

**THE CONSERVATION OF  
FOREIGN EXCHANGE AND  
PREVENTION OF SMUGGLING  
ACTIVITIES (AMENDMENT)  
BILL, 1984.**

THE MINISTER OF STATE IN  
THE MINISTRY OF FINANCE (SHRI  
S. M. KRISHNA): Madam Vice-  
Chairman, I beg to move:

"That the Bill further to amend the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974, as passed by the Lok Sabha, be taken into consideration."

[The Vice-Chairman (Shri Santosh Kumar Sahu) in the Chair].

Sir, as hon. Members are aware, prevention of smuggling and conservation of foreign exchange are of vital importance to our country's economy. It is from this angle that Government had resolved that socio-economic evils like smuggling, hoarding, tax evasion and black money should be firmly dealt with. In order to counter the activities of anti-social elements who indulge in such prejudicial activities, the Government have, from time to time, taken preventive, economic, legislative and administrative measures. In the anti-smuggling field, the COFEPOSA Act is an important element in the Government's drive against smuggling activities. Preventive detention was provided for, as violation of foreign exchange regulations and smuggling activities have a deleterious effect on the nation's economy and thereby a serious adverse effect on the security of the State and also in view of the clandestine manner in which such activities are ordered and carried on. As a further measure, the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act was enacted in 1976 with a view to providing for forfeiture of illegally acquired properties of smugglers and foreign exchange racketeers and for matters connected therewith.

1037 RS—8.

The enforcement agencies of Government have in recent time, intensified the anti-smuggling drive, as a result of which the value of contraband goods seized has already crossed the Rs. 50 crore, mark in the first 6 months of 1984. This is as compared to seizures valued at Rs. 40 crores in 1981, Rs. 66 crores in 1982 and Rs. 90 crore, in 1983.

The administrative arrangements for dealing with smuggling have also been progressively strengthened. Steps have been taken to reinforce, in terms of manpower and equipment, the preventive and intelligence network selectively in the vulnerable areas of the West-coast, South-eastern coast, Indo-Nepal and Indo-Pakistan borders. With a view to streamline and strengthen preventive activities in the vulnerable areas, various Collectorates have been reorganised and a few Preventive Collectorates created in areas vulnerable to smuggling. As for equipment, orders have been placed for 10 customs patrol launches for anti-smuggling operations, as a part of the plan to equip the Department with suitable indigenous craft for anti-smuggling operations. Apart from providing telecommunication cover in various sensitive areas, some items of sophisticated equipment have also been acquired.

By way of economic measures, the Government in 1983 liberalised the baggage rules and rationalised the duty structure on items imported as passengers' baggage. To combat smuggling of electronic goods into the country, the Government in 1983 announced a package of concessions to the electronics sector as a whole and substantial relief in duties was extended. All these measures are indicative of Government's comprehensive approach to the multi-dimensional problem of smuggling.

The provisions of the COFEPOSA Act have also been applied with added vigour. As against 360 orders issued and 265 persons detained during the

[Shri S. M. Krishna]

year 1981 and 524 detention orders issued and 443 persons detained during 1982, 563 detention orders were issued and 463 persons detained during 1983. In 1984, upto 21-7-1984, 542 orders have been issued and 443 persons detained.

However, in spite of these efforts, there have recently been reports about escalation in smuggling activities, particularly in the highly vulnerable areas of the West-coast, South-eastern coast, Indo-Pak border and Delhi Airport, as also evidenced by the value of seizures of contraband goods in these areas. The statistics show that the major portion of smuggling takes place in and through the West and the South-eastern coasts, Indo-Pak border and the Delhi Airport. It therefore became necessary to secure the availability of the special provisions of section 9 of the Act relating to smuggling in areas highly vulnerable to smuggling. Since section 9 was available only in respect of detention orders made at any time before 31st December, 1977, it became necessary to amend this section so as to make the special provisions available to current cases also.

As Hon'ble Members would have observed, the Government have been very selective about the scope of section 9. For instance, in the repealed section, a person could be detained for one year from the date of detention without obtaining the opinion of the Advisory Board, whereas in the new section, the period has been restricted to six months. The term "area highly vulnerable to smuggling" has been re-defined keeping in view the current trends in smuggling activities. Thus, instead of including the whole of the Indian Customs Waters as an area highly vulnerable to smuggling as it was in the section as it stood before amendment, only such Custom Waters as are contiguous to the States On the West coast and South-eastern coast have been in-

cluded in the new section. The new section 9 will also be applicable only in respect of detention orders made at any time before 31st July, 1987.

I need not have to dwell at length on the harm that is being caused to the country's economy by the anti-national activities of smugglers. While Government will continue to do its utmost in combating the unlawful activities of smugglers and tax evaders, I would appeal to the hon. Members of this august House and through them to the citizens of this country to help create a social awareness about the harmful impact of such activities.

The fight against such evils being a continuous one, Government takes appropriate remedial measure in the light of developments and the present amendment is one such step. I have no doubt that this august House, as in the past, will lend strength to the Government's efforts in this direction. Sir, I move that the Bill be taken into consideration.

*The question was proposed.*

SHRI R. RAMAKRISHNAN (Tamil Nadu): Mr. Vice-Chairman, Sir, I welcome this Bill which seeks to replace the Ordinance which was issued sometime back. I do not think there can be any patriotic Indian who can disagree with the Government's eagerness to come down on smuggling. The Bill defines and explains the detention period, consultation with the Advisory Committee and also has come out with the description of the "highly vulnerable area" where smuggling is taking place on a large scale. I also heard the Minister's speech prefacing the Bill and the action which the Government is taking to reduce and curb smuggling. But, Sir, unfortunately the statistics prove otherwise. Over the period of last four or five years, as per the figures of searches and seizures given by the Minister himself in reply to questions, it is abundantly clear that despite all these

efforts, smuggling is going on on a large scale. The total amount of goods seized in smuggling in the last year is nearly Rs. 90 crores. This is apart from what can be guesstimated as the amount of goods smuggled into India which could be worth well over Rs. 10,000 crores. This figure cannot be known either to Government or to anybody else. But the sad commentary which it makes is borne out by the fact that whether it is in the matter of metropolitan cities of Bombay, Madras, Calcutta or Delhi or the highly fashionable places elsewhere, every where you have got smugglers bazar. In Madras you have got the Burma Bazar. In Delhi you have got the Palika Bazar. In Calcutta you have got near the Park Lane the Chore Bazar and in Bombay you have the pavements of Flora Fountain and Colaba which are only too wellknown to each and every citizen of India. How is it that right under the nose of this Government which wants to come down on smuggling, right under the nose of Customs officers goods which are bought from abroad are exhibited? Of course, a person who exhibits the goods only exhibits a carton there. The minute you ask for it and the price is settled, he goes to one of the by-lanes and gives the particular thing to you. We have today even more sophisticated smuggling syndicates which can get you the latest things which are available in the foreign markets. You tell them the particular item you want, a cordless telephone or a particular perfume, they get you that; you need not even take the trouble to go to them. The smugglers' syndicates are highly organized. This they cannot do without connivance with the higher-ups, whether in the bureaucracy or in the Government. I am not laying an accusing finger on my good friend Mr. S. M. Krishna, but the fact is that the smugglers do enjoy political patronage, whether it is this Government or any previous Government or the Government which is likely to come into

power. This cannot be done away with because of our craze for foreign goods in the country, which still remains. The Ministers appeal to the Members and through us to the citizens to do without foreign goods. But what is the Government doing to bring it down? As early as 1981, in this House, while speaking on the Finance Bill, I asked Mr. R. Venkataraman, the then Finance Minister why they were allowing advertisements in big newspapers to come out for Casio calculators or Sony television or any other product. He said that he would look into the matter and seek the advice of the Law Ministry whether a legislation could be brought to scrap these advertisements. Perhaps he referred it to the Law Ministry, but the great persons in the Law Ministry unfortunately gave him the advice that this goes against the Constitution. Sir, if this Constitution, whatever section they take recourse to, section 19(2), says that you cannot bring a law to deal with advertisements, I am sorry to say that this Constitution has no use for us. We have to amend. If it is *bona fide*, the Government should ask them the way out. It is easy for the Law Ministry to say it is counter-productive or this or that. What is the Government doing? They should put down heavily on advertisements which only say that these things are available. I would like to ask them where else in the world can you purchase them legally like this. In Kuwait or Singapore or Hong Kong you can purchase them. But here it says, for information purposes. Therefore, I charge that in spite of my raising this issue in 1981, 1982, and again in 1983, the successive Finance Ministers have not been able to reply. I am sure even my good friend Mr. Krishna will not be able to reply. But I hope he will take it up seriously and refer the matter to the Cabinet or to anybody else and bring about a legislation to ban advertisements through which even those who do not know that smuggled goods are available

(Shri R. Rama Krishnan)

come to know that these are available within, the country.

Another thing is that we are making heroes of smugglers and racketeers. It is only in India that smugglers like Haji Mastan or anybody else can appear. On the photo saying that he is a great benefactor rendering great service to society, and journalists interviewing them, talking about their "lifestyle", what they did or did not. I think ours is the only country where we make heroes of our smugglers and dacoits. One person was going to make a film on Phoolan Devi. It reflects on the moral values of some of us in the country. I am very sorry to say. I hope along with the Finance Minister that this will change.

Then, Sir, there are a number of goods that go out of the country, and they also form part of smuggling. If there is a craze for foreign goods in the country, these items are smuggled out of the country because in other countries they can fetch a better price. For example, silver, snake and goat skins are smuggled out in a large measure. The Government should do something to see that these goods remain here or are exported. They can reduce the duty or do something which can promote export of these goods if that helped the country.

Now, Sir, I would like to speak about one more thing. In 1974, the Prime Minister came down heavily on the smugglers. Mrs. Gandhi said that she was going to confiscate the property of the smugglers, this and that and perhaps *bona fide*. To follow up, she had launched a massive action, at that time we were told that nearly Rs. 38 crores to Rs. 40 crores worth of property of the smugglers was confiscated. But today we find less than Rs. 30 lakhs worth of property has been confiscated by the Government, and the

balance is pending in the courts of law. If this is the case, the Government should do something about amending the law.

Secondly, 1,000 cases from 1975 the smuggling cases, not to talk of the properties, are also lying in the law courts. The smugglers can afford to engage the best lawyers in the country. The Government should also equally come forward. If they do not have the legal acumen or brains right within them, they can also engage equally eminent lawyers to appear for them and sort out these cases. So, this is something which the Government should take up on a war footing.

Then, Sir, recently we were told about diplomats who were engaged in smuggling. This is a very sad and a tragic thing. If that is true, the Government should take up the countries to which the diplomats are representing, what they are smuggling, and take it up at the diplomatic channel.

Sir, now I come to the other point about the customs people. I am very glad that the Minister has said that the Government was going to get more boards, more equipment, more sophisticated things for our customs people to detect and curb smuggling. But I must on this occasion tell the hon. Minister about the behaviour of some of our customs people at the major airports, the international airport, of our country, with the exception of Delhi which is sought to be brought under these highly vulnerable areas. As far as the Delhi Airports is concerned, Sir, though I came from far south, I can tell you that the Delhi Airport Customs officers are strict, kind, courteous and efficient officers I have seen—I have nothing to gain from them as compared to the officers in my own State of Tamil Nadu, in the State of

Kerala at Trivandrum, now-a-days, even in Bombay and the worst of all in Calcutta. The persons who are earning by their blood, sweat and tears, going out of this country and earning valuable foreign exchange in far away lands like Arabia, Dubai, Muscat by dint of hard work, are returning after two or three years. These poor workers bring a television set or a video set or a watch, something like that. What do the Customs people do there? The Customs people rip open their bags, throw them down and ransack them as if they are criminals. And right under their nose hundreds of thousands of goods are going, even according to the Minister. So the Minister should see that genuine passengers who are returning from abroad are not harassed. No doubt, they have liberalised the rules now. But they should give strong instructions to the Customs officers that they should get only the carriers who are going frequently and coming back and smugglers or persons who are bringing gold and other contraband, but not the poor workers, who are returning to their native land just on their own money. They are bringing small things, and these Customs people harass them. Please come down heavily on the officers. Otherwise, I have nothing against them.

Coming to other important things, one is, in the vulnerable areas, the north-east has been left out. Recently I saw two or three articles that in Mizoram, Aizawl and at the Indo-Burma border, a lot of smuggling takes place. I do not know why this has been left out from the highly vulnerable areas in the Explanation to the Bill.

Secondly, about the Indo-Nepal border and the Indo-Pak border a large scale smuggling is going on.

And even recently the U.S. Narcotic Survey has revealed that India has become a nerve centre for drugs. The Government should take adequate steps to see that smuggling on these two borders is also curbed and the good name of our country is kept up.

With these few words, I welcome and support this Bill.

SHRI CHIMANBHAI MEHTA (Gujarat); Sir, when the Minister sums up this discussion in reply, I would like to know from him whether there are any other countries in the world where smuggling is taking place on such a large scale. This is one of the questions because I would like to be enlightened on this matter. It is estimated that—of course there cannot be exact official estimates;—that Rs. 4000—5000 crores worth of goods are being imported or smuggled illegally. This is almost one-fourth or one-third of our official import. Now, we can understand that even if one-third or one-fourth of it is smuggled what effect it will have on our foreign exchange. This would also create complications against our local manufactured goods. Shri Ramakrishna Bajaj, the President of the Indian Chamber of Commerce and Industry has estimated that Rs. 1,000/- crore worth of textiles are being smuggled into this country. It is my assumption that production of textiles in the organised sector is worth of Rs. 3,000/- crores. That means one-third of textiles are coming in the form of smuggled goods and are competing against our organised textile industry. This is one of the reasons for the sickness of our organised textile industries. If you do not prevent smuggling we will be forced to close-down our mills and render thousands of workers unemployed. One of the most distressing features of our textile mills is the onslaught of smuggled goods

(Shri Chimanbhai Mehta) and thereby causing large scale unemployment, although we have passed the law against smuggling in 1974 and have been taking measures against the smugglers, smuggling is going on. In the initial stage, it was on a lower scale. Now it is damaging our economy and also causing unemployment on a large scale. What are the reasons? If we go deep into this matter, we can find custom officers and other bureaucrats are in collusion with the smugglers. Our politicians & vice versa, no exception, they have also joined hands with the smugglers. This is the vital question which we should consider carefully. Having passed that law in 1974, we see that the smuggling activities are increasing. Then, this amendment cannot guarantee that the smuggling is going to be reduced. I welcome this measure. While welcoming this measure, I would say that much more needs to be done. In 1974, severe action was taken against smugglers. In 1975-76 some of them were put behind the bars. But later on they were released in 1977. And the late Jayaprakash Narayan held session purifying them. When the erstwhile Prime Minister, Mr. Morarji Desai went to Bombay after becoming Prime Minister, here, it was Haji Mastan who was the first to garland him. Photographs were printed on the front page of the newspapers. They got credibility, they got status. And thereafter, the spurt in smuggling is going on. Recently some of them were arrested and they were released. And because of the enormous wealth they have accumulated and also because of the prestige that they are enjoying among high-level circles, now they are becoming—this is a new phenomenon—leaders of their own communities and castes. Formerly gentlemen and good people were the leaders of the communities and castes, although

maybe they were orthodox and backward. But now the smugglers and anti-social elements have taken over the whole of the communities also. And! when they become the leaders of their communities, they use these communities in elections and in other work. They even cause riots through them. Then it becomes

extremely difficult to curb them through the law or through this amendment. For that, something much more is required. Nowadays communal riots are sustained for a longer period. Formerly that was not the case. The smuggling activities have something to do with it. In Dubai there is an insurance cover for smuggling, it is openly done. If the smugglers' goods are caught or the contraband is seized, then those insurance companies based in Dubai would make payment to those who lose when their goods are seized. When such international recognition is there and money is poured in here, one can imagine the situation. We know what happened in Punjab recently. The smugglers took hold of the movement. It was not only some religious fanatics, but it was a combination of certain religious leaders or ambitious politicians and also smugglers that created a terrible situation there. Sometime back a Deputy, Police Commissioner was killed in Calcutta when he tried to curb smuggling. It shows how bold the smugglers have become. So something more is required. I know this amendment has a limited canvas. Even the law has a limited canvas. Unless the entire atmosphere is changed, smuggling cannot be checked. As rightly mentioned by my friend from the Opposition, even the press is eulogising them and making them heroes. Therefore, unless we fight this menace in a rigorous manner, the task is going to be very difficult. I have one suggestion Sir. I

fail to understand, I have not understood the logic, as to why we are a) owing contraband goods to be sold here in our country. While goods worth Rs. 4,000 to Rs. 5,000 crores are coming into India, we are able to seize only goods worth Rs. 50 or Rs. 100 crores. And under the cover of this sale through the legalised route, a huge quantity of contraband goods are also sold. Is it not possible for us to stop the sale of the contraband goods here, to send the goods back or to sell them in foreign countries and totally stop the entry into the market of the foreign goods which we do not need in our country? This must be examined seriously. Now everywhere we find smuggled goods having their own place in the market, they are being sold openly.

Secondly, we must examine our economic policy. For some of the goods that we are importing into India officially, legally, we are charging a very high excise duty. Take polyester filament yarn. It is selling in our country at Rs. 170 a kg. while in Japan and Korea it is sold at Rs. 25, the difference being seven times. We are imposing seven times duty on the imported material. This way we should examine whether we are not inducing smugglers. We should also examine to what extent we are going to protect our own industry. The very purpose of protecting our industry is nullified. Then, we should also increase the efficiency of our industry, make quality goods and sell them at comparatively reasonable prices. What is happening is there is an element of exploitation, an element of big profit. Sometime the uneconomic taxation also plays its part. It is for these reasons that the smuggled goods have a lot of attraction here. So, one has also to look to the financial policy, the

In the end I would urge the Minister to reply to this specific question. Is it possible for us not to resort to sale of contraband goods which is fetching hardly 2 per cent or 3 per cent. You are not getting much income out of it. And it has been found that some officers were involved in the smuggling activity and they were arrested. A section of Customs officers and other officers are hand in glove with the smugglers. So, what stringent measures are you going to take against them? It has been said we decided to confiscate the properties of smugglers and action was taken by Prime Minister Indira ji. But then in the courts we got bogged down. While speaking on judicial reforms the other day I said that smugglers would be able to buy a better legal talent or the Best legal talent but the State would not be able to buy them or retain them. It is an unequal competition. And then our bureaucracy prepares the cases for our lawyers in such a way that there are always many lacunae left. Sometimes courts acquit smugglers just because a chargesheet was not served or was not properly served or a show cause notice was not served in the language of the accused. This sort of mistakes do occur very often. These are bureaucratic lapses. Therefore, let us nationalise this legal profession. This is the profession because it is largely in the hands of only the rich. The State cannot have better talent. The poor man cannot afford better talent. I fail to understand why you do not nationalise it. Otherwise it is the intellectual corruption that is going on. That also should be taken into consideration.

SHRI P. N. SUKUL (Uttar Pradesh): Mr. Vice-Chairman I rise to support the Conservation of Foreign Exchange and Prevention of Smuggling Activities (Amendment) Bill, 1984. This Bill is supposed to replace the Ordinance that was promulgated by our President on the 15th July. The Lok Sabha has already passed this Bill.

[Shri P. N. Sukul]

Through this Bill, the Government proposes to tighten the law so that smuggling is sapped. There is no doubt that despite the law, smuggling is very much there. May be there are loopholes in the law. Only with a view to plugging the loopholes, this Bill has been brought forward for our consideration. That is why I support this simple piece of legislation.

Smuggling and other economic offences go a long way to hamper our economy and plan. Since we have opted for planned development, there should be some fiscal discipline. If that discipline is not there, naturally our plans cannot succeed and our economy cannot be viable. That is why such measures are taken to prevent such economic offences. Naturally no Government and especially a Government like ours which wants to develop the country, can make imports and exports of all kinds of things free and make trade totally free. Tasmg advantage of this position, ce^tein persons involved in smuggling and other economic offences carry . on their busines, to the detriment of our society. Thus our development is adversely affected by this smuggling and blackmarketing. I club th^3e two activities together because all smugglers are also black-marketeers. They do not function in the open. Their goods ar\_e sold only in the dark.

We have got long borders on all sides. We have Indo-Nepal border and so many things are being smuggled. We have our border with Bangladesh. We have our border with Pakistan. All these borders expose ourselves to the mischievous activitis 6f smugglers. And that is why We have to • take certain strict measures to prevent such activities.

As a matter of fact smuggling started with gold initially. Later on other things also started being smuggled into and out of the country. Today

the situation is so alarming that gold, silver, electronic goods, narotics, synthetic textiles, drugs, watches, zip-fastenei's, other luxury goods and torches are being smuggled into our country, so many things ar\_e being smuggled out of our country also. Ou\_r foodgrains are being smuggled out through the Indo-Nepal border and through the Indo-Pak border. The incidence of smuggling is supposed to be of the order of four thousand crores according to one study. Goods worth four thousand crores of rupees are being smuggled one way or the other and, aut of this, almost haif of the amount, that is, about two thousand crores, is involved in the smuggling of textiles only, synthetic textiles and othe\_r kinds of textiles and that is why I say that my friend Mr. Mehta, wa\_s, correct when he said that it is one of the reasons for the sickness of our textile mill\_s also and I entirely agree with him on that.

Sir, on our western coast the smuggling is the highest. In Gujarat almost ali the villages are involved in it. The mechanised boats come from the Gulf countries and all the villagers are involved in unloading or loading, and helping the smugglers. So, this is a very s^cious matte\_r and this has assumed very serious proportions, I should say. Smuggling i\_s there in the Kerala coast also and it i\_s so all along the west coast. In 1981, goods worth Rs. 40 crores were seized, smuggled goods; in 1982, goods worth Rs. 66 crore\_s were seized; and, in 1983, goods worth Rs. 90 crore\_s were seized, out of which goodg worth Rs 58 crores came through the west coast, it means that the incidence of smuggling is the maximum on the west coast we have to take the greatest care af this coast for thi\_s purpose. That is why, Sir, today, in all the mar! in im portant places, whether it is New Delhi or Calcutta or Madras or Bombay or Gangtok or Siliguri or even Imphal—I have seen the markets there—smuggled goods are being openly sold and some costly goods



are being sold cheap and the goods belong to various countries. There are Chinese goods, Japanese goods, South Korean goods, and from so many other countries these goods come and they come through many agencies and in all possible ways. As regards the narcotics, India is supposed to have become a haven for the smugglers of these narcotics. One crore rupees' worth of opium was seized in Calcutta in the first week of January this year and, at the same time, we were told that in Calcutta, two million rupees' worth of goats' skins and hides were being smuggled. This is the version of the Oriental Chamber of Commerce. While our tanneries are starving our hides and skins are being smuggled out of our country. Smuggling is so much that even our antiques are being smuggled out and things of our cultural heritage, old statues, idols, all these are being smuggled out. So much inconsiderate we have become in this regard, I mean our people, As I was saying, India has or is supposed to have become a heaven or, as some say a spring board for the smuggling of narcotics. Heroin comes here from the Golden Crescent area, most of the heroin, and the Golden crescent area includes Pakistan, Iran and Afghanistan. That comes through the Indo-Pak border and it comes to India and from India it is distributed to so many other countries. In one instance, from Cochin alone, hashish worth 100 million dollars was supposed to have been smuggled out. As regards our Delhi airport, 650 kg. of charas worth Rs. 3 crores was seized at the Delhi airport, I think, on the 9th or 10th January. One army Major was supposed to have been involved in that racket. That is how, as I said, watches and so many other things are smuggled. In Gujarat, from Bhuj alone, goods worth Rs. 300 crores are supposed to be smuggled. Government are making all-out efforts to deal with this evil, to prevent smuggling. That is why, Sir, because of the governmental efforts in this direction in 1983, there

were 34 per cent more seizures than in 1982. And as our Finance Minister was good enough to inform the Lok Sabha about the tightening up of the anti-smuggling activities on the 2nd March, 356 persons were supposed to have been detained on the 11th February 1984. Sir, while replying to the debate on the Finance Bill in the Lok Sabha on the 23rd April the Finance Minister very rightly deplored the tendency of our lawyers, especially the big lawyers, who try to defend the cases of these smugglers. In 1976, Sir, 1000 cases were registered under COFEPOSA, but because of the involvement of these big lawyers not even a single case has yet been decided and all the cases are hanging fire. The Public Accounts Committee also in its 200th Report on Customs Receipts complained of inadequate checks by Customs to prevent smuggling. And that is why, Sir, our Government found it necessary to take measures to tighten up the law and just in one drive against the smugglers on the night of 30th June 1984 as many as 124 top smugglers were arrested in Gujarat, Maharashtra, Kerala, Tamil Nadu and Delhi. However, Sir, as I said in the beginning, a major was involved, found to be involved, in one racket. Members belonging to the Indian Airlines were found to be involved in certain other cases. Even our politicians are very deeply involved sometimes. That is something very bad. When our Border Security Forces in West Bengal started apprehending people, started making raids, our CPI(M) people condemned the role of the BSF because they were patronising those smugglers. The CPI(M) people are not here now, otherwise I would have asked them to reply as to why they should protect the smugglers and economic offenders like that. As you know, our Ramakrishanji and others said, Haji Mastan, Karim Lala and other like them are reported to have supplied arms and ammunition to rioters in Bhiwandi. (Time Bell rings: Now, arms and ammunition have also been smuggled into the Golden Tern-

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pie. It is a very serious matter. Smuggling has assumed very serious proportions. These smugglers think that they can buy anything on this planet.

In this connection I have an incident to relate. In 1974-75, I was detained under MISA in Lucknow jail. At that time, so many smugglers were arrested under COFEPOSA from different parts of the country. Somehow they found their way to the siuue jail where I was lodged, i.e. Central Model Jail, Lucknow. They used to meet me. I used to greet them because we were not in fetters and could move about. I used to ask how long they were going to be there and what was happening in their cases. Everyday, they used to go to courts. Then, one fine morning they came very happily to me and told that they had been bailed out. I asked how could they be bailed out. You won't believe that four of them were there and they told me that each one of them had contributed Rs. 40,000 for payment to the Judges. Can you believe me? They told it to me personally. Suppose 10 persons are involved in a particular case and each one contributes Rs. 40,000 then Rs. 4 lakhs are paid to the Judges and they get bailed out. You see what serious proportions it has assumed in our society and in our life. Law alone cannot help us. People have to rise to the occasion. If our lawyers, Judges, diplomats and politicians start behaving in such a selfish manner, what is going to happen to this country? What is necessary is that public opinion should be roused against this thing. No doubt, as Mr. Ramakrishnan was saying, our customs people must be helped. They must be fully equipped. But our people should realise that they do not give any shelter or patronage to these smugglers. (*Time Bell vinas*). What is the real reason for this smuggling? Our former Industries Minister used to say that our people have a preference for foreign goods

and that is why this smuggling is taking place. Also, a large amount of money Rs. 4000 crores is involved. It has also a fact that our industries and industrialists should try to produce things as good as the foreign ones and at as competitive rates as the foreign ones. That can happen if we give maximum possible freedom to our industrialists, to our manufacturers, to make things cheaper and to make things better quality-wise. But this smuggling or economic offences will not go or cannot be wiped out from society till the lust for easy and cheap money continues to lure us. Unfortunately, as things stand today, as I said, the Judges, lawyers, big people, they are all involved. Many of our Police people may also be involved. When Judges can be involved, why can't petty constable be involved? It is a very serious thing. I will request our Government kindly to take all possible steps to rouse the feelings of the masses against such serious offences and not to spare those people who are nabbed and arrested. Otherwise, this evil would not cease to exist. With these words, I support the Bill.

SHRI T. BASHEER (Kerala). Sir, I rise to support the Conservation of Foreign Exchange and Prevention of Smuggling Activities (Amendment) Bill. This Bill is further to amend the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act 1974. I hope, Sir, this legislation will help to take strong action against smugglers and black-marketees in this country.

Sir, our country is a developing country. Our Government is putting in all efforts for the advancement of the economy of the country. But as we in all efforts for the advancement of know, Sir, smuggling and black marketing very badly affect the economy of our country. Actually, a parallel economy is running the economy of our country. Actually, a parallel economy is running in the country. To take effective steps in this direction, the parent Act of

1974 was brought in and after that legislation, actually the smuggling had come down for some time. Then, smuggling and blackmarketing, increased like anything. As my friends explained here—I am not going into the facts and figures—last year the figures of blackmarketing and smuggling increased. This is because of - loophole<sub>s</sub> in the legislation. So, the Government, the hon. Minister has come forward with this piece of ^g-islation to plug the loopholes and to make the machinery more effective in implementing these measures. So, I welcome this step though this Bill has a very limited purpose. Sir, as many of my friends stated earlier, this cannot be curtailed with legislation alone, with law alone. Social awareness is also required for the purpose Sir, the people involved in smuggling and blackmarketing are very influential persons. The pity is that now-a-days they become heroes in the society. They enjoy high status in the society. This outlook must be changed. The effects of smuggling are very far-reaching. They affect not only our economy but also affect our social outlook. There is a craze, as many friends have pointed out here, for foreign products. This craze is now spreading to the villages of this country also. So, these smugglers are getting a vast scope for their smuggled goods. The goods that are smuggled include gold, Jewellery, diamonds, Watches, electronic goods, liquor<sub>s</sub> and all that. Like that certain articles are being smuggled out of this country, for instance items from our monuments, idols, for which we cannot even fix a value. Such things are being taken out of this country. So, Sir this is a very serious problem. This is not a party issue but this is an important issue and all the political parties must come forward to support the Government's measures in this regard.

Sir, another thing is that by this kind of smuggling activity not only the economy of the country is jeopardized but the security of the coun-

try is also endangered because of the activities of the smugglers and blackmarketeers. The recent developments in various parts of this country, especially the developments in Punjab, have shown us how large quantities of arms and ammunition were brought into this country by smuggling them in. So, there is not only destabilisation in the economy but the security of the country is also very seriously affected. So, Sir, any steps by the Government in this direction is a welcome step. Sir, I welcome this piece of legislation. As my friends have pointed out, I would like to suggest in this context that stringent action should be taken against those who indulge in these activities. The enforcing agency should be equipped with modern equipment and instruments. Now, our agency, the customs people have no fast moving boats and they do not have also the modern equipment. So these customs people have to get the beating from these influential smugglers who have the modern equipment. Without modern equipment we cannot wage a successful battle. The hon. Minister has stated that the Government is taking so many steps in this direction. It is a welcome thing. With these words I conclude, Sir.

SHRI BIR BHADRA PRATAP SINGH (Uttar Pradesh): Sir, I associate myself with the feelings expressed by the hon. Members here. But I respectfully submit that some of the apprehensions must be considered by the hon. Minister. It has been commented upon that lawyers do play a vital part in it. May I put forward a proposition? Why not create a law which no legal talent could buy? There is no dearth of examples in the country. During the Chinese invasion, when we created rule 30(1) (b) of the Defence of India Rules, 1962 it was challenged by the biggest of the lawyers of the country and at the biggest forums and the law was retained. Maintenance of Internal Security Act came thereafter

[Shri Bir Bhadra Pratap Singh] which was also challenged and upheld. I think the reply of the Minister would be that such laws are possible only during the emergency, and without the promulgation of Article, 352 and 356 probably, it would not be possible to enact such a law. But may I suggest another law which is possible. On the pattern of such law, why not create a law as it has been done under the National Security Act, 65 of 1980 which had been challenged and upheld in a recent decision and by the Supreme Court? I think if such a law is enacted, the apprehension expressed by Mr. Mehta would be repelled. But the whole question is that we have different types of Acts even for dealing with smugglers, for instance the present Act. This very morning, one of our friends pointed out about the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976. Likewise, there are 3-4 Acts. Therefore, I suggest, why not create a consolidated law, a comprehensive law, dealing with all aspects! so that this problem may be settled for ever, because it has pointed out that the whole generation of black money in the country is paralysing our economy because of smugglers activities. Why not think seriously to create one consolidated law to meet the situation effectively so that the smugglers may not get out easily.

Commenting on this Bill, I was reading through the replies given in the Lok Sabha on the question. It has been said: In this context, on the intensification of anti-smuggling efforts, certain provisions of COFEPOSA have been amended through issue of Ordinance on 13th July 1984. The main amendment is to provide for a longer period of detention in certain cases of smugglers operating in the high vulnerable areas which have been mainly identified as West-coast, the Southern-East coast, Indo-Pakistan border and the Deft! Airport, maximum period of detention in

which case it will be 2 years instead of the nominal period of one year. I questioned it that one year was not sufficient. In between, it has been reduced to six months. To my mind, it has made your law very impractical. Three months and six months are nothing. When I read through the relevant section, the actual period comes to 4 months and 2 weeks. So, instead of making it two years, you have reduced it to 4 months and 2 weeks I think you have thereby reduced the rigour of the law which is required to be more stringent in order to meet the situation and to meet such a dangerous section of the society.

Why do I say this? Mr. Vice-Chairman, Sir, sometime!, we do not know which hand is operating in this trade from where. The smuggling activities may be taking place in Bombay, Calcutta, Delhi, Indo-Nepal border or anywhere. But the mastermind may be sitting in Dubai, Berlin, Bandra, Abbas or some such other places. Hence, it is a very difficult task. We have felt the pinch of it. The whole nation is realising the difficulties on account of this. But we are still believing in such piecemeal arrangements. This will not do. Therefore, I would appeal to the hon. Minister of Finance to bring forward a comprehensive Bill, covering all aspects of the matter so that these eventualities can be met. Otherwise, this sort of piecemeal legislation won't solve the problem.

Sir, I have moved an amendment that the Indo-Nepal border should also be included. What is happening in this area? The Indo-Nepal border covers three areas, namely, North Bihar, North U.P. and Himachal Pradesh. Nepal is acting like a buffer State between India and China. Now, all sorts of Japanese and Chinese goods are dumped in Nepal. They pass through our borders like anything. We are infested with Chinese goods like anything. You have denned the vulnerable area to include the coastal areas; Indo-Pakistan border and you have also included Delhi Airport. When you have done so, would like to ask why not include the Indo-Nepal border also? As I said, not only certain goods are smuggled through

this area. As one hon. Member was pointing out, smuggling is also going on in dangerous drugs, narcotics, heroin and hasish. They not only pass through Pakistan; but they also go through the Indo-Nepal border. I forgot to mention about the North-Eastern border, in my amendment. I hope, the hon. Minister will seriously consider including this area also. As I said, I have moved an amendment that the inland area 50 kms. in width from Indo-Nepal border in the States of Himachal Pradesh, U.P. and Bihar should also be included, so that *v-f-i* can save these areas also from the operation of the smugglers. If we do this, I think, the purpose of the Act would be well-served. When I was going through the Bill this morning, when I found the period reduced to six months, three months, four months and two weeks, I felt that this will not be practicable. You should make it more practicable. You should increase the period from one year to two years. I would say, at least, let them be put behind bars. Let us restrict them. May I again appeal to the hon. Minister that he should bring forward a more rigorous law; if not in terms of rule 30(i)b of the Defence of India Rules, 1962 or MISA at least, he should bring forward a comprehensive legislation in terms of the National Security Act 65 of 1980 to meet these eventualities.

With these words, I support the Bill, and I hope the hon. Minister will accept any amendment so far as the inclusion of Indo-Nepal border is concerned.

SHRI PAWAN KUMAR BANSAL (Punjab): Mr. Vice-Chairman, Sir, misusing the liberty guaranteed by the Constitution of India, certain anti-social and anti-national elements with active connivance of foreign vested interests indulge in the socio-economic evil of smuggling. Smuggling of contraband into and out of the country poses a serious problem for the country, which dialocates the economy, and in fact, spells 6.00 P.M. doom for it. It has rightly been said before me that foreign goods of every conceivable description find an easy access in every major town of the country. Because of the large-scale smuggling across our border, a parallel economy has come to function in our

country which sets at naught the various progressive measures which the Government takes from time to time.

Besides causing a deleterious effect on the economy, the smugglers contribute a great deal in - destabilising the society. They also encourage various other forms of social evils. Group rivalry and open warfare amongst different gangs of smugglers often pose a serious law and order problem. The tragedy that Punjab had to face recently as a result of the large inflow of illicit arms from across the border, was also a consequence of unabated smuggling. Similarly, in the recent communal riots at Bombay people of the underworld, thriving on smuggling, added fuel to the fire in no small measure.

Sir, appalled by the intensity of the scourage of smuggling which was having an increasingly adverse effect on our economy and resultantly the security of the country, the then Government led by Shrimati Indira Gandhi launched a nationwide crusade against this evil and in 1974 the present conversation of Foreign Exchange and Prevention of smuggling Activities Act was brought on the statute book. Thereafter, in 1975-76, a determined action was taken against the smugglers and a good number of them were put behind the bars. But with the advent of the Janata regime the smugglers bargained for the liberty to once again freely indulge in the illicit trade with impunity and the result was that a large number of them came out of the jails again.

Section 9 of the Act, as it originally stood, provided that persons in respect of whom an order of detention was made before 31st December, 1977, may be detained for a period longer than three months without obtaining the opinion of an Advisory Board. Now this provision did have a deterrent effect for some time, but later on it was left that smugglers took the benefit of technical provisions of the law and the liberal and somewhat anachronistic judicial system to escape the consequences of the anti-social and anti-national activities.

The recent spurt in smuggling in highly vulnerable areas again made it desirable to

[Shri Pawan Kumar Bansal] see that smugglers did not escape the reach of the law and order machinery on hyper technical grounds and it became imperative to extend the special provisions of section 9 of the Act regarding continued detention beyond three months but up to six month without the opinion of the Advisor) Board. This has been made applicable to all the pending cases as well as those which may arise in the next three years.

In principle, we agree that the detention without trial may be a negation of democratic values, but in the large interest of the country sometimes such action may be the only alternative to protect the economy and security of the country. As such a balance between the two concepts has been maintained by, firstly, intending to apply the provisions of section 9 to cases arising upto 31st July, 1987, and secondly, by reducing the period of detention without the opinion of the Advisory Board from one year to six months. Here, Sir, I would refer, with respect, to the observation made by the hon. Member speaking before me. Perhaps taking a cue from the fact that in the amendment now sought to be introduced, the permissible period of detention, without the opinion\* of the Advisory Board has been reduced from one year to six months, the hon. Member expressed the opinion that there has been a relaxation in the severity of the punishment sought to be meted out to the smugglers. The actual position is that this reduction to six months from one year is only in those cases where the opinion of the Advisory Board is not sought, while section 8 read with section 10 of the main Act makes it abundantly clear that in normal cases the persons detained under the Act can be required to remain behind the bars for a period of one year while in those cases where the special provisions of section 9 have been invoked, the maximum period of detention is still two years.

Sir, the ambit of the present amendment is quite limited. And there is no reason why it should not find support from all quarters. I would, however, take this opportunity to impress upon the Govern-

ment to see and devise means to make a Jaw which would be more deterrent for the intending offenders, with such provisions as have a dampening effect on them so that they are not able to seek their release on frivolous grounds, such as not understanding the language of the grounds of detention, or on some vagueness in one or two or more of the various grounds of detention.

Here, I do not intend to sound as if I am sermonising on something, but I would still take the liberty to say that any amount of legislation on a subject like smuggling may not really have the desired effect. We, once again, have to turn back and look upon the actions and deeds of our forefathers before Independence. Today perhaps the need to take a vow to adhere to swadeshi is more imperative than it was ever before. I am not going into the various figures given by the learned Member, who spoke before me, but the gravity of the situation is well imaginable from the fact that one-third or one-fourth of the total imports made by our country come in the form of illicit and contraband goods. It would be quite imperative for all of us to stress upon the fact that foreign goods, in whatever form, have to be rejected by us. Only then perhaps we will be in a position to check the mushroom growth of various stalls or pavement pedlars of smuggled goods. Sir before concluding, I would only reiterate that smuggling has had far-reaching consequences on our social and economic life. It, in fact, poses a threat to our liberty. And if our freedom is in peril, it is again our duty to defend it with all our might. If it is in this perspective that we take the manace of smuggling, we may be able to do something about *iii*

With these words, I support the Bill with only one more observation. As said by the learned Member speaking before me, though the definition of vulnerable areas has quite rightly been extended, it still needs consideration to include area\* near the Indo-Nepal border.

With these words, I commend the Bill.

Thank you.

SHRI S. M. KRISHNA: Sir, I would register my deep sense of gratitude for all the support that this piece of legislation has exuded from all sections of this House. The Government is aware that smuggling has become one of the most menacing factors which have vitiated our total economic development, and because of the injuries that the operations of smuggling have inflicted on our body politic, Government thought it necessary to promulgate an ordinance in order to wage a relentless war against this menace. Sir, the war was waged when the present Prime Minister in her earlier spell as Prime Minister diagnosed some of the maladies that afflict our economy and way back in 1974 the Prime Minister did realize what is termed today as parallel economy, the smuggling and the blackmarketing that goes on; and it is to be said to the credit of the Prime Minister that she decided that a major effort, a national effort, and a governmental effort had to be initiated. After the Bill came into being, in 1975, around June/July, yet another major offensive against this menace of smuggling was declared by the Prime Minister.

Sir, without going into the historical facts which have been mentioned by a couple of speakers, I would only try to make a limited point—and that limited point is that if between 1977 and 1980 the same tempo had been maintained in attacking the smugglers, in activating this particular Act, perhaps the story would have been different today, perhaps the picture would have been a little happier today. But in the wisdom which prevailed on the rulers who were then at the command of the situation, they thought it otherwise. They not only let the smugglers scot free but an effort was made in the name of late Jayaprakash Narayan and others to show that a major change of heart had taken place among smuggling fraternity in the country and give, what was mentioned by a few hon. Members, respectability to these smugglers. I think the first few steps were taken between 1977 and 1980.

My good friend, Shri Ramakrishnan, while initiating the debate, has mentioned about the sophisticated smuggling syndicates. It is a fact that the Government

is aware that these syndicates are becoming powerful. The syndicates are trying to have their own intelligence system, their own communication system, and Government thought that in order to fight, in order to make a major dent on these smuggling syndicates a major operation was necessary and was warranted. And that is what provoked Government to come out with an ordinance and then subsequently come before Parliament for its approval.

Sir, talking about political protection, this Government, whenever it has come across a case of smuggling or black-marketing or suppression of wealth, has not looked into the political complexions of the offender, of the culprit, who is involved. Regardless of going into the political complexions, we have gone on the basis of the merit in order to minimise these\* social evils.

Shri Ramakrishnan also mentioned about the advertisements which appeared in the Indian magazines and various other publications, and I think he traced the history and he recounted the assurance given by the previous Finance Minister to this House and then it was followed up, and, the opinion of the Law Ministry was obtained. And as Mr. Ramakrishnan himself suggested, Article 19(2) of the Constitution would certainly come in the way of blocking some of these advertisements. Then again as long as there is this foreign trade, whether you have the advertisement in the local publications or not, there are a hundred different other methods by which people in this country are exposed to foreign goods.

Then, a point was made about the properties confiscated and the reason for this delay. Sir, Mr. Ramakrishnan gave some figures, and I would like to confirm those figures.

As on 30-6-1984 the number of show-cause notices issued under section 6 of the Act were 2,420.

The value of the property involved in these 2,420 cases was Rs. 38.83 crores.

Orders of confiscation passed under section 7 of the said Act were of the value of Rs. 14.9 crores.

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Then, notice for taking possession of the property under section 19 of the Act \*was issued in 602 cases, and the value of the property involved was Rs. 8.83 crores.

Sir, us on 30-6-1984 the actual possession taken was in 64 cases. The value is Rs.- 30.80 lakhs. Now after an order of forfeiture is made under section 7, and where notice under section 19 has been issued the possession of forfeited property has been taken in a number of cases. But there are a number of cases pending before the courts and tribunals because of the rule of law and Fundamental Rights attached to these properties. Now, the Government has not been able to take giant steps in trying to make the maximum use of the law which has been enacted by the Parliament.

Mr. R. Ramakrishnan and some other hon. Members have mentioned about the shops displaying these contraband goods. Mr. Ramakrishnan, Mr. Sukul and Mr. Chimanbhai Mehta have also mentioned specifically about the Burma bazaar. Sir, here the point is that, we need the active assistance, cooperation and support from the State Governments. Sir, about the shops displaying, I would only try to impress upon Mr. Ramakrishnan that we have already initiated action so that these bazaars could be cleared. At any rate, an effort would be made to see that they do not go on for ever.

The number of raids—the frequent raids and periodical raids which we conducted were about 2,046. The goods seized in those raids was of the value of Rs. 121.51 lakhs in 1982. In 1983 the raids increased to 3,310 which would involve about Rs. 120 lakhs worth of property. Provisionally upto May, 1984 we have conducted about 1,340 raids and the value of goods involved were Rs. 63.5 lakhs. Sir, here again whether it is Bombay or Madras or Delhi we have to enlist the active cooperation of the local government so that customs action gets further strengthened and the fear of God is driven home in those people and in those shop-keepers who display these contraband articles.

SHRI BIR BHADRA PRATAP SINGH: May I know the number of prosecutions initiated so far?

SHRI S. M. KRISHNA : That is right. I am coming to the prosecution part of it, Mr. Bir Bhadra Pratap Singh has mentioned about certain valuable points. He has also tabled an amendment. About the amendment, I will come to it a little later on.

Now, in 1982, the number of persons who were arrested were 2,266; the number of persons prosecuted were 1,626; and the number of persons convicted, the provisional figures are 691.

In 1983, the number of persons-arrested were 2,281; the number of persons prosecuted were 1,619; and the number of persons convicted were 665.

Then in 1984, upto June I have the figures. The number of persons arrested were 1,144; the number of persons prosecuted were 737; and the number of persons convicted were 325.

So, these figures will drive home the point that the Government just does not lull itself into a state of complacency after making arrest. We really follow it up with action to prosecute and ultimately the objective is to get the culprit convicted in a court of law.

Mr. Chimanbhai Mehta and Mr. Sukul mentioned about the estimate of the goods smuggled into the country. Sir, this is a very slippery ground for any Finance Minister to tread upon because, without very accurate or valid data, the estimate can run into difficulties. And the Government as such is wary of making, or even attempting to make, an estimate. The House is aware that we have entrusted to an institute of economic the task of making a study of the incidence of black money in India. When the report of that study comes out, perhaps for the first time, the Government will have a certain expert opinion or assessments as to the incidence of black money. And perhaps that also might give us some valuable clues to make a rough assessment as to



what would be the contribution of smugglers in the generation of black money in this context. He said that Mr. Bajaj as President of the FICCI assessed that Rs. 1,000 crores worth of fabric was being smuggled in. And Mr. Sukul makes a guess and says it is Rs. 2,000 crores. I might say that it is not all that high. Your guess is as good as mine. So I would not like to go into that question of making an estimate. But the fact is that we are concerned and we are worried that so much of fabrics is getting into this country. Now, synthetic fabrics happens to be one of the main items which are smuggled into this country because periodically I have been furnishing information to both Houses of Parliament as to the sector-wise as also commodity-wise figures, which would give us a rough idea as to what is involved in smuggling.

Sir, Mr. Chimanbhai Mehta suggested - *thi* the duty structure should be closely examined with relation to the smuggling that goes on. This is a policy which we totally accept. In our economic policy, the duty structure is also being monitored. For example, a major package of announcements concerning the electronic industry reduced the incidence of smuggling as far as radios and two-in-ones were concerned, because of the steep decrease that took place in the duties on these electronic gadgets. So, while shaping the economic policies and particularly the duty structure, while fixing the element of duty, we certainly go into every aspect, including the smuggled material that comes into the country. So that kind of an economic back-up is always provided in our policy.

Many hon. Members have made a point about the evil effects of the sale of contraband goods. Sir, this was one of the reforms which the rulers in 1977-78 toyed with. They thought that they were making a major economic reform by saying, "We are not going to expose the people of this country to these contraband goods." Now they forgot that anything that we seize cannot be put on sale right away. There is a procedure. We have got to give sufficient time for those from whom we seize properties. They go to a

court of law. And some of these articles are perishable articles. Only those perishable articles can be put to sale immediately. But there are non-perishable articles which are also involved in litigation. So, the time factor is an essential ingredient while making up our mind whether all those goods should be sold in public or should be destroyed or should be exported back. Again, as far as re-export is concerned there are many problems. Take, for example, wrist watch or fabrics. Now fashions change so fast in the countries from where these goods come. With the change of fashions, with new models coming in, old models are not touched. So, these are the inbuilt difficulties in exporting them back. After closely examining the problems we thought! if we could mop up a few crores of rupees by selling these contraband goods through cooperative societies like Janata bazaars and various other outlets, we would not be doing anything wrong, we would only be adding a few crores of rupees to our exchequer...

SHRI CHIMANBHAI MEHTA: Does it not help the contraband goods getting a legal cover? Have you examined this aspect also? I can understand difficulties in exporting them back. But please examine it from this angle also. That legalised contraband becomes the cover for open illegal sale.

SHRI S. M. KRISHNA : Well, that angle also has been gone into very carefully by the Ministry. We feel that these goods which are sold through cooperative outlets like cooperative marketing federation, etc. are not sold in bulk. They are sold to different persons; there is nothing like bulk sale, whether it is wrist watches or fabrics or radios. Whatever is sold through cooperative outlets, it is being sold for personal consumption of the buyers.

Then some honourable Members mentioned about narcotics and the havoc being caused by them. Government is aware of the narcotics, drugs, abuse. The International Narcotics Control Board in its report for 1983, *inter alia*, states :

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"India, situated between two illicit supplying areas, South-East Asia and the Near and Middle East, is mainly a transit country for heroin.....Reports available to the Board indicate that in 50 cases involving a total of 120 kilograms of heroin by traffickers apprehended in Europe during the first eight months of 1983, began their journeys in Bombay or New Delhi."

So the Government is fully aware and the Narcotics Control Board is also fully aware that India has of late acquired the dubious distinction of being a transit area for the illicit supply of narcotics. Then the Board further said:

"This region remains a major source of illicit opiate..... are consumed within the area itself and also the traffic abroad in growing quantities. The seizure data shows that one half of the heroin consumed in North America and over three-fourths consumed in Western Europe, originates in the Near and the Middle East."

So, we are keeping a close vigil and a constant watch over the movement of narcotics. Mr. Sukul and also some other Members mentioned about the successful attempts of the Customs Preventive parties and our intelligence wings who have been able to catch hold of some of these illicit drug traffickers. One Hon'ble Member asked about any other country where smuggling goes on either into or outside. I would unhesitatingly say United States. In the USA drug menace is so common from top to bottom and if it is not available in that country, human tendency is to get it from somewhere. They will find places where it is available and they will try to get it. This is a problem which confronts other countries depending upon what is not available there. In India because we are a developing country and poor country, the impact of this on our economy is much more than it is on other economies.

Mr. Sukul or Mr. Ramkrishnan mentioned about diplomats who are involved in smuggling. I have answered questions on this and have given details for 1980-81, 1981-82 and 1982-83 about the number

of diplomats caught. We always take follow-up action with the Governments of the countries they represent so that smuggling through diplomatic channels is also plugged.

SHRI DARBARA SINGH (Punjab): Is it possible for the Government of India to ask all the State Governments not to release notorious dacoit-like smugglers because sometimes they get out easily?

SHRI S. M. KRISHNA: I entirely agree with our senior Member, Shri Darbara Singh, that both State Governments and the Central Government should be extremely careful firstly in trying to get hold of a smuggler and more importantly, when he is taken custody of under COFEPOSA, to be very strict after the case is presented to the Advisory Board. So far as Government of India is concerned, I can assure the House that we have taken the most positive view of implementing the COFEPOSA Act. And it would be our suggestion to the State Governments also to look at it from the same angle as we look at it.

Here I would like to make a point that a smuggler can be taken under COFEPOSA as well as under NSA and the administrative machinery changes hands. If he is taken under COFEPOSA the Finance Ministry comes in. If he is taken under NSA the Home Ministry comes in. But nonetheless the point is well taken that when we take them into custody we should be sure of our grounds. Unless there are very valid grounds we have got to stick to the order of detention.

It is very sad that CPI(M) which happens to be the main opposition group in the Rajya Sabha is totally absent today. As Mr. Sukul has said, West Bengal happens to be one of the States where no arrests under the COFEPOSA have been made. And, Sir, a strange logic is being spelt out to say that there are no offenders and the smugglers are arrested in West Bengal, immediately they are punished and then they are let off! This kind of a talk which the West Bengal Government is indulging in, whatever the present West Bengal Government may want to say, is something strange and we

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are rather icy about accepting this position. Nonetheless, even in West Bengal, whenever the Government has been confronted, we have always taken a very rigid view and we have not hesitated to arrest the smugglers even in West Bengal.

THE VICE-CHAIRMAN (SHRI SANTOSH KUMAR SAHU): Since the Resolution has not been moved, I shall now put the Motion moved by Shri S. M. Krishna to vote.

The question is:

"That the Bill further to amend the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

THE VICE-CHAIRMAN (SHRI SANTOSH KUMAR SAHU): We shall now take up the clause-by-clause consideration.

*Clause 2—Substitution of new section for section 9*

THE VICE-CHAIRMAN (SHRI SANTOSH KUMAR SAHU): We shall now take up clause 2. There is one amendment by Shri Bir Bhadra Pratap Singh.

SHRI BIR BHADRA PRATAP SINGH: Sir, I beg to move:

That at page 2, after line 31, the following be inserted, namely:—

*"(Hi) the inland area fifty kilometres in width from India-Nepal border in the States of Himachal Pradesh, Uttar Pradesh and Bihar,"*

*The question was proposed.*

THE VICE-CHAIRMAN (SHRI SANTOSH KUMAR SAHU): I do not think that the Minister has got anything to say on this. Would you like to withdraw your amendment?

SHRI BIR BHADRA PRATAP SINGH: Sir, I have moved the amendment. But since the Minister has earlier said that there are many practical difficulties in this, I would like to withdraw my amendment.

*The amendment was, by leave, withdrawn.*

THE VICE-CHAIRMAN (SHRI SANTOSH KUMAR SAHU): The question is:

"That Clause 2 stand part of The Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

*Clause 3 was added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI S. M. KRISHNA: Sir, I beg to move:

"That the Bill be passed."

*the question was put and the motion was adopted.*

THE VICE-CHAIRMAN (SHRI SANTOSH KUMAR SAHU): The House now stands adjourned till 11-00 A.M. tomorrow.

The House then adjourned at forty-four minutes past six of the clock, till eleven of the clock, on Friday, the 17th August 1984.