

Oranjestad, August 9, 2013 - It's back to the 1980s in India. The government's effort to rein in gold imports to ease a yawning trade deficit has led to the revival of an old-fashioned Indian profession: the gold courier. A mule arriving at the Delhi airport was caught with 9 kgs of gold, another in Chennai with 16 kgs and a third in Bangalore with 3 kgs of gold, all in the past few days.

Last week, the managing director of a Singapore-based jewelry store was intercepted at the Mumbai airport with \$400,000 worth of jewelry concealed in her lingerie. The authorities said Vihari Poddar had tried to smuggle it in on behalf of a local jeweler and had made several similar runs previously. Poddar, who belongs to the illustrious Mumbai industrial family that owns fabric maker Siyaram Silk Mills, is now in judicial custody.

Poddar's arrest illustrates that the gold mule is back in business. Sneaking in contraband gold for a commission has become a lucrative again, inadvertently boosted by the government's tough control measures. Indian newspapers are full of reports on the mules' inventive ways. One fashioned luggage handles out of the costly metal. Another hid it inside the frame of a wheelchair.

Gold smugglers and couriers enjoyed their heyday in the 1980s and had even been immortalized as villains in popular Bollywood films. But the profession faded away after India's economic liberalization.

With its trade deficit ballooning, the government hiked import duty on gold twice recently. Import of gold coins and bars is banned. All of this has brought about a resurgence in gold smuggling as the metal is nearly 10% more expensive inside India. Customs and revenue intelligence officials recorded a 365% jump in gold smuggling in the first quarter of the year.

Indians are the world's biggest buyers and hoarders of gold, and the precious metal is the country's second largest import after oil. Indians love to flaunt gold at weddings, salt away the metal and take loans against it when in need. The recent volatility in gold prices in international markets has not dampened gold-buying fervor in India. Officials predicted that the approaching wedding season would lead to a fresh spurt of activity by gold mules.

Source:

<http://www.forbes.com/sites/saritharai/2013/08/08/in-india-an-old-profession-is-fashionable-again-in-the-gold-mule>