



INTERNATIONAL LAW  
JOURNAL

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**WHITE BLACK  
LEGAL LAW  
JOURNAL**  
**ISSN: 2581-  
8503**

*Peer - Reviewed & Refereed Journal*

The Law Journal strives to provide a platform for discussion of International as well as National Developments in the Field of Law.

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# **SMUGGLING, LICENSE RAJ AND RISE OF ECONOMIC ORGANIZED CRIME: THE CASE OF HAZI MASTAN GANG**

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## **Abstract**

This study looks into how tight economic rules under India's License Raj era between 1950 and 1991 helped fuel the growth of structured black-market networks. Heavy government grip on imports, manufacturing, and currency flow led to shortages that didn't reflect real supply, twisting market prices. Because of these gaps, moving goods illegally became extremely rewarding. Take gold: inside India, its cost sometimes ballooned four times the global rate, turning underground trading into a powerful draw. From the start, the book looks at how economic crime took root in India after independence, focusing on systems built during eras of protected industry. Instead of following official routes, some groups turned to hidden markets that grew alongside government oversight. One path into this world opens through the story of Hazi Mastan's network, showing how smuggling worked behind the scenes. Hidden flows of money moved through informal channels, tied closely to port workers and shadow banking methods. Links stretched far across cities like Dubai and Hong Kong - where goods changed hands beyond legal view. Officials who looked away made movement easier, while ties to cinema figures added cover. Power shifted quietly between business fronts, politicians, and street-level operators. Looking beyond the surface, smuggling drains foreign currency, cuts into public income, leaves local businesses unbalanced. Instead of just penalties, authorities leaned on laws COFEPOSA arrived in 1974, SAFEMA followed two years later. Yet those steps only scratched the problem, never touched what truly drove people underground. When India opened its markets in 1991, much of that push faded quietly away. Policy shifts, it turns out, can loosen crime's grip more than crackdowns ever did.

## **Keywords**

License Raj, smuggling, organized crime, Hazi Mastan, economic policy, black market,

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hawala, COFEPOSA, gold smuggling, Indian economic history.

## INTRODUCTION

Under License Raj, smuggling in India wasn't just about lawbreakers - tight rules and weak oversight helped it thrive. Because imports cost so much and supplies ran short, black markets found their chance. Controls piled up, pushing more people toward underground trading rings. Money slipped out of official channels, draining forex and shrinking tax income. A shadow economy took root, feeding off these gaps. To fight back, authorities rolled out tough laws and sharper policing tactics. Still, even with tough rules and sweeps, illegal trade held on because of deep-rooted graft, power plays, yet steady profit draws. What follows looks at how such underground commerce shaped finances while tracing government efforts laws included to rein it in.

This research has used the doctrinal and analytical methodology with secondary sources being the primary source for data gathering. The research has analyzed the history, law, and economics associated with smuggling during the era of the License Raj through the use of books, articles from journals, government reports, and case studies. For analyzing the emergence of economic organized crime, a qualitative methodology has been used while considering the case of Haji Mastan gang. Several legislations related to smuggling have been analyzed including Customs Act, FERA, COFEPOSA, and SAFEMA for understanding the legal aspects of this phenomenon. In addition to the qualitative analysis, a case study methodology has been used to study the working and the structural design of the Haji Mastan gang.

### 1.1 Meaning of Economic Organized Crime

Profit-driven crime blends people focused on gains through structured methods with acts meant to undermine a nation's financial setup. Not every group works the same way, yet most rely on clear roles and chains of command. Crime targeting markets cover many types like moving goods illegally, lying about taxes, hiding money flows, or tampering with exchange rates. Sometimes these merge into broader systems; India's License Raj became fertile ground where loopholes helped shadow economies grow strong enough to push back against state control. Some say modern governments created conditions for criminal networks to form, just as expanding commerce opened paths for fraud alongside growth. Out of nowhere, heavy government rules sparked illegal business networks across India. Because of tight controls,

fake scarcity popped up prices twisted in strange ways. As a result, banned imports started moving faster, wanted more each day.

## **1.2 Smuggling in India Post-Independence**

Smuggling didn't start late in independent India it showed up right at the birth of the nation. Because local industries needed support, leaders leaned on heavy protection, blocking imports with taxes as high as 400 percent.<sup>4</sup> That gap between what factories could make and what people actually wanted opened space for illegal goods to flow. Government choices shaped that path more than any border patrol ever did. Along those 7,500 kilometers of coastline, hidden coves met old trading habits passed down through generations. Nearby hubs like Dubai, Singapore, and Hong Kong sat close enough to feed constant movement across water. From early days, geography and policy worked together, quietly making smuggling possible. Out along the western shore of India, smuggling ran quiet through rivers and nearshore routes. Boats slipped between places such as Bombay, moving across waters tied to Gujarat. Coastal pockets including Daman stayed central. Movement happened by ship, often hugging land under cover. Diu formed another point where vessels passed unseen.

## **1.3 The License Raj System and Its Existence**

Starting in the 1950s, India tightly managed its economy under heavy state oversight until reforms began in 1991. This stretch often goes by the name Permit Raj or License Raj<sup>5</sup>. A leader named C. Rajagopalachari came up with that label on purpose, contrasting it with the old British rule. Government approval shaped nearly every business move what could be made, how much, even pricing and spending plans. Getting such permission took time because officials decided everything: output levels, material imports, financial allocations. Though long-lasting, this system held sway across forty years before shifting. Starting up meant jumping through hoops, since nearly eighty clearances stood between a company and making goods. Back then, rules aimed at shielding local firms, building independence, one step at a time, while spreading growth more evenly across areas.

## **1.4 The Role of Hazi Mastan Gang**

During India's License Raj era, Bombay saw many figures rise in illegal trades. Among them

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<sup>4</sup> The Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA).

<sup>5</sup> "Licence Raj," *Wikipedia*, available at: [https://en.wikipedia.org/wiki/Licence\\_Raj](https://en.wikipedia.org/wiki/Licence_Raj) (last visited on April 23, 2026).

stood Haji Mastan Mirza, arriving from Tamil Nadu with little, yet carving out vast power underground. His journey unfolded alongside men like Varadarajan Mudaliar and Karim Lala three names tied by time, control, and influence across decades. From the 1960s into the early 80s, their grip shaped much of what moved unseen in the city.<sup>6</sup> Tight rules on legal business often pushed enterprise into shadow systems instead. Smuggling became a path, one Hazi mastered through coastal networks stretching near Mumbai and deep into Gujarat. Ships carried goods; he reaped gains without papers or permits.<sup>7</sup> What grew under restriction rarely stayed hidden long. Power shifted quietly among those who knew when to move, where to look. Economic barriers gave way to alternative economies built fast, run tight. Routes changed hands not by law but by reach and risk taken daily. Not every empire needed approval back then. Some simply filled gaps left open by policy itself. Not limited to crimes, he also put money into movies and property deals. His operations weren't just about theft - instead, they grew into large-scale efforts that hired many workers. These ventures shaped political decisions and shifted public opinion over time. Success followed him beyond the edge of legality.

## 2. UNDERSTANDING ORGANIZED ECONOMIC CRIME

### 2.1 Definition of Organized Crime

One of the most complicated ideas in the realm of criminology that differs significantly from country to country or culture to culture is that of organized crime. Organized crime is any crime that takes place in a well structured organization by a group of people in order to make profits. By this definition of organized crime in India, organized crime in India means any crime committed by organized groups of Indians worldwide mainly due to their desire to make money. These crimes evolve along with evolving socio-political economic factors.<sup>8</sup>

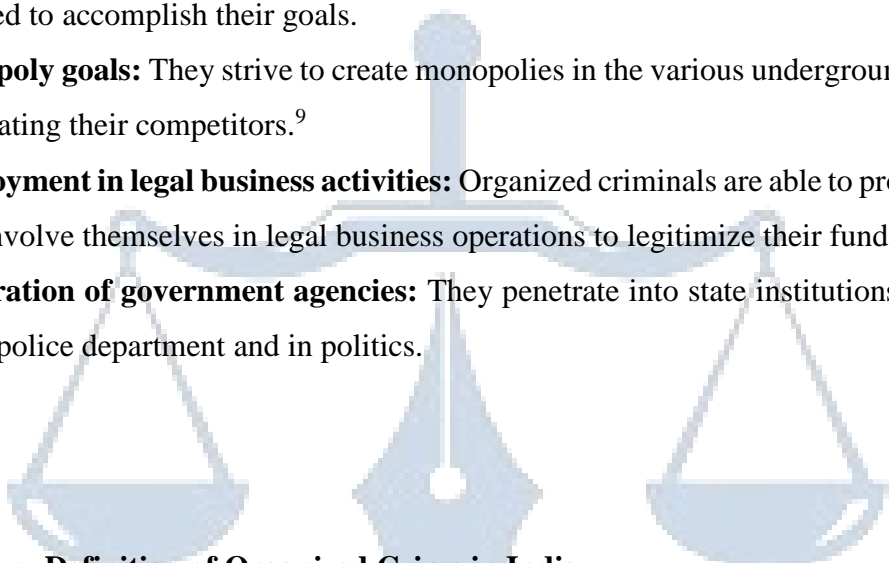
#### Attributes of organized crime:

- I. **Continuity:** They remain longer than any individual's lifespan, running for a few years up to many decades. Take for example the Hazi Mastan gang that ran for more than two decades.

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<sup>6</sup> "Haji Mastan Mirza," *Wikipedia*, available at: [https://en.wikipedia.org/wiki/Haji\\_Mastan](https://en.wikipedia.org/wiki/Haji_Mastan) (last visited on April 23, 2026).

<sup>8</sup> "Organised crime in India," *Wikiwand*, available at: [https://www.wikiwand.com/en/Organised\\_crime\\_in\\_India](https://www.wikiwand.com/en/Organised_crime_in_India) (last visited on April 23, 2026).

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- II. **Structure:** Most organized criminals have structure and division of labor, though not necessarily formal.
- III. **Economic motivation:** The main purpose of committing organized crimes is economic gain; therefore it is different from other forms of crime motivated by passionate issues, political considerations or psychological abnormalities. It is difficult to compare the economic interests of organized criminals with passion, peer influence or perversion.
- IV. **Use of violence and corruption:** Violent actions or the threat of violence and corruption are used to accomplish their goals.
- V. **Monopoly goals:** They strive to create monopolies in the various underground markets by eliminating their competitors.<sup>9</sup>
- VI. **Employment in legal business activities:** Organized criminals are able to prosper because they involve themselves in legal business operations to legitimize their funds.
- VII. **Penetration of government agencies:** They penetrate into state institutions, particularly in the police department and in politics.

## 2.2 Statutory Definition of Organized Crime in India.

### 2.2.1 Maharashtra Control of Organised Crime Act, 1999 (MCOCA)

Under Section 2(1)(e), “organized crime” is defined as: Any continuing unlawful activity by an individual, singly or jointly, either as a member of an organized crime syndicate or on behalf of such syndicate, by use of violence, threat of violence, intimidation, coercion or other unlawful means, with the objective of gaining pecuniary benefits or undue economic or other advantage<sup>10</sup>

This is the most widely accepted legal definition in India.

### 2.2.2 Karnataka Control of Organised Crimes Act, 2000 (KCOCA)

This Act also provides a similar definition of organized crime, focusing on:

- Continuing unlawful activity
- Use of violence or intimidation
- Objective of financial gain

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<sup>9</sup> Monopolies and Restrictive Trade Practices Act, 1969 (India)

<sup>10</sup> Maharashtra Control of Organised Crime Act, 1999(India)

### **2.2.3 Gujarat Control of Terrorism and Organised Crime Act, 2015 (GCTOC)**

Defines organized crime in a similar way, emphasizing:

- Syndicate-based criminal activity
- Financial or economic benefit
- Use of unlawful means<sup>11</sup>

### **2.2.4 Bharatiya Nyay Sanhita, 2023 (BNS)**

- Organized Crime (Section 111)
- Criminal Conspiracy (Section 61)
- Unlawful assembly (Section 189)
- Extortion, cheating, etc.<sup>12</sup>

### **2.3 Difference Between Organized Crime and Ordinary Crime**

- **Structural Differences:** Ordinary crime is always committed either by an individual or a small group with little association among them. Organized crime involves organized and stable groups with defined roles in committing their respective crimes. In research conducted in 1905, criminologist Willem Bonger identified ordinary crime with "street crime" while referring to organized crime with "economic crime."
- **Motivation Differences:** Ordinary crimes may be caused by many reasons, while organized crime may only be caused by the profit motive. Criminal enterprises such as organized crime, economic crimes and white collar crimes which all fall under enterprise crime involve criminal organization having relationships of expansion, profitability and dominance.
- **Scale Differences:** Organized crime operates on a larger scale as compared to ordinary crime. This is evidenced by the smuggling operation of Haji Mastan gang which operated in places like Dubai, Aden, Hong Kong and Bombay earning millions of rupees turnover every year.
- **Market Orientation:** Unlike conventional criminal activity that is often predatory, and entails the transfer of already existing wealth from one individual to another through robbery and theft, organized crime is far more advanced and entails the adoption of criminal methods in the creation and distribution of legal goods and services that could otherwise have been created through legal means.

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<sup>11</sup> Gujarat Control of Terrorism and Organised Crime Act, 2015

<sup>12</sup> Bharatiya Nyay Sanhita, 2023

- Effect on Society: The impact that conventional crime creates within society is directly detrimental to the victims, while the influence created by organized crime is one that undermines the state itself by threatening its governing values through the development of rival economies.
- Legal Actions: In dealing with conventional crime, ordinary laws are used, whereas special laws are required to combat organized crime, such as laws on preventive detention.<sup>13</sup>

## 2.4 Types of Economic Organized Crimes

Economic organized crimes refer to the activities that are performed with an intention of deriving economic benefits and in connection with the ordinary economy.

Economic organized crimes were widespread during the period of License Raj in India.<sup>14</sup>

### 2.4.1 Smuggling

Generally speaking, smuggling involves illegal transportation of products both within the state and over its borders while violating regulations concerning imports and customs procedures. In such a manner, smuggling became a perfect example of economic organized crime during the period of License Raj in India because of the huge gap between demand and supply on the market. As per the Customs Act of 1962, smuggling means the acts that result in seizure of goods according to Sections 111 and 113 of the mentioned act. Nonetheless, smuggling cannot be assessed solely from this point of view since there is a need to understand some reasons for it, which were quite reasonable during the period of License Raj in India. Among the most popular goods transported both into and out of India during that period, there were precious metals such as gold and silver, imported clothing, expensive watches manufactured in Switzerland and Japan, and modern electronic devices.<sup>15</sup>

### 2.4.2 Black Markets

The black market is where all the back alley deals occur where commodities and services make their way through the unofficial channels because of the presence of price ceilings and rationing in the economy by the government. It is not only the selling of commodities above the ceiling, but also the sale of commodities that do not have allocations in the first place. The tight grip

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<sup>13</sup> J.S.P. Singh, *Criminology, Penology and Victimology* 112 (Eastern Book Company, 2022).

<sup>14</sup> "Relationship Between Economic and Organized Crime in Modern Society," 2024 *Pravo* available at: <https://doaj.org/> (last visited on April 23, 2026).

<sup>15</sup> The Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA).

on the prices of commodities such as paper, rubber, tires, cement, and even soap brought about a situation where shortages and black markets were unavoidable. As a consequence, commodities, whether domestically produced or smuggled, made their way to the market through black channels, thus resulting in increased prices that were more than what policymakers had hoped for.<sup>16</sup>

#### **2.4.3 Transactions involving Hawala system**

Hawala is a system of informal financial transactions, whereby individuals transfer money in an informal financial market setup with no formality at all. The system does not involve any form of agreement or opening of any accounts; it simply needs trust within a community or a specific ethnic group. As far as the process is concerned, the process uses a chain of middlemen known as 'hawaladars', who move value from one place to another without using any cash. What happens here is that once an individual decides to make use of such a system, all he needs to do is deposit his money with a hawaladar, who subsequently contacts another party and pays him. Record keeping is done by 'hawaladars' informally. During the License Raj era, Hawala helped the criminal organization to launder money by changing the proceeds of the black economy into foreign currencies without breaking any foreign exchange rules.<sup>17</sup>

#### **2.4.4 Gold smuggling**

Gold smuggling requires specific consideration because of the significant role of this precious metal in the cultural heritage of India and its considerable economic importance for the country in the period of the License Raj regime. In Indian culture, gold is considered one of the most valuable metals and represents a sign of prosperity and protection from evil spirits. Meanwhile, restrictions on the importation of gold to India by the country's authorities, high duties, and a small number of legal supplies provided favorable conditions for gold smuggling. Thus, the cost of gold in India was almost four times higher than its international price at the end of the 1960s and 1970s; moreover, the price of Indian gold was much lower than the cost of gold in Dubai. In the early 1970s, Dubai became the main supplier of gold to India. Gold was usually smuggled in ten-tolas bars that could be easily concealed in luggage or clothing. It was done using sea routes from Dubai to Bombay, Kutch, and Calicut. These smuggling activities were profitable, resulting in the emergence of strong smuggling networks and strengthening

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<sup>16</sup> S.K. Ray, *Economics of the Black Market* 45 (Routledge, 2019)..

<sup>17</sup> Foreign Exchange Management Act, 1999 (FEMA)

economic connections between the Arabian region and the coast of western India.<sup>18</sup>

#### **2.4.5 foreign exchange violations**

Infringement of rules concerning foreign exchange was a daily activity where the organized crimes against the economy were concerned in the License Raj era. The Foreign Exchange Regulation Act that came into force in 1973 was very restrictive on the dealings with foreign currency by Indian citizens. The result was that all such dealings had to be made only through the legitimate means. The purpose of the regulation was quite clear to safeguard the country's foreign exchange reserves, which are indispensable to import capital goods and latest technologies from outside. Nevertheless, due to the strictness of these restrictions, people opted for the underground economy and thus increased the demand for foreign exchange and got involved in several forms of organized crimes. Violation of foreign exchange regulations used to be part of the routine of Haji Mastan gangsters. Owing to the requirement of foreign currencies for paying foreign collaborators by the smugglers, transactions through the hawala route used to be undertaken instead of making use of the banks. Besides, trade related money laundering practices involving under hedging of export bills and over hedging of import bills were undertaken, resulting in huge loss of foreign exchange reserves of the country.<sup>19</sup>

### **3. THE LICENSE RAJ SYSTEM IN INDIA**

#### **3.1 Meaning of License Raj**

One of the largest systems of regulation in democratic countries was the License Raj, Permit Raj, or License-Permit Raj. The name for this policy was suggested by C. Rajagopalachari, who was inspired by the "British Raj" because of the oppressive regulatory environment. This system was more than just a set of laws; it was an economic model based on socialist theories introduced to the country's economy after it gained independence to make it self-sufficient and industrialized. According to the License Raj, the government had considerable authority over the activities of enterprises. In other words, they were allowed to produce certain items in specific quantities, at particular prices, and using particular means. Moreover, businesses were obligated to have various licenses and permission documents in order to commence their activity or expand it. Furthermore, companies were prohibited from shutting down and laying off workers without the official consent from the government. Although the major idea behind

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<sup>18</sup> "Gold Smuggling between Dubai and Bombay," *Middle East Institute, National University of Singapore*, June 22, 2018, available at: <https://mei.nus.edu.sg/publication/gold-smuggling-between-dubai-and-bombay/> (last visited on April 23, 2026).

<sup>19</sup> Foreign Exchange Regulation Act, 1973 (India).

this regulation was to protect local industries, lessen the reliance on international products, and develop the region equally, it resulted in inefficiency and delays. As a consequence of this regulation, there was a massive amount of bureaucracy, corruption, and scarcity of goods in India.<sup>20</sup>

### 3.2 Factors Responsible for the License Raj System

However, the origin of License Raj cannot be attributed to any single factor, or more accurately, no one person or event was responsible for the phenomenon of License Raj. In fact, it can be said that License Raj came about as a result of the following factors:

- **History of Exploitation through Colonialism and the Desire for Freedom from Foreign Interference:** With reference to the long history of India being used as a resource base, along with the history of exploitation by the colonial rulers of India, License Raj was seen as a way of freeing the Indian economy from any foreign interference. The nationalists in India were convinced that the colonial era had ruined the Indian industry and turned the economy of India into a source of providing raw materials to the foreigners.
- **Import Substitution Industrialization:** The development strategy that prevailed in the mid-twentieth century is known as ISI (Import Substitution Industrialization). In this regard, developing nations would be able to develop themselves by manufacturing domestic substitutes for the imported manufactured goods. This strategy required high tariff rates, along with the stringent regulations related to the import of items into the country.
- **Shortage of Foreign Exchange:** The economy of India suffered from a shortage of foreign exchange, as without which it would be hard to finance the imports of essential goods, including capital goods, technology, and certain raw materials. Owing to these issues, stringent restrictions came about regarding foreign exchange. The Foreign Exchange Regulation Act, passed in 1973, was the result of this problem.
- **Increase in Bureaucracy:** Licensing policy brought about the increase in bureaucracy involved in the implementation of the policy. This bureaucracy was vested with interests in maintaining and expanding the controls. The commerce department, which always despised liberalization, found its lucrative project going to waste.
- **Economics of Scarcity:** The License Raj created an economics of scarcity that made license and permit become sources of huge economic rent. Politicians and bureaucrats charged

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<sup>20</sup> "Licence Raj," *Wikipedia*, available at: [https://en.wikipedia.org/wiki/Licence\\_Raj](https://en.wikipedia.org/wiki/Licence_Raj) (last visited on April 23, 2026).

with issuing such permits would develop tremendous power and avenues for self-enrichment, thus the motivation for maintaining such a system.

### 3.3 Economic Policies from 1950 to 1991

A span of four decades was covered from the time when licensing policies were proposed till their eventual implementation in India. In this period, the licensing policies became stricter and complicated. However, this process was gradually reversed during the liberalization in 1991. There were several phases through which the licensing policies evolved:<sup>21</sup>

- **Phase I:** Establishment and Development (1950-1965): The licensing for the establishment of industries and their expansion became obligatory under the Industries (Development and Regulation) Act in 1951. Licensing for imports was introduced through the Import Trade Control Order in 1955. This was followed by state monopolies created in such spheres as iron and steel, heavy machinery, and infrastructures.
- **Phase II:** Intensification and Socialist Economy of Indira Gandhi (1965-1977): Responding to the adversities faced by India in the 1960s – such as the wars against China and Pakistan and droughts – the government under Indira Gandhi's socialism brought further state intervention in economic activities. Major nationalizations of Indian banks took place in 1969. In addition, MRTP Act passed in 1969 and Foreign Exchange Regulations Act of 1973 further restricted the private enterprise sector, as it required government permission to expand their business.
- **Phase III:** The Emergency and Authoritarian Controls (1975-1977): During the period of the Emergency, the government used its newfound power to enforce strict controls against economic crime via legislative acts such as COFEPOSA in 1974 and the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act in 1976. Although such legislation aimed to curtail economic crime, their adoption at the same time reflected the increasingly authoritarian nature of the government, which was willing to encroach upon civil liberties for the sake of exercising economic control.
- **Phase IV:** Attempts at Liberalization and Retrenchment (1977-1991): Following the demise of the Emergency government, the brief period of rule by the Janata government saw some moves toward liberalization, such as liberalization of import restrictions. However, the end of the Janata government brought back statism that continued until 1984. Measures for liberalization came about only with the government of Rajiv Gandhi, in the

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<sup>21</sup> Industries (Development and Regulation) Act, 1951 (India).

form of reductions in customs duties and industrial licensing regulations. Nevertheless, these were insufficient reforms, unable to address inefficiency in the License Raj system.

- **Phase V: Crisis and Structural Reform (1991):** 1991 was the year when India was faced with the possibility of changing from the era of License Raj as there was a balance of payment crisis. This was because of an overdependence on imports as well as some other external factors including the Gulf War, the fall of eastern bloc nations and Iraq's war against Kuwait. In the government headed by Prime Minister P.V. Narasimha Rao and finance minister Manmohan Singh, India went ahead with a series of reforms which saw an end to License Raj.

### **3.4 Problems Created by the License Raj**

Even though the License Raj's intention was to create economic independence and development, it ended up creating numerous problems. Too much red tape and control created inefficiency and obstacles. It created scarcity of goods and a large gap between prices in the domestic market and international markets. Such situations would foster the development of underground markets and even the involvement in smuggle products and other criminal economic activities. The License Raj was known to be very corrupt, since officials had huge discretion and power, which could easily be exploited for personal gain.<sup>22</sup>

#### **3.4.1 Shortage of Goods**

Shortages in the form of limited availability of imported consumer goods and other products emerged because of the implementation of import bans, capacity limitations, and price controls. Consumer goods such as electronic products, watches, textile, and luxury goods were not available since these goods were banned from imports. Goods produced within India under price control measures such as cement and steel were also in constant shortage since producers did not have any incentive to increase their production given that the prices were controlled and kept at levels which were below those prevailing in the market.

#### **3.4.2 High Black Market Prices**

Premium pricing was an inevitable consequence of shortages in the unorganized market. Markets for regulated products thrived on the back of black market premiums which were

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<sup>22</sup> "Explained: What was licence raj and why is India better off without it?," *Business Standard*, Jan. 12, 2023, available at: [https://www.business-standard.com/article/economy-policy/explained-what-was-licence-raj-and-why-is-india-better-off-without-it-123011200428\\_1.html](https://www.business-standard.com/article/economy-policy/explained-what-was-licence-raj-and-why-is-india-better-off-without-it-123011200428_1.html) (last visited on April. 23, 2026).

sometimes many multiples greater than the prices prevailing in regulated markets. The black market premium would be greatest with respect to imported goods because of the prohibitive import duties and prohibitions on importation that led to price differences of up to 400 percent between international and domestic markets. The price differential was the rent associated with avoiding import regulations.

### **3.4.3 Corruption and Bribery**

License Raj led to the creation of an economy where government permission was needed for practically everything to get done. As a result of this kind of discretionary powers, corruption became inevitable. In order to be licensed to manufacture, businesses had to go through a lengthy process involving up to 80 government agencies. At every level in the process, officials had the authority to either give or deny permission, thus leaving room for corruption. Stringent restrictions on imports led to the rise of the illegal smuggling business that managed to survive because of political connections, while high tax levels up to 97% in some cases in the early seventies created an opportunity for tax evasion. The foundation for both the political-economic nexus and the corruption of taxmen was laid down during the sixties and seventies. Corruption was inherent in the License Raj and not some kind of a byproduct of it. With such a system, which relies on the use of discretionary powers, corruption is bound to occur. The underworld groups had unique conditions that made them well-suited for exploiting corruption.

### **3.4.4 Encouragement of Illegal Trade**

The overall impact of shortages, pricing imbalances, and corruption was the emergence of black market trading on a hitherto unseen scale. Although the License Raj failed to quell the demand for foreign products, it succeeded only in criminalizing their supply. It is not that the Indian population became inherently lawless; rather, the impossibility of functioning within a rational system led to the development of the black economy of cash transactions. There were several types of black market operations. Smuggling involved the importation of foreign goods via illegal routes. Black marketing involved the redirection of regulated products from official distribution networks to informal ones. Hawala was the use of unofficial channels for the movement of money. Finally, foreign exchange was a means of accruing and transferring foreign currency outside the purview of the state.

## **4. GROWTH OF SMUGGLING IN INDIA**

### **4.1 Smuggling During 1960-1980 in Coastal Cities**

The period from 1960 to 1980 is considered the era of the greatest proliferation of smuggling activities in the history of modern Indian independence, with its ports serving as the primary means of transporting goods across the country's borders illegally. Smuggling was driven by the increasing number of rules imposed under the License Raj system, with every new regulation offering a new opportunity for businessmen to earn money through corruption. From the geographical point of view, the spread of smuggling depended on a range of factors such as distance from international trading hubs, existing business networks, availability of ports, and the effectiveness of local law enforcement. With its extensive coast line stretching over 7,500 kilometers without adequate supervision, India provided numerous opportunities for smugglers to transport their illegal cargo.<sup>23</sup>

#### **4.2 Mumbai as a Smuggling Hub**

In terms of location, Mumbai (earlier known as Bombay) enjoyed a special position during the License Raj era as it became the unofficial capital of the underworld of India. The underworld of Mumbai earned its bread surreptitiously through smuggling of textiles, electrical items, gold, and silver from abroad. It must be mentioned that smugglers of Mumbai were expert at smuggling things by employing different methods. They were very adept at mixing their consignments with legitimate consignments. They had the capability of bribing the customs officials. They maintained an elaborate surveillance system to escape detection.

#### **Some of the reasons for this include:**

- **Ports:** Mumbai was among the most significant ports in the country with much of its business revolving around shipping activities. The port of Bombay where Haji Mastan began his career was also the primary port for both legitimate and illegitimate activities.
- **Business Connections:** The fact that Mumbai has always been the commercial capital of the country means that there were well-established trade connections in place within and outside the country. This made it easy to take advantage of such connections to smuggle goods.
- **Social Structure:** Given that Mumbai is a cosmopolitan city, it lacks the kind of stringent social taboos that would have hindered criminals from carrying out their business.

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<sup>23</sup> B.V. Kumar, *The Mobile Menace: The Rise of Smuggling in India* 24 (Konark Publishers, 1987).

- **Wealth:** Being home to the wealthiest people in the country, the demand for luxury items was high. This was further fueled by Bollywood, whose actors require the latest in fashion and technology.

### 4.3 Gold, Electronics, Foreign Goods, and Luxury Items

Gold smuggling became the largest and most lucrative activity among the various forms of smuggling because:

- **Gold:** The cultural tradition in India, where gold is considered an investible asset that helps shield from any inflation risks, led to an endless demand for the metal. Moreover, gold smuggling was very lucrative because of the huge difference (up to four times) in its price in comparison with its international cost in relation to the price in the Dubai market and Bombay. The gold smuggling operation was carried out in an organized manner by moving gold acquired from the bullion market in London to Bombay using ships of Arab, Pakistani, and Indian origin that sailed from Dubai to Bombay and other Indian ports such as Kutch and Calicut. The best form in which this precious metal could be transported was the ten-tola bar.
- **Electronics:** Radios, transistors, tape recorders, and later TVs were either unavailable or of poor quality in the licensed Indian domestic market. Moreover, products of Japanese origin had higher premiums. Transistors and watches and other electronic products were smuggled in clothes and bands and other types of accessories.
- **Foreign Textiles:** High-quality foreign textiles and clothing were greatly prized due to their superior quality and design. The products made by local industries that had the advantage of being highly taxed or under quotas were inferior in quality compared to foreign items. Smuggling of foreign textiles from Hong Kong and Japan was done at very high costs due to fashionable people's preference for them.
- **Luxury Products:** Refers to goods such as watches, cosmetics, perfumes, etc. The watches produced in Switzerland and Japan were particularly prized. Such luxury goods acted as status symbols, acquired mostly by rich urban dwellers and entertainers.
- **Silver:** Not as important as gold but still, smuggling of silver constituted a major proportion of smuggling. Silver was both a commodity for making jewelry and keeping one's savings secure.

## 5. THE RISE OF HAJI MASTAN

### 5.1 Early Life and Background

The story of Hazi Mastan, who rose from being extremely poor to amassing a fortune and accruing considerable power, highlights the possibility of social upward mobility available through smuggling to people unable to benefit from the economic opportunities of the Licence Raj period. Born on March 1, 1926, as Mastan Haider Mirza, Hazi Mastan came from a Tamil Muslim background based in Panaikulam village near Cuddalore in Tamil Nadu. His father was a farmer who could not even manage the basic needs of his family and hence could not give a comfortable childhood to his offspring. In 1934, when Mastan was about eight years old, he left with his father to Bombay. They lived there as migrants and had a small cycle repair shop in their neighbourhood. The father son duo could barely make ends meet, but what Mastan witnessed every day was another reality; one in which luxuries were enjoyed by the rich and he saw those very luxuries whizz past him in expensive vehicles and from the posters of art deco movie theatres. It can come as no surprise that he started dreaming of escaping this state of affairs. Mastan's childhood years were typical of the economic exclusion experienced by millions of rural migrants who poured into Bombay in the middle decades of the twentieth century. There were limited prospects for someone like Mastan, who had neither education nor capital or contacts, in the regulated economy of the License Raj. Smuggling provided an illegal but available alternative.<sup>24</sup>

## **5.2 Entry into Bombay Port Smuggling Operations**

For Mastan, his life took a turn in the year 1944 after joining work as a porter in the Bombay docks. It is through such an apparently unimportant job that he got access to the elements that he needed in carrying out his smuggling ventures. He worked in an environment where the boundaries between lawful transactions and illicit practices were very blurred. Mastan was responsible for offloading cargo from various parts of the world including places such as Aden, Dubai, Hong Kong, among many others. As he continued his duties, he managed to form good rapport with almost all the individuals in the harbor, and especially those who frequently traveled through the port. The economic setup provided favorable conditions for smuggling. Charging high taxes on electronics, gold, and silver encouraged the conduct of such illegal business ventures. This was where Mastan conducted his trade. Heavy import duties and restrictions on business during the License Raj ensured that there was always a huge disparity between the authorized foreign goods in India and consumer demand.

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<sup>24</sup> S.Sen, *Mafia Queens of Mumbai* 32 (Tranquebar Press, 2011).

In the early stages of his life, Mastan used to engage in petty business dealings. There was a former ACP known as Isaque Bagwan who had been tracking Mastan from the very start. According to him, people used to commit thefts during their return from their pilgrimage. They would steal transistors, watches, and even gold biscuits. Mastan too joined this activity, knowing well that he was lucky to be able to smuggle these items without being caught. All he had to do was hide them in his attire, belt, and even his underwear before embarking on the ship. At an early stage in his life, Mastan confined himself to doing only petty business, and he was not engaged in any risk-taking business dealings.

### **5.3 Transition from Small Smuggler to Crime Syndicate Leader**

However, Mastan's transformation from a gangster to a gang leader was neither automatic nor inevitable. There were several elements involved, ranging from making connections with the right sort of people, accumulating wealth, and exploiting opportunities available through the License Raj era. The elaborate plan started when Mastan met with Sukur Narayan Bakhia of Daman. Once a fisherman by profession, Bakhia became a smuggler subsequently. Together they engaged in the smuggling of gold, electronics, and other such items from Dubai and Aden. For Mastan, this marked yet another major step forward since he had shifted gears from facilitating individual entry to smuggling of substantial amounts of commodities. While Bakhia operated from Daman, which was a Portuguese enclave on the coast of Gujarat, which had no well-developed customs department. Together, Mastan and Bakhia would use the former's familiarity with the port facilities at Bombay with the latter's smuggling expertise and alternate entry points. By mid-1960s, Mastan had become a rich man due to his connection with underworld figures like Karim Lala and Varadarajan Mudaliar, and politicians willing to befriend him due to his influence among Mumbai Muslims.

The head of the Pathan gang, Lala Karim, ran the south and central sections of Bombay, while the bulk of smuggling and illegal lending operations fell under the control of Haji Mastan. In contrast, Varadarajan Mudaliar was the kingpin of the illegal liquor trade in his fiefdom, namely Dharavi-Matunga. These three criminals were part of the infamous trio of mafia gang bosses in Bombay during more than twenty years in the era ranging from the sixties to the early eighties. The relationship between the three gang bosses was characterized by cooperation rather than competition. Generally speaking, the three kings maintained friendly relations, contributing to harmony between rival gangs in Bombay. This allowed them to pursue their own operations without endangering the entire underworld system. Following the

accumulation of huge wealth, Haji Mastan used his fortune to enlarge his business empire and legalize his business. During the height of his power, Mastan had a powerful smuggling empire in Mumbai and the coast of Gujarat, as well as in movie production and real estate business.

#### **5.4 Modus Operandi Used by the Gang**

The mode of operation for the Haji Mastan gang depended on the strengths and weaknesses of the License Raj system. The gang had an elaborate approach towards exploiting economic loopholes. Law enforcement agents were able to perfect their monitoring techniques; as a result, the gang developed new means of carrying out its illicit activities. This process required ingenuity and teamwork on the part of the gangsters.

##### **5.4.1 Smuggling through ships and docks**

As far as the workings of the gang go, most of the smuggling activities were done using the port cities of Bombay. The heavy amount of traffic at the port city of Bombay ensures that it is very easy for the gang members to obtain large amounts of goods and the constant flow of legitimate goods makes it very hard to locate the illegal goods. The gang was known for smuggling fabrics from overseas markets apart from smuggled gold, silver, Swiss and Japanese watches as well as other electrical goods. Such goods reached India either using legitimate cargo vessels or people traveling from Dubai, Aden and Hong Kong to Bombay. While under the regime of Mastan, the gang was known to maintain many contacts with the dockworkers in order to locate valuable cargo.

##### **5.4.2 Corruption of Customs Officers**

The case of the gang operated by Mastan is yet another example where corruption amongst customs officers proved quite significant. First, Mastan was a shrewd businessman and negotiator and ensured that he stayed on good terms with all government officials, especially the police officials. If bribes did not help in meeting his objectives, he would find ways and means of asserting his power and influence over them. In one such incident, there was a customs official who caused a lot of trouble to him. Having failed to bribe the official, Mastan managed to post the official out of the city. While the official was leaving the city via an airplane, Mastan went after him to the airport and even climbed stairs to bid him farewell. This showed that Mastan knew his limits of influence and that he had the capability to prove his power when he could not succeed by bribing anyone. This was not the only instance where customs officers were corrupted; it happened quite frequently in those days. The extremely

profitable nature of smuggling meant that the smugglers could offer bribes, which were much higher than the salaries of the customs officers.

#### **5.4.3 Use of Middlemen and Carriers**

These middlemen and transporters had been arranged in hierarchical order, where each person involved in the process carried his share of risk proportional to his earnings. The dockworkers operating within the port zones who helped in facilitating the movement of illegal cargo into the port zone, analyzed loopholes in the security arrangements and reported to the police any activity that could be threatening to their interests, individuals responsible for transferring cargo from the port to the distribution zones using vehicles that had secret compartments or hiding the cargo among genuine cargo shipments, people who acquired these smuggled goods and resold them in the black markets, hawala dealers who transported money without sounding the alarm over exchange control regulations, politicians with whom these people could trade favors in exchange for protecting the cargo and winning the sympathy of the Mastan Muslims of Mumbai. For the seamless and safe transportation of this cargo from the port to the final destination, small gangs were formed whose primary objective was to facilitate the transfer of contraband goods. This gang was led by Dawood Ibrahim and Shabbir.

### **6. STRUCTURE OF HAZI MASTAN GANG**

#### **6.1 Organization of the Gang**

The syndicate ran with incredible efficiency such that it resembled a well-coordinated machine which would help in massive smuggling operations without any negative repercussions for Mastan personally. The person running the show at the helm of things was Haji Mastan himself who had a strategically devised plan for the operation of the syndicate. Instead of getting involved in the nitty-gritty of the operations, Haji Mastan was solely involved in establishing contacts within politics and film industry. The daily operation of the syndicate was carried out through the efforts of the lieutenants of Mastan with each having his own role. The geographical considerations played an important part in shaping up the syndicate. Every lieutenant had control over some region or the other. While the operations of the syndicate were centered on the city of Mumbai, the syndicate extended to other parts of Gujarat such as Daman and Diu where the Pathan syndicate was predominant.<sup>25</sup>

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<sup>25</sup> V.G. Kanetkar, "Organized Crime in India", 1971 *Indian Journal of Public Administration* 54, available at: <https://www.ijpa.org.in/> (last visited on April 23, 2026).

One of the distinguishing features of the organization was the allocation of duties within the members according to their abilities and efficiency. Members of the organization were assigned particular duties such as procurement of goods in the foreign market. Others were tasked with the responsibility of smuggling, warehousing, and marketing. A few others concentrated on paying bribes to the law enforcers and other officers at the customs department, and another group concentrated on selling the smuggled goods in the black market. In effect, this ensured efficiency, operational confidentiality, and minimized chances of being arrested. Notably, this organization was not characterized by strict hierarchy; in effect, it operated as a confederacy of subgroups united towards earning profits. The groups had a considerable amount of autonomy but were under the leadership of Haji Mastan. They recruited mainly from their community, with most of them coming from Mastan's own ethnic community, that is, the Tamil Muslims. Notably, Mastan had influential friends within the Indian political arena, particularly, Sanjay Gandhi.

## **6.2 Role of Dock Workers**

The Haji Mastan gang operated extremely efficiently and with great discipline, almost acting as a system through which large-scale smuggling could take place without bringing Haji Mastan into any form of legal trouble. The heart of this group was Haji Mastan, who had control over the entire syndicate and had powerful contacts within the circles of politics, cinema, and underworld criminals, while leaving the operation of the business to his lieutenants. These lieutenants were responsible for various parts of the work conducted by the syndicate and ensured its efficient operation. Though Mastan had maximum influence in the city of Mumbai, other areas such as Daman and Diu were affected by the Pathan syndicate. The syndicate had an intricate power structure wherein there was significant use of specialization of roles, with different people having individual responsibilities. Some people were responsible for importing goods, while others would be responsible for transportation; some bribed the officials while others distributed in the black market. Unlike an authoritarian organization structure, Mastan's syndicate was an organized group working together for profits and in allegiance to Mastan himself, making sure that even if one person left, the whole organization would continue to thrive. Community was the main factor for recruitment, with most of the people involved with Mastan hailing from his background – the Tamil Muslims. The socio-political connections, which Mastan had through his dealings with Sanjay Gandhi, played a

major role in the influence exerted by the syndicate.<sup>26</sup>

### **6.3 Transport Networks**

Logistics was the backbone of the transportation of the smuggled items in Haji Mastan's gang. The gang had many means of transport, comprising vehicles such as cars and vans that were specially modified to carry the cargo. They also had many drivers recruited from reliable communities that were well paid and disciplined. As the smuggling activities continued, there was a need for proper security and safe places to store the items. Therefore, the gang had safe houses and warehouses located in various parts of Mumbai and the coast of Gujarat to repack and distribute the cargo. They had effective communication means through the use of coded information and spies. The members would use lookouts to watch out for police officers. It should be noted that in those days, technology was not advanced; hence, people used these methods of communication. In addition, the smuggling gangs needed security for their consignments while being transported. In this regard, Dawood Ibrahim's gang offered security services for the consignments when moving to different areas.

### **6.4 Hawala Operators**

The hawala system was essential for Haji Mastan's syndicate's financial transactions, with middlemen being key players in this efficient but unregulated system. Money could be sent abroad through the hawala network without the knowledge of the authorities or being subject to foreign exchange restrictions. An important task performed by these middlemen was making payments for smuggling goods in foreign currency. Instead of sending the money abroad, it would be channeled through the hawala system from India to international business centers like Dubai and Hong Kong. Besides the transactions related to payments, the hawala system helped recycle the earnings obtained through smuggling. Money received illegally was invested back into the economy in a way that its source could not be traced, enabling the syndicate to continue its activities. Additionally, foreign exchange reserves were accumulated, which would be exempted from laws like the Foreign Exchange Regulation Act (FERA). This money could be used in several ways, including international settlements, as a financial reserve,

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<sup>26</sup> S. Sen, *Mafia Queens of Mumbai* 14-16 (Tranquebar Press, 2011).

and investment in foreign businesses.<sup>27</sup>

In addition to this, another benefit that Mastan reaped from the use of hawala system was that it was a useful method for money laundering since the system did not have any form of documentation or tracing. A large amount of illegal money could be laundered through the hawala system because there would be no documented proof that this money had originated from somewhere else illegally. The effectiveness of the hawala system was greatly dependent upon trust and good social relations between the parties. In Mastan's case, members of Tamil Muslims constituted a trustworthy network of middlemen who used this financial scheme very faithfully and discreetly.

### **6.5 Political and Film Industry Connections**

Mastan's influence was not limited to just smuggling; his connections with the politicians and the film industry allowed him to strengthen his position even more and offered him protection. Political contacts offered him a certain level of immunity from the legal proceedings, since influential individuals could always interfere when necessary. Politicians needed Haji Mastan due to his influence among Muslim communities residing in Mumbai. One can see how close to the political scene he was when politicians like Sanjay Gandhi visited Mumbai and met Mastan. At the same time, Mastan worked on building up his image as a person who looked after the Muslim community and supported the weak. For example, he created organizations like Dalit Muslim Suraksha Mahasangh and Bharatiya Minorities Suraksha Mahasangh. However, the connection of Mastan to Bollywood also played a very important part in building up his image. By putting money in film-making, he justified his fortune and managed to get in touch with high society. Haji Mastan differed greatly from other gangsters in that he considered himself a businessman, thus appearing more elegant and prestigious than the others. Some of the movies that depicted smugglers were "Deewar" and "Muqaddar Ka Sikandar".

## **7. ECONOMIC IMPACT OF SMUGGLING AND THE LEGAL-INSTITUTIONAL RESPONSE: FRAMEWORK AND GOVERNMENT ENFORCEMENT**

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<sup>27</sup> R.K. Suri, *Money Laundering: Problems and Perspectives* 88 (New Delhi: Atlantic Publishers, 2006).

### **7.1 Depletion of Foreign Exchange Reserves**

Smuggling had a considerable effect on India's foreign exchange reserves that were being constrained due to developmental requirements and the balance of payments problems existing during the License Raj era. A significant amount of foreign exchange that was supposed to be transferred officially was instead diverted to facilitate illegal transactions. Payments for smuggling were commonly made using unofficial means like hawala, undervaluation of exports, and overvaluation of imports. The foreign exchange thus became unavailable for genuine business purposes and resulted in capital outflow, since profits from smuggling were usually parked abroad. Besides, the introduction of tax-free products affected the country's competitive advantage in exports and misled the government about its economic performance.<sup>28</sup>

### **7.2 Loss of Government Revenue**

One of the immediate effects of smuggling was the loss of revenue for the government. High import duties during the License Raj era, at times up to as much as 400%, made people indulge in smuggling activities. Smuggling helped people avoid paying heavy customs duties and other taxes imposed by the government, such as sales tax and income tax, depriving the government of huge amounts of money. Not only did smuggling distort various economic statistics because of the underreporting of many economic transactions, but smuggling also had an adverse effect on the psyche of those people who were not involved in such economic activities, thereby further discouraging them from becoming law-abiding taxpayers.

### **7.3 Development of Parallel Economy**

The act of smuggling led to the development of a parallel or black economy which existed independent of the rules set by the authorities of that particular state. Such a parallel economy consisted of black marketing, evasion of taxes and other forms of illegal trade which were not reflected in any official statistics. In consequence, there developed two separate markets; one regulated and restricted, while the other, unrestricted and more freely available but more expensive. Hawala acted as an important tool in the creation of a parallel market through which money moved independently of any government control. Although hawala created job opportunities for a large number of people who could otherwise not have participated in any legitimate occupation, these jobs lacked stability and any form of protection under law. On top

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<sup>28</sup> *The Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (Act 52 of 1974).*

of that, the concentration of money with people who could bend or avoid the laws created economic disparities.<sup>29</sup>

#### **7.4 Distortion of Domestic Industries and Social Impact**

Smuggling had a negative impact on the domestic industry as it caused unequal competition. Goods that were being smuggled did not have any taxes imposed on them; hence, they would cost less than the legal imports and the products manufactured in India. Moreover, most of the smuggled items such as electronics and textiles were from Japan and Hong Kong, and they were much more advanced and high-quality than their Indian counterparts. Smuggling also led to social problems in that people became accustomed to illegal activities. People engaged in corrupt practices such as bribery of customs officials, policemen, and political leaders. There was also glorification of smuggling in movies and other forms of entertainment that helped in blurring the line between legality and illegality. Smuggling of goods on the basis of community also led to social tensions.

#### **7.5 Legal Framework Against Smuggling**

In order to combat the issue of smuggling, the Indian government enacted some laws. For example, the Customs Act of 1962 formed the basis of these laws in India. This act outlined smuggling and defined provisions for confiscating the smuggled goods, imposing penalties and punishing the accused based on Sections 111, 112, and 135. To enhance this law, the Foreign Exchange Regulation Act (FERA) of 1973 was enacted. In this law, strict measures were imposed in regards to foreign exchange transactions. Individuals could not hold foreign currency or maintain foreign bank accounts. In response to the increasing complexity of smuggling operations, the Indian government further enacted two laws – COFEPOSA in 1974 and SAFEMA in 1976. While COFEPOSA authorized the preventive detention of people involved in smuggling operations, SAFEMA provided the government with power to confiscate property owned through illegitimate means.

#### **7.6 Government Crackdown and Its Limitations**

The government had also resorted to directly tackling the phenomenon through enforcement mechanisms, the most significant being the anti-smuggling drive of 1974. The anti-smuggling drive saw the arrest of numerous people, including well-known smugglers such as Haji Mastan.

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<sup>29</sup> *The Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (Act 13 of 1976).*

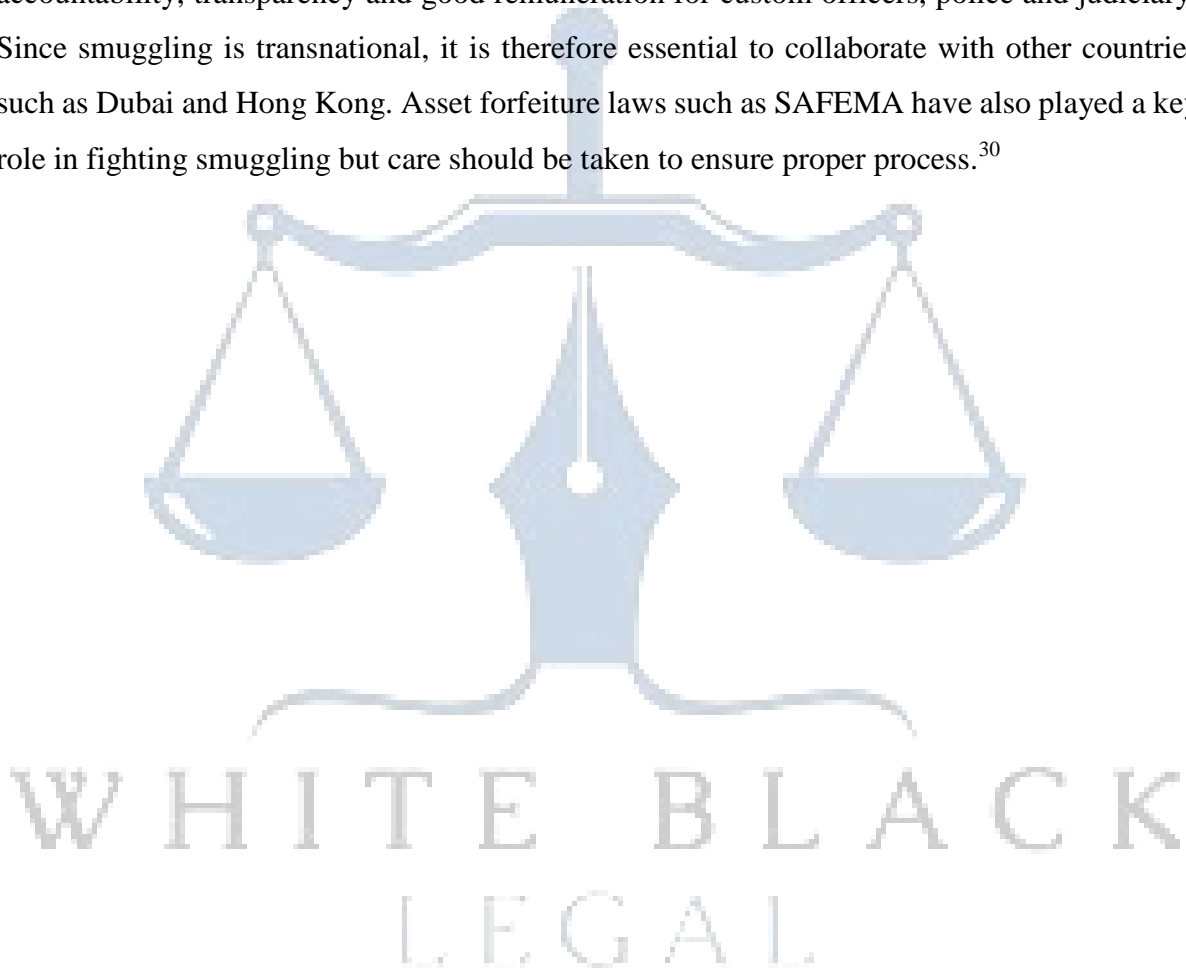
Although such measures were effective in the short term and caused disruptions in the functioning of the smuggling rings as well as instilling fear in their members, their impact could not be lasting. Corrupt practices in the enforcement authorities made it possible for the smugglers to bribe their way out of trouble, while political backing added a new dimension to the problem. In addition to that, smuggling continued to make sense as long as there were restrictive economic policies and heavy taxes creating large differences in prices. International chains from countries like Dubai and Hong Kong complicated the issue even further, and smuggling rings became extremely flexible by adapting to any changes made by the government. It was clear that smuggling was much more than an enforcement issue; it was an outcome of economic policy itself.

## **8. CONCLUSION AND SUGGESTIONS**

The relation between economic regulations and economic organized crimes in India during the License Raj period extending from 1950's to 1991 has been studied in the above research paper. There have been several instances where economic restrictions imposed by the License Raj resulted in increased profit for smugglers. Prohibition, along with customs duties up to 400%, and pricing controls resulted in differential pricing between international prices and domestic prices. For instance, the cost of gold would be four times its international price while being imported from Dubai to Bombay. The Haji Mastan smuggling syndicate serves as an excellent illustration for the effect that economic restrictions can have on the formation of organized crimes. Haji Mastan followed a route from working as a dock worker to becoming the chief of a criminal gang. It can be seen from the organization of the Haji Mastan syndicate through the involvement of dock workers, transporters, hawala operators, and politicians that the crime syndicate has the capability to turn into a complex organization due to economic opportunity. The impact of the crime of smuggling on the economy is very huge, as it led to the utilization of foreign exchange reserves, lowered income for the government, and brought about the creation of a large parallel economy that rivaled the formal economy. The steps taken by the government against smuggling, such as passing stringent legislation like COFEPOSA and SAFEMA, highlighted the gravity of the situation but failed to address the underlying cause of smuggling, which is economic motivation. The end of License Raj in 1991 and economic reforms greatly reduced the need for smuggling activities, thus establishing the fact that sound economic policies are the best approach to combating economic organized crime.

Further the researcher has suggested several recommendations which can be formulated or

adopted in order to control economic organized crime in smuggling. Firstly, economic sanctions would play an important role since the introduction of economic liberalization in 1991, which was accompanied by reduction in taxes and importation has helped in controlling smuggling activities. Secondly, bureaucratic reforms would play a critical role as well because the complexities associated with bureaucracy tend to lead to bribery. It is therefore essential to adopt measures that will simplify bureaucracy. Thirdly, it is vital to strengthen the integrity of the institutions involved in the fight against smuggling. This can be achieved through ensuring accountability, transparency and good remuneration for custom officers, police and judiciary. Since smuggling is transnational, it is therefore essential to collaborate with other countries such as Dubai and Hong Kong. Asset forfeiture laws such as SAFEMA have also played a key role in fighting smuggling but care should be taken to ensure proper process.<sup>30</sup>



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<sup>30</sup> S.K. Ray, *Economics of the Black Market* 215 (Routledge, 2019).