa and Latin America are under the age of 35. Young people aged 15–16 have a global annual prevalence of cannabis use of 5.8 per cent, compared with 4.1 per cent of the population aged 15–64. Young people typically report a higher level of drug use than do adults, and in many countries drug use levels among young people are higher today than in earlier generations.

- iv) Future developments in the global opiate market largely depend on the situation in Afghanistan, which accounted for 86 per cent of illicit opium production in 2021. Global opium production has followed a long-term upward trend over the past two decades, and in 2021 production was up by 7 per cent from the previous year, primarily as a result of higher opium yields in Afghanistan. The 2021 harvest took place from April to July, before the takeover by the de facto Taliban authorities in August. The socioeconomic conditions faced by people in Afghanistan, who are experiencing a prolonged humanitarian crisis, may act as an incentive to increase illicit opium poppy cultivation. Opium prices have risen since the beginning of August 2021, which may also have an impact. The effects of the ban on opium poppy cultivation, announced in Afghanistan in April 2022, and its application and enforcement remain to be seen, but changes in opium production in Afghanistan will have implications for opiate markets in virtually all regions of the world.
- v) Methamphetamine manufacture and use have continued to expand beyond “traditional” markets in East and South-East Asia and North America, notably in South-West Asia and in Latin America. Methamphetamine manufacture and use have risen in Afghanistan in recent years, and the drug is being trafficked to the wider region. Accounts suggest that use of methamphetamine and “captagon” tablets is rising in south-west Asia and beyond, in particular in Iraq, although no recent estimates are available. Seizures in the Gulf suggest that a methamphetamine market may emerge there too.
- vi) While darknet markets continue to account for a very small share of drug transactions, their use has been growing over the past decade, and markets are no longer restricted to western countries as they also affect Eastern Europe, Latin America, Asia and Africa.
- vii) Trafficking in synthetic drugs, notably ATS, is growing faster than trafficking in plant-based drugs over the past two decades according to global seizure data. Global seizures of ATS rose rapidly over the previous decade. Methamphetamine seizures rose five-fold, amphetamine four-fold, and “ecstasy” three-fold. Precursors used in the manufacture of synthetic drugs continue to change rapidly. As chemicals become controlled, pre-precursors and “designer precursors” emerge.

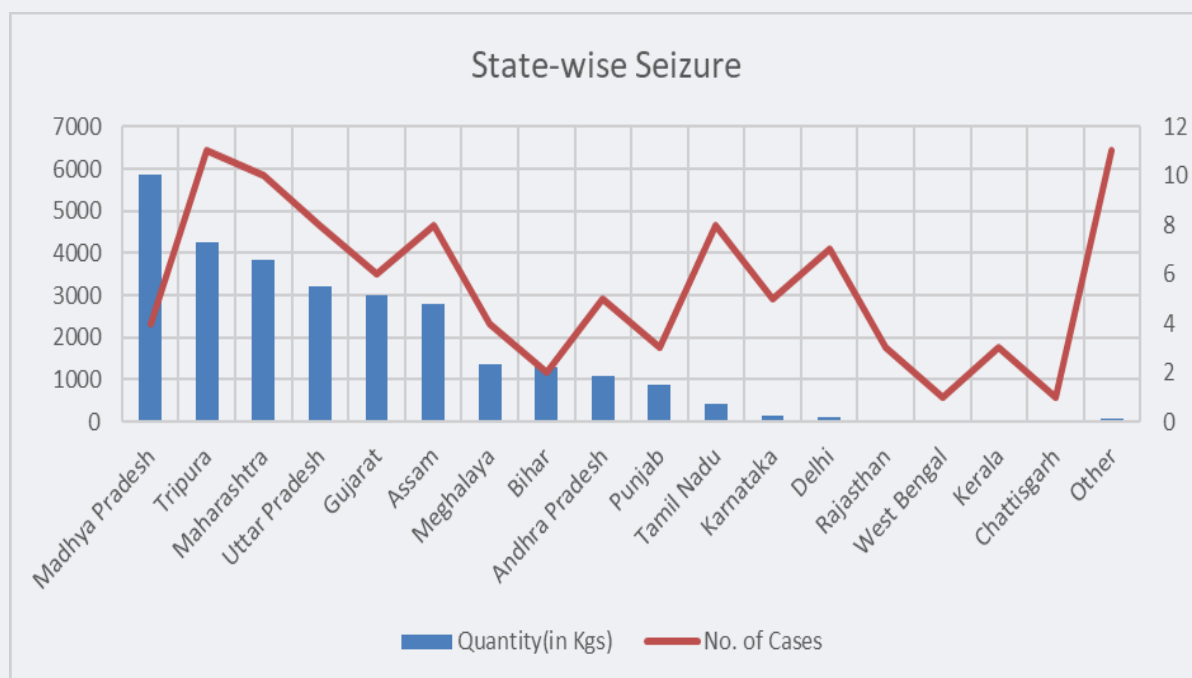
Trends in narcotics smuggling in India (FY 2021-22)

State/UT-wise seizures made by DRI under NDPS Act in 2021-22

DRI has continued its sustained efforts by effecting seizures of narcotic drugs and psychotropic substances in 2021-22. During the period, a total of 100 seizures of NDPS substances were made by DRI across India. The total quantity of narcotic

drugs and psychotropic substances seized in 2021-22 was 28334.32 kg.

The bar chart below shows the state-wise NDPS seizures made by DRI in FY 2021-22:



[Bar chart showing state-wise NDPS seizures made by DRI in FY 2021-22]

Drug seizures made by DRI through Maritime and Air Routes

During 2021-22, 36 NDPS substance seizures were made by DRI through air route i.e. through passengers or courier. The total quantity involved in these 36 cases was 1274.65 kg. The number of seizures by DRI during 2021-22 through

maritime route was four and the quantity involved was 3389.45 kg. Out of the 3389.45 kg, 2988 kg of heroin seized by DRI at Mundra Port was one of the largest ever seizures made so far in the world.

Name of NDPS Substance	Air Route		Sea Route	
	No. of Seizure	Quantity in kg	No. of Seizure	Quantity in kg
Amphetamine	1	7		
Charas				
Cocaine	8	4.61	1	303.4
Ganja				
Hashish oil				
Heroin	24	360.64	2	3013.45
Methamphetamine	1	882.6		
Pseudo-ephedrine	2	19.8	3	72.6
Total	36	1274.65	6	3389.45

[NDPS seizures made by DRI, through maritime route and air route, during 2021-22]

Comparison of seizures of NDPS made by DRI in 2021-22, 2020-21 and 2019-20

A comparative year-wise trend of NDPS seizures shows that there has been a sharp increase in the quantity of seizure of NDPS drugs/substances i.e. heroin, cocaine, charas and methamphetamine.

Name of NDPS Substance	2021-22	2020-21	2019-20
	Quantity in kg	Quantity in kg	Quantity in kg
Alprazolam, Zolpidem	-	8.64	130
Amphetamine	7	-	-
Charas	165.77	172	68.114
Cocaine	310.21	8.667	1.108
Ganja	26946.02	45992	34796.67
Methamphetamine	884.69	64.39	142.96
Heroin	3410.71	202	9.169
Mephedrone	-	218.25	57.69
Hashish/Hashish Oil	4.71	-	4.88
Opium	-	-	4008.751
Ephedrine/Pseudo-ephedrine	208.10	182	637.83
Tramadol	-	152.08	22.69
Codeine	-	2.24	-
Methaqualone	-	0.207	-

[NDPS seizures made by DRI in 2021-22]

NDPS seizures made in FY 2021-22

The NDPS seizures can be divided into four groups for comparative analysis to get a macroscopic view of the trends and challenging areas. Quantity-wise seizures made by DRI shown in the Table below

clearly indicate an increase in quantity of seizure of cocaine, heroin, opium and psychotropic substances. A comparative analysis is as under:

Category of NDPS Substances Seized	2021-22		2020-21		2019-20	
	No. of Seizure	Quantity in kg	No. of Seizure	Quantity in kg	No. of Seizure	Quantity in kg
Khat Leaves/ Ganja/ Hashish/ Charas	43	23607	47	48460.4	51	34869.6
Cocaine/ Heroin/ Opium	45	3720.92	12	207.06	9	4019
Psychotropic Substances	6	890.6	17	443.58	10	353.34
Precursors and Likes	6	115.8	7	104.68	2	549.79

[Comparative commodity-wise seizures made by DRI in FY 2021-22]

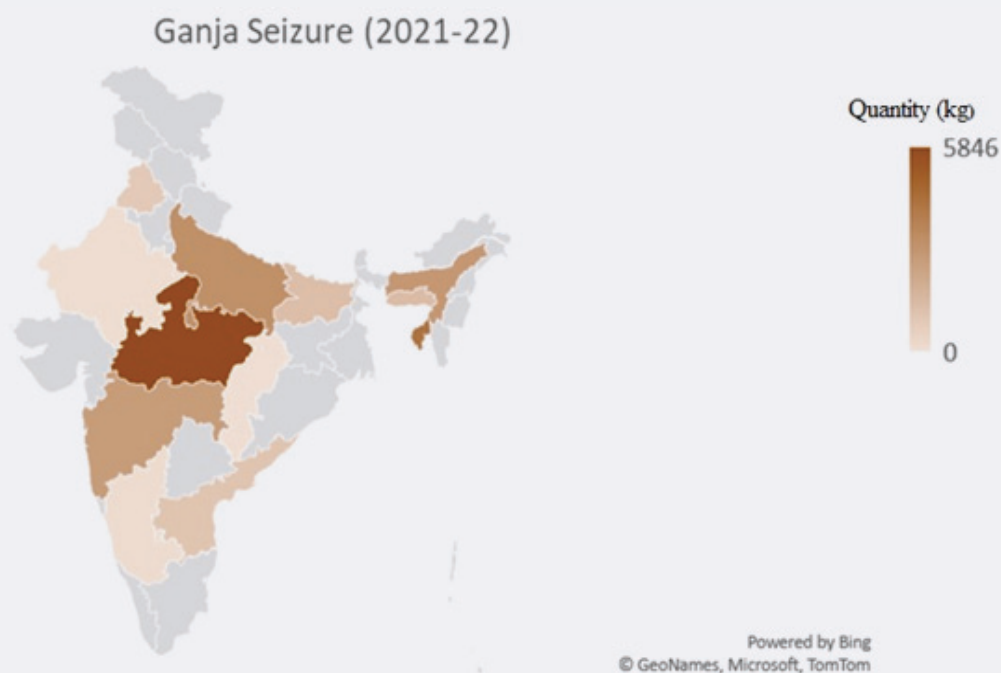
State-wise ganja seizures made by DRI in FY 2021-22

In 2021-22, DRI seized around 26.9 MT of ganja (cannabis). Following table and map

show the state-wise ganja seizures by DRI in 2021-22:

State	Quantity in Kg.
Madhya Pradesh	5846
Tripura	4264
Uttar Pradesh	3141
Assam	2800
Maharashtra	2639
Meghalaya	1356
Bihar	1297
Andhra Pradesh	1057
Punjab	870
Karnataka	123
Rajasthan	44
Others	3510

[Comparative commodity-wise seizures made by DRI in FY 2021-22]



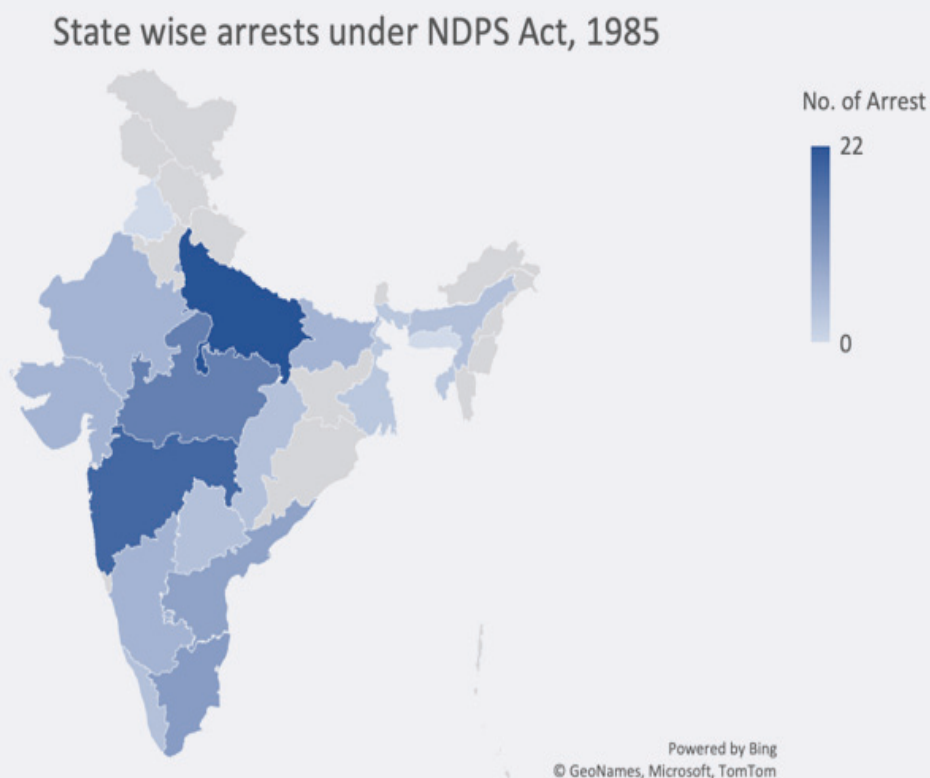
From above, it can be clearly seen that in 2021-22 DRI made maximum number of seizures of *ganja* in Madhya Pradesh,

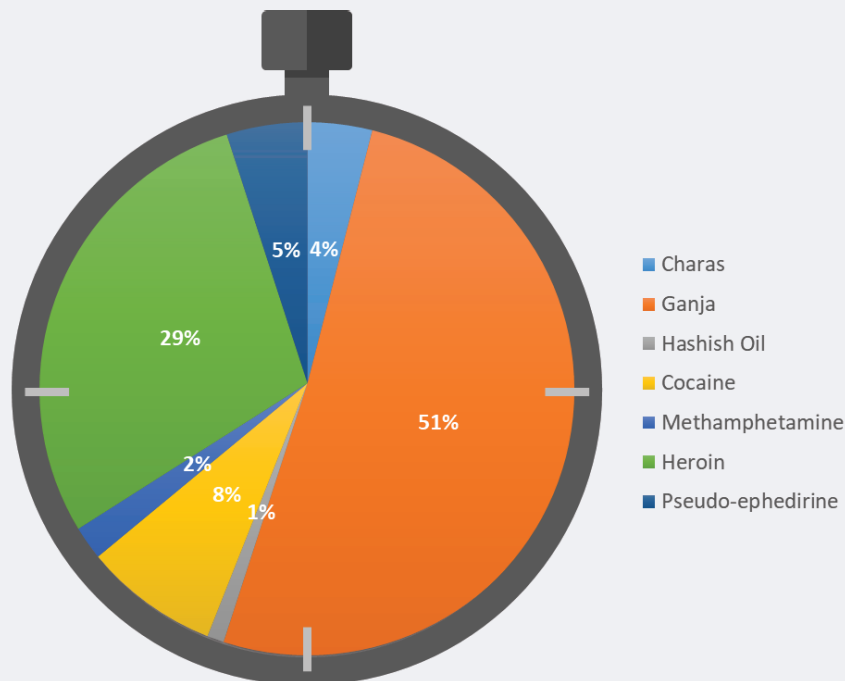
Tripura, Uttar Pradesh, Assam and Maharashtra.

State-wise and substance-wise number of arrests in FY 2021-22

DRI arrested about 131 persons during the Financial Year 2021-22 for offences committed under the NDPS Act, 1985. The

map and chart below depict the state-wise and substance-wise arrests made:





Substance Wise Number of Arrests

Shifting trends of NDPS smuggling

Two key trends have been observed in NDPS smuggling in recent times:

- » Trafficking of heroin through trade routes particularly through containers; and
- » Innovation in concealment by drug syndicates to evade detection during examination.

UNODC Report 2022 reported that about 90 per cent of cocaine seized globally in 2021 was trafficked in containers and/or by sea. This trend was evident in India particularly for smuggling of heroin as evident from seizures made by DRI. The quantum of seizures made through maritime trade route shows shift from open sea route to trade route (containers) for 2021-22.

The apparent reasons for this trend shift may be attributed to the following factors-

- Restrictions on global movement via land and air route owing to covid-19;
- Altered geo-political situation in the region;
- Capacity to smuggle large quantities;
- Trade volumes making it easier to conceal;
- Concealment in diverse trade goods is difficult to detect; and
- Ease of transportation to destination.

It is well known that illicit drug crops are grown, refined into illegal drugs, trafficked and sold by criminal enterprises, by concealing every step of the process right from cultivation to sale. Criminal syndicates adopt several *modus operandi* for smuggling of drugs via air, land and sea routes. Unearthing of the common

modus operandi by the law enforcement agencies has led to Syndicates resorting to innovative concealment methods, which cannot be detected in routine course of examination. This is more prevalent in trafficking through the trade route particularly by concealment in containers. This poses a major challenge before the law enforcement agencies to detect the everchanging methods of concealments. The DRI has been able to crack many such new methods of concealment used by the criminal syndicates. Some of the novel *modus-operandi* adopted to conceal drugs trafficking through air and sea routes observed in India are summarized below:

Sea Route

As the global economy becomes increasingly interconnected, opportunities for trade have spread around the world. Shipping lanes are the superhighways of international commerce, accounting for 90 per cent of the global cargo trade. However, this presents opportunities not only for governments and legitimate businesses, but also for terrorists and transnational organized crime groups to transport anything from legal goods used for money laundering to prohibited drugs and even materials for weapons of mass

destruction. These actors benefit from the sheer volume of global trade because this makes effective monitoring extremely difficult with less than two percent of shipping containers being screened.

Moreover, the rise of darknet technologies has enabled any individual to access crypto-markets anonymously and exploit standard postal and commercial shipping services. Finally, the challenge is made even greater by the proliferation of sophisticated concealment measures, corruption, limited resources, complex and diverse port processes, and systems and a lack of trust and coordination between state agencies and actors in the private sector. Thus, this situation poses grave dangers to international security and to the international trade supply chain, which is vital for sustainable development.

It has been observed that drug traffickers use shipping containers to smuggle drugs by concealing drug in legitimate cargo. It has also been observed that they conceal the drugs in such legitimate goods, whose price is very less and have similar appearance.

The novel methods of drug trafficking detected and apprehended by DRI are as under:



- i) A case was booked wherein heroin was smuggled along with declared goods, “semi-processed talc stones”. In this case, the declared goods were packed in jumbo bags and in some of the jumbo bags, in between the top and bottom layers, heroin was placed in the middle layer of the declared goods so that it is not detected easily. The seizure in this case was about 2988 kg of heroin at Mundra Port in September 2021.
- ii) In ICD, Tughlakabad a case had been booked in the month of March 2022 wherein heroin was found concealed inside the import consignment of apple and pomegranate juice. In this case, the heroin was found mixed with the pomegranate juice. It was detected in the form of sediments suspended inside the pomegranate juice bottle. Total 2.4 kg of heroin was seized in the said case.
- iii) A case was detected at Tuticorin Port in April 2021 in which 300 kg of cocaine was concealed between the 2325 logs of teakwood.
- iv) In ICD Tughlakabad, DRI seized 34.7 kg of heroin in February from four containers declared to contain rock salt.
- v) The Table below shows the major seizures of drugs by DRI in FY 2021-22. It clearly depicts enhanced complexity of the concealment methods adopted by the drug smuggling syndicates. Further, it is pertinent to note that the shipment port for majority of the cases was Bandar Abbas Port (Iran), which is on the southern route of heroin trafficked from Afghanistan.

Port of Loading	Country of Origin	Port of Import	Goods description	Narcotics	Qty. (kg)	Date of Detection	Mode of Concealment
Rodman	Panama	Tuticorin	Teak Wood	Cocaine	300	20/4/2021	Inside the container carrying teak wood
Bandar Abbas	Iran	Nhava Sheva	Licorice Roots	Heroin	293	23/06/2021	Concealed inside licorice roots
Bandar Abbas	Afghanistan	Mundra	Talc	Heroin	2988	13/9/2021	Semi-Processed Talc stones consignment
Bandar Abbas	Afghanistan	Nhava Sheva	Mustard Seed Oil (Ground Nut Oil)	Heroin	25	4/10/2021	Packets hidden inside oil cans

Port of Loading	Country of Origin	Port of Import	Goods description	Narcotics	Qty. (kg)	Date of Detection	Mode of Concealment
Bandar Abbas	Afghanistan	ICD Tugh-laqabad	Rock Salt	Heroin	34.7	Feb-22	Hidden in consignment of rock salt
Bandar Abbas	Afghanistan	ICD Tugh-laqabad	Apple and Pomegranate juice	Heroin	2.4	8/3/2022	Concealed inside the consignment of pomegranate juice

Air Route

Air passengers have continuously tried different ways and means to deceive Customs and law enforcement agencies. Following three major concealment methods were adopted by the drug carriers-

- i) Concealment in false baggage cavities - The drug smuggling syndicates have been transporting NDPS substances concealed in false cavities made in the check-in baggage and handbags. In many cases, they also apply spices and other odiferous substances for concealment in order to deceive the canine squad at airport.
- ii) Concealment in the form of capsules ingested inside the body - After international relaxation on air passenger movement, there have been increased instances of detecting drug mules at international airports. In most of the cases, it has been observed that passengers from least developed

African countries were used to ferry drugs across international borders. Popularly known as 'drug mules', they are made to swallow capsules containing illicit drugs and are then transported across borders. Once they reach their destination in India, these capsules are retrieved from the passengers' body and delivered to the ultimate destination.

- iii) Concealment in consumables and other items - Ingenious concealment methods like use of shampoos, food items, clothes, consumables etc. to conceal heroin have also been observed.

In the last two months of FY 2021-22, DRI had booked many cases of seizure of heroin concealed in baggage and pills swallowed by body carriers. In one such major case, DRI seized 16 kg of heroin in March 2022 concealed in the baggage of three passengers, who had arrived at Kolkata airport.

Land Route

Drug smuggling syndicates have also tried to push narcotics like Yaba and heroin through the Indo-Myanmar border and hashish through the Indo-Nepal border into India. DRI officers have intercepted many such consignments, sometimes

ingeniously concealed in vehicles. In February 2022, DRI seized one lakh Yaba (methamphetamine) tablets and made many seizures of heroin in the North-Eastern Region, smuggled into India from Myanmar.

Notable seizures made by DRI in FY 2021-22

Seizure of 2988.21 kg of heroin in containerised cargo

Specific Intelligence was developed by DRI that a consignment imported by a Vijaywada based company containing goods declared as 'semi-processed talc stones' originating from Afghanistan and shipped from Bandar Abbas Port, Iran to Mundra Port, Gujarat was suspected to contain narcotic drugs.

Acting on the intelligence, officers of DRI detained the consignment (two 40 feet containers) on 13.09.2021 for 100% examination. The examination was conducted from 14.09.2021 to 19.09.2021 under *panchanama* in the presence of experts from Forensics Science Laboratory (FSL), Gandhinagar and all other concerned. The officers of FSL conducted preliminary tests on the suspected material and confirmed the presence of heroin (opium derivative) in 03 PP jumbo bags out of the total 38 bags. The recovered 2988.21 kg of narcotic substance along with the cover cargo declared as 'semi-processed talc stones', the two containers, the packing materials were seized at Mundra Port under the NDPS Act, 1985. The follow-up actions resulted in further recovery of narcotic substance at Delhi and Noida. The proprietor of the IEC holder importer firm and eleven persons, including seven foreign nationals, were arrested by DRI in this case. The Ministry of Home Affairs ordered for transfer of the case to the National Investigation Agency vide order No. RC-26/2021/NIA/DLI dated 06.10.2021. Accordingly, the case records were transferred to NIA on 13.10.2021. NIA has filed the charge-sheet in this case on 14/03/2022 against 16 persons.



Seizure of 300 kg Cocaine at Tuticorin port

Based on specific information that a consignment of narcotic contraband i.e. cocaine concealed in a container was reaching Tuticorin Port on 20.04.2021, the officers of DRI identified and detained the suspected container at Tuticorin Port. On opening the container, it was found that round teak logs were stacked in four rows and there was a gap of a few feet in between the first row and the second row from the door. In the gap, it was found that there were nine big travel bags. With the help of workers, the said nine very heavy bags were taken out of the container and on examination 302 white powder bricks, wrapped with multiple layers of packing materials, were found. The substance tested positive for cocaine and the recovered 302 bricks weighed 303.403 kg.



The year 2021 had witnessed substantial seizures of drugs like heroin, cocaine, hashish, psychotropic substances and precursors like pseudoephedrine by DRI. More than 3300 kg of heroin, 320 kg of

cocaine and 230 kg of hashish were seized between January and December 2021. Also, 170 kg of pseudoephedrine and 67 kg of methamphetamine were seized during this period.





With the easing of restrictions and opening of international air travel after the restrictions imposed due to the Covid-19 pandemic were lifted, the number of air passengers arriving into India has increased. In the last two months of FY 2021-22, DRI had booked many cases of seizure of heroin concealed in baggage and in the form of pills swallowed by body carriers. In one such major case, DRI seized 16 kg of heroin in March 2022 concealed in the baggage of three passengers who had arrived at Kolkata airport.

Multiple cases, including seizure of 4.4 kg, 5.9 kg and 8.4 kg of heroin in three separate seizures at Ahmedabad, seizure of 2.2 kg, 1.7 kg and 2.25 kg of heroin in the form of ingested capsules in three different seizures at New Delhi, seizure of 3.2 kg heroin at Hyderabad and seizure of 4 kg and 7.9 kg of heroin in two different cases at Chennai, have been made by DRI in 2021-22.

The Officers of DRI, intercepted two female passengers who arrived at Kempegowda International Airport, Bangalore on 06.05.2021 from Doha in Qatar Airways. Examination of their baggage resulted in recovery of 9.320 kg Heroin. The recovered 9.320 Kg of Heroin was seized under the provisions of NDPS Act 1985.

Enforcement challenges and shifting trends in drug trafficking

The shifting trends of heroin smuggling through trade routes and use of novel methods of concealment have created significant challenges to enforcement work. Working in a framework of facilitation and expeditious clearances which is paramount for trade, leaves a considerably smaller window of time to detect containers suspected to contain narcotics. The need of the time is better risk models and data analytics for identifying risky consignments/ containers. This has been a key area of concentration for the DRI for identifying customs violations. Another enforcement challenge is to evolve

better examination techniques to detect and identify concealed drugs - recent experiences have shown that traditional examination techniques are inadequate for detecting concealed narcotics, especially which are novel and ingenious - this area requires quickly adopting to new concealment methodologies, capacity building and learnings from experiences. The use of dark net, crypto currency and social media platforms to solicit customers and sell drugs, have also been newer developments that have necessitated the evolution of new tactical tools for drug law enforcement.

Conclusion

The war against illicit drugs requires a continuous and sustained vigil, and the DRI has treated this as a very important responsibility. It has engaged in active sharing of actionable intelligence with other formations/ agencies, both at the national and international level - to help counteract the illicit trafficking of dangerous drugs, and to mitigate the fall out of such activities in social and human terms.

The changing drug trafficking scenario has also thrown up several challenges and the DRI continues to engage to build capacity to take on such challenges - like in working to improve the risk management tools to enhance supply chain security; augmenting surveillance at seaports, airports and the land border crossings etc. - in order to efficaciously deter the cross-

border trafficking of narcotics, precursor chemicals and psychotropic substances. Further, recognising that cooperation and coordination between various stakeholders in the country particularly the LEAs (Law Enforcement Agencies) is critical to effectively fight this menace, the DRI continues to actively work towards this end. While DRI has emphasized the need for a continuous vigil by drug law enforcement agencies, including in the maritime domain, it is a given that it will need a broader approach, much beyond solely drug law enforcement action, to effectively counter drug smuggling and the demand for illicit drugs. A comprehensive multi-agency approach is thus required that necessitates coordinated efforts, including that from those operating in the social sector to deal with present and future challenges of drug trafficking.

A magnifying glass with a dark handle and a circular lens is positioned on the left side of the image. The lens is focused on the word "FRAUD", which is written in large, white, bold, sans-serif capital letters. The letter "F" is partially inside the magnifying glass lens, while the letters "R", "A", "U", and "D" are to its right. The background is a dark brown, textured surface that resembles coarse sand or a coarse fabric. The lighting is dramatic, with strong highlights on the magnifying glass's rim and the letters, and deep shadows elsewhere, creating a sense of investigation and scrutiny.

FRAUD

Commercial Frauds

Commercial Frauds

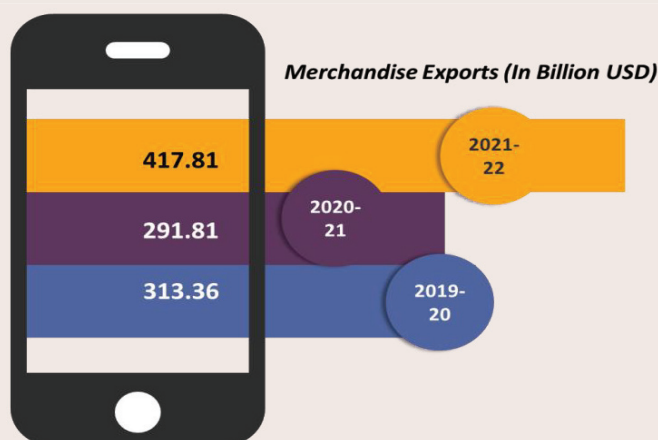
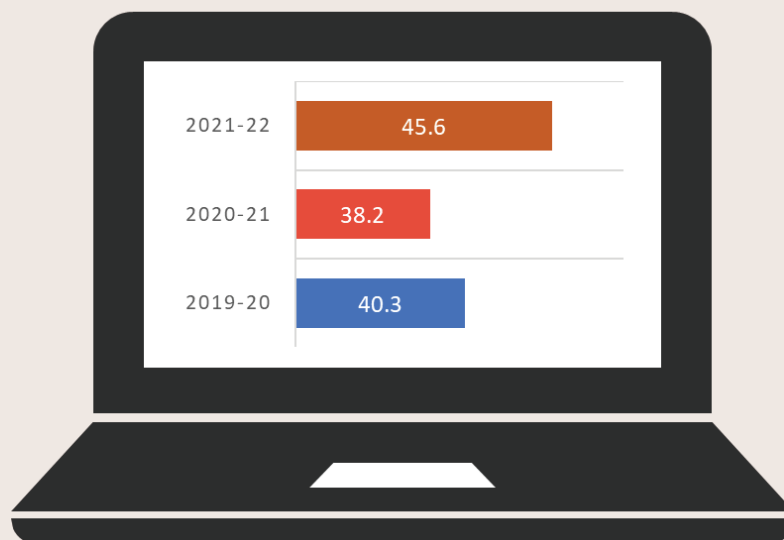
India's Merchandise Trade

India's nominal gross domestic product (GDP) at current prices is estimated at Rs. 232.2 trillion (US\$ 3.1 trillion) in 2021-22. India's overall merchandise exports in 2021-22 is estimated to be USD 417.81 billion, exhibiting a positive growth of 43.18 per cent over the same period last year and a positive growth of 33.33 per cent over 2019-20. India's merchandise import

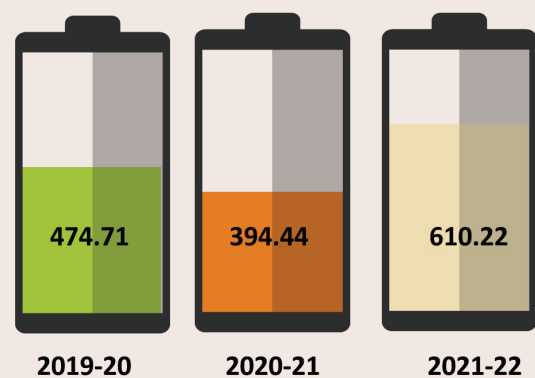
in 2021-22 was USD 610.22 billion, an increase of 54.71% over the same period last year and a positive growth of 28.5 per cent over 2019-20.

The ratio of total export and import of goods and services to GDP increased from 38.2% in 2020-21 to 45.6% in 2021-22.

Export and Import of Goods and Services to GDP Ratio of Last 3 Years



Merchandise Imports (in Billion USD)



[Source: <https://commerce.gov.in/press-releases/press-release-indias-merchandise-trade-preliminary-data-march-2022/>]

In 2021-2022, India's external trade recovered strongly after the pandemic-induced slump of the previous year. The resilience of India's external sector during the year augurs well for growth revival in the economy. Owing to the recovery of global demand coupled with revival in domestic activity, India's merchandise exports and imports rebounded strongly and surpassed pre-COVID levels during 2021-22. The revival in exports was also helped by timely initiatives taken by Government to boost exports and to reduce the adverse impact of COVID-19 – these measures include the WTO compliant Remission of Duties and Taxes on Exported Products (RoDTEP) scheme brought in effect from 01.01.2021; Developing District as Export Hub initiative; Production-Linked Incentive (PLI) scheme, initiatives to improve logistics ecosystem etc.

Hon'ble Prime Minister Shri Narendra Modi outlined five pillars of the "Atmanirbhar Bharat Abhiyaan" (Self-reliant India programme)– Economy, Infrastructure, System, Vibrant Demography and Demand. The clear identification of priority areas and directed efforts by the Government to strengthen the supply chains especially in agriculture; rationalising tax systems and making simple and clear laws; enhancing human resource capabilities and strengthening the financial systems – it is expected will, among other things, further enable and support overall exports and imports from India including the merchandise trade.

Initiatives by Indian Customs to enhance the ease of doing business (EoDB) in exports/ imports

The CBIC, in its continuing endeavour to promote 'Faceless, Contactless, Paperless Customs', under the umbrella of its "Turant Customs" programme, consolidated on its new initiatives. These efforts included email communication of a PDF version of copy of the final let export order of shipping bill to the registered exporter and customs broker; a similar initiative for the out of charge copy of bill of entry for imports; issuing the e-Gatepass (for both exports/ imports) containing only

the details referred to by the custodian or the gate officer to allow actual movement of goods; establishment of Turant Suvidha Kendra in all customs formations; improving faceless assessments and reorganizing the Faceless Assessment Groups (FAGs) with a view to promote specialization in assessments/ optimizing workloads; streamlining and standardizing the process of risk based examination of goods; the facility to upload digitally signed Licenses/Permits/

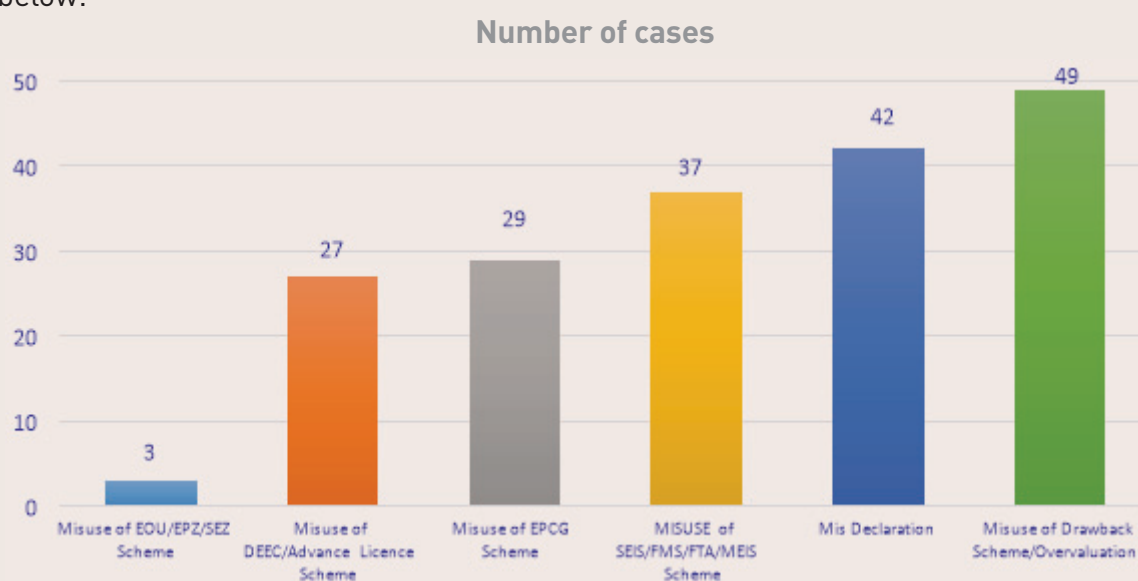
Certificates/Other Authorizations (LPCOs) by Participating Government Agencies (PGAs) on e-SANCHIT at all ICES (Indian Customs EDI System) locations across India; permitting the filing of pre-arrival bill of entry with the House Bill of Lading (HBL)/ House Airway Bill (HAWB) (and not Master Bill of Lading (MBL)/ Master airway bill (MAWB)) etc. Earlier, in 2018, the CBIC had introduced e-SANCHIT in exports, similar to the one introduced in imports in 2017, as a part of its paperless processing initiative under Single Window Interface for Facilitation of Trade (SWIFT). These reforms, it is believed, will yield immense benefits in terms of saving the time and cost of compliance for the trade thereby enhancing the ease of doing business, while providing enhanced security features for verification of authenticity and validity of the electronic documents.

While noting the several positive developments that have taken place, the challenge of countering attempts to fraudulently gather inadmissible

benefits on the export side, or to escape the payment of appropriate customs duties/ get around legal restrictions on importation/ exportation remain. From the cases unearthed by the DRI through its investigations, it appears that on the export side, the fraudulent efforts primarily aim to over-value exports at customs to avail higher associated export benefits including drawback, the available incentives under Foreign Trade Policy (FTP) schemes, and enhanced Integrated Goods and Services Tax (IGST) (VAT/GST) refunds. There are also cases of deliberate and mischievous attempts at circumventing through misdeclarations/ concealment in cargo of goods, items on which restrictions on export have been imposed under the FTP and other laws, including certain goods like protected species of fauna and flora, certain key ores etc. On the import side, misdeclarations of descriptions, violation of licensing conditions, diversion of goods, etc. have been noted. Trade based money laundering (TBML) has also been observed involving both exports and imports.

Nature of Export Frauds and Major Cases

In 2021-22, DRI booked 187 cases involving export frauds. The case wise breakup is as below:



[Source: National Customs Offence database- DIGIT]

Misuse of Drawback Scheme

Since drawback benefits are granted at ad valorem rates to export value and are tied to specific customs tariff headings, overvaluation and intentional omission or mis-declaration of the description of export goods in shipping bills are standard

modus operandi employed to misuse this scheme. Non- realisation of export proceeds in the permitted window of time, where drawback has been claimed and realised, has also been observed in a few cases.

A Mumbai based exporting firm was wrongly claiming drawback and other benefits to the tune of Rs.50 Crore on the export of mobile phones. These phones, after being manufactured but before their export, were tampered with, intentionally actuated/ unlocked by inserting an Indian SIM card, and specific software applications were installed. This was done apparently in an attempt to make these usable in destinations where app-based calling is not allowed. The drawback is not available on such goods that have been put to use after their manufacture in India, as per clause (i) of second proviso to Rule 3 (1) of the Drawback (DBK) Rules, 2017.

At the Air Cargo Complex, Delhi, DRI unearthed a fraud wherein 04 firms were claiming to export handmade silk carpets when, in fact, rayon carpets were exported. Handmade silk carpets being more expensive also attract higher rate of drawback compared to rayon carpets. The fraudulently availed DBK was more than Rs. 30 Crore.

Misuse of MEIS and SEIS

Merchandise Exports from India Scheme (MEIS) Scheme was designed to provide rewards to exporters to offset infrastructural inefficiencies and associated costs. Although MEIS stands discontinued w.e.f. 01.01.2021, the applications for claiming incentives for past export were allowed till 31.08.2022. Similarly, objective of Service Exports from India Scheme (SEIS) was to encourage and maximize export of notified services from

India. The incentives under both schemes, issued in the form of scrips, are calculated as a percentage of the realised FOB value of exports. MEIS and SEIS scrips thus obtained are freely transferable and can be utilized for payment of customs duties. Here, wrong categorization of ineligible export goods and services to fraudulently obtain benefits associated with eligible notified goods or services is a typical modus.

DRI found that a Mumbai based firm, while providing passenger air transport services, wrongly claimed SEIS incentive under the category of Air Transport Services which, as per SEIS Appendix 3D, covered only the rental of aircraft with crew, maintenance and repair of aircraft and airport operations & ground handling. Furthermore, with regards to incentive claimed on cargo handling services, it was found that the firm had itself not provided these services directly but outsourced the same to another contractor, who had already claimed the SEIS incentive for the same services. The total amount of ineligible scrips claimed by the firm for the period FY 2015-16 to 2018-19 is estimated to be Rs.148.27 crore.

DRI found that certain Agra based exporters were mis-classifying their export goods [articles of stones] under CTH 6815 and claimed MEIS incentives of approximately Rs.57 crore when in fact the goods were correctly classifiable under CTH 6802, which carried no MEIS incentives in Appendix 3B.

Misuse of Export Promotion Capital Goods (EPCG) Scheme

EPCG scheme enables Indian exporters to import capital goods without payment of customs duties, subject to the fulfilling of export obligations notified in EPCG license. The DRI uncovered frauds wherein the export firms, after importing the capital

goods machines under EPCG license, diverted such machines or simply failed to fulfil their export obligations and thus evaded the payment of customs duty leviable on the capital goods.

In one such case detected by DRI, a Meghalaya based cement manufacturing company obtained 16 EPCG licenses, imported some capital goods using 03 EPCG licences and domestically sourced other capital goods using remaining 13 licenses. But the company failed to export any cement and did not fulfil its export obligation. The duty recovered from the company is approximately Rs. 6 crore plus interest.

Similarly, a Maharashtra based importer imported machinery under EPCG scheme with total duty saving of approximately Rs. 1 crore but failed to fulfil the export obligations.

Encashing fake Input Tax Credit (ITC) via Integrated Goods and Services Tax (IGST) Refunds on exports

As part of zero-rated supply under the IGST Act, exporters have the option to pay IGST on export goods through accumulated input tax credit [ITC]. Upon the completion of export, the exporter gets cash refund of such IGST payment. Further, from the Budget 2021-22, in case of non-realization of sale proceeds within the prescribed

time limit, the exporter has to deposit the refund back. Fraudulent exporters are, however, able to generate fake ITC by showing sourcing / supply of goods from a network of fictitious GST firms and then encash the same ITC by way of export refund.

In one such case at Inland Container Depot (ICD), Nashik, a cigarette exporter was exporting cigarettes at highly inflated prices on payment of IGST through accumulated ITC and claimed cash IGST refund of approximately Rs.51 crore, but the DRI investigation revealed that the exporter was procuring purchase invoices without any real supply of goods from non-existing entities and thus had fraudulently accumulated ITC for the purpose of securing a refund.

Mis-use of ADVANCE LICENCE SCHEME

Advance Authorisation Scheme allows duty free import of inputs, which are physically incorporated in an export product. In addition to inputs, packaging material, fuel, oil, catalyst which are consumed / utilized in the process of production of export products, are also allowed to be

imported duty-free. Unscrupulous firms divert imported Advance License duty free inputs and other materials, which were to be incorporated in an export product, and either use some other inputs for meeting their export obligations or simply fail to fulfill the export obligations.

A Mumbai based firm imported duty free gold under the Advance Authorization, melted and recast it so as to erase its traceability and then diverted the same to the domestic market. The firm thus violated the “actual user condition” and evaded duty of Rs. 339 Crore.

In another case, a Punjab based company obtained Advance Authorisations for import of duty-free raw material - white crystal sugar - for manufacture and export of liquid glucose. However, the company sold off the entire imported duty free sugar and failed to use the same for manufacture of export product. The duty evaded was Rs.17 crore approximately.

Trade Based Money Laundering / Export Oriented Unit (EOU)/ Special Economic Zone (SEZ)

Trade-based money laundering ("TBML") entails concealing the proceeds from criminal activities and transferring the value via trade transactions in an attempt to legitimize their illegal origins. In practice, TBML is achieved through misrepresentation of the value, quantity, or quality of imports/exports. The frauds

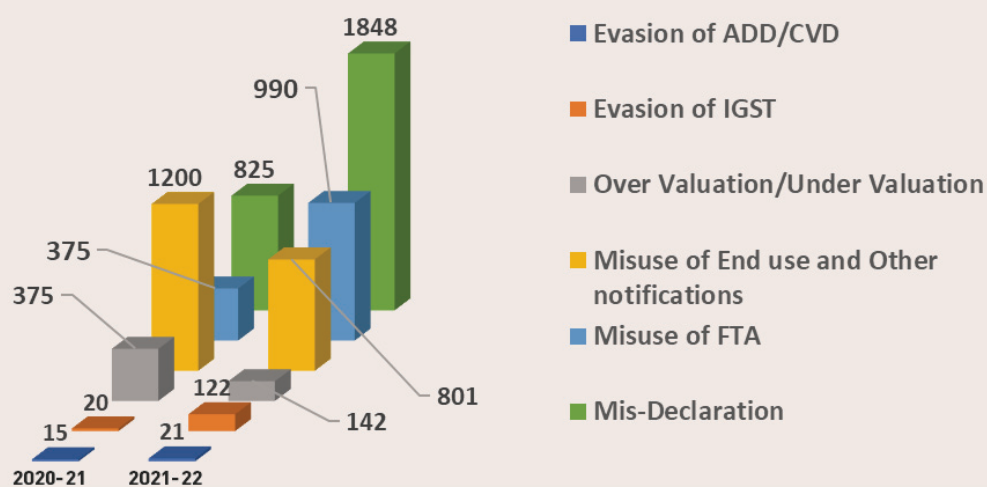
are triggered by malpractices such as over-valuation and under-valuation of goods and services, multiple invoicing of goods and services, over-shipment and under-shipment of goods and services, and misleading description of goods and services.

In a classic case of TBML detected by DRI, a Surat SEZ unit was found to have imported cheap synthetic diamonds from Hong Kong by declaring the same as duty free Cut & Polished diamonds (CPD). Later, these imported synthetic diamonds were studded on silver rings and exported back to Hong Kong as genuine diamond jewellery, resulting in huge outflow of foreign remittances. Total overvalued import of synthetic diamonds was worth Rs. 1016 crores approximately, out of which Rs. 675 crores had already been remitted out of India.

Commercial Frauds - Import

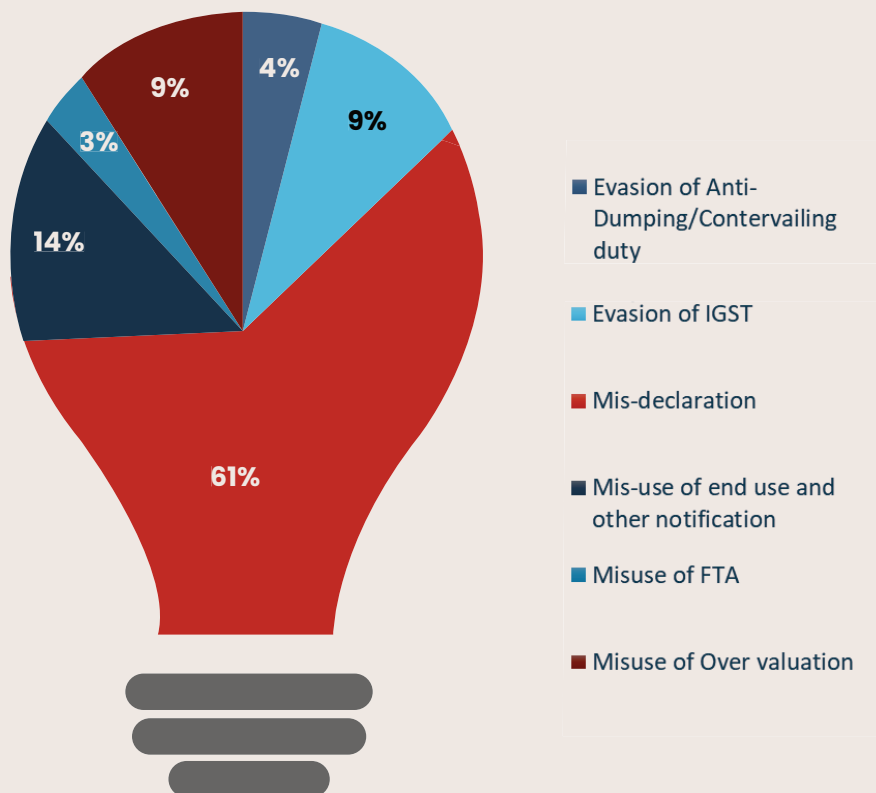
Even on the import side, DRI has busted several attempts to evade import duties. In 2021-22, DRI has detected 437 cases involving duty evasion of Rs. 3924 Crore,

40% higher than the Rs. 2810 crore duty evasion detected in 2020-21. The break-up of duty amount evaded under different categories of fraud is given below.



[Source: National Customs Offence database- DIGIT]]

Category wise break up showing percentage of cases is as below:-



[Source: National Customs Offence database- DIGIT]

Significant features and trends observed

Misdeclaration

There are cases where misdeclaration in terms of description of imported goods, quantity, specification, the country of origin, end-use, etc. has been resorted to evade import duties and circumvent non-

tariff barriers. The cases of misdeclaration detected by DRI have shown a jump, and duty amount has gone up 127% from Rs. 815 Crore in 2020-21 to Rs.1848 Crore in 2021-22.

In a classic case by DRI, a manufacturer of mobile phones was found to have evaded customs duty of approximately Rs.500 Crore by intentionally describing the imported 'Remote Radio Head of customs tariff item(CTI) 85176290' as 'Part of eNodeB of CTI 85177090' and fraudulently availed full duty exemption under Notification No. 57/2017-Cus meant for goods, other than the parts of cellular mobile phones, falling under CTI 85177090.

In another case, a Gujarat based firm attempted to smuggle Special Boiling Point Spirit (SBPS) worth Rs.118 Crore, a restricted item of CTI 27101290 importable only through State Trading Enterprises, by misdeclaring the same as Naphtha, which is freely importable.

During an investigation pertaining to a subsidiary mobile phone company of a Chinese multinational company, DRI detected a case of wrongful availment of duty exemption benefits and undervaluation, culminating into demand of Customs duty of around Rs. 4,389 crores. DRI found incriminating evidence indicating wilful mis-declaration in the description of certain items imported by the company, to avail ineligible duty exemption benefit. Further, the said company had not added royalty and licence fee remitted to various multinational companies, in the transaction value of the goods imported by them, in violation of Rule 10 of the Customs Valuation (Determination of Value of Imported Goods) Rules 2007. A sum of Rs 450 crores was voluntarily deposited by them. In a similar case of another mobile phone company, with holding company being in China, investigation by DRI revealed wilful mis-declaration in the description of certain items imported by them, resulting into wrongful availment of ineligible duty exemption benefits amounting to Rs. 2,217 crores. A sum of Rs 60 crores was voluntarily deposited by the said company.

In another case by DRI, a syndicate was found to be smuggling luxury cars in the name of foreign diplomats posted in India by forging the import documents and claiming the customs duty exemption available to such diplomats under Notification No. 3/1957-Cus. Post-importation, the smuggled cars were sold off to private parties in the open market. Twenty luxury cars were thus smuggled in past 5 years, resulting in duty evasion of Rs. 25 crores.

In yet another case, two containers, which landed at a Container Freight Station (CFS) in Kolkata, were found stuffed with 1.20 crore sticks of branded cigarettes of foreign origin although these were declared to be carrying ladies' garments in the Import General Manifest (IGM).

Evasion of Anti-Dumping Duty (ADD)

The unscrupulous importers provide wrong classification and/or misdeclare Country of Origin of the imported goods to evade anti-dumping duties.

In one such investigation, DRI noticed that two Noida based firms imported aluminium foil of size 5.3 microns from China but failed to pay approximately Rs.2 crore towards anti-dumping duty leviable on all aluminium foils of size 80 microns and below, per Notification No. 51/2021-Customs (ADD).

In another case, a company failed to declare the specifications of casing pipes imported from China and thereby did not pay the anti-dumping duty of approximately Rs. 4.87 crore, leviable under Notification No. 07/2017-Customs (ADD) on the specific category of casing pipes that were imported.

Misuse of Free Trade Agreement FTA

With increasing cooperation among nations, there has been a steady reduction in customs duties on goods traded under Free Trade Agreement (FTA). Instances

of forging country of origin certificate or fraudulently obtaining the same and misclassifying the imported goods to fit in the FTA concession have been noticed.

In a case booked by DRI, a leading e-commerce company and a mobile manufacturer, imported mobile phones from a manufacturer in Indonesia and availed duty exemption under ASEAN India FTA Notification No.46/2011. Investigation, however, revealed that the country of origin of several components mounted on Main Boards was Taiwan, China or Korea and actual Regional Value Content [RVC] of the import goods was below the benchmark of 35% RVC. The total duty evaded in two cases is Rs. 442 crore.

In another case, a Rajasthan based importer was found to be misclassifying "Seat Belt Parts" under CTI 87089900 instead of correct classification under TI 87082900 in order to avail Customs duty exemption under Indo-Korea Comprehensive Economic Partnership Agreement (CEPA) and ASEAN – India Preferential Trade Agreement (AIFTA). The duty evaded is Rs. 8 crore approximately.

Misuse of End-Use notifications

Policy makers provide conditional relief in certain scenarios and exemption notifications are issued with end-use conditions. While customs authorities rely upon the importer's self-declaration at the time of clearance, there have been many instances where the end-use conditions are violated. Most of the end-use notification frauds were observed in information technology related goods. In one such

case, a manufacturer imported finished camera modules for use in manufacture of cellular mobile phones and thereby claimed concessional duty exemption under S. No. 5A of the Notification 57/2017 but failed to use it for the intended purpose in accordance with the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

Undervaluation

Undervaluation of imported goods has been a perennial problem. It can happen in several ways such as producing forged value documents, submitting lower value invoices and remitting due payments through unauthorized channels, non-inclusion of allied cost components

in assessable value, non-disclosure of related party transactions, etc. Establishing undervaluation by importers is a complex task, as it concomitantly requires tracking the money flowing through informal channels / hawala so as to make a fully sustainable case.

An investigation was conducted into non-addition of amount of royalty and licence fee paid, to transaction value of imported goods by another multinational mobile phone company, which culminated into demand of Customs duty of Rs. 653 crores.

In one such case, DRI detected that a Delhi-based firm had grossly undervalued imported mobile phone accessories/parts and other miscellaneous electronic goods from China by furnishing false declarations in the invoices and packing lists. The brazenness of the attempt can be gauged from the fact that the declared cost, insurance, and freight (CIF) value of the imported goods was even less than the freight amount in Air Way Bills. The duty evaded is Rs.20 Crore approximately.

In another case, certain importers of sanitary fittings forged the import invoices. DRI was able to recover physical / electronic evidences confirming the undervaluation and duty evasion of Rs. 50 Crore. Further, cash of 12.20 Crore, admitted to be sale proceeds of undervalued imported goods, was also recovered from the premises of importer.

Hazardous Waste

While the import of hazardous waste in the country is banned in general, it is allowed for recycle, reuse, recovery and co-processing purpose. In order to regulate import and export of hazardous and other wastes, the Ministry of Environment, Forests and Climate Change has made provisions in

the regulations under Hazardous and Other Wastes (Management, Handling and Trans-boundary Movement) Rules, 2016 and the type of wastes to be imported and exported have been listed under Part A to D of Schedule III.

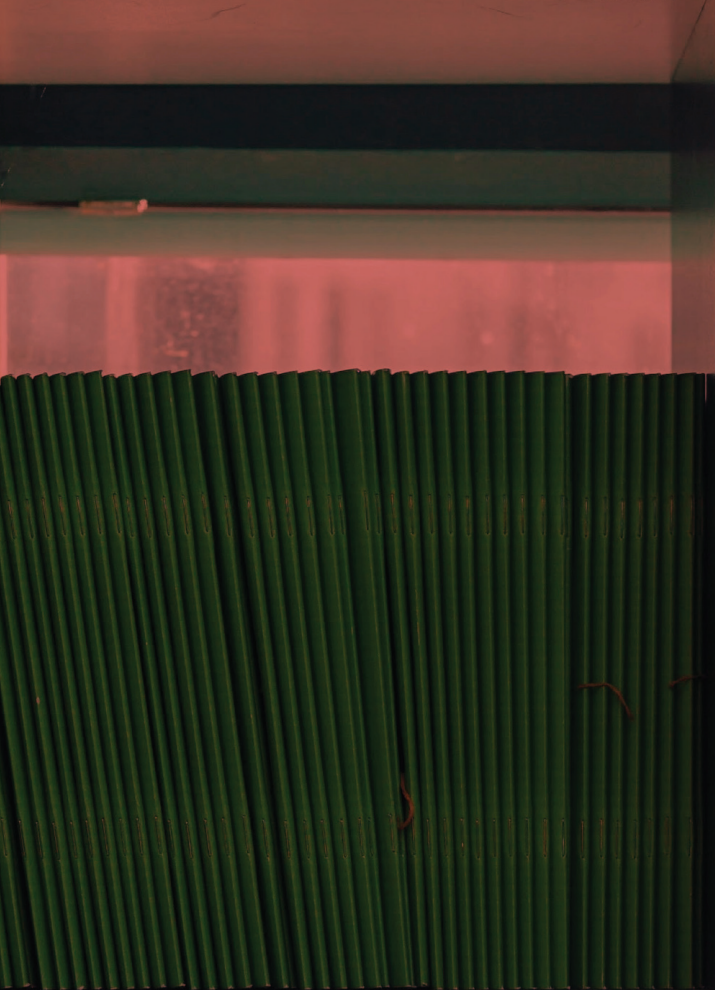
In a case by DRI at a CFS in Raigad, a firm was found to have imported consignments declared to contain, 'Power Circuit, Cabinet & ATX Board with standard accessories (unbranded)' but had instead concealed E-Waste items such as old & used CPUs, monitors as well as monitor stands in the said consignments.

DRI detected another case, wherein a firm declared imported consignment to contain paper waste but was actually found to contain household/municipal/bio-medical waste such as used surgical masks, food packaging material with residues, medical gloves, etc. in violation of the Hazardous and Other Wastes (Management and Trans-boundary movement) Rules, 2016.

Integrated Goods and Service Tax

IGST is leviable on imported goods under the IGST Act 2017. The rate of IGST is governed by GST Tariff. DRI has detected cases, wherein imported goods were classified under wrong CTI to avail lower IGST rate. In one such case by DRI, a manufacturer of lithium-ion battery

imported plastic tapes for use in affording protection to the electrical accumulators (battery packs) but misclassified the same under CTH 3919 [IGST @ 18%] instead of correct CTH 8507 [IGST @ 28%] and thereby evaded IGST of Rs. 15 crores approximately.



CHAPTER 8

Allied Acts

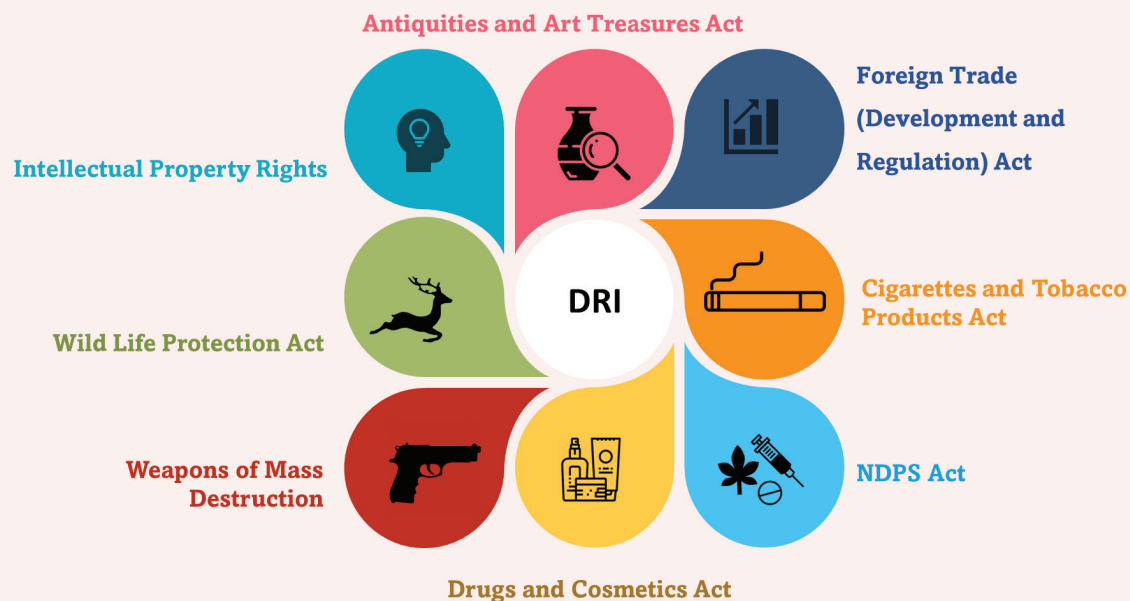
Enforcement of Allied Acts: Role of DRI

Overview

Directorate of Revenue Intelligence (DRI) is the apex anti-smuggling agency of India. In addition to the Customs Act, 1962, DRI also enforces various statutes and allied acts insofar as they relate to import and export. DRI enforces more than fifty other allied Acts, including the Narcotic Drugs and Psychotropic Substances (NDPS) Act, Drugs and Cosmetics Act, Wild Life (Protection) Act, Foreign Trade (Development and Regulation) Act, Food Safety and Standards Act, Antiquities and Art Treasures Act, Copyright Act, Trade Marks Act, Patents Act, the Designs Act and Geographical Indications of Goods (Registration and Protection) Act, 1999.

In today's inter-connected world with rapidly evolving technology, economic crimes have global footprints and tend to involve multiple statutes. DRI's proficiency in collection, collation, analysis and dissemination of intelligence relating to smuggling, investigation, and prosecution of arrested persons strengthens the enforcement of these allied legislations.

Some of the allied acts and the role of DRI and Indian Customs in effective enforcement are as follows.



Narcotic Drugs and Psychotropic Substances Act, 1985

India has witnessed a spurt in inflow of large volume narcotics shipment – both through the air and sea routes. DRI has been at the forefront of India's war on drugs, with several large seizures having been carried out in 2021-22. India's vast chemical and pharmaceutical industry also poses a challenge to law enforcement agencies in zeroing in on illicit manufacture of drugs and precursor chemicals by unscrupulous entities.

Narcotic Drugs and Psychotropic Substances Act, 1985 was enacted to ensure that India followed the international framework for tackling the drug menace. It prohibits manufacture, production, trade, use etc. of narcotic drugs and psychotropic substances, except for medicinal or scientific purposes. The Act also empowers various agencies to enforce its provisions, including DRI and Customs officers.

DRI has focussed on curbing the drugs menace at its source, targeting the contraband at the points of entry into Indian borders or at the site of manufacture in India. DRI has made several major seizures of narcotics pertaining to international cartels. In this regard, DRI has been coordinating with various national and international agencies with an aim to dismantle the transnational networks and to bust drug syndicates. The high conviction rate in respect of DRI's narcotics cases is a testament to the investigative skills of its officers.

The field of drug law enforcement is constantly evolving, resulting in challenges such as the emergence of new psychoactive substances (ATS group), designer precursors like EAPA, use of crypto currency and dark web market places etc. Therefore, legislation and law enforcement agencies, including DRI, need to continuously evolve and keep themselves updated.

Safeguarding Economic Interests and National Security - Foreign Trade (Development and Regulation) Act, 1992

The Foreign Trade (Development and Regulation) Act, 1992 [FTDR Act] provides for development and regulation of foreign trade by facilitating import and export activities. Foreign Trade Policy (FTP) derives its powers from this Act. FTDR Act authorizes the Central Government to impose restrictions/prohibitions/

regulations on imports and exports. Section 3(3) of the FTDR Act provides that any order for prohibition on import or export under Section 3(2) of the FTDR Act shall be deemed to be prohibition under Section 11 of the Customs Act. This empowers DRI and Customs to carry out interdictions and investigations pertaining

to the violation of the provisions of FTDR Act. DRI has booked several cases for violation of orders and notifications issued under Section 3 of the Act and thus thwarted attempts to smuggle such goods.

Another critical dimension of trade control in the FTDR Act pertains to Strategic Trade Control Enforcement, which deals

with licensing requirements for weapons of mass destruction and dual-use goods. Directorate General of Foreign Trade, as per the FTDR Act, has notified list of SCOMET (Special Chemicals, Organisms, Materials, Equipment and Technology) items, the trade of which is regulated by a licensing regime. DRI has focussed on cases of violation of SCOMET regulations.

Protecting our Flora and Fauna - Wildlife Protection Act, 1972

India is a biologically diverse country with several endemic species of flora and fauna. It is also home to three of the thirty-four biodiversity hotspots in the world. Transnational illegal wildlife trade has been a threat to the existence of the wildlife species of India.

The Wild Life [Protection] Act, 1972 provides for the protection of India's wild animals, birds and plant species with the primary aim of curbing the illegal trade in wildlife and the derivative parts. With the enactment of the Act, India became a signatory to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The convention accords varying degrees of protection to more than 35,000 species of animals and plants to ensure that international trade does not threaten the survival of the species in the wild. International experience indicates that enforcement of wildlife anti-trafficking measures is most effective when carried out at the ports of entry/exit. DRI and Indian Customs are at the forefront of countering wildlife trafficking and safeguarding the environment and ecology of the country.

The products of wildlife are generally smuggled out of India for use in traditional medicine, clothing, jewelry and other ornamental products. Red sanders (*Pterocarpus santalinus*) is one such product, which is being smuggled out of India to countries in East Asia. It is an endangered species of wild flora endemic to the Seshachalam forest located in the Eastern Ghats in Andhra Pradesh and is covered under Appendix II of CITES. DRI has been relentless in its efforts aimed at curbing such smuggling and has successfully nabbed kingpins and organizers of the illegal export trade in red sanders. In 2021-22 alone, more than 160 MT of red sanders has been seized by DRI across the country.

A large number of exotic birds and animals like star tortoise, pangolins, seahorses and wildlife products like ivory, skin, ambergris (digestive secretion of sperm whale) are also smuggled across the borders. Once again, DRI and Customs have carried out several seizures of wildlife products at the airports/ports of entry/exit.



Seizure of Red Sander logs concealed in containers that were attempted to be exported



Seizure of Blue Iguana Lizard, Banner tailed Kangaroo Rats and Star Tortoises

Antiquities and Art Treasures Act, 1972 - Preserving our Cultural Heritage

India is rich in history, culture and traditions. It has an intriguing and fascinatingly rich and varied cultural heritage that is several thousand years old. The tangible heritage wealth of India is scattered across numerous archaeological sites and temples. These items are unique to our country and stand as a testament to the rich cultural heritage of the country.

Unfortunately, this has been threatened by unscrupulous elements and organized cartels that vandalize heritage sites with

the objective of smuggling and selling antiquities in illicit markets abroad for illicit gains. Further, private auction houses in foreign countries have also allowed themselves to become part of the plunder by providing anonymity to these transactions and permitting sales of antiques of doubtful provenance.

With an aim to protect and safeguard our cultural heritage and to regulate the export trade in cultural artefacts, the Antiquities and Art Treasures Act 1972 was enacted.

Antiquities can be understood as any work of art or object of historical interest that is not less than a hundred (100) years old. For manuscripts or record or any other documents, they need to be in existence for not less than seventy-five (75) years. Art treasures refers to those works of art, which may not yet be an antiquity, but notified by the Central Government as an art treasure. The Act prohibits the export of antiquities and art treasures.

DRI plays a major role in preventing illegal smuggling and sale of India's cultural antiques and has had great success in foiling smuggling attempts - both from the air and sea routes. Additionally, diligent investigations by DRI established origins of several such antiquities, which resulted in official handover of such smuggled treasures back to India.



400 year old Vijayanagara Era Nritya Ganapathi Idol seized by Indian Customs



Antique Idols (25) seized by Customs at the Bangladesh land border (West Bengal)



Stolen Antiquities that have been returned to India

Cigarettes and Tobacco Products Act, 2003 – Protecting Public Health

The World Health Organisation's Framework Convention on Tobacco Control categorises India as a transit and transit-destination country for illicit tobacco products. The high rate of import duty/taxes on cigarettes and the consequent arbitrage opportunity makes the smuggling of cigarettes highly lucrative.

All cigarette products sold in India require mandatory pictorial warnings under the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act,

2003. This Act prohibits the advertisement of and regulates the production, distribution, and supply of cigarette products. The smuggled cigarettes obviously do not carry any such warnings and associated disclaimers.

DRI has been ably countering smuggling of cigarettes and other tobacco products through the sea, air and land borders into India and has thwarted international networks involved in such smuggling. In 2021-22, DRI has seized smuggled cigarettes and tobacco products worth more than Rs. 93 crore.



Picture of Some Cigarette Seizures made by DRI in FY 2021-2022



Safeguarding Intellectual Property Rights - Patents, Designs, Geographical Indications, Trademarks and Copyrights Act

Protection of Intellectual Property Rights (IPR) encourages innovation and boosts economic growth of a country. This is particularly true in the field of public health and safety. Effective IPR enforcement protects consumers from substandard counterfeits, encourages entrepreneurship and encourages firms to invest in R&D leading to high paying employment opportunities. Further, the enforcement of Geographical Indications protects the livelihood of traditional artisans and provides a global market for local industry. As a signatory to the WTO Treaty on Trade Related Intellectual Property Rights (TRIPS), India is obliged to enact laws for protection of IPRs, particularly at the borders.

The legal framework for IPR enforcement in India is provided by The Patents Act 1970, Trade Marks Act 1999, Geographical Indications of Goods Act 1999, Designs Act 2000, Copyrights Act 1957 and the IPR (Imported Goods) Enforcement Rules 2007.

DRI has booked a number of cases on Intellectual Property Rights infringements. Counterfeits have been detected in certain imports from China through the sea or air routes, and also through the land borders of Nepal, Bhutan, Myanmar etc.

Commonly trafficked counterfeits include electronics, mobile accessories, cosmetics, footwear, watches, sun glasses and automobile parts.



Original V/s Counterfeit



GI Protection Logo for Indian Tea

(From L to R) Assam, Nilgiri and Darjeeling Tea

Legal Metrology Act 2009

With the aim of safeguarding consumer rights and to regulate trade and commerce in goods which are sold or distributed by weight, measure or number, the Legal Metrology Act, 2009 was enacted. To provide the requisite information in terms of weight, quantity, price, expiry date etc. for pre-packaged commodities, the Legal Metrology Packaged Commodity Rules, 2011 (LMPC Rules) were also issued.

When a consumer purchases goods in loose from the market, the goods are weighed and verified in their presence and they can personally determine its quality and quantity. However, in the case of pre-packaged goods, the consumers do not have that requisite information. Where such pre-packaged goods are imported, the disadvantage is even higher, since the actual manufacture would have taken place in a different country altogether. Legal Metrology Act and LMPC Rules apply to imported products as well. Products, not in compliance with the LMPC Rules, are prohibited and liable for confiscation under the Customs Act.

Under this legislation, traders who import pre-packaged goods for sale or distribution must possess a Legal Metrology Packaged Commodity (LMPC) Certificate issued by the Director of Legal Metrology in the Central Government or the Controller of Legal Metrology in the State. The importers need to ensure that the pre-packaged goods sold by them, carry a declaration containing information such as the name and address of the manufacturer, importer, country of origin, quantity, month of import, month of manufacture, dimensions of the product, maximum retail price and the contact details in case of a customer complaint.

The enforcement of this Act is carried out by the officers of Customs and DRI at various ports of entry. It needs to be mentioned that during the COVID-19 pandemic period, when several low-quality medical devices like thermometers and oximeters were attempted to be imported, the Legal Metrology Act and LMPC Rules were enforced by Customs and DRI to safeguard the domestic consumers.

Protection of Local Plant varieties from Destructive Pests – Plant Quarantine

The needs of food security and maintaining agricultural productivity require that the country's crops are protected from destructive insects and pests. Likewise, it is vital that our biodiversity is protected from invasive alien species of crops, which may destroy local plant varieties. As the world moves towards an inter-connected economic system, we face a serious threat at our ports of entry from such alien insects, pests and plant species.

The Destructive Insects & Pests Act is the primary legislation that lays down safeguards and conditions when dealing in imports of items susceptible to invasion of aforesaid alien insects, pests and plant species. Over time, several notifications, including the Plant Quarantine (Regulation of Import into India) Order, 2003 have been issued under this Act to keep up with the emerging challenges.

The Protection of Plant Varieties and Farmers Rights (PPV&FR) Act, 2001 is another legislation that provides to breeders of a plant variety the exclusive right to sell, market, import or export the protected variety.

India also fulfils its obligations regarding phytosanitary conditions under the

International Plant Protection Convention (IPPC) 1951 of the Food and Agriculture Organisation for trade in plants and plant products. The import of plant or plant product requires a No Objection Certificate from the Plant Quarantine Authority, while at the time of export, the shipment is required to have a Phytosanitary Certificate. In certain cases, the plant or plant product is required to be quarantined before the shipment is cleared. This process is handled through a Single Window System under the Electronic Data Interface (EDI) system of Indian Customs, where the documents filed online are automatically routed to the concerned authority for their clearance before the goods are released.

Officers of Customs and DRI make efforts to ensure compliance with above conditions at the time of import and export. DRI and Customs also coordinate with the Plant Quarantine Officers posted at the ports to safeguard country's domestic agriculture and indigenous plant bio-diversity. In several cases, importers and exporters were found to have misdeclared contents of their consignments to avoid quarantine regulations. The import of such potentially dangerous varieties was thus stopped into the country.

Conclusion

With growing complexity in the nature of economic crimes, law enforcement agencies require a holistic approach covering various facets and their corresponding statutes. DRI has leveraged its expertise in intelligence gathering, investigation and prosecution to play a crucial role in the enforcement of the

various Allied Acts along with the Customs Act. While safeguarding India's economic and national frontiers, DRI has also played a responsible role by cooperating with global agencies to tackle transnational crimes and to fulfil India's multilateral commitments.



CHAPTER 9

International Enforcement Operations and Cooperation

Overview

Customs cooperation, bilaterally and multilaterally, is crucial for enhancing trade flow and enforcement of relevant laws. Exchange of information and data in various domains like import/export, origin-related information, etc. is key not only for facilitating genuine trade across borders, but also in preventing illicit trade. The underlying need for mutual administrative assistance in customs cooperation was highlighted as early as in 1967 by the Customs Cooperation Council, now known as the World Customs Organisation (WCO). In fact, the Revised Kyoto Convention mandates in its General Annex, the requirement of Customs administration of a country to seek cooperation with other Customs administrations and to arrive at mutual administrative assistance agreements for enhancing Customs control. This cornerstone to achieve effective border control is underscored further in the WCO SAFE Framework of Standards, which focuses on Customs-to-Customs network arrangements to promote seamless movement of goods through secure international trade supply chains. Information exchange for effective customs control and customs cooperation is highlighted in Article 12 of the WTO Agreement on Trade Facilitation. The information exchange under Customs Mutual Assistance Agreements (CMAAs) has contributed to the effective conclusion of several investigations.

The Central Government in exercise of the powers conferred by sub-section (2) of section 151B of the Customs Act, 1962, through Notification No. 58/2021-Cus. (N.T.), dated 1-7-2021, has notified

32 Agreements/ Arrangements on Cooperation and Mutual Administrative Assistance (CMAA) in Customs matters. This would further strengthen the reciprocal arrangements for exchange of information for facilitation of trade, effective risk analysis, verification of compliance, prevention, combating and investigation of transboundary offences.

While the overarching mandate in contemporary times is to maximise bilateral and multilateral cooperation, it has also become equally important to secure maximum cooperation in enforcement activities ranging from the detection and recovery of contraband moving across national borders to addressing matters of national and global security. The DRI has been at the centre stage in spearheading various operations of global significance, both in terms of the geographical spread, as well as the gravity of the issues pursued. The endeavour of DRI by being active participant/stakeholder in such operations has endorsed the DRI's commitment in preventing money laundering, smuggling of dual use items or weapons of mass destruction, smuggling of endangered flora and fauna, illicit movement of hazardous waste, smuggling of antiques/treasures etc. DRI conducts "Regional Customs Enforcement Meeting" every year, wherein officers from customs administrations in Asia Pacific region discuss on the mechanism to increase cooperation in enforcement activities. This cooperation through exchange of specific information has been effective, leading to seizure of tobacco and its products.



In 2021-2022, the DRI participated in thirteen international operations, demonstrating its unflinching commitment to promoting secure trade and global security. These operations are tabulated below. The themes of such operations reflect a general global sensitivity and concerns around the need to counter and mitigate the effects of illicit trafficking of dangerous drugs, arms, wildlife,

money laundering & terrorist financing, environmentally damaging substances etc. The significance of these operations is underlined by the fact that they have been sponsored and helmed internationally by key international agencies like the WCO, Interpol etc., and that they have elicited participation by law enforcement agencies across many countries.

Name of Operation	Issue	Timeline
Operation DEMETER VII	Hazardous Waste	1.10.2021-31.10.2021
Operation Thunder 2021	Illegal Wildlife and Timber Trade (IWT)	1.10.2021-31.10.2021
Operation Stop II	Counterfeit/illicit medicines linked to Covid-19	15.06.2021-17.06.2021
Operation Pathfinder	Illicit tobacco products	1.11.2021-21.11.2021
Project INAMA	IWT	2021-23
Diagnostic Mission	IWT/CITES	28.02.2022-04.03.2022
Operation Scabbard	Psychotropic substances and synthetic opioids and opiates trafficking	20.09.2021-01.10.2021
Operation Mekong Dragon III	Wildlife and drug enforcement in Asia and Pacific region	26.10.2021-28.10.2021
Operation IRENE III	Illegal trafficking of Small Arms and Light Weapons (SALW)	01.02.2022-30.06.2022

Name of Operation	Issue	Timeline
Operation Gamma	Illegal movement of valuable goods	01.11.2022-31.01.2022
Operation TENTACLE Asia/Asia Pacific II (Workshop)	Money Laundering and Counter-Terrorism Financing	15.06.2021-17.06.2021
Operation TENTACLE Africa II (Workshop)	-do-	07.02.2022-11.02.2022
Operation TENTACLE Latin America II (Workshop)	-do-	17.01.2022-21.01.2022

Details of the above listed operations are as follows:

Operation DEMETER VII

This programme sponsored by the WCO was in operation from 01.10.2021 to 31.10.2021. This series of operations aimed to clamp down on the illegal trans-boundary movement of dangerous waste, controlled under the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal, as well as ozone depleting gases and other gases controlled under the Montreal Protocol on Substances that deplete the Ozone Layer.

Operation Stop II

This operation was sponsored by the World Customs Organisation (WCO), with the aim of protecting the public against counterfeit/illicit medicines and other medical supplies and equipment linked to Covid-19 pandemic. The first operational phase was conducted during 30.04.2021 to 03.06.2021, and the second phase of the operation ran from 25.06.2021 to 30.09.2021. As a major stakeholder in the operation, on the basis of the information passed on by India, a seizure of illicit/counterfeit medicines (Sildenafil pills) was made at Miami, USA. The contraband was routed from India to USA via Singapore.

Operation Thunder 2021 (5th edition of the Thunder Series)

Co-led by the WCO and INTERPOL, the Operation (1.10.2021 to 31.10.2021) targeted to unite customs and police efforts, along with relevant partners, to clamp down on the illegal wildlife and timber trade (IWT). Participation in the programme underlined DRI's commitment to environmental security.

Operation Pathfinder

Sponsored by the WCO, this inter regional operation targeted all types of tobacco, tobacco products and equipment, chemicals, papers and other materials involved in the illicit production of tobacco products transported from/to/through the territories of the countries participating in the said operation, as part of commercial consignments transported by sea, road, rail, mail and air. The operation was conducted from 01.11.2021 to 21.11.2021.

Project INAMA

The ongoing WCO Project INAMA (2021-23) aims to strengthen the capacity of customs administrations to conduct more effective IWT operations. Inama means 'wild animals' in the language of the Zambian Bemba tribe. To tackle this criminal activity, in 2014 the WCO had established the WCO INAMA Project. More specifically, the Project addresses several areas in the field of IWT, namely: (i) enforcement; (ii) training; (iii) risk management and case selection; (iv) inter-agency cooperation; and (v) operational capacity. A number of activities are envisaged both at headquarters and regional level, which will be tailored to the specific needs.

As part of the Project INAMA, India participated in the 'Diagnostic Mission', from 28.2.2022 to 04.03.2022. The Diagnostic Mission allowed WCO experts to review and discuss the training, risk management, legal and institutional frameworks of India's Customs Administration to combat IWT, and CITES enforcement capacities.

Operation Irene III

The said operation sponsored by RILO AP to combat illicit trafficking of small arms and light weapons (SALW) was in force from 01.02.2022 to 30.06.2022. A total of 16 cases of seizure of weapons have been reported under Operation Irene III. Among these cases, one seizure was made in Delhi, wherein one pistol along with two empty magazines was recovered from the baggage of a passenger travelling from Dubai to New Delhi.

Operation Scabbard

Operation Scabbard was a joint special operation of BRICS member countries, during the period between 20.09.2021 and 01.10.2021. The participating Customs Administrations reported 36 seizure cases during the operational phase. While Brazil and South Africa reported 18 and 14 seizure cases respectively, India reported 4 seizures. Operation Scabbard aimed at developing strategic intelligence, enhancing cooperation and evolving controlled responses against drug trafficking with a focus on increased trafficking of psychotropic substances, synthetic opioids and opiates.

Virtual Workshop on Operation Mekong Dragon III

Sponsored by RILO Asia Pacific, this programme focused on wildlife and drug enforcement in Asia and Pacific region.

Operation Gamma

The said operation (01.01.2022 to 31.01.2022) was sponsored by the Federal Customs Service of the Russian Federation. The operation aimed at detection and suppression of attempts made for illegal movement of valuable goods through international passenger air traffic.

Operation TENTACLE

- **Asia/Asia Pacific II Regional Virtual Workshop on Anti-Money Laundering/Counter-Terrorism Financing**

The World Customs Organization (WCO) Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Programme, together with WCO partner organizations INTERPOL and the Egmont Group of Financial Intelligence Units (FIUs), launched the second AML/CTF workshop of 2021, “Operation TENTACLE-Asia/Asia Pacific II”, from 15 to 18 June 2021. The virtual workshop was attended by over 40 representatives of Customs administrations, including from the DRI, and FIUs from 11 different countries as well as INTERPOL officers. This operation focused on countering -bulk cash smuggling and on countering -gems/precious metals smuggling with the focal point being on countering smuggling of such goods through air passengers as well as mail and express services.

- **Latin America II Regional Hybrid Workshop on Anti-Money Laundering/Counter-Terrorism Financing**

This workshop was held between 17.01.2022 and 21.01.2022. It aimed to tackle the global movement

of illicit proceeds connected to organized crime and terrorism, which is a pervasive and growing threat to the national security of the WCO Member states, as well as to the integrity of the international financial and commercial sectors. Customs, as the first line of defence at all borders, must play a significant role in national security, to include the area of illicit financial flows.

- **Africa II Regional Hybrid Workshop on Anti-Money Laundering/Counter-Terrorism Financing**

Held between 07.02.2022 and 11.02.2022, the aim of this workshop was to raise the awareness of Customs Services, FIUs and Police services regarding money laundering and terrorist financing, and also to raise their capacity to combat the same.

The international/global operations discussed above allude to the multitude of global commitments the DRI proactively assumes and pursues, in its role as a lead enforcement agency. The diversity of issues sought to be addressed in its global operations demonstrates the gamut of skills and expertise the DRI possesses and regularly augments, as well as its recognition as a prime stakeholder in customs law enforcement functions.



CHAPTER 10

Public Health & Safety Emerging Concerns

Overview

Expansion of markets across the globe has resulted in increased demand of various products across categories. To meet the ever-growing market demand, licit as well as illicit means are resorted to. This has led to growth in illicit trade and smuggling activities to circumvent various statutory requirements across countries, including those related to health and safety of the community.

Directorate of Revenue Intelligence plays a key role in not only securing government revenue but also in the global fight against

smuggling and illicit trade of all kinds. It is entrusted with enforcement of provisions of Customs Act, 1962 and numerous other allied laws, including laws pertaining to adherence to the health and safety standards. Enforcement activities of the agency have resulted in significant seizures and interceptions of goods, many of which have the potential to adversely impact public health and safety as the imported goods were substandard, non-certified, not fit for human consumption or in violation of health and safety standards.

Cigarettes and Tobacco products

Cigarettes and tobacco products are generally heavily taxed by the governments to reduce consumption of these products, as these can undermine public health. Additionally, there is a mandatory requirement for the packages of cigarettes and tobacco products to display pictorial and textual warning on 85% of the package area, as per Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 {COTPA 2003}. In order to evade the high rate of tax and cess levied on cigarettes and tobacco products as also to

avoid printing of the pictorial and textual warnings, illegal means of importation of cigarettes and tobacco products is resorted to, to meet the demand in the market and rake in exorbitant profits.

The WCO's Illicit Trade Report, 2021 has highlighted general trends and patterns in the illicit trade of tobacco, including the continued diversification of smuggling routes. Among the illicit and smuggled goods, cigarettes have emerged as the most lucrative sin product, witnessing the highest jump in recent past .

DRI has been effective in seizing huge quantities of smuggled cigarettes across the country, smuggled in through land, air and sea routes. Some of the significant seizures during 2021-22 are mentioned below:

- On 24.09.2021, DRI officers seized 88,20,000 cigarettes of foreign origin valued at approx. Rs. 10.78 crores from a container.
- On 19.01.2022, DRI officers intercepted and seized a consignment of 25,20,200 pieces of foreign origin cigarettes valued at Rs. 3.78 crores.
- Numerous consignments of foreign origin cigarettes smuggled through the land borders of North-East India were seized by DRI. This includes seizure of 18,60,000 cigarette sticks of foreign origin valued at Rs. 2.8 Crores on 10.06.2021, seizure of 19,50,000 cigarette sticks of foreign origin valued at Rs. 1.95 Crores on 07.09.2021, and seizure of 12,85,000 sticks valued at Rs. 2.57 Crores on 07.02.2022.
- DRI officers seized 79 lakh sticks of cigarettes valued at Rs.11.85 Crores from ICD Patparganj in September 2021. Further, DRI officers intercepted two courier consignments containing foreign origin cigarettes concealed under the cover of cardamom, destined to two premises in Delhi from Tinsukia, Assam. During search operations of the two premises on 04.02.2022, a total of 4,16,800 pieces of foreign origin cigarettes valued at Rs. 50 lakhs were seized.

- DRI officers seized a consignment of 70,00,000 sticks of foreign origin cigarettes valued at approx. Rs. 7 Crores and another consignment of 1,20,00,000 sticks of cigarettes of foreign origin valued at approx. Rs. 12 Crores in August 2021 and a consignment of 85,10,000 sticks of cigarettes of foreign origin valued at Rs.8.53 crores in November 2021. The last consignment was declared to contain industrial salt and was transiting through India to Nepal.

None of the seized foreign origin cigarette packages bore the pictorial and textual health warning as mandated by COTPA 2003. Smuggling of cigarettes is not only resulting into loss of revenue to the exchequer, but is also harming the health of citizens.

The cigarette smugglers seem to have utilised all possible modes of shipment like courier consignments, land borders, by sea cargo as well as by air. Most of the seized cigarettes were shipped from countries such as UAE, Myanmar, Indonesia and China. The graphical representation of the illegal cigarettes seizures made by DRI, in terms of value in the last five years, is depicted hereinafter. Most of the seizures were intel-based operations, requiring the agency to keep vigil. Although, the quantity of e-cigarettes seized is negligible (11,000 pcs.) in comparison to the overall cigarettes seizures for 2021-22, this could be one of the segments to watch out for, given the growing market demand.



Year-wise comparative graphical representation of Cigarettes seizures by DRI in terms of value (Rs. in Crores.)

Other efforts towards protecting public health and safety

Agricultural produce

To protect public health and to protect local ecology, agricultural produce imported into India is required to comply with various health and safety standards prescribed by Food Safety and Standards Act, 2006 and regulations enacted thereunder, like the Plant Quarantine Order, 2003 etc. DRI has been at the forefront in ensuring that the unscrupulous elements do not try to smuggle the items not conforming to these standards, into India. Some agricultural produce are also restricted or prohibited for import to protect the economic interests of the farmers and the country. The seizures made by DRI in 2021-22 include seizures of numerous agricultural produce like Areca Nuts/ Betel Nuts, Black Pepper, Yellow Peas, Green Peas etc., that were either smuggled in or were mis-declared to avoid various compliances required under these enactments. Some of the significant

seizures made by DRI are detailed in the following paragraphs.

Areca nut

Studies have found that nearly one-third of the population of India is involved in consumption of areca nut in the form of betel-quid and pan masala. The pan masala market in India reached a value of Rs. 45,585 crores in 2020. This gives a picture of the huge domestic market for areca nut, thereby leading to fierce competition for supply. Illegal importation or smuggling of areca nuts that does not comply with the prescribed health and safety standards, is resorted to, for sub-standard quality and cheap supply and higher profits. It is to note that licitly imported areca nuts are subjected to 100% sampling and examination by FSSAI to

ensure that it conforms to the prescribed standards. Though the smugglers try various methods to smuggle in inferior quality and sometimes even rotten areca nuts, DRI has been able to checkmate their efforts on numerous occasions. The seizures effected by DRI reveal that the smuggled areca nuts were unsafe and

unfit for human consumption and the same had the potential to cause adverse effect on public health.

In 2021-22, there were substantial seizures of inferior quality and mis-declared areca nuts (betel nuts) by DRI in various parts of country. Notable ones are as under :



- DRI seized illegally imported 757 metric tons of areca nuts at Mumbai.
- DRI seized illegally imported 618 metric tons of areca nuts, at Chennai.



- DRI also seized illegally imported 162 metric tons of areca nuts at Delhi.
- DRI booked cases of outright smuggling of 130 metric tons of areca nuts, in the North-Eastern region.

Black pepper

Black pepper, being an agricultural produce, is also subject to health and safety standards as prescribed by Plant Quarantine and FSSAI. Additionally, the import of black pepper is prohibited if the unit price per kg is below Rs. 500/kg. The minimum price threshold prescribed for import aims at, apart from protecting the interest of the local farmers, ensuring that inferior quality product is not imported as it can harm public health. Unscrupulous elements try to circumvent these regulations for importing sub-standard and cheap black pepper by overvaluing the

import price above minimum import price of Rs. 500/kg to get the imported goods cleared from Customs and thereafter supply the same to local market. However, DRI has been regularly thwarting such attempts. In one such case, DRI officers detected a fraud wherein, the importers fraudulently tried to circumvent these regulations while importing 195 MT of black pepper in May 2021. Such fraudulent imports not only have adverse impact on public health and safety by introducing sub-standard items in the market, but also hurt the local producers.

Yellow Peas/ Green Peas

Similar to black pepper, import of yellow peas is also subjected to various testing and sampling under FSSAI and PQ guidelines. Its import is also prohibited if the unit price is less than Rs. 200/kg to ensure a certain standard of quality of the produce. Indian pulses industry had also raised concerns regarding smuggling of cheap agro-commodities from Nepal and Myanmar. Such illegal consignments

of substandard products, imported without relevant tests and certifications, when used for consumption could cause serious health issues. During 2021-22, among others seizures, DRI seized 128 MT of yellow peas of foreign origin, illicitly imported from Myanmar while 354 MT of green peas were seized for circumvention and non-compliance of these regulations.

Used goods and other miscellaneous items

Biomedical waste and E-waste

The Basel Convention aims to protect human health and environment against adverse effects of hazardous wastes by restricting transboundary movement of hazardous wastes by way of a regulatory mechanism. Manufacturing and service sectors, as well as households, in various countries generate most of such hazardous wastes and such wastes are required to be disposed of. Covid Pandemic has further opened up new challenges to dispose medical waste generated during the pandemic. The urge for profit drives greedy elements to look for cheaper ways of disposing of such hazardous wastes, thereby engaging in transboundary movement of such hazardous wastes endangering the health and safety of the populace in the destination country, which, more often than not, is a developing country. It also provides opportunities for illicit trade through mis-declaration and other frauds to import hazardous waste

for use/disposal. DRI keeps its vigil on such imports to fulfil its commitment to implement the law and protect the health of the citizens. In one such case, DRI officers intercepted, 13 containers of paper waste, contaminated with biomedical and hospital waste such as surgical masks, medical gloves, municipal/household waste and other items, not permitted for import as per Ministry of Environment and Forests OM 13-I/2004-HSMD and also Hazardous and Other Wastes (Management, Handling, and Transboundary Movement) Rules. The importer was directed to re-export the containers to the country of origin at his own cost. In another such instance, DRI seized 10,244 old and used computer cabinets with parts and 216 old and used laptop batteries at Mumbai. Import of E- waste in the form of second-hand computers and computer parts/peripherals is banned as per E-waste Management Rules, 2016.

BIS Violations

BIS certification is a means for providing a guarantee of quality, safety and reliability of the products to the consumers. BIS registration is compulsory for products, which impact the health and safety of the consumers. Indian law mandates compliance with standards prescribed by Bureau of Indian Standards (BIS) in respect

of several goods. The imported goods are also required to comply with these standards. DRI has unearthed many cases, wherein the unscrupulous importers attempted to sneak in non-standard and unsafe products, not conforming to BIS standards. Some of these cases are mentioned below :

Toys

Toys (Quality Control) Order, 2020, issued by Ministry of Commerce and Industry, requires compulsory BIS certification to ensure that the toys are safe for children. BIS issues license to manufacturers of toys for use of BIS Standard Mark as per BIS (Conformity Assessment) Regulations, 2018. This order also applies to all toys being imported and foreign manufacturers must also obtain valid certification from BIS. Illegal toys are brought into the country through mis-declaration in documents, to avoid the safety standards required under BIS. In 2021-22, DRI officers seized a total of 1788 cartons of mis-declared toys consignment, valued at Rs. 65 lakhs.

Raw Petroleum Coke

Import of Raw Petroleum Coke (RPC) as fuel is prohibited as per DGFT guidelines and those of Ministry of Environment, Forest and Climate Change OM No Q-18011/54/2018-CPA dated 10.09.2018. However, imports by specified industries are allowed in limited quantities only if the imported RPC complies with BIS standard 17049:2018. This standard ensures that the imported RPC contains sulphur, which when burnt causes severe environmental pollution leading to many health issues,

within the permissible limit. In November, 2021, DRI seized consignments of 9379 MT of Raw Petroleum Coke valued at Rs. 15.28 crores imported by two different importers for violating "IS Standard 17049:2018" and having Sulphur content of more than 7% (higher than prescribed).

Tyres

Import of tyres is regulated under the Pneumatic Tyres and Tubes for Automotive Vehicles (Quality Control) Order, 2009 issued by Department of Industrial Policy and Promotion under Section 14 of Bureau of Indian Standards Act, 1986. It prescribes quality standard for tyres with the objective of ensuring safety of human lives and vehicles. However, illegal and non-standard tyres also find their way into the country through smuggling routes and even by mis-declaration. On 21.06.2021, DRI officers seized a smuggled consignment of 716 units of tyres valued at Rs. 29 lakhs. In another case, DRI seized 3875 units of smuggled tyres, valued at Rs. 5 crores on 01.09.2021. These imports were not complying with the mandatory BIS certification.

Cosmetics and beauty products

Import of cosmetics for sale in India is regulated under Drugs and Cosmetics Act, 1940 and Drugs & Cosmetics Rules, 1945. Cosmetics regulations protect consumers by ensuring that all cosmetics in the Indian market are safe. Many inferior quality cosmetics and beauty products are brought in through either smuggling or through mis-declaration to circumvent regulatory compliances. However, these products can have an adverse impact on the unsuspecting consumers. In its efforts to protect Indian customers from such products, on 17.06.2021, DRI seized 1233 cartons of consignment of such cosmetics that were smuggled into India. DRI officers also seized smuggled consignment of miscellaneous cosmetics items (32,112 pcs) on 09.03.2022.

Mobile phones

Department of Telecommunications (Security Wing) has laid down the standard operating procedure prohibiting import of mobile phones with duplicate, fake and non-genuine IMEI identity. It was observed that mobile phones are being imported without IMEI, contrary to the

standards of Global System for Mobile Association (GSMA). Besides taxation issues, such handsets pose potential security threats and health hazards by way of excessive radiations. Hence, DGFT issued notification 14/2009-14 prohibiting such imports without IMEI or all zero IMEI or CDMA phones without electronic seal numbers/mobile equipment identifiers. In a case of outright smuggling, DRI seized 735 such mobile phones valued at Rs. 3.85 crores on 20.07.2021.

Fire Crackers

Import of firecrackers in India is restricted under the FTP. This is because many of the imported fireworks contain certain chemicals which are banned in India, like chlorate, red lead, copper oxide and lithium. These chemicals are highly inimical to environment and can lead to serious breathing problems, when the smoke is inhaled. DRI keeps vigil on smuggling of such firecrackers. In one such case, DRI seized 5.38 lakh pieces of Chinese firecrackers, valued at around Rs. 5.82 Crores, smuggled into India and stored in a warehouse at Kolkata.

Conclusion

As the world moves towards further integration through global trade, intertwined economies, and trade interdependence, opportunities for illicit trade also increase in the same proportion. DRI being at the forefront for Customs and allied laws enforcement, continues to maintain constant vigil to thwart all attempts at smuggling and illegal trade. As discussed in the various cases cited above, DRI is committed to safeguard

not just the economic frontiers, but also the health and safety of the citizens of the country. DRI effectively secures our borders from illegal movement of goods that can potentially cause adverse health and safety issues in the society. DRI has been effectively playing the role of being the guardian of the economic frontiers of the country as also of being the protector of the health and safety of its citizens.



CHAPTER 11

Enhancing Indian Customs' Offence Management System during the Pandemic

Introduction

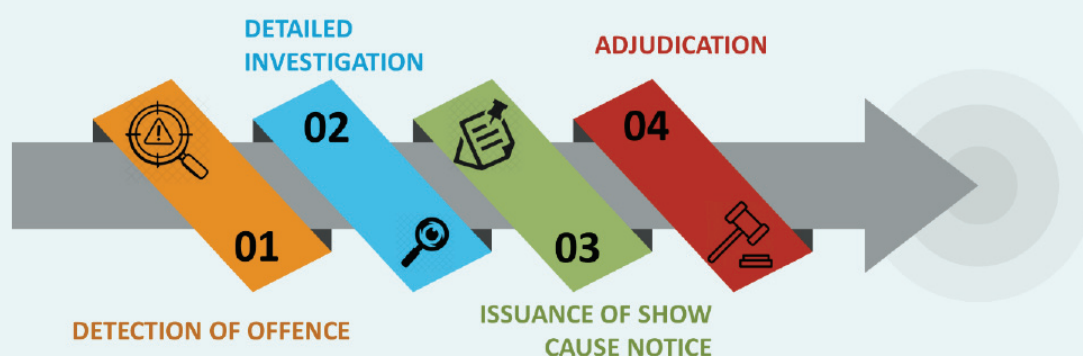
The pandemic-induced lockdown of 2020-2021 provided a rare opportunity to introspect about India's National Customs Offence Management System (named DIGIT) – the official database for managing details pertaining to all Customs offences detected in India. During the said period, substantial enhancements were made to DIGIT, thanks to a happy confluence

of many conducive factors resulting in a more robust, intuitive, effective and efficient offence management system. This Chapter explains the genesis of the changes, various initiatives that were taken, how issues were identified and how the technological fixes were finally implemented on the DIGIT application.

Genesis of DIGIT

DIGIT had its genesis many years ago as a basic profiling system for Customs and Narcotics offenders detected by the Directorate of Revenue Intelligence (DRI). This database was initially used to identify targets that are likely to commit repeat Customs offences at various points, using the list of offenders already captured in the database. Over the past few years, it was felt that, in addition to the DRI, which is focussed on enforcement of Customs and Narcotics laws, Customs field formations which also handle enforcement functions

and detect Customs and Narcotics offences, should also contribute details of the offences detected by them and help build a more robust and comprehensive offence database. Accordingly, the application was rolled out to the Customs field formations also, to enable them to start entering in DIGIT the details of Customs and Narcotics offence cases booked by them. The normal process following the detection of any Customs offence is as follows –



Normal Process following detection of a Customs Offence

The roll out of DIGIT to Customs field formations was a challenging exercise and required a lot of effort because it needed a behavioural change from the point of view of the officers posted in these formations. Customs field formations are primarily focussed on facilitation of clearance of cargo and passengers under tight timelines. In the midst of their routine trade facilitation activities, though

the detections of offences also take place at times, the same remains an additional task and, therefore, capturing records of the detections required substantial change management on the part of custodians of the DIGIT application. While there were teething troubles, the adoption of data entry in DIGIT was gradually made by the field formations.

The Pandemic Period - a Time to Introspect

During the initial years, the data entry by the DRI zonal units, being engaged exclusively in customs enforcement work, had improved. This had led to a fair bit of data entry in DIGIT by early 2019. The data entered in DIGIT covers the following aspects/events of customs offences –

- Detection of Offence (entry of brief facts and modus operandi)
- Offenders involved and their roles
- Seizure (of offending goods)
- Recovery of Duty (in customs duty evasion cases)
- Issuance of Show Cause Notice
- Adjudication

The pandemic period afforded some time to have a re-look at the system design of DIGIT and the quality of data captured in the application. Accordingly, a series of interactions were undertaken to identify areas of improvement in the application.

These, *inter alia*, included the following –

- Mapping of the process flow;
- Verifying that the system is up-to-date with the current legal provisions dealing with Customs offences;
- Analysing the veracity of data entered – specifically data of goods seized and offenders;
- Discussions on a regular basis with frequent users of the application involved in entering the offence details;
- Simplifying the task of data entry and minimizing errors;
- Generation of periodic reports;
- How offence data could contribute to policy formulation and targeting of suspects;
- Publication of documents such as newsletters to familiarize users about the application;
- Capacity Building of formations to motivate and improve data entry.

Identifying the Areas of Improvement

This analysis was hugely revelatory, since it revealed a lot of features that could be improved in the application to make data entry easier and to make the quality of data captured better. Some of the areas of improvement identified are listed below –

Capturing of narcotics offences exclusively – In the earlier version, offences were broadly categorized as pertaining to imports or exports only. Considering the seriousness of narcotics offences, it was felt that capturing narcotics offences as a separate category would be useful from a systemic perspective, as also enabling better analysis of seizures.

Capturing quantity of goods seized appropriately – The major commodities from the smuggling point of view in India are precious metals & stones (especially gold), cigarettes, narcotics, red sanders and currency. It was noticed that though there existed a separate field for entering UQC (Unique Quantity Code), different formations/officers used to enter different UQCs for these major commodities. For instance, quantity of gold seized was entered in a variety of UQCs such as Numbers, Units, Milligrams, Cartons, Bundles, Carats, etc. This resulted in a situation where collation of data to study total quantity of seizure in a particular time period or geographical spread was difficult. A similar situation existed with the other major commodities.

Process flow issues for entering details of goods seized – Another issue noticed was the process flow in capturing details of goods seized. In the earlier version, while preliminary seizure details such as commodity, value, UQC had to be entered in the normal process flow, entering of certain additional details such as place of seizure, CTI (Customs Tariff Item), Country of Origin, etc. required navigating to a different screen by the officers, thus making it quite cumbersome for them. This resulted in a situation where important details such as place of seizure were not being entered, thereby making it difficult to analyse the hotspots of smuggling or duty evasion across the country.

Inclusion of specific categories for offender – It was noticed that certain specific roles of offenders, which was noticed frequently in investigations, was not being captured – such as staff of airlines, airport contractors, other agencies operating at airport, etc. To enable drill-down of types of offenders involved in smuggling activities, inputs on such specific roles would help further identify their degree of involvement, which was earlier not being captured.

Getting exactitude in defining the specific type of notice issued upon conclusion of investigation –

Conclusion of investigation marked by the issuance of Show Cause Notice, is a critical event in the investigation lifecycle that is captured in DIGIT. Show Cause Notices are issued under various provisions of law, each of which deals with a different type of Customs offence. For instance, while certain provisions pertain to short-payment of Customs duty, some deal with incorrect declaration of import/export goods, some deal with use of false and inaccurate material, some deal with smuggling by concealment, etc. From a policy point of view, it would be immensely beneficial if the specific provision(s) under which the Show Cause Notice is issued was/were captured, which was not happening earlier.

Accurately categorising the nature/description of goods seized –

The then existing version of the application captured the specific commodity involved in the offence. However, there was no broad categorization of commodities. It was

realized that a broad categorization of commodities, such as flora & fauna, hazardous material, medicine & pharmaceutical products, commercial goods, etc. would be useful if one desired a category-wise analysis of goods seized.

Addressing the issue of capturing the type of location from where smuggled goods were seized

– Customs offences are broadly detected at the following locations – airports, sea ports, Inland Container Depots, courier/cargo terminals, land borders and coastal locations. Capturing the type of location objectively, thus, would be very useful for visualization of offences by types of locations- again, to aid policy-formulation. However, this did not exist earlier.

This exercise of identifying the areas of improvement was aimed at creating substantial value addition for the Department, both from the angle of targeting specific areas for customs enforcement, as well as from a policy perspective.

Getting the Stakeholders Interested

With a holistic review of the application in place, it was also felt that it would be a good idea to educate the end-users about the reasons for the design of the application and specific features. It was felt that this would also be a good way to elicit feedback from the field-level officers, who use the application on a regular basis. Accordingly,

a series of initiatives were undertaken to this effect. First, an outreach in the form of webinars was conducted. Multiple webinars/training sessions were held during which the design and features of DIGIT were shared, with emphasis on timely data entry. The webinars also provided an excellent opportunity to get

first-hand feedback from the users, which also positively reinforced the application-improvement efforts. More than 600 officers of the Department from across the length and breadth of the country participated in these webinars. Next, a series of newsletters were prepared. These newsletters, which were released on a monthly basis, served to delve deep into the various modules of DIGIT. Each

newsletter presented various features of a particular module, with a set of frequently asked questions at the end as well. Finally, as and when new features were rolled out, a detailed communication was sent from the DIGIT team mentioning the new features that had been introduced, the background for these changes, screenshots of the changes and how data entry was to be done.

A Push from the Top

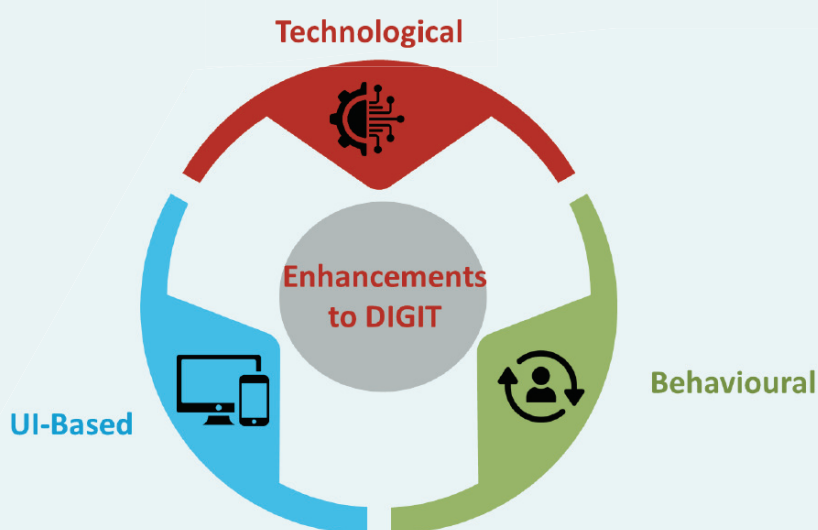
This comprehensive transformation effort of DIGIT was not only supported, but was, in fact, driven by the Board (Central Board of Indirect Taxes and Customs – CBIC), ultimately culminating in the development of a dashboard for visualization of Customs offences for the Hon'ble Finance Minister of India, built on the data fed into DIGIT.

Throughout the pandemic period, i.e. 2020 and 2021, the customs field formations were exhorted to ensure that data entry of customs offences was being done regularly and accurately. This emphasis by top management proved extremely useful in faster completion of entries in the DIGIT database.

'DIGIT'al Successes

With such an extensive analysis of improvements to be done, the DIGIT team then set about making the required changes in the backend of the application

in a phased manner. The changes can be broadly categorized into three types, as shown below –



The enhancements made are elaborated below –

1. UI-based –

- a. Shifting to a drop-down based system to capture various data fields to ensure data accuracy. This included quantity of goods, place of seizure, type of goods etc.
- b. Inclusion of additional categories of offenders such as airline staff, airport contractor, other agencies operating at airport, etc.
- c. Elimination of redundant fields pertaining to offenders.
- d. Inclusion of a separate category designated as “Critical Cases” to help closely monitor the progress of certain cases which can be designated as critical cases.
- e. Redesign of the Dashboard page that shows, at a glance, major statistics such as –
 - i. Investigations pending as on date
 - ii. Investigations completed in current month
 - iii. Investigations completed in current financial year
 - iv. Number of cases pending adjudication
- f. Streamlining of terms used throughout the application – for instance, “Accused” and “Offender” were used interchangeably, which has since been harmonized.
- g. Simplification of the Prosecution module to enable easier tracking of status of prosecution of cases.

2. Behavioural –

- a. Imposition of time-lock on entry of seizure details to ensure timely entry.
- b. Goods module reoriented as a single-access screen instead of multiple screens to facilitate easier entry of details.
- c. Issuance of instructions and guidelines for facilitating smooth data entry.
- d. Nudging of users to rely on DIGIT data for their ad hoc reporting purposes – this would ensure that quality of data would improve in addition to making users realize the convenience of automated reporting.
- e. Capturing of specific provisions invoked in Show Cause Notices issued, for better analysis of offences committed, including trend of offences over time.
- f. Capturing of languages known by offenders to ensure more comprehensive profiling.

3. Technological –

- a. Inclusion of an additional category for Narcotic Drugs & Psychotropic Substances.
- b. Standardization of UQC for major commodities - Auto-selection of specific UQCs based on goods selected. The following goods now have default corresponding UQCs shown below-
 - Gold – Grams
 - Silver – Kilograms

- Cigarettes – No. of sticks
 - Red Sanders – Metric Tonnes
 - Narcotics – Kilograms, Litres or Tablets
 - Foreign Currency – Relevant Currency and equivalent amount in Indian Rupees
- c. Conclusion of investigation vide issuance of Show Cause Notice now captures specific provision under which the Show Cause notice is issued.
- d. Inclusion of option to upload documents in certain cases for easy retrieval.
- e. Ability to generate customized reports as per requirement of officers.
- f. In-built value checks to ensure data accuracy – for e.g. disabling of text in numerical fields, capturing of only 8 digits in HSN Code field, etc.

What resulted was a comprehensive transformation of the existing DIGIT into an agile, robust, intuitive, user-friendly application that not only makes data entry easier but is more aligned to the legal and administrative requirements of the day. The methodology of offence-capturing has been improved and the application has received support from various officers involved in not only detection of offences and data entry, but also generation of reports for policy-formulation.

An Eye on the Future

WCO has dedicated 2022 to 'Scaling up Customs Digital Transformation by Embracing a Data Culture and Building a Data Ecosystem'. The transformation of DIGIT is a classic example of building a better data ecosystem. This transformative effort was possible only because of the active involvement of multiple stakeholders – from the top management of CBIC right down to the end users, who use the application on a regular basis. With such all-round support, the DIGIT Team was able to convert the crisis period of the covid pandemic into an opportunity for transforming the Indian Customs offence database landscape. Such have been the nature of the changes to DIGIT that a clear path for the future has been laid out to achieve the following objectives –

- i) Calculation of average time taken for completion of investigation
- ii) Analysis of pendency of cases
- iii) Building of risk profiles for entities
- iv) Analysis of modus operandi
- v) Tracking the post-investigation fate of a case
- vi) Predictive analysis based on past offences data

This collaborative effort of transforming India's National Customs Offence Database has been a real eye-opener in showing how a sustained and focussed effort can achieve remarkable results. This change holds immense potential for monitoring customs investigations in India and for driving policy initiative based on data collected in DIGIT.



CHAPTER 12

Statistics Relating to the DRI & Other Law Enforcement Agencies (LEAs)

Anti Smuggling Performance of DRI

The Charter of the DRI enumerates the areas in which shall function. Even as the profile of the DRI has changed over the years, and indeed for the betterment, its fundamentals have always stood firm. The following statistical data captures

the diverse nature of seizures of specified commodities, booked by DRI and Customs formations concisely and helps to indicate the trend over the years. It is expected that these statistics shall serve as a useful tool for comparative analysis.

Seizure of Specified Commodities

Value in INR (Crore)							
Sl. No.	Commodity	2019-20		2020-21		2021-22	
		All India Customs	DRI	All India Customs	DRI	All India Customs	DRI
I	Gold	1,361.20	466.97	850.80	450.42	952.87	370.36
II	Foreign Currency	513.30	31.40	20.60	0.42	46.90	11.38
III	Narcotic Drugs	4,551.39	1,265.24	509.84	182.59	17,394.56	20064.85
IV	Electronic Items	19.50	6.51	41.40	0.13	36.54	0.01
V	Fabrics/ Silk Yarn etc.	165.53	0.06	5.09	0.09	31.81	10.50
VI	Diamonds	223.58	1.28	1.66	-	11.09	-
VII	Indian Cur- rency	24.33	15.14	4.79	3.60	17.39	15.28
VIII	Watches / Parts	1.37	-	3.39	-	1.19	-
IX	Machinery / Parts	64.10	49.79	57.03	56.33	1.59	1.09
X	Veh. / Vess. / Air-crafts	55.80	15.67	19.11	4.14	108.86	90.57
XI	Indian Fake Currency	0.62	0.28	0.07	0.03	0.44	0.00

Arrest, detention and prosecution

Executive officers of the DRI are empowered to exercise the powers specified in Section 100, 101, 103, 104, 106, 106A, 107 and 110 of the Customs Act, 1962 (including the powers of search, seizure and arrest) vide Ministry of Finance, Department of Revenue, Notification No. 37 dated 01.02.1963 as amended by Notification

No. 237 dated 27.11.1963. Power to arrest is exercised by the Directorate with a great sense of responsibility and circumspection. The details of arrests, COFEPOSA detentions and prosecution for the year 2019-20, 2020-21 and 2021-22 are as follows:

Arrests, Detentions made and Prosecutions initiated by DRI

Year	No. of Persons Arrested	No. of Persons detained under COFEPOSA	No. of Prosecutions Launched
2019-20	833	9	91
2020-21	545	6	58
2021-22	641	11	409

Data Source : DoDM

Anti-Smuggling Performance of Other Agencies

Assam Rifles

Sl. No	Type of Goods	Quantity	Value (In Rs. Lakhs)
1.	Firearms (Nos.)	356	-
2	Ammunition (Nos.)	6201	-
3.	Magazine (Nos.)	222	-
4.	Ganja (kg)	2240.62	611.91
5.	Marijuana (kg)	151.60	62.98
6.	Brown Sugar (kg)	66.51	12869.98
7.	Heroin (kg)	1128.74	7371.11
8.	Opium (kg)	8073.45	5118.73
9.	Poppy/ Opium Seeds (kg)	23710.56	1032.33
10.	WIY Tablets (Nos.)	842314	3352.60
11.	SP Tablets (Nos.)	12122	3.702

Sl. No	Type of Goods	Quantity	Value
12.	Methamphetamine (Nos.)	23610	118.05
13.	Methamphetamine (kg)	157.56	41127.00
14.	Banned Drugs (Tab)	8104	23.99
15.	IMFL (Btls)	44160	274.80
16.	Areca/ Betel Nuts (kg)	1162254	4499.68
17.	Foreign Cigarettes (Pkt)	161349	4211.38
18.	Mosquito Coil (Pkt)	18047	61.2
19.	Gold (kg)	20.10	2159.81
20.	Human Hair (kg)	2040	102.00
Total			83001.25

Central Reserve Police Force (CRPF)

Sr.	Type of Goods	Quantity (in No.)	Value (In Lakh)	Name of state/ International border	No. of persons arrested/ Intercepted	
					Indian	Foreign national with nationality
1	Gold	-	-	-	-	-
2	Firearms	6	-	Arunachal Pradesh	2	-
		4	-	Andhra Pradesh	2	-
		112	-	Assam	68	-
		11	-	Bihar	6	-
		34	-	Chhattisgarh	17	-
		245	-	J&K	69	-
		103	-	Jharkhand	73	-
		4	-	Maharashtra	1	-
		1	-	Manipur	0	-
		1	-	Meghalaya	0	-
		5	-	Odisha	0	-
		4	-	Telangana	1	-
		2	-	Tripura	2	-
		1	-	West Bengal	1	-
		1	-	Uttar Pradesh	1	-
		1	-	Nagaland	4	-

Sr.	Type of Goods	Quantity (in kg)	Value (In Lakh)	Name of state/ International border	No. of persons arrested/ Intercepted	
					Indian	Foreign national with nationality
3	Drugs/ Narcotics	2.47	-	Arunachal Pradesh	10	-
		18267.84	-	Andhra Pradesh	90	-
		3633.08	-	Assam	500	-
		830	-	Chhattisgarh	4	-
		98.1	-	J&K	3	-
		50.55	-	Jharkhand	6	-
		6.003	-	Meghalaya	3	-
		1012.04	-	Telangana	5	-
		10104.99	-	Tripura	27	-
		10104.99	-	Tripura	27	-

Summary of recovered drugs/narcotics

Sl. No.	Type of Drugs/ Narcotics	Quantity (in kg)	Estimated Value
1	Ganja	33808.85	Approx 84.5 Crore
2	Brown Sugar	8.08	Approx 4.04 Crore
4	Opium	158.997	Approx 15.90 Crore
5	Morphine	1	1 Crore
7	Heroin	28.50	28.50 Crore
G.Total		34005.43	133.94 Crore

Indian Coast Guard

Sr.	Type of Goods	Quantity (kg)	Value (In Lakh)	Name of state/ Inter-national border	No. of persons arrested/ Intercepted	
					Indian	Foreign national with nationality
(a)	Heroin	137	95,000.00	Gujarat	07 Crew/ Indian	14 Crew/ Pakistani
(b)	Charas	21.4	32	Gujarat	Unclaimed	-
(c)	Sea Cucumber 06 Jul 21	3809	1341.8	Tamil Nadu, Lakshadweep	02 Crew/ Indian	-

Narcotics Control Bureau

Sr.	Type of Goods	Quantity	Number of person arrested/ Intercepted	
			Indian	Foreign national with nationality
1	Acetic Anhydride (in kg)	427.15	Nil	-
2	Amphetamine (in kg)	57.34	16	4 Nigerian
				1 Mozambique
				2 Ivorian
				3 Srilankan
3	Cocaine (in kg)	7.021	8	8 Nigerian
				1 Congolese
				2 Kenyan
				3 Tanzanian
4	Cbcs (in bottles)	270739	35	-
5	Cbcs (in kg)	401.25	4	-
6	Ephedrine (in kg)	18.92	1	-
7	Ganja (in kg)	51277	368	3 Nepalese
				5 Nigerian
8	Hashish (in kg)	785	122	1 Nepalese
				1 South African
				1 Nigerian
9	Hashish Oil (in kg)	4.43	3	Nil
10	Heroin (in kg)	830	52	1 Tanzanian
				5 Shrilankan
				2 Afghani
				7 Nigerian
				3 Zambian
				1 Zimbabwean
				1 South African
				4 Pakistani
				1 Kenyan
				1 Ugandan
11	Ketamine (in kg)	1	3	Nil
12	Lsd (in blots)	2703	5	1 Nigerian
13	Mdma (in kg)	4.50	9	4 Nigerian
				1 Cameroonian
14	Mdma tablet (in nos.)	91	5	Nil
15	Mephedrone (in kg)	10.18	43	6 Nigerian

Sr.	Type of Goods	Quantity	Number of person arrested/ Intercepted	
			Indian	Foreign national with nationality
16	Methaqualone(man- drax)	8.6	Nil	Nil
17	Methamphetamine (in kg)	237.91	18	2 Nigerian
				1 Ugandan
18	Morphine (in kg)	88.32	21	Nil
19	Narcotics drug (oth- er) (in kg)	2.49	1	Nil
20	Opium (in kg)	436	60	Nil
21	Other Psychotropic Substances (in kg)	3.61	Nil	Nil
22	Phenobarbital (in kg)	0.17	Nil	Nil
23	Poppy Plant (in nos.)	21380	3	Nil
24	Poppy Straw (in kg)	7976	37	Nil
25	Pseudoephedrine (in kg)	78.75	8	1 Tanzanian
				1 South African
26	Tablets of all types (in kg)	334.93	32	Nil
27	Tablets of all type (in nos)	5395413	26	Nil
			Total-885	Total-78

Central Bureau of Investigation (CBI)

Sr.	Type of Goods	Quantity	Name of state/ International border	No. of persons arrested/ Intercepted	
				Indian	Foreign national with nationality
1	Wildlife	66 Shawls	Jammu and Kashmir, New Delhi	-	-
4	Wildlife	04 Kg Pangolin Scales	New Delhi	5	-
5	Wildlife	26 claws of Leopard/Tiger	New Delhi	3	-
			Rajasthan		
6	Antiquity	01 Ya'sen (Reli- gious book)	New Delhi	-	-

Sashastra Seema Bal (SSB)

Sr.	Type of Goods	Quantity in kg/Nos.	Value (In Rs. Lakhs)	Name of state/ International border	No. of persons arrested/ Intercepted	
					Indian, Nepalee & Bhutanese	Foreign national with nationality
1	Narcotics	5175.40 & 25432 Nos.	0	Indo-Nepal, Indo Bhutan Border, LWE areas, J&K & Assam	318	-
2	Destruction of illegal opium/ cannabis	819 Acre	0		0	-
3	FICN	0	2.11		7	-
4	India Currency	0	338.1		230	02- Bangladesh, 01-Benin, 06-Cameroon, 04-China, 01-Guinea-Bissau, 01- Italy, 03-Nigeria, 02- United State, 02-Uzbekistan
5	Others Currencies	0	294.46		116	
6	Prohibited Items/ Contra-band		0		6881	01-Burma, 01-Germany, 01-Iceland, 01-Oman, 03-United States, 05-Uzbekistan
7	Forest Products		0		359	-
8	Wildlife Products		0		112	-
9	Cattles	5448 Nos.	0		425	-
10	Gold	2.25 kg	0		18	-
11	Silver	374.52 kg & 154 Nos.	0		19	-

Sr.	Type of Goods	Quantity in kg/Nos.	Value (In Rs. Lakhs)	Name of state/ International border	No. of persons arrested/ Intercepted	
					Indian, Nepalee & Bhutanese	Foreign national with nationality
12	Antique Idol	3 Nos.	0		1	-
13	Psycho-tropic Synthetic Drugs	609719 Nos.	0		48	-
14	Factory made Arms	21	0		9	-
15	Country made Arms	110	0		89	-

Sr.	Type of Goods	Quantity	Value (In Rs. Lakhs)	Name of state/ International border	No. of persons arrested/ Intercepted	
					Indian, Nepalee & Bhutanese	Foreign national with nationality
1	Cartridges	1685 Nos.	0	Indo-Nepal, Indo Bhutan Border, LWE areas, J&K & Assam	69	-
	Cartridges	1685 Nos.	0			-
2	Explosive				17	-
i.	Detonator	248 Nos.	0			-
ii.	Cordex	2 Nos.	0			-
iii.	IED	1 Nos.	0			-
iv.	Hand Granade	23 No.	0			-
v.	Ammonium Nitrate	3 Nos. & 120 kg	0			-
vi.	Explosive	15 Nos. & 60.63 kg	0			-
vii.	Gun Powder	0.03 kg	0			-
viii.	Bomb	6 Nos. & 5 kg	0			-
ix.	Pressure Cooker Bomb	2 Nos.	0			-
x.	Giletine Stick	90 Nos.	0			-

Border Security Force (BSF)

S.No	Item	Quantity	Value (In lakhs)	No. of persons arrested
1.	Firearms	34 nos.	-	21
2.	Drugs	22,558.78 kg	7110.03	148
3.	Gold	39.62 kg	1969.65	101
3.	Fake Indian Currency Notes	-	33.47	13
4.	Wildlife	5345 nos.	4.29	1



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