

[Shri D. D. Desai]

taxation system on which I was brought up in the era of Philip Snowden, and to which Labour still seems so irrationally attached, really encourages a man to decide between working or not-working."

"He is not so pleased by what he earns as he is annoyed by what he is paying away. We should not give a man a choice between working and not working. What we want to do is to give him a choice between spending his money on the things he likes, or saving..."

With these words, as I had only a limited time, I resume my seat.

MR. CHAIRMAN : Shri N. K. Sharma.

श्री नवल किशोर शर्मा (दोसा) : सभापति जी, मैं इस समय यहाँ पर वित्त विधेयक के समर्थन में बोलने के लिए खड़ा हुआ हूँ। वित्त विधेयक और वित्त मंत्री द्वारा पेश किया गया बजट हमारे देश में आम चुनावों के बाद में एक ऐसी प्रक्रिया की शुरुआत है...

सभापति महोदय : आप कल कंटिन्यू कीजिएगा।

17.27 hrs.

HALF-AN-HOUR DISCUSSION RE. PURCHASE OF HOVER-CRAFTS TO CHECK SMUGGLING

SHRI C. K. CHANDRAPPA (Telicherry) : Sir, today in our country smuggling has become a very serious problem. I am sure nobody in the House will dispute the fact that the question of smuggling—smuggling of gold, smuggling of drugs, smuggling of synthetic fibres and smuggling of all sorts of things—has become a problem of national concern.

Just before this discussion, we were discussing the problem of how to find resources. According to non-official estimates made by various responsible quarters, it is learnt that nearly 200 metric tonnes of gold are being smuggled into our country, from a very small country lying 2,000 miles away from our western coast, Dubai. It is a country

with 60,000 people, and this year they have imported 200 million dollars worth of gold to their country with the specific purpose of smuggling it into India. They have not made it a secret also. They have brought very sophisticated vessels with radio and radar equipments, and these vessels are now being sent to our country. Every week, twice or thrice, they are sending these vessels with large quantities of gold, in them

Why is this happening ? One of the main reasons is that in our country we have a tradition of keeping gold ; our ordinary people love gold to such an extent that the blackmarket price is almost 100 per cent more than the international price of gold. So, it has become a lucrative trade for smugglers from abroad.

Another thing is, because of the over-invoicing and under-invoicing done by big business-houses, exporters and importers, they have to somehow cover up the money they are gaining through this black trade. They use this illegal, smuggled gold, as a very successful mask to cover up their illicit gains.

Another important factor is, as I have said earlier, the craze for anything imported into our country. If any body goes to the market and finds some synthetic fibre material is sold, and if he is told it is imported, it is readily bought at a very high cost. All this happens in such a way that we are losing a lot of our national wealth. We are losing silver ; we are losing foreign exchange. There is a big drug traffic. Antiques are being smuggled from our country to countries outside; rice also is being smuggled to Nepal *en route* to China.

All these are operating as a sort of a drainage on our income to the countries around us. Gold is being smuggled from Dubai, rice is going to Nepal, Pakistan and some Arab countries are sending gold and taking drugs, silver and rice ; the United States and other countries are taking smuggled antiques from our country.

When the nation suffers such a big loss, what is the attitude of the Government ? On 13th August, 1970 there was a discussion in this House when Mr. Chavan promised that all possible measures would be taken to prevent smuggling. On 10th December, 1970 there was a conference of Customs Collectors

and discussion took place for three days. They decided that they would buy a big fleet of sea going vessels with sophisticated machines and electronics devices and that they would install what is called KIFU, a kind of an X-raying machine to find out whether a passenger is carrying gold when he is coming to our international air ports. But nothing has happened in a big way. The Minister might say that something might have been done. No effective steps has been taken to prevent smuggling which is taking place in a big way, to and from our country.

I do not know whether the Government is aware that the smugglers are operating an air strip in Bombay near Kalyan. In that air strip, in the middle of a poultry farm, they are sending their piper planes from other countries and these planes bring gold in and take away the things that they want to smuggle from India.

Then what is the position of our staff of customs. On the 23rd of this month Mr. Ganesh himself answering a question said that they are taking effective measures to prevent smuggling. We have a big coastline in our country measuring about 5000 kilometres and our land borders measure about 10,000 kilometres. But how many customs officers are there to protect this border? To be precise there are 1,200 customs officers upto the level of inspectors to protect this vast border. It is humanly impossible. They are ill-equipped.

I should in this connection refer to what happened not far away from Delhi. The customs here got the information that a car was carrying smuggled gold from Bombay to Delhi and they went to the check post near Delhi to intercept that car. The smugglers should have had better intelligence system than the customs people; it seems they got the information that the customs men would be there and they started firing at the customs people who had to run away. It is shame on our Government that they sent these poor people without any fire arms to deal with these gangsters in a non-violent manner.

Then at the top of all this there is corruption at the top levels in the customs. I may in this connection refer to something that happened in Cochin. A big smuggling gang was arrested in Chettuvali in Kerala coast;

and gold worth nearly a crore of rupees was captured. Immediately the top official of the Cochin customs, who was later promoted as Assistant Collector, said that it was on the basis of the information furnished by some person that they were able to capture this gold from the smugglers. As a result of that, he wanted to give a million rupees as a reward to some bogus informant and rupees 25 thousand was immediately given. Then, thank God, Mr. Ravi, who is a Congress member now, intervened and he tried to take up the issue with the Central Government and CBI. I should say the CBI enquiry was made into a farce. Nothing has happened. The CBI said that these people were involved in it and they had been trying to defraud the Government, but the Government, instead of punishing this gentleman, gave him a promotion. There are so many stories like that.

If you are really serious of stopping this practice of smuggling, then in my opinion certain measure have to be taken very quickly. One is to provide the customs authorities with vessels equipped with modern and sophisticated electronic devices such as radar and radio equipment. Secondly, the operation of the customs should be closely coordinated with the Navy. We have so many cruisers. I do not know what they are doing. They should go out and protect our coastline from smugglers. So, it should be linked with the work of the Navy.

Thirdly, there is another element which we always forget, namely the people of the country. We should get the support of the people. Otherwise, nothing will happen. Recently in Kerala the customs authorities raided a house and got hold of some gold. They thought they were very successful, but immediately after that thousands of people came and attacked the customs officials and they had to run away. I do not know why it happens. It should not happen. The Government should have a popular approach and the people should support this great cause. You should make the people believe that you are doing these things for the benefit of the country, for the benefit of the people. If that is done, then I think the hon. Finance Minister need not worry how to find resources for this year's Budget or for the future Five Year Plans.

There is a very interesting estimate made by none other than the Reserve Bank. Accord

[Shri C. K. Chandrappan]

ing to them, in 1963 in our country we had Rs. 3,700 crores worth of gold. Every year 200 million dollars worth of gold is being added by smuggling and so, there must be gold worth nearly Rs. 7,500 crores in our country today. If you can take this gold, you need not tax the people. You need not go with a begging bowl to other countries. That being the case, I request the Government to take all necessary steps. It is not merely a question of buying one or two hovercrafts. It is a question of having a policy to deal with these matters very seriously.

Then, the law should be changed. Today anybody can smuggle millions of rupees worth of gold into this country and go practically scot-free. There is only five years imprisonment provided in the Customs Act. So, I request the Government to take strong measures, amending the present statute and also providing such facilities so that the customs operations will be effective.

SHRI VAYALAR RAVI (Chirayinkil) : I fully agree with Mr. Chandrappan. He has told the story of what happened in Cochin. An Inspector, Mr. Nayar, has been promoted as Assistant Collector. Such a case happened in Bombay also.

I want to know what has happened to the Gavankar case. A CBI enquiry was conducted, but nothing has happened. Every officer of the customs is involved in it, but none has been transferred so far. Two officers were suspended last year. But none of them has been transferred. Still they are mingling with the officials.

MR. CHAIRMAN : Put your question.

SHRI VAYALAR RAVI : Why are you not transferring those officials? Why are you keeping them for so many years in Bombay customs office? Why are you not taking action according to the CBI report in the Gavankar case? Why are you giving promotion and other facilities to corrupt officials? When are you going to educate the people to insist on getting bills from the jewellers, because the jewellers are the biggest smuggling centres?

सभापति महोदय : मैं एक बात कहना चाहता हूँ। यह आधे घंटे की चर्चा तस्करी को रोकने के लिए होवर-क्राफ्ट की खरीद के बारे में है। इसको छोड़ कर यहाँ इस बात की चर्चा की जा रही है कि कौन अफसर कहां ट्रांसफर हुआ या कहां क्या हुआ। इन चीजों का इस आधे घंटे की चर्चा से कोई सम्बन्ध नहीं है।

श्री कमल मिश्र मधुकर (केसरिया) : मैं जानता हूँ कि यह स्मग्लिंग का सवाल बड़ा गम्भीर है और चम्पारन में भी नेपाल बाडर से स्मग्लिंग होती है। इस में कंज्यूमर गुड्ज से लेकर रेडियो, टेलिविजन सेट, घड़ियां, फाउन्टेन पेन, सिन्थेटिक रेयान फैब्रिक्स और जितने भी लज्जरी गुड्स आदि की चीजें होती हैं, सब का स्मग्लिंग नेपाल से भारत में होता है। मैं मंत्री महोदय से जानना चाहता हूँ कि क्या वह इस बात के लिए कोई प्रबन्ध करने जा रहे हैं कि होवर-क्राफ्ट को खरीद कर, यान्त्रिक विकास करके और दूसरे टोस कदम उठा कर देश में स्मग्लिंग को रोकें?

मैं सरकार से यह भी बतलाना चाहता हूँ कि स्मग्लिंग को रोकने के लिए जो पुलिस लगाई जाती है वह बहुत नाकाफी होती है, उनकी संख्या बहुत कम होती है। उनके पास कोई कानूनी अधिकार भी नहीं होते। इसलिए क्या वह यह प्रयत्न करने जा रही है कि पुलिस की संख्या बढ़ा कर, अफसरों की संख्या बढ़ा कर और जनता रूपी जो होवर-क्राफ्ट होता है उसका सहयोग लेकर स्मग्लिंग को चेक करने की दिशा में कड़े कदम उठाए जायें।

इसके साथ ही मैं यह भी जानना चाहूँगा कि क्या कोई इस तरह की व्यवस्था की जा रही है कि जो कानून डिफेक्टिव हैं उनको बदल कर और दूसरे कदम उठा कर इस स्मग्लिंग को रोका जाए।

मेरी अन्तिम बात यह है कि स्मग्लिंग को रोकने के लिए होवर-क्राफ्ट लिए जाएं, यान्त्रिक

मुधार किए जायें, लेकिन इस में बड़े-बड़े अफसरों का हाथ भी रहता है। ऐसी स्थिति में क्या सरकार कोई प्रशासनिक मुधार भी करने जा रही है? आये दिन अखबारों में निकलता है कि फ़लाने मेजर की गाड़ी में से स्मग्लिंग का सामान निकला, और बड़े-बड़े अफसरों की गाड़ियों से भी इस तरह का सामान निकलता है। मैं कहना चाहता हूँ कि जब भी ऐसे अफसरों के विषय में इस तरह की खबर निकले तो उसके लिये कड़ाई से कदम उठाये जाये। साथ ही कानूनी अधिकारों द्वारा भी अंकुश लगाया जाये। होवर-क्राफ्ट का विकास होने के साथ-साथ प्रशासनिक विकास भी होना चाहिए।

MR. CHAIRMAN : The Minister should confine himself to the Hover-Crafts.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH) : Sir, I seek your indulgence because the whole debate has not been confined to Hover-Crafts, but gone on to the entire question of smuggling. It will not be fair not to give certain facts which are there and some steps which have been already initiated to come to grips with this problem of smuggling. It is a fact that in a country like India with its size and a very large coastline, there is smuggling. It is a problem which affects our national economy and vitiates the social life of the country. The Government is also looking at it from this particular point of view.

The estimate given by the hon. Member is probably not very correct. It is, of course, very difficult to quantify the extent of smuggling that takes place, particularly of gold. The hon. Member himself has indicated that there is demand for gold in this country due to our social habits and because of various other factors.

A Committee which recently studied the question of over-invoicing and under-invoicing has estimated that the finance required for smuggling of gold and other articles would be of the order of Rs. 160 crores to 170 crores. The market price of the smuggled goods for this amount of foreign exchange would work out to Rs. 400 crores.

Because of the largeness of the size of the country and the large coastline the detection of smuggling becomes very difficult. There is acute short of sea-going craft, about which the hon. Member has raised this discussion. The acquisition of hovercraft or whatever speed crafts are necessary is under consideration. A committee is going into it. I must confess here that we have taken too long to work out even the details of the craft. Such crafts are very necessary for anti-smuggling operations, particularly when we have a large coastline.

Apart from the demand for gold in this country because of the social habits of the people, there are other factors which increase the smuggling of gold. One factor is that it can be easily converted into ornaments. Then, it can be made into compact sizes and smuggled. To stop that various measures are taken which we mention in Parliament from time to time. Since this discussion has been raised it is necessary to indicate some of them.

The customs authorities are considering the suggestion for modernising the customs machinery with sophisticated instruments and other weapons. As many as 383 vehicles, cars and station-wagons have been provided for anti-smuggling work. Although there is shortage of sea-crafts we are using at least 31 confiscated launches for anti-smuggling work. This high level Committee is going into the question of finding out the best type of fast sea-going craft which with logistic support would be very effective in anti smuggling operations. Similarly, arms and ammunitions are provided wherever necessary. Other steps are cash rewards for staff and recognising merits of staff. Then, revenue intelligence groups have been set up in Bombay, Calcutta, Madras and Delhi and the Director of Revenue Intelligence maintains liaison with similar organisation in some of the foreign countries also.

The Customs Act has been amended a number of times and it provides stringent punishment of a maximum of five years and a minimum of six months for smuggling goods worth Rs. 1 lakh and above. In view of certain decisions of courts it has been found by the Ministry and the department that the punishment has got to be made more deterrent. Therefore, there is a proposal under consideration to provide for a minimum punishment of

[Shri K. R. Ganesh]

two years and a maximum punishment of seven years in the case of gold smuggling exceeding Rs. 1 lakhs. Certain other economic measures have also been taken to see that smuggling is checked to the extent possible.

It is necessary here to indicate the seizures made during the last two or three years. As far as gold is concerned in 1965 gold worth Rs. 122 lakhs at international rates was seized. In 1966 worth Rs. 195 lakhs ; in

1967 worth Rs. 410 lakhs ; in 1968 worth Rs. 333 lakhs ; in 1969 worth Rs. 530 lakhs ; in 1970 worth Rs. 428 lakhs and upto May 1971 worth Rs. 118 lakhs.

Sir, these figures that I have got indicate that there is an increase as far as seizures are concerned indicating that this serious problem is being tackled in a serious manner.

Sir, it will also be necessary to give some figures about arrests made and prosecutions conducted :

Year	No. of persons arrested	No. of persons against whom prosecutions were dropped	No. of persons convicted	No. of persons acquitted
1966	763	196	246	56
1967	1184	227	244	53
1968	1335	182	128	36
1969	1701	97	209	3
1970	1953	248	220	86

The number of persons against whom prosecutions are still pending is 954. These facts are necessary to indicate that in spite of the bigness of the problems there is an element of vigilance and the Department is trying to come to grips with the problem.

Sir, as far as silver is concerned, as a result of the various measures taken by the Government, particularly the control over the storage, transport and trade of silver within a belt of 50 KM. on the West Coast and the coast of Tamil Nadu, the smuggling out of silver from India has decreased considerably. This is proved also by the facts and figures we have got, as a result of the Customs (Amendment) Ordinance 1969 the demand for silver in India for purposes of unauthorised exports went down considerably, with the result that the prices in India dropped sharply from Rs. 584 prior to the promulgation of the Ordinance, to as low as Rs. 530 in a few days, even though the prices had gone up slightly.

Sir, it was mentioned that rice is also smuggled through Nepal. Actually, rice is

imported from Nepal into India. So, this fact is not correct. We have made an enquiry into reports regarding air-strips near Bombay used for smuggling. The reports were found to be without any basis. Wherever it is necessary, we are also taking the help of the Navy.

Having said that I share the concern of the Members that it is a serious problem. It is a problem of great concern and already many steps have been taken and I can assure the hon. Member that whatever is necessary to be done, particularly the question of getting fast sea-craft, it will be the endeavour of the Ministry and the Department to really come to grips with this problem, because it is a problem that affects our national economy, vitiates our national life and also vitiates the climate.

17.58 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, July 29, 1971/Sravana 7, 1893 (Saka)