The present study is carried out

1. To find out the magnitude of licit cultivation in India.
2. To find out the extent nature of opium and heroin trade.
3. To find out the economic benefit of opium and heroin trade.
4. To explore the money transaction and money laundering in opium and heroin trade.

The present study is conducted in Madhya Pradesh and Rajasthan which are major licit opium cultivation states in India. The primary and secondary data was collected for the study. For primary data, in-depth interview was conducted with drug law enforcement authorities such as Central Bureau of Narcotics and Narcotic Control Bureau through tool developed by the researcher. For secondary data, data is collected from three ways- cultivation related data from Central Bureau of Narcotics, Seizure Data for six years (2005-2010) from Narcotic Control Bureau and Cases Details (90 cases) from Central Bureau of Narcotics. The data was analyzed using suitable statistical techniques.
Finding of the study

The following are major finding of the present study,

1. Madhya Pradesh and Rajasthan are main states in India to permit for poppy cultivation. Every crop year, above 25,000 farmers were licensed for opium cultivation and above 10,000 hectare was allotted for cultivation in each state. In 2010-11 crop year, totally 53,026 cultivators in both states got license for opium cultivation. Mandsaur district of Madhya Pradesh is a major zone for poppy cultivation.

2. It was estimated that an average of 311 metric tons of opium was produced in Rajasthan and 297 metric tons of opium was produced in Madhya Pradesh in 2000-01 to 2010-11 crop year.

3. The study found that through the licit poppy cultivation, the farmers are getting Rs. 86,975/hec as profit. There is also a possibility for the farmers earn extra money by diverting 2-3% (1-2kg/hec) of the opium to the illicit channel. If they resort to these then they would get additional profit of Rs.15,000/hec to Rs.30,000/hec. Even though, the illegal diversion of 2-3% of the poppy cultivation produces a huge margin of profit, some farmer resort to this. Also, legally producing the poppy provides them with the license and other protection required.

4. The study found that in a 2009-2010 crop year, 400 mt of opium produced in Madhya Pradesh and 337 mt of opium produced in Rajasthan. One can assume about 1-3% of the legal production is illicitly diverted into illegal channel and sold at the cost of Rs.
15,000/kg. so, it is estimated that 4000-12000kg of opium (value Rs. 6cr-18cr) is illicitly diverted into illegal channel in Madhya Pradesh and 3370-10110kg of opium (value Rs.5cr-15cr) is illicitly diverted into illegal channel. In both states, it is estimated i/e these 1% diversion to illegal channel, the money involved is Rs. 11,05,50,000. Similarly if 2% is diverted then the money involved in smuggling will be Rs. 22,11,00,000. If there is 3% diversion then the money involved will be Rs. 33,16,50,000.

5. The study found that the farmers can earn 9lakhs per hectare as profit from the illegal cultivation. The negative side of this method is it is totally illegal and they have no license/ police protection/monitoring. Hence it has to be done at a totally interior place not easily accessible to public/police.

6. The study found that by assuming the destroyed field as the total production of the opium there is a huge amount of money involved in drug cultivation and production. In the year 2007, if the illicit area under cultivation of opium, was not destroyed by CBN, then the black money that would have be subsequently money laundered will be 752.04 crore. In the year 2008, if the illicit area under cultivation of opium, was not destroyed by CBN, then the black money that would have be subsequently money laundered will be 57.90 crore and in the year 2009, if the illicit area under cultivation of opium, was not destroyed by CBN, then the black money that would have be subsequently money laundered will be 140.05 crore.
7. Further, the study found that the heroin traders can earn at least 1.5 lakhs to 3.5 lakhs as profit from selling 1 kg of heroin. So one month profit is roughly estimated as Rs. 45,00,000 and this money is brought it as black money and laundered later.

8. The study found that the diversion from the licit opium is processed at least 1 – 3% every year. It was confirmed by the seizure data of Narcotic Control Bureau. The last six years of seizure data showed an average of 55% of opium seizure made in opium cultivation states. An average 88% of opium seizure was made in cultivation states and its nearest states such as Punjab, Maharashtra, New Delhi and Haryana.

9. The present study found that in the last six years (2005-2010), average of 2106 kg of opium, 1038 kg of heroin, 44 kg of morphine and 757 lit of acetic anhydride were seized every year in India. It was also estimated that an average of 1064 cases, 4725 cases, 222 cases and 7 cases were booked for opium, heroin, morphine and acetic anhydride seizure respectively. For arrests, it was estimated that in last six years, average of 1265 arrests, 5411 arrests, 224 arrests and 9 arrests for opium, heroin, morphine and acetic anhydride cases respectively in every year.

10. The study also estimated that the average value of seized opium (2106 kg), heroin (1038 kg) and Morphine (44 kg) is 3cr, 51.9 cr and 8.8 lakhs respectively per year. The average of total value of opium and its opiates is estimated as 55 cr per year. It is said that if these drugs were not seized by the enforcement authorities, the amount would be as black
money and laundered. Also, this reflects only the cases booked and seized. There may be cases which were not caught, which may actually add to more amount of black money leading to huge side laundering.

11. The study found that the total value of frozen property for the year (2005-2010) was Rs. 18,55,00,675 and value of forfeiture property for the year (2005-2010) was Rs.56287159. if these values were not frozen and forfeited, it would be channelized into black money.

12. The study found that Punjab is more prone to opium and heroin trade. It is due to Punjab being one of transit points for international drug smuggling and it has the border of Indo-Pakistan. New Delhi is identified as more prone state to heroin smuggling due to the availability of airport and high rate of heroin users. And because of the diversion from licit cultivation, Rajasthan is identified as more prone state for opium smuggling.

13. The study found that there will be a significant difference between the seizure of opium and heroin. Opium is seized much higher than the heroin significantly. It also found that there will be a significant between the cases booked for opium seizure and heroin seizure. Cases booked for heroin seizure much higher than the cases booked for opium seizure significantly. It also pointed out there will be a significant between the arrest of opium and heroin. Arrests for heroin cases are much higher than the arrests for opium cases significantly.
Further, the study found that the ANNOVA value (2095.268) of seized opium quantity-year-States is significant at 0.05 levels. It is clearly inferred that there is a significant difference between the years, between the states and between the year and in different state. In between the years (2005-2010), the seizure of opium in 2009 and 2010 are much lower than the same in 2005, 2006 and 2007. In between the states, the opium seizure in cultivation states (ie Madhya Pradesh, Rajasthan and Uttar Pradesh) and its neighbouring state like Punjab is much higher than the other states. In between the year and state, the seizure of opium is varied to every year in every state. In Punjab, the seizure of opium in 2009 and 2010 are much higher than the previous years of 2005, 2006 and 2007. In cultivation states the seizure of opium in 2009 and 2010 are much lower than the previous years of 2005, 2006, 2007 and 2008.

The present study also found that F value (246.588) of opium cases-year-states is significant at 0.05 level. Only between the states is significant. The cases were booked for opium in cultivation states and its neighbouring state like Punjab, is much higher than the other states. There is no significant difference between years. In between the years (2005-2010), cases were booked for opium is not varied. Average of 67 cases was booked in every year. There are no significant changes of cases were booked for opium during the year of 2005-2010 in every state.
For, analysis of arrest of opium cases- year- states, the study found that the F value (357.085) is significant at 0.05 level. As same as opium cases, only between the states is significant. The arrests for opium cases in cultivation states and its neighbouring state like Punjab, is much higher than the other states. There is no significant between years. In between the years (2005-2010), arrests for opium are not varied. Average of 80 arrests was made in every year. There are no significant changes of arrests for opium cases during the year of 2005-2010 in every state.

The study found that there are no significant difference between the years, between the districts and between the years and districts for heroin seizure. It is clearly inferred that almost same level of heroin seizure (average of 65.443 kg) was made in every states during the year of 2005-2010.

Further, the study found that there is a significant difference between the years, between the districts and between the years and districts and F value (4752.875) is significant at 0.01 level for heroin cases. It is clearly inferred that the irrespective level cases were booked for heroin seizure during the year of 2005-2010. In 2005, cases were booked for heroin (average of 316 cases) is much higher than cases were booked (average of 205 cases) in the year 2010. In between the states, higher number of cases was booked in cultivation states and its neighbouring state like Punjab than other states. In between the state and year, the irrespective level of cases were booked in every state during the year of 2005-2010.
For example, in Rajasthan, during the year 2005-2010, cases were booked as 349 cases, 488 cases, 436 cases, 310 cases, 191 cases and 159 cases respectively to 2005-2010 years.

19. The study also found that there is a significant difference between the years, between the districts and between the years and districts and F value (3784.468) is significant at 0.01 level for heroin arrests. It is clearly inferred that the irrespective level arrests were made for heroin seizure during the year of 2005-2010. In 2005, arrests were made for heroin (average of 375 arrests) is much higher than arrests (average of 221 cases) in the year 2010. In between the states, higher number of arrests was made in cultivation states and its neighbouring state like Punjab than the other states. In between the state and year, the irrespective level of arrests were made in every state during the year of 2005-2010. For example, in New Delhi, during the year 2005-2010, the arrests were reported as 1297 arrests in 2005, 1599 arrests in 2006, 1152 arrests in 2007, 683 arrests in 2008, 334 arrests in 2009 and 167 arrests in 2010.

20. The study documented that the smugglers used different routes and various vehicles for their transportation of drugs from the origin places. It was found that the origin places were Madhya Pradesh and Rajasthan and the destination places varied in entire India. Main destination places were found in Mumbai, New Delhi, Punjab, Pune. It was found that the smugglers mostly used motor cycle (24.4%) and also they used sophisticated vehicle. The transporters used some techniques like relay
transportation in their process. They also used different kinds of *modus operandi* ranging from concealment of drug in travel bags (22.2%) to Concealment in door panels/headlights/mudguards of cars (7.8%).

21. The study found that in Rajasthan, Kota is the transit point to transport drugs to anywhere else in India, like Delhi, Punjab, Haryana, Jammu and Kashmir and to southern states like Kerala, Tamil Nadu and Andhra Pradesh by road. Routes to Maharashtra are by train. For international transportation, it is transported from Punjab, Jodhpur by air (mostly to Pakistan), from Mumbai by air and sea, from Chennai, Rameswaram by sea (mostly to Sri Lanka), and from Chennai by air and sea.

22. Further, the study found that the drug is transported from the cultivation states to Sri Lanka through Tamil Nadu and Kerala. The transporters use train services to transport the drugs to Tamil Nadu especially through Chennai and Rameswaram and then use sea route to transport the drugs to Sri Lanka.

23. The study also found that some of the routes to South India are from Jaipur-Mumbai-Trivandrum-Nagercoil-Kanyakumari-Tuticorin. Other routes identified are from Jaipur-Mumabi-Chennai-Tiruchirapalli-Madurai - Rameshwaram - Tuticorin and Ujjain – Ratlam – Mumbai - Bangalore-Hosur-Salem-Madurai-Tuticorn- Rameshwaram.
24. The study found that the distribution process in drug trade had several stages from cultivators to users. The big sellers (wholesales) collected the opium from various cultivators and converted small portion into heroin and sold it to small sellers (retailers). The street vendors collected the drugs from retailers in small range and sold it to users at last.

25. The study found that the transaction of money in drug trade was made by direct cash only. The money was transported by bulk smuggling and also it found that in wholesale and retail dealings, money is also given as advance.

26. Further, the study found that huge money collected from the drug deal will be deposited in private and public banks. They deposit the money in various accounts which includes the family members, relatives and friends. They also maintain the account in *Benami* names. They also maintain the account in the name of persons who have died. There would no person in that name if the account holder is traced. They will not have any documents which one related to this account.

27. The study also found that the traders/ traffickers used the drug money in legal process. Most of the drug money was used in real estate business. Otherwise, it was used in textiles business and electronic goods. The cultivators /smugglers used the drug money in constructing own building and for their children education.
28. The study also found that the enforcement officials faced some difficulties to deal with the drug smugglers. They got injuries when they were tracing the smugglers. In administration level, shortage of staff, shortage of vehicle, and lack of funding, fake informers are common unclearable problems to the enforcement officials. In financial investigation, it was found that the narcotic financial investigation agency only functioned in Mumbai and Lucknow. The communication gap between the law enforcement and narcotic financial investigation agency lead to difficult situations to carry out the narcotic financial investigation in other places.

RECOMMENDATIONS

1. Financial Investigation Agency

At present, the financial investigation agency operated only in Mumbai and Lucknow, as mentioned earlier and it is very difficult to investigate in other states. So there is a need to establish financial investigation agency in every state especially in cultivation states and its nearest states such as Madhya Pradesh, Rajasthan, Punjab, New Delhi, Haryana, and also in Tamil Nadu (Chennai).

2. Strengthen the laws to regulating opium cultivation

Apart from the NDPS Act, 1985, special norms and regulation should be formed and it should be strictly followed by the cultivation states.
3. Special Act

There is no special act to deal with the financial transactions connected to drug smuggling. Hence there is a need to establish a comprehensive act which will deal with only drug trafficking and all related financial issues.

4. Special Strength and Power to Central Bureau of Narcotics

The study showed the significant level of seizure made every year. It is important to curb this at grass root level. If effective steps are taken to resist the diversion from the cultivation states, automatically the smuggling can be brought into control. Hence apart from putting an effective monitoring mechanism, special power must be given to the existing agencies.

5. Regular monitoring the licit cultivators

It is very difficult to the officials of Central Bureau of Narcotics to monitor the above 78,000 farmers. So, it has to take step to initiate the electronic monitoring through effective use of GPS on the cultivators and their terrain regularly and control rooms should be established in this regard.

6. Banning poppy seed

The sales of poppy seed in open market should be controlled through appropriate policy/protocol. The government agencies should take charges of sales of poppy seed to licit cultivators and subsequent monitor them on their usage.
7. Control the chemical precursors

The government should regulate acetic anhydride which is the main precursor for heroin preparation. Appropriate rules/protocol in this regard should be notified by the Government.

8. Need of Intelligence cell in nearest cultivation states

The intelligence cells only operated in cultivation states. Even some of the cultivation areas do not have the intelligence cells (e.g.,) Bhilwara. The officials felt that they cannot control the diversion and trade without these cells. So intelligence cell should be initialized in all cultivation places and other States where significant quantity of opium and heroin were seized in the past like Haryana, Punjab, New Delhi, Maharashtra, Tamil Nadu etc.

9. Recruitment of sufficient staff

The study found that lack of staff affected the efficiency of law enforcement activities on curbing smuggling. There is a need to fill the staff vacancies and recruit sufficient staff in every wing of drug law enforcement agencies.

10. Need for Sophisticated Equipments

To compete with the smugglers, the law enforcement authorities need new equipments, weapons and vehicles. The government should take significant steps to strengthen the infrastructure of the drug law enforcement agencies, especially at the grass root level for effective monitoring/seizure.
11. **Using technology**

In the contemporary technologically devices world, there is a need to initialize new technological equipments such as well developed camera, screening equipments during vehicle check up and surveillance to identify the drugs which are concealed in vehicles etc; steps should be taken to purchase and use these equipments at the enforcement level.

12. **Act to curb money laundering**

Existing laws should be strengthened and special laws should be enacted to deal with the money laundering process in drug trafficking as there is a possibility of huge money being invested in these black area.

13. **Strengthen the Narcotic Control Bureau**

The Narcotic Control Bureau only carries out activities like seizing the drug and arresting the culprits. It has to further investigate such cases in order to find out the involvement of other persons, their network. Special training should be provided to the officials for carrying out the operation in hilly and inaccessible terrain.

14. **Need for joint operation**

Data showed that a huge area of poppy cultivation was destroyed by the joint operation in 2007. If we have the joint operation for curbing illicit cultivation once in every year, the illicit opium trade will be reduced. All the law enforcement agencies should maintain good communication and cooperation to trace out the drug smuggling.
15. Establishment of special drug law enforcement agency

New drug law enforcement agency should be established and special divisions also formed to maintain all the matters of seizure, sources, destination, analyze network, organization, financial investigation tie up with banking sectors separately and it should have the international linkage.

16. Research wing

Every year drug trafficking trend varies. Drug smuggling research wing should be established. It will be very helpful to identify the new techniques used by the drug offenders and analyze all matters connected with the drug trafficking. This will help to make the new policy to curb the drug trafficking and money laundering.

LIMITATION OF THE STUDY

This study was conducted only in two major cultivation states (ie Rajasthan and Madhya Pradesh). Inclusions of other states like Uttar Pradesh and neighbouring states like Punjab, New Delhi, Maharashtra and Haryana would have thrown more light on the findings. This researcher could not include these areas, as there was time and financial constraints. This study was unable to conduct the interview with cultivators and drug offenders including transporters, dealers and other workers. There is no available data to confirm the diversion of opium from licit channel. The researcher was unable to collect relevant data of misuse banking services and money laundering. Further few time studies in this area should include data collected from transporters, dealer (big and small) and drug peddlers and also officials from the banking sectors.
CONCLUSION

Dimensions of poppy/opium by legal cultivation to the illicit channels seem to be a major source of narcotic drugs in India. The diversion from the licit channel to illicit channel leads to significant seizure of opium and heroin every year. The study showed that the drug smuggling is continued every year irrespective of law enforcement. There is a need to evaluate or measure the effect of law enforcement on drug smuggling. Further, the law enforcement agencies mostly concentrate only on seizure of drugs, arresting persons and in prosecution. There is a need to take the investigation to the next level so as to trace out the connected drug network, financial investigation and forfeiture of property. An efficient Drug Enforcement Administration should regulate all issues connected to the drug offences. The joint operation of drug enforcement agencies such as Central Bureau of Narcotics, Narcotic Control Bureau, Narcotic Intelligence Bureau, Customs State Police etc. at grass root level, is the need