

PRESS NOTE

On 04.04.2018 DRI cracks down on diversion in exports of Gold Jewellery - 54kg Gold jewellery valued at Rs. 16 Crore seized in Kolkata



Directorate of Revenue Intelligence (DRI) had received information regarding certain gold jewellery exporters declaring exports using 'personal hand carry procedure' to destinations in United Arab Emirates (UAE) but diverting the consignments into domestic market by manipulating the procedure.

Two persons (father and son) were intercepted at NSCBI Airport, Kolkata on 04.04.2018 by officers of the Directorate of Revenue Intelligence (DRI). While the son was intercepted at the time of boarding flight for Dubai, his father was de-boarded from a flight destined to Hyderabad.

Documents had earlier been filed by these persons at Customs Air Cargo Complex, Kolkata for export by hand carriage of gold bangles weighing 54 kgs to be carried to Dubai by the son on board flight bound for Dubai. After the gold bangles were checked by Customs at Air Cargo Complex, Kolkata, as per procedure, the items were sealed and escorted by a Customs officer to the

International Departure at the NSCBI Airport. Before entering immigration and security check, the son took the goods meant for export to an entry gate of the airport where his father was waiting and handed them over for diversion. The father then booked the two metal boxes containing the gold bangles through domestic Cargo for transfer to Hyderabad.

The DRI officials acted in the nick of time and intercepted the two persons as they were about to board their respective flights and also retrieved two metal boxes containing the gold booked for Hyderabad as domestic cargo. The diverted gold bangles meant for export were seized under the provisions of the Customs Act, 1962. Both persons admitted to have diverted gold bangles / chains in similar fashion in the past through Kolkata as well as Hyderabad airports after completion of Customs export procedure. Another associate of these two persons was examined by DRI and he also admitted that he was involved and diverted gold jewellery meant for export through airports after completion of the export procedure.

The mastermind confessed to have received remittances against such export consignments though no actual gold bangles were physically exported. He used to send cash to his Dubai based contacts through *hawala channels* and got the money back into his Indian bank accounts as export proceeds. He admittedly sold primary gold purchased from nominated agencies in the domestic market instead of making gold jewellery for export. For fulfillment of their export obligation and to redeem the security amount paid by them to nominated agencies at the time of purchase of primary gold, they had resorted to diversion of gold bangles meant for export after completing all export formalities. In fact the same sets of gold bangles were repeatedly used to show export of different consignments.

Three persons have been arrested under Section 104 of the Customs Act, 1962 on 06.04.2018 for knowingly involving themselves in diversion of gold jewellery after completing all Customs export formalities and also for illegal disposal of primary gold purchased from nominated agencies in the open market instead of manufacturing gold jewellery for export.

DRI investigations reveal that more than 500 kgs of gold jewellery valued at about Rs. 150 Crore meant for export has been diverted using this *modus operandi* by this particular syndicate. The agency is investigating whether this *modus operandi* has been used by other gold jewellery exporters.