

# DRI busts Diesel Smuggling racket; 14 containers of diesel seized and 4 persons, including the Mastermind and one Hawala Operator, arrested under the Customs Act 1962.

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On the basis of inputs provided by Andhra Pradesh (AP) State intelligence Department, Directorate of Revenue Intelligence (DRI), Hyderabad developed intelligence indicating that diesel is being smuggled into India in guise of mineral spirit by certain operators based at Kakinada and Chennai. The said diesel is being brought from Dubai in huge quantities on regular basis through containers at Chennai Port for further illegal sale in State of Tamilnadu, AP and Telangana.

Accordingly, simultaneous search operation was carried-out by the officers of the Directorate of Revenue Intelligence (DRI), Hyderabad and Chennai with the active support of Andhra Pradesh State intelligence at various places across Andhra Pradesh and Tamilnadu from 17<sup>th</sup> April 2018 onwards.

Searches conducted at two Container Freight Stations in Chennai revealed that 14 containers imported at Chennai Port in the name of M/s SAF Petroleum and M/s Aditya Marine landed at Sanco CFS, Chennai and Gateway CFS, Chennai, where the goods were declared as Mineral Spirit. These containers were found to be actually carrying 263.78 MT (3 Lakh litres approx.) of diesel. On being questioned, this was admitted by the operators and was also confirmed during chemical examination. Simultaneous searches were conducted across Kakinada and Chennai covering 12 places belonging to Operators/Importers, Clearing agents, transportation broker, supervisor, hawala operators etc.

Diesel is a restricted commodity for import as per the Foreign Trade Policy and allowed to be imported only by IOC and other oil marketing companies which meet the requirement of Ministry of Petroleum Resolution No. P-23015/1/2001-Mkt and not allowed to be imported by others. To circumvent the said restriction, the operators of diesel smuggling based at Kakinada hatched a plan and started smuggling 'Diesel' in guise of 'Mineral spirit'. They not only imported the said restricted item but also declared much lower value, around 40% of the actual value, thereby evading customs duty on the said consignments. The operators had offices in Kakinada, storage yard at Maraimalai Nagar, Chennai and an office front at Guindy, Chennai to facilitate said smuggling and distribution. A relative of one of the operator from Kakinada was looking after the logistics, moving the diesel into the grey markets in Chennai, Kakinada, Ongole and parts of Telangana. Dummy companies were opened in Dubai to purchase diesel and import the same to Chennai by creating false documents and invoices. The price difference was being adjusted by payments through hawala channels. It is found that in the past these operators have smuggled around 5366 MT (63 lakh litres approx) of diesel valued at around Rs.17.7 crores, which comes to around 285 containers.

As the diesel has been smuggled into India in contravention of provisions of the Customs Act, 1962 and Foreign Trade Policy, 2015-20, the 14 containers of diesel having value of over Rs. 1 crore have been seized under Customs Act, 1962. 4 persons, including the mastermind and one hawala operator have been arrested under Customs Act 1962. Further investigation is in progress.

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