



- The Directorate of Revenue Intelligence (DRI) was constituted in 1957 as the apex anti-smuggling intelligence & investigation agency functioning under the Central Board of Indirect Taxes & Customs (CBIC) to counter the menace of smuggling in India.
- Over the years, DRI has established itself as the premier intelligence agency commanding the trust of international & national agencies with its intelligence inputs on myriad subjects — ranging from fake currency notes, narcotics, gold, arms & ammunition, wildlife, cultural heritage and commercial fraud.
- The organisation has sought to reorient itself to new & emerging challenges, such as those relating to black money, money laundering & narco-terrorism.
- DRI enforces the provisions of the Customs Act, 1962 & over fifty other allied Acts including the Arms Act, NDPS Act, COFEPOSA (Conservation of Foreign Exchange & Prevention of Smuggling Activities), Wildlife Act, Antiquities Act, etc.
- The DRI has also been designated as the lead agency for S-CORD, the national anti-smuggling coordination centre.
- Being the apex anti-smuggling enforcement organisation, DRI is expected to carry along the border agencies towards the common objective of thwarting smuggling activities that pose a grave threat to national security and economic well-being of the country.
- Among the commodities smuggled into the country, gold occupies the prime position which is closely followed by narcotics and psychotropic substances, cigarettes, foreign currency, agricultural produce and wild plants and animals.
- India has become the fourth largest and fastest growing illegal cigarette market in the world with smuggled ones accounting for a quarter of the domestic cigarette industry.
- In FY 2019-20, approximately 120 tonnes of gold was smuggled into India, which was about 15-17 per cent of the nation's annual demand, according to the World Gold Council.

#### REASONS OF GOLD SMUGGLING

- The economic reforms of the 1990s witnessed the repeal of the Gold (Control) Act, 1968 that had prohibited the import of gold except for jewellery.
- The erstwhile statute had led to the emergence of a notorious network of gold smugglers during the 1970s and 1980s.
- The economic reforms & liberalisation led to the imposition of a modest specific duty of Rs 300 on 10

grams in 2011-12, bringing gold smuggling almost to a grinding halt.

- The duty rate was enhanced in 2013, essentially to rein in the spiralling current account deficits, when the rate was shifted from specific to ad valorem & within a span of two months, the duty on gold increased nearly four-fold to 4 per cent.
- At present, the import of gold attracts Customs duty of 12.5 per cent, GST of 3 per cent and an additional GST of 5 per cent on making of gold ornaments.
- The increase in duty on imported gold has led to the rise in smuggling of gold.

#### DRUG TRAFFICKING

- Drug law enforcement in India derives its strength from Article 47 of the Constitution of India.
- It states that: "The State shall regard the raising of the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties and, in particular, the State shall endeavour to bring about prohibition of the consumption except for medicinal purposes of intoxicating drinks and of drugs which are injurious to health."
- India is a party to the three United Nations conventions on drugs – the 1961 Single Convention on Narcotic Drugs, the 1971 Convention on Psychotropic Substances and the 1988 Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.
- The Parliament enacted the Narcotic Drugs & Psychotropic Substances Act, 1985 (NDPS Act), which came into force on November 14, 1985. NDPS Act ensures that India fulfils its obligations under the three UN Drug Conventions & objectives underlined in Article 47 of the Constitution of India.
- The NDPS Act prohibits, except for medical or scientific purposes, the manufacture, production, trade, use, etc of narcotic drugs and psychotropic substances.
- The rules & schedules of the NDPS Act, 1985 are constantly being updated to keep it in tune with the innovations and developments in the field of drugs and psychotropic substances, including the challenges in drug law enforcement.
- India has adopted the policy of empowering multiple agencies to enforce the NDPS Act, namely Customs, DRI, Police, Narcotics Control Bureau (NCB), Central Bureau of Investigation and Central Bureau of Narcotics (CBN), amongst others.
- Recently, the National Investigation Agency (NIA) has also been empowered under the NDPS Act.

- For coordination among various central & state agencies, the Narco Coordination Centre (N-CORD) mechanism was set up by the ministry of home affairs in 2016 to conduct regular meetings with these agencies for effective drug law enforcement.
- This N-CORD system has been restructured into four tiers up to district level by MHA in 2019 for better coordination and cooperation.
- Central Bureau of Narcotics (CBN), under the department of revenue, is mandated to supervise licit (lawful) cultivation of opium poppy for medicinal use.
- The CBN also issues licenses for the licit manufacture & export of synthetic narcotic drugs & is the competent national authority in respect of NDPS substances being exported out of India as per the international regime of prior informed consent, implemented by International Narcotics Control Board.
- Being the apex anti-smuggling agency, DRI coordinates with various national and international enforcement agencies as a part of its law enforcement efforts against smuggling of narcotic drugs and psychotropic substances

#### HISTORY

- The Central Excise & Customs administration, which was previously deployed during the British Rule mainly for the collection of revenue, was called upon, in the wake of independence, to shoulder the responsibility of guarding the tariff wall along the country's vast coastline and land frontiers.
- Many handicaps such as want of trained manpower and adequate resources in the form of equipments and absence of precise intelligence made our frontiers more vulnerable to economic exploitation.
- Added to it was the temptation to evade taxes and controls which was fuelled on account of growing demand for foreign articles which otherwise were subject to high taxation rates and non-tariff barriers on account of the need to foster indigenous industry and to conserve the country's fast dwindling foreign exchange reserves.
- A need was felt to have a centralized agency in India to deal with cases of violations of Customs laws, having ramifications beyond the geographical jurisdiction of localized field formations and for collection, coordination and correlation of intelligence with respect to violation of these laws and also to furnish specialized know-how.
- A beginning was made in 1953, when a nucleus cell, christened 'C.R.I.B.' (Central Revenue Intelligence Bureau), charged with the responsibility of dealing with all matters connected with anti-smuggling & anti-corruption in the Customs & Central Excise organizations all over India was constituted.
- It was a small unit consisting of an Assistant Collector & two Superintendents within the Directorate of Inspection (Customs & Central

Excise), New Delhi but working directly under the Central Board of Revenue.

- By its very composition, a cell like C.R.I.B., could have a very limited scope for wider activities.
- But various studies undertaken in this small Cell itself revealed that the menace of smuggling had established deep roots in India, which, in turn, spelt out the dire need for establishing a well-organized Central anti-smuggling Organization for planning & directing the anti-smuggling efforts of the various Custom Houses and Central Excise Collectorates throughout India in a scientific manner for successfully meeting the menace of organized smuggling.
- Various studies were undertaken by C.R.I.B. & suggestions were submitted to the Government of India in the Ministry of Finance (Revenue Division)
- The proposals made by Chairman, Central Board of Revenue and Finance Secretary dealing with the reorganization of Central Revenue Intelligence Bureau & creation of the Directorate of Revenue Intelligence makes for an interesting reading as it provides an insight into the history of, rationale behind and expectations from DRI.
- The Chairman noted that "Till about 1955, the officers of the CRIB undertook ad hoc investigations or enquiries, at the instance of the Board, and these were mostly enquiries against senior officers accused of corruption.
- The Bureau could not devote its attention to anti-smuggling measures on any organized pattern until after the taking over of anti-corruption work by the Vigilance wing, and the availability of its full complement of officers about a year ago.
- In this year, under the personal guidance of Member (Central Excise) the Bureau took up co-ordination of Inter-Collectorate work against smuggling and helped the Collectorates with experienced personnel in the investigation of major cases.

#### FROM THE TABLE OF FINANCE SECRETARY

- It is designed to collect and collate information and to strike swiftly;
- It is officer-intensive & the ministerial staff has been kept at a minimum;
- Although small, it is a high-powered organization so that it can issue instructions to Collectors & can command the confidence & respect of the other State and Central organizations with which it has necessarily to deal in order to become effective;
- It will consist of selected officers — those who by temperament and experience, are equipped to do this specialized kind of work;
- It will have no routine job of its own in the sense that it is required to collect a certain amount of revenue. It will have complete liberty to act on 'hunches' and only the ends will justify the means it adopts."

- The Directorate of Revenue Intelligence was thus constituted on 4th December 1957, for dealing exclusively with the work relating to the collection & study of information on smuggling activities and the deployment of all anti-smuggling resources at the all India level, besides arranging training for the intelligence & Investigation officers of the Custom Houses and Central Excise Collectorates deployed on similar work.

#### FUNCTIONS

- Collection of intelligence about smuggling of contraband goods, narcotics, under-invoicing etc. through sources of India and abroad, including secret sources.
- Analysis and dissemination of such intelligence to the field formations for action and working on such intelligence, where necessary.
- Keeping watch over important seizures and investigation cases. Associating or taking over the investigations which warrant specialized handling by the Directorate.
- Guiding important investigation/prosecution cases. Keeping liaison with foreign countries, Indian Missions and Enforcement agencies abroad on anti-smuggling matters.
- To keep liaison with C.B.I. and through them with the INTERPOL. To refer cases registered under the Customs Act to the Income Tax Department for action under the Income Tax Act.
- To keep statistics of seizures & prices/rates etc. for watching trends of smuggling & supply required material to the ministry of Finance and other Ministries.
- To study and suggest remedies for loopholes in law and procedures to combat smuggling.
- The Directorate of Revenue Intelligence(DRI) exercises all the powers specified in Section 100,101,103,104, 106,107 and 110 of the Customs Act,1962.
- DRI has established an intelligence gathering network which relies on traditional human intelligence resources as well as contemporary technical gathering tools
- DRI collects, analysis and disseminates intelligence to the field formations, help in investigation and keeps statistics of seizures and prices/rates
- DRI has adequate resources in terms of manpower,equipments etc. to take suo moto cognizance of cases.
- A suitable monitoring, coordination, communication network and feedback exists for sharing of alerts/intelligence between DRI and other agencies. Efficiency of intelligence gathering and application.
- There has been an increasing trend in evasion of cases both in terms of numbers and the amount
- The products involved were mainly second hand machinery,electronic goods ,helicopters, luxury

cars, mobile phone, vehicles and their parts,rough diamonds and jewellery.

- Information relating to the tenure of staff on deputation was not provided by DRI.
- The funds of DRI are released by the Director General of Human Resource Development in the form of Non Plan grants.
- The heads of account also include 'Reward to informer' and 'Secret Service Fund'.
- There is also a separate special equipment fund.
- The salary component of budget expenditure of Headquarter was showing a decreasing trend against the working strength.
- DRI uses IT systems for Intelligence Support System(ISS) and DRI Profiling System (DRIPS).
- It is also connected to its Zonal offices.
- Suo moto cognizance of cases on the basis of its own intelligence network and on the basis of past experience.
- DRI does not have any IS Strategic plan for Database Management system.
- It was also observed that there was no HR (Human Resources) management policy for recruitment,capacity building,skill upgradation of manpower required to strategically manage & monitor a critical intelligence system
- There is a risk of undetected noncompliance of a multi location,multi user critical application like ISS/DRIPS handling sensitive intelligence data.
- Information is received through various sources such as emails,phone calls, personal visits,post,etc.
- After the receipt of information,it is examined and analysed and if found to be prima facie correct/action able it is further developed.
- Investigation is done in terms of the various provisions as envisaged in the Customs Act,1962.
- Database of investigations during the year is maintained in DRI Profiling System (DRIPS)
- Customs Overseas Intelligence Network (COINS) : – The COIN units pass on intelligence gathered from overseas or collected on request from the Zonal units,which is assists in DRIs investigation.
- The adjudication of cases lies with the adjudicating authority which is part of the Commissionerate system
- Information/intelligence is shared with the zonal units,field formations and other ministries and departments on a case to case basis depending on the nature of information/intelligence
- Sharing of intelligence/information is done with other agencies such as ED, IT,etc.through Central Economic Intelligence Bureau(CEIB) and Regional Economic Intelligence Committee (REIC) meetings which are held periodically.
- Secret information/intelligence is also shared with RAW, IB, CBI,etc.on a case to case basis and on a need to know basis and there is no specific protocol prescribed for this.

- The international coordination is also done now by Regional International Liaisoning Office (RILO)

which works under the umbrella of World Customs Organisation(WCO).

- DRI is the nodal point of contact with RILO.



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