

CHAPTER 1

INTRODUCTION

Smuggling is the secret movement of goods across national borders to avoid customs duties or import/export restriction. Smuggling is the illegal transportation of objects, substances, information or people, such as out of a house or buildings, into a prison, or across an international border, in violation of applicable laws or other regulations. There are various motivations to smuggle. These include the participation in illegal trade, such as in the drug trade, illegal weapons trade, exotic wildlife trade, illegal immigration or illegal emigration, tax evasion, providing contraband to a prison inmate, or the theft of the items being smuggled.



1.1 Top products smuggled in India

Smuggling is defined as “the clandestine import of goods from one jurisdiction to another.” According to the Customs Act, 1962 the term “smuggling” has vast connotations and means “any act or omission which will render such goods liable for confiscation under Sections 111 or 113 of the said Act.” World Customs Organisation (WCO) glossary defines smuggling as, “Customs offence consisting in the movement of goods across a customs frontier in any clandestine manner, thereby evading customs control.” Smuggling, therefore, is a criminal offense of bringing into or removing from a country those items that are prohibited or upon which customs or excise duties have not been paid.

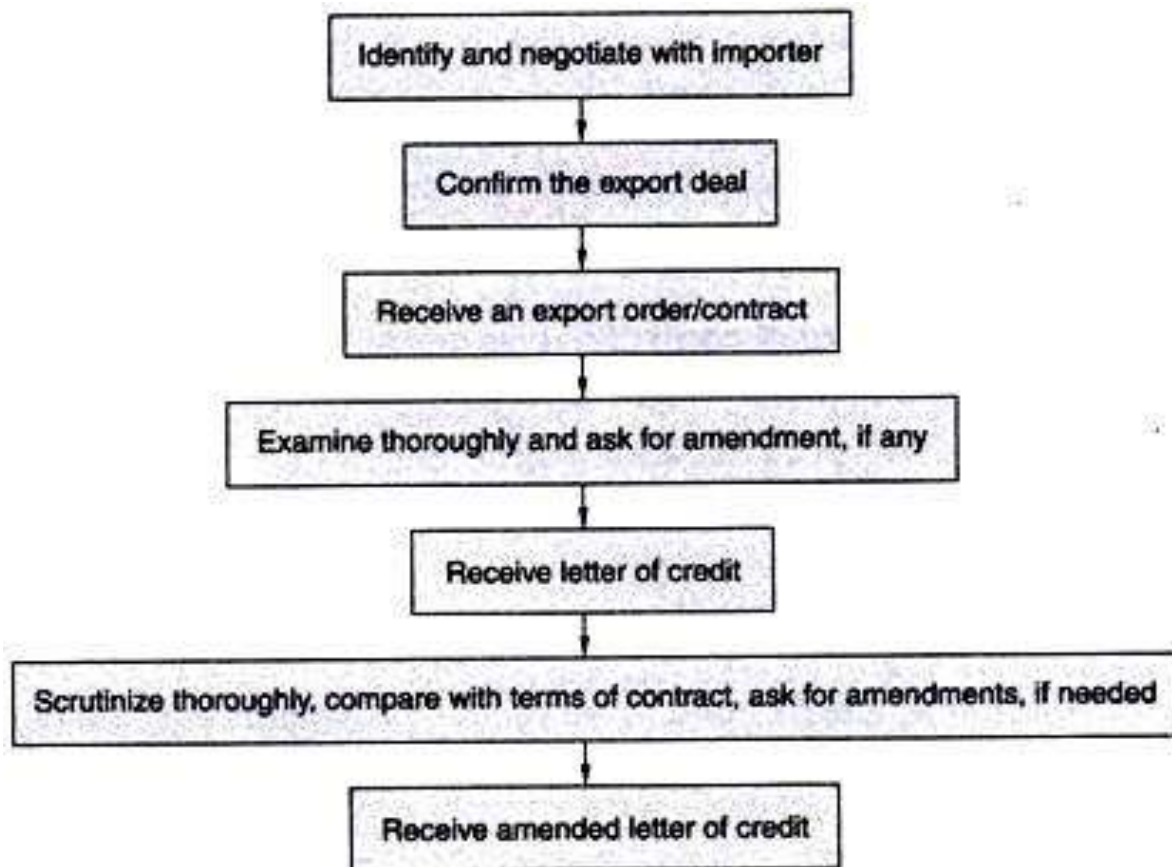
Smooth international trade happens between countries depending upon the demand, supply and financial factors affecting goods/products. Whenever normal official trade gets hindered due to economic or non-economic considerations, illicit trade comprises sizeable proportion of trade among such countries. This unofficial or illicit trade is referred to as smuggling.

Impact of Smuggling

- Direct Loss to Government Revenues
- Negative Impact on Economy
- Impact on Local Industries
- Threat to Society
- Health and Safety Risks
- Impact on Innovation and Investment

This project comprises, Investigating the factors responsible for smuggling of various GOODS and focusing on Smuggling in Kakinada Seaport. Smuggling typically occurs when there is a higher demand for the particular goods or when the smugglers can make a large profit by avoiding custom duties. Drugs and weapons are the commonest material smuggle across the borders worldwide. The customs officer is the one who deals the cases related to smuggling and the punishments were according to the customs Act. It is based on the method of prosecution and the punishments given to the person who is involved in the importation or the exportation of smuggling goods. The main cause of smuggling can be determined by the frauds done at the process of import and exportation of goods at port areas as follows

1.2 Flowchart of standard Export and Import of various goods



If this process is not implemented thoroughly then there will be a chance for smuggling of goods at port regions and this process can be skipped by the educated people or by the rich people. So there are more numbers of smugglers from the rich and literate people as per the statistical analysis. Persons involved in smuggling and other modus operandi of imports and exports, in violation of prohibition with intent to evade duties or fraudulently claim export incentives are liable to serious penal action under the customs Act.

Determinants of Smuggling



Estimates of Smuggling in Five Key Goods/Products

This study by FICCI has estimated the extent of smuggling in India for five key goods/products that are most widely smuggled according to DRI estimates. The following table presents the summary of findings for the extent of smuggling in India in identified goods/products. The figures are averages for the period 2011-2015.

Extent of Smuggling in India (in ₹ crores)	
Gold	(15,637) – (41,896)*
	20.9 – 48.0**
Machinery and Parts	26,561 – 41,586
Cigarettes#	7,561 – 8,946
Fabrics, Silk and Yarn	5,390 – 8,038
Electronic Items	3,353 – 17,516

* Negative Smuggling (arising out of over-invoicing of quantity of imports and under-declaration of value per tonne)

** Under valuation per tonne of gold

Increase from 2013 to 2015

1.3 Extent of Smuggling in India

Challenges in Dealing with Smuggling

The rapidly changing global trading environment, marked by steadily growing volumes and complexity of supply chains, and heightened security concerns have had a large impact on the role and functions of Customs administrations everywhere. On the one hand, globalisation has been an engine of economic growth, enhancing the importance of the trade facilitation role of Customs. On the other, it continues to offer new opportunities for criminal organisations to engage in new types of frauds, posing multidimensional challenges to Customs administrations.

The structural and operational challenges that the Customs authority in India face in controlling the spread of smuggling are:



CHAPTER 2

LITERATURE REVIEW

This research paper is a comprehensive study on smuggling and talk about the basic issues that emerge out of the smuggling of any material in the criminal framework and the process of prosecution. A review of the relevant applicable earlier writings and the case laws particular to isolate the points or fields inside smuggling is incorporated into this study. These sections, thus recognises the contribution of the earlier works to give a comparable through perspective of legal science.

2.1 ZHAMALADEN, I., KAIRAT, K., SAULE, K.,

RESEARCH TOPIC WAS PROBLEMS OF ORGANISATIONAL-TACTICAL ACTIVITY OF CUSTOMS AUTHORITIES IN COMBATING ECONOMIC SMUGGLING ON TRANSPORT 2019

The most research of the journal written by in 2019 on smuggling is the study of suppression, disclosure and investigation of economic smuggling on transport. The smuggling of excisable goods and foreignmade cars that belongs to the most tax-intensive goods is the most common. This is largely due to the unsettled activities of law enforcement agencies to identify and investigate customs offenses, the lack of reliable investigative work and an inadequate system of statistical records. Thus, the purpose of this study is to develop organizational and tactical recommendations aimed at increasing the effectiveness of their use in the process of disclosure and investigation of economic smuggling on transport, including the current achievements of the legal sciences, customs and investigation practices. The legislative acts, regulatory documents on the topic of the paper, the fundamental theoretical works of the greatest thinkers in the field under consideration, and the results of practical research by prominent Russian and foreign scientists were theoretical and methodological basis for the study.

2.2 KATE GILLESPIE

SMUGGLING AND THE GLOBAL FIRM 2003

Another well elaborated book by in 2003 was smuggling and the global firm. The smuggling of licit products across national borders has been the subject of academic research for 30 years but little attention has been given to the role that multinational corporations play in smuggling. When addressed at all, global firms have been generally represented as unwitting actors in smuggling activities. Because of the illegal nature of smuggling, empirical research into firm participation has been daunting if not impossible to undertake. However, recent revelations arising from scandals

involving the Black Market Peso Exchange—as well as scandals and lawsuits surrounding the international cigarette industry—shed new light on global firms. This paper examines evidence suggesting that the role of global firms in international smuggling may not be as benign as previously portrayed.

2.3 Gillespie K ,McBride JCounterfeit Smuggling: Rethinking Paradigms of Diaspora Investment and Trade Facilitation 2013

In this paper we explore the phenomenon of Chinese counterfeits smuggled into Mexico, the world's fourth largest counterfeit market, particularly highlighting the role played by Chinese transnational crime in the production and financing of these illegal exports and the role of the Korean diaspora in the distribution of Chinese counterfeits within Mexico. Based on this case study and the extant literature, we suggest propositions concerning diaspora criminal enterprises and diaspora participants in informal markets that amend current theory concerning two streams of literature - diaspora homeland investment and trade facilitation by diasporas. This journal was approved in the year 2013

2.4 K. C. SAHA

Journal of Immigrant & Refugee Studies

Smuggling of Indian Citizens1962

This study examines the smuggling of Indian citizens to other countries and aims at gaining an insight into the modus operandi of the smugglers. It is based on an empirical study of deportation cases of Indian citizens from other countries. The study has shown that smuggling of aliens is carried out by professional organizations with links in the countries of source, transition, and destination. The study concludes that so long as opportunities for legal migration are limited there will always be a demand for smugglers. In order to prevent and control smuggling an international co-operation among countries of source, transition, and destination would be imperative. It would also be desirable to widen the ambit of legal migration for low-skill jobs like in agriculture, construction works, and service sectors for limited periods through country-specific bilateral agreements.

By assuming all the above journals of smuggling this literature is based on the smuggling of the goods at the particular place called KAKINADA AND YANAM sea ports and the cases that were caught by the customs force were recorded and the process of solving the cases or the prosecution and the punishments given to those culprits under the customs act of 1962.

CHAPTER – 3

AIM & OBJECTIVES

AIM:

To study the factors responsible for smuggling of various goods and the process of prosecution.

OBJECTIVES:

1. To know the number of cases that have be caught at the both sea ports.
2. What are the penalties issued to the accused.
3. Case studies related to the smuggling.

CHAPTER - 4

METHODOLOGY

The records filed by the customs officer in the customs office under the customs Act. This was the matter and the cases collect by visiting the customs office and the reports were given by the customs officer.

- The methods followed to solve the cases is also included in the project.
- Assuming the case studies to know the causes of smuggling
- Statistical analysis of the smuggling from 2015

CHAPTER - 5

CASE STUDIES

CIGARETTES SMUGGLING:

A statement has been recorded on 28.02.2018 from Shri Pragallapati Narayana Rao in terms of Section 108 of the Customs Act, 1962, wherein Shri Pragallapati Narayana Rao has, inter-alia, deposed that he deals with purchase of confectionery items i.e. chocolates, biscuits, and Cigarettes etc and sale of the said items to customers; that he purchased the cigarettes one week back only from some unknown person and no bills were issued for the cigarettes as the same were not customs duty paid; that he does not know the specific address of the person and his contact number; that he is aware that the stock of PARIS brand imported Cigarettes have not suffered Custom duty and that they are illegally imported and to gain margin only he purchased the same; that he does' t have any bills against the stock of imported cigarettes seized by Customs Officers on 28.02.2018; that without any bill and on payment of cash he used to sell the said foreign cigarettes to his Customers without any Bills and without payment of any duty.

- The packing of cigarettes of foreign origin seized by the Customs Department on 28.02.2018 from the residential premises of Shri Pragallapati Narayana Rao did not contain the statutory details i.e. not to sale to minors, date of manufacture, place of manufacture, length of cigarettes, quality complaint contact number, size of picture depicting warning etc. required to be contained as per Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003. the seized 50 Cartons of foreign origin cigarettes of Paris Brand works out to Rs.12,000/- (Twelve Thousand only). The Port Health Officer, Port Health Organization, Kakinada, East Godavari District vide his letter dated 03.03.2018, stated that after careful examination of the sample of cigarettes, it is noticed that there is no statutory warning, no printed sticker, no packing date or expiry dates on seized foreign cigarettes. It is also noticed that cigarettes smell like old stock. Hence, it is declared that the above mentioned 10 Cartons of foreign origin are 'not fit for smoking and hazardous to the human health'.
- This is the crime which was related to the terrorism and fraud crime in order to earn more money in a illegal way this can be considered as a terrorism because this can be causing harm to the humans life.
- This can also be stated as the crime under the NDPS ACT majority of the culprits involved in this case were having the monthly income below INR 10000 while 10% were found to be unemployed.

DIESEL SMUGGLING:



5.1 figure of Smuggled Diesel

BRIEF FACTS OF THE CASE :

- On a specific Intelligence received by the Officers of Customs Preventive Unit, Kakinada Custom House, Kakinada (herein after referred to as ‘the officers’) that smuggling of diesel oil was taking place in the sea at Fishing Harbour, Kakinada. Accordingly on 21.12.2015 at about 22:00 hours, the Customs Preventive Officers along with two independent witnesses proceeded to the Fishing Harbour, Kakinada and reached the said area at 22.30 hrs. At the time of visit, the officers and two independent witnesses noticed that one small fiber boat is tied-up with ropes to alongside of a fishing trawler bearing No. F KKD 293 is berthed at fishing jetty of Fishing Harbour. The small fiber boat is not having any marks and numbers. .
- The officers seized the said Diesel oil quantity of 1300 ltrs valued at Rs.63,000/- (approximately) along with the conveyance namely small fiber boat valued at Rs.30,000/- (approximately) and Mechanized fishing Small fiber boat bearing No. F KKD 293 valued at 4,00,000/- (approximately) on reasonable belief that the same are liable for confiscation under provisions of Customs Act, 1962 under Panchanama dt.21.12.2015/22.12.2015
- This can be considered as the economic offences which can be stated as the criminal breach of trust ,forgery, cheating and counterfeting
- Fuel is the main commodity smuggled out all around the world because of the results in the difference between fuel prices around neighbouring countries. These are mainly smuggled out of the country via border regions

PDS RICE AT KAKINADA PORT



5.2 figure of Smuggled Rice

- During a recent raid, vigilance officials seized huge amount of subsidised rice at Jangareddygudem of West Godavari district. Subsidised rice meant for public distribution system (PDS) beneficiaries is allegedly being diverted in the district. Sources in the vigilance department said the PDS rice is being exported to Bangladesh and other countries.
- According to sources, smugglers buy rice from fair price shops and dealers at Rs 10 per kilogram. The commodity is then polished, packed and labelled, and taken to Kakinada port for export. In the open market, the same rice is sold for Rs 40-Rs 50 per kg. Though police and vigilance officials often conduct raids to check irregularities in the PDS, the sale of subsidised rice in other countries is reportedly going on unabated.
- Civil Supplies officials said the district has 12.39 lakh ration cardholders who get around 1.56 lakh quintal of rice between 1st and 15th of every month at Re 1 per kg.
- So far, the officials have seized PDS rice worth Rs 100 crore being illegally exported, which exposes the enormity of the scam
- .The sources added the smugglers tamper with the bio-metric system at ration shops and were able to buy rice from the dealers.
- They even purchase subsidised rice from Telangana and transport it to the Kakinada port.
- This is the case comes under the offences called public tranquillity this is the one which the group of persons doing an activity that causes the disturbance of the peace of the society

FAKE INDIAN CURRENCY NOTES SMUGGLING



5.3 Figure of Fake currency

- Based on specific intelligence, officers of the directorate of revenue intelligence (DRI), Vishakapatnam Regional Unit, intercepted two passengers travelling in East Coast Express from Howrah to Hyderabad near Vizag on Saturday morning. The passengers were found to be carrying fake Indian currency notes (FICN) in five bundles (Total 510 pieces of 2000 denomination currency notes).
- The Fake Indian currency notes was packed in newspaper and kept in a pillow in their luggage bag. The passengers on interrogation stated that the said Fake Indian currency notes was obtained from a person who allegedly brought the same from Bangladesh and handed over to them at a place called "Farakka", which is few kilometres away from "Malda" in West Bengal, a known hub for Fake Indian currency notes circulation.
- The accused belong to Bengaluru and on inquiry further stated that they intended to exchange the Fake Indian currency notes during the forthcoming elections in Karnataka, as it would be easy for them to exchange during the election period. One of the two accused had criminal background and was earlier arrested in Bengaluru in a kidnapping case and was presently out on bail. Both the persons have been booked in this case of smuggling of the Fake Indian currency notes into the country, under the provisions of Customs Act 1962.
- The said Fake Indian currency notes, having a face value of INR 10,20,000, has been seized under Customs Act 1962.
- This can be considered as the economic offences that means counterfeiting of the Indian currency note and also the forgery
- The reason behind the crime is to have more financial benefit and to win illegally in the elections there are no other reasons like unemployment and less income the culprits were having the criminal background itself.

BODY SMUGGLING WITH GOLD:

- To avoid the risk of seizure from customs forces some are using the body packing method in the smuggling of gold metals there were the cases recorded in other counties



5.4 figure of 10 Metallic type foreign bodies in abdominal Radiography

Case-1:-

- A person was arrested for suspecting gold smuggling. His body was examined by the custom officers but could not find the concealed gold in his cloths and belongings. But still the scanners indicate that he conceal metal objects. The custom officers produced the suspect to on call judicial medical officer of district general hospital for further examination. On presentation, the examinee was looked excited. He was conscious and rational. Heart rates was slightly elevated, 92 beats per minute.
- Abdominal examination was unremarkable. The rectum was full of stools on digital rectal examination. Cardiovascular and respiratory system examination was unremarkable. A plain abdominal radiograph showed 10 pieces of metallic foreign bodies in abdomen in hypochondriac region. The patient admitted that he swallowed 10 pieces of gold about an hour before the departure. The patient was admitted to the casualty surgical unit for observation and he was given Lactulose and Bisacodyl (dulcolax) orally and Bisacodyl suppository.
- During the hospital stay under the observation of custom officers and medical staff the examinee passed total of 10 capsule shape metallic foreign bodies of 2.5 cm long and 1cm diameter in three consecutive days. They were covered with a blue colour carbon paper and wrapped with a latex cover. The abdominal radiographs were taken each day and final abdominal radiograph did not demonstrate foreign bodies. He was discharged from ward to the custom officers and passed material was handed over to custom officers after sealed in front of the suspect.



5.5 figure of Gold found at rectum of a female body

- A 62 years old female suspecting gold smuggling . The custom officers produced the suspect to on call judicial medical officer of district general hospital for further examination. On the presentation, the examinee was looked normal. Cardiovascular, respiratory system examination
- abdominal examination were unremarkable. On digital rectal examination anal sphincter tone was reduced.
- A metallic object was felt inside the rectum. A plain abdominal radiograph showed a piece of metallic foreign bodies in pelvic region. The patient denied that she had inserted anything inside the rectum. The patient was admitted to the casualty surgical unit and manually removed the foreign body from the rectum.
- It was a rectangular metallic cube of 4.5 cm X 2.5 cm X 1.5 cm in dimension and it was covered with a black colour carbon paper and wrapped with a latex condom. The abdominal radiograph was taken after the procedure and did not demonstrate foreign bodies. She was discharged from ward to the custom officers and passed material was handed over to custom officers after sealed in front of the suspect.

CONCLUSION: We reported two cases which were used two different mode to transport gold as body packing. The described patients were managed noninvasively with supportive care. Body packing of gold was not reported earlier. Diagnosis of body packing is extremely difficult. Studying of body language is the key in detecting body packers.

CHAPTER 6

RESULT & CONCLUSION

By observing the above case studies it can be concluded that the goods which were smuggled were the cigarettes which can threaten the humans healthy life and can be considered as the terrorism crime

The second one refers to the diesel oil which is the most precious or the costly thing which can be giving most huge amounts of money.

By the third case it can be stated as the public tranquillity that is of stealing the public money and making the public suffer.

The next one is about the counterfeiting of the fake Indian currency and also transporting it to the other states in India to evade economy of the country.

The other two cases were noted as the body smuggling which can be hard to detect but which is the most dangerous and the most fatal method of smuggling it can be more dangerous to the smuggler it self

By this analysis we can give some statistical analysis of the goods and the number of cases that were recorded as per the annual records

Financial year	Number of cases detected	Duty involved (in crores)	Number of arrests	Duty recovered (in crores)
2015-16	437	5,971.09	57	500.09
2016-17	561	2,653.70	78	467.03
2017-18	847	2,892.24	85	956.03
2018-19	181	1,297.59	15	724.63
Total	2,026	12,814.62	235	2,647.78

6.1 Table about the Statistics of Total Cases and the Duties collected

2016-2017(april-december)	2017-2018(upto December)	% age of growth over last year
167294	109795	-34.4%

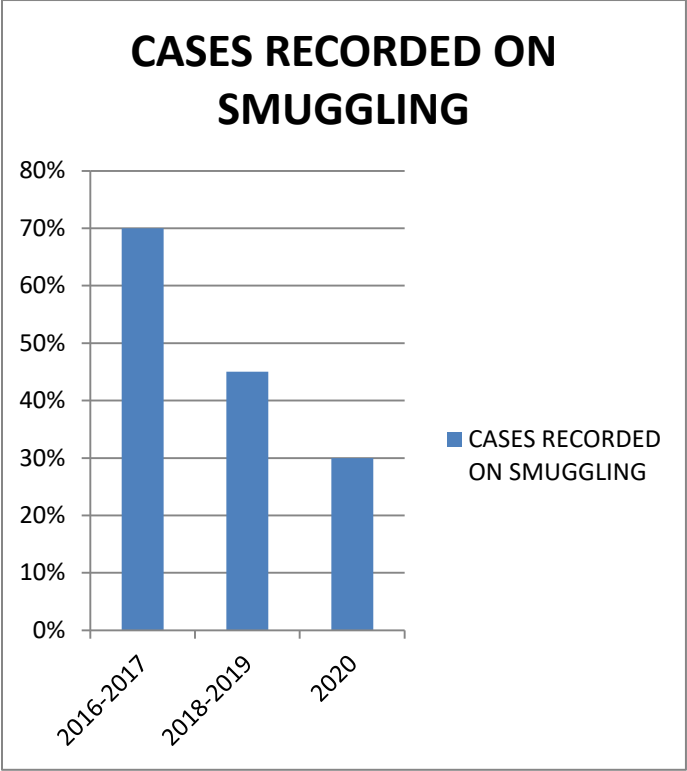
6.2 Total amount Collected by the Customs

Month	2017-18	2018-19	2019-20	Change
January	722.56	910.83	1435.32	+57.69%
February	605.05	679.05	—	—
March	704.59	921.72	—	—
April	437.40	820.41	1001.41	+22.06%
May	514.95	1050.04	1182.91	+12.65%
June	597.26	846.25	1468.99	+73.59%
July	744.36	885.90	1063.47	+20.04%
August	803.65	738.29	912.30	+23.56%
September	630.58	792.92	1042.41	+31.43%
October	698.49	896.85	1464.86	+63.33%
November	592.24	690.60	1293.63	+87.31%
December	631.38	887.30	931.67	+5%
Total	6887.92	10120.16	11800.18	

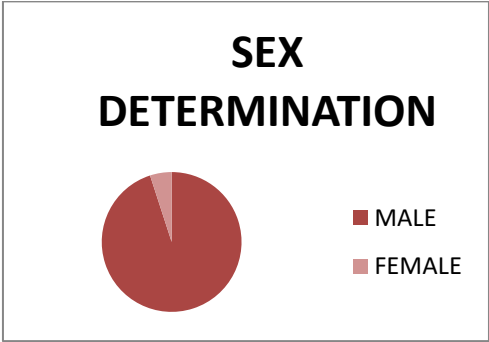
6.3 Month-wise Revenue Collection in the last Three years Custom House, Visakhapatnam

PRODUCT/ COMMODITY	2013-14	2014-15	2015-16
GOLD	99.35	692.35	1119.11
MACHINERY PARTS	69.5	563.18	447.1
CIGARETTES	20.57	90.75	162.0
FABRIC/SILK YARN	49.89	24.03	41.78
ELECTRONIC ITEMS	71.66	37.85	17.98
DIAMONDS	9.46	6.62	14.81
WATCHES/PARTS	8.88	1.17	2.44

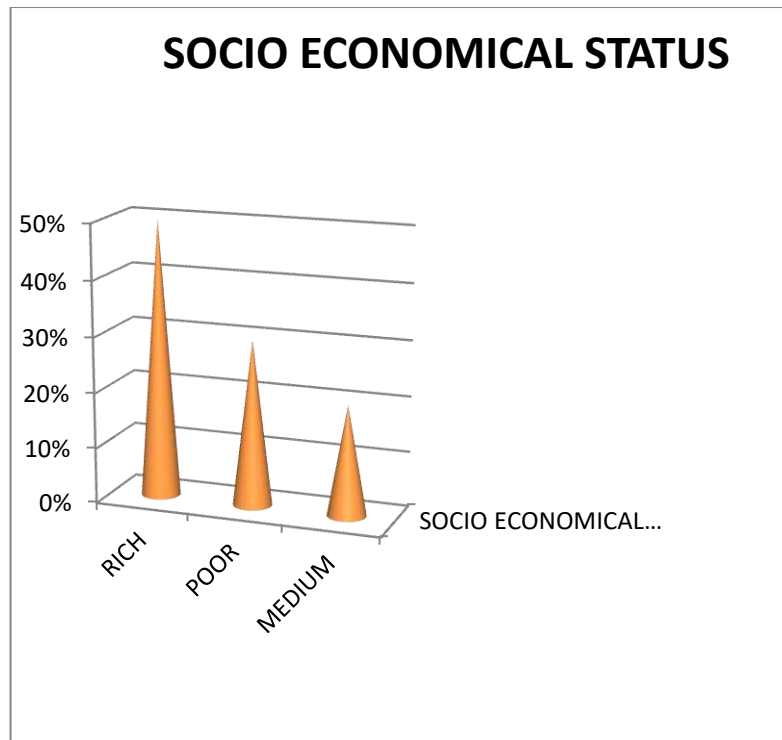
6.4 So according to the Annual Report of the Seizure of Smuggled goods in (crores) by the Customs is as follows:



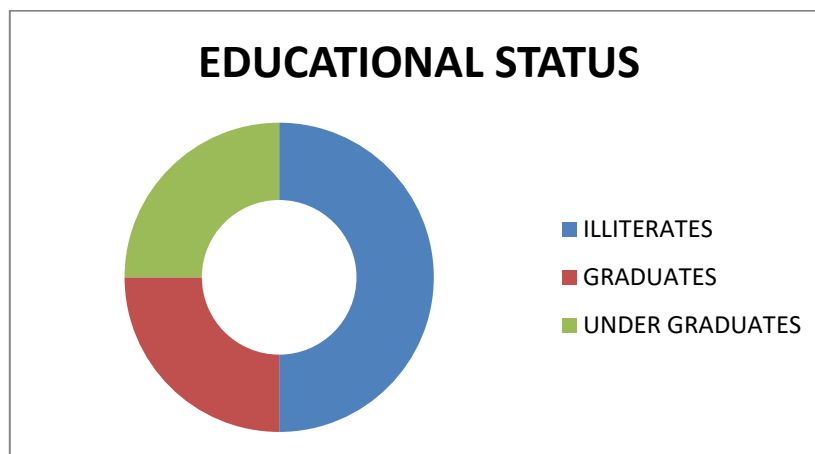
6.5 Annual percentage of Cases Recorded on Smuggling



6.6 The Number of Males and Females Involved in Smuggling

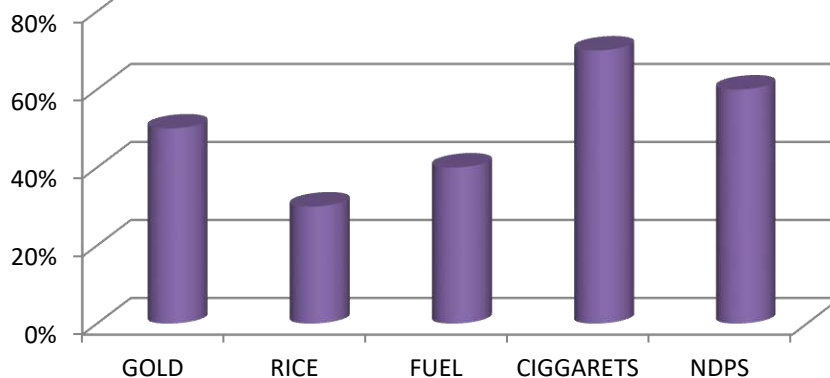


6.7 Graphical Representation of the Socio Economical Status of the People Involved in Smuggling



6.8 The Percentage of Educational Status of the Smugglers

VARIOUS CASES RECORDED ON SMUGGLING



6.9 Graph of Various Goods Seized in Smuggling

PREVENTION OF SMUGGLING

Transportation and selling of contraband goods such as narcotics, weapons, stimulants, plants, animals, and other such products are prohibited by countries around the world. The following steps must be taken to prevent illegal transportation of such products:

- The master of the vessel must use ship-specific Search Checklists to carry out a thorough check of all the parts of the ship
- All restricted areas of the ship must be locked/ sealed when the ship is at a port
- Crew members must be allotted with specific duties to carry out the search properly
- If the ship is sailing to or from a port, additional checks must be made on board without fail and the results must be entered in the ship's log book
- Awareness against use and possession of drugs on board ships is necessary among crew members. The master of the ship must post "Prevention of Drug Smuggling" signs in mess room and other frequently visited places on ship
- If necessary, the master might even ask to inspect crew personal belongings during search
- In case such goods are discovered, the master would take the goods under his control and inform the company immediately
- The master can ask of additional checks in high risk areas, or in case special information has been received by the vessel

Smuggling on ships has reduced greatly with introduction of various measures to ensure the security and safety of the ship and its crew. However, it is the duty of the master and the crew to ensure that the ship stays away from such unwanted troubles

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