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GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
8 Floor, World Trade Centre - Centre - I, Cuffe Parade
Mumbai 400 005

F. No. 371/232/B/2021-RA / 913

Date of Issue 12.02.2024

ORDER No 147/2024-CUS (WZ) ASRA MUMBAI DATED 7.02.2024 OF THE GOVERNMENT OF INDIA PASSED BY SHRI SHRAWAN KUMAR, PRINCIPAL COMMISSIONER & EX OFFICIO ADDITIONAL SECRETARY TO THE GOVERNMENT OF INDIA UNDER SECTION 129DD OF THE CUSTOMS ACT 1962

Applicant Mrs Ramakrishna Subasri Balaji

Respondent Pr Commissioner of Customs, C S I Airport, Mumbai

Subject Revision Application filed under Section 129DD of the Customs Act 1962 against the Order-in Appeal No MUM-CUSTOM-PAN-APP-85/2021-22 dated 17.05.2021 (Date of issue 24.05.2021) [F No S 49/238/2020], passed by the Commissioner of Customs (Appeals), Mumbai Zone-III

ORDER

This Revision Application has been filed by Mrs. Ramakrishna Subashi Balar (herein referred to as 'Applicant') against the Order-in-Appeal No. MUM-CUSTOM-PAY-APP-85-2021-22 dated 17/05/2021 [Date of issue: 24/05/2021] [F. No. S/49-238-2020] passed by the Commissioner of Customs (Appeals), Mumbai Zone-III.

2. Brief facts of the case are that the Applicant, who had arrived from Dubai by Flight No. 3X288, was intercepted post a search of the Applicant, led to the recovery of 12 gold bangles and 04 gold necklaces collectively weighing 412 grams and valued at Rs. 15,98,032/- were seized under the reasonable belief that the same were being smuggled into India and hence liable for confiscation under the provisions of the Customs Act, 1962. The applicant stated that she is employed, Dubai. The Applicant admitted to ownership, possession, non-declaration, concealment and recovery of the seized gold.

3. After following the due process of law, the Original Adjudicating Authority (OAA) viz. Additional Commissioner of Customs, Chhatrapati Shivaji International (CSMI) Airport, Mumbai vide Order-In-Original No. ADC/AK/AD.IN-202/2019-20 dated 28/10/2019 ordered absolute confiscation of the said 12 gold bangles and 04 gold necklaces collectively weighing 412 grams and valued at Rs. 15,98,032/- under Section 111(d), (f) and (m) of the Customs Act, 1962. Personal penalty of Rs. 1,60,000/- was imposed on the Applicant under Section 112(a) and (b) of the Customs Act, 1962.

4. Aggrieved by this order, the Applicant and the Respondent Department filed an appeal with the Appellate Authority viz. Commissioner of Customs (Appeals), Mumbai Zone III who vide Order in Appeal No. MUM-CUSTOM-PAY-APP-85-2021-22 dated 17/05/2021 [Date of issue: 24/05/2021] [F. No. S/49-238-2020] upheld the Order-in-Original dated 28/10/2019 and ordered the absolute confiscation of the impugned gold. The personal penalty imposed by the OAA was not interfered with by the AA.

5. Aggrieved with the above order of the appellate authority, the Applicant has filed this revision application on the following grounds of revision: (1) -

(a) The impugned order passed by the Respondent is based on law and unjust

5 02 that the impugned order has been passed without giving due consideration to the documents on record and facts of the case.

5 03 The Ld. Appellate Authority / Adjudicating Authority ought to have appreciated that dutiable goods brought in by the Appellant are neither restricted nor prohibited.

5 04 This is the first time that the Appellant has brought this type of goods and there is no previous case registered.

5 05 that it may be kindly appreciated that the Applicant ought to have observed Judicial Discipline as held by the Apex Court and other Judicial Authorities while dealing with cases having similar facts and situations.

5 06 the APPLICANT submitted that the Respondent is relying on the following Judgements on the observance of Judicial Discipline.

A. Judgements of the Hon'ble Supreme Court in the case of **Birla Corporation Ltd. V/s. Commissioner of Central Excise reported in 2005 (186) ELT 266 (S.C.)**

B. Judgement of the Hon'ble Bombay High Court in the case of **Commissioner of Central Excise, Nasik V/s Jain Vanguard Polybutlene Ltd. Reported in 2010 (256) ELT 523 (Bom)**

C. Judgement of the Hon'ble Tribunal in the case of **Nirma Ltd. V/s. Commissioner of Central Excise, Nasik reported in 2012 (276) E.L.T. 283 (Tri. - Ahmd)**

5 07 that once the department or respondent accepts that the goods are dutiable the option of redemption of goods as provided under section 125 of the Customs Act, 1962 will have to be given to the Appellant.

The Applicant relied on the judgments are listed below viz.

A Hargovind Das K. Joshi Versus Collector of Customs reported in 1992 (61) E.L.T. 172 (S.C.)

B ALFRED MENEZES v/s COMMISSIONER OF CUSTOMS, MUMBAI reported in 2011 (236) E.L.T. 587 (Tri. - Mumbai)

C T. ELAKASAN v/s COMMISSIONER OF CUSTOMS (AIRPORT) reported in 2011 (266) E.L.T. 167 (Mad)

D YAKUB IBRAHIM YUSUF v/s COMMISSIONER OF CUSTOMS, MUMBAI reported in 2011 (263) E.L.T. 687 (Tri. - Mumbai)

- L. Mohan Bhaia Vs Commissioner of Customs reported in 1986 (106) E.L.T. 485 (D. Mumbai)
- P. In Universal Traders v. Commissioner - 1997 (110) E.L.T. 158 (S.C.) also the Apex Court allowed redemption of exported goods being not prohibited
- Q. In Gaen Enterprise v. CC, Pune - 2002 (115) E.L.T. 706 (Tri. Bangalore)
- R. In Shaik Jamal Basha v. Government of India - 1996 (191) E.L.T. 277 (AP)
- S. In VP Hameed v. Collector of Customs, Mumbai - 1994 (74) E.L.T. 425
- T. In Union of India Vs Dhanak M. Rongy - 2009 (148) E.L.T. 127 (Bom.) affirmed vide 2012 (112) E.L.T. 1103 (S.C.)
- U. In A. Rajaram v. CC (Chennai - 1983 (32) E.L.T. 510 (Tri-Chennai)
- V. In Kadar Mydin v. Commissioner of Customs, Chennai - West Bench - 2007 (122) E.L.T. 78
- W. In Sapna Sameev Kohli v. Commissioner of Customs, Airport, Mumbai - 2008 (136) E.L.T. 306
- X. In Vatakkal Moosa v. collector of Customs, Cochin - 1997 (121) E.L.T. 272 (C.O.T.)
- Y. Halithu Ibrahim v. CC [2002 TriOL 195-CESTAT-MAD = 2002 (148) E.L.T. 413 (Tribunal), Krishnakumar v. CC, Chennai - 2008 (1229) E.L.T. 22, (Tri-Chennai),
- Z. S. Rajagopal v. CC, Trichy - 2007 (1209) E.L.T. 435 (Tri-Chennai M. Arumugam v. CC, Tiruchirappalli - 2007 (1220) E.L.T. 311 (Tri-Chennai)
- Q. COMMR OF CEX & ST. LUCKNOW v. S MOHD. HAJIM MOHD. SHAMVI KHAN

The applicant has prayed to the revisionary authority to allow the gold jewellery for redemption on nominal fine and penalty be reduced substantially. To grant any other reliefs as deemed fit. The Applicant described his application for condonation of delay.

6. Shri. N.J Heera Advocate appeared before me and submitted that applicant brought small quantity of gold jewellery for personal use that the applicant is not a habitual offender. He requested to allow redemption of the same on reasonable fine and penalty.

7. The Government has gone through the facts of the case and observes that the Applicant had brought said 12 gold bangles and 04 gold necklaces collectively weighing 412grams and valued at Rs. 15,98,032 - and had failed to declare the goods to the Customs at the first instance as required under Section 77 of the Customs Act, 1962. The Applicant had not disclosed that she was carrying dutiable goods. However, on being intercepted, said 12 gold bangles and 04 gold necklaces collectively weighing 412grams and valued at Rs. 15,98,032 - was recovered from the Applicant and it revealed her intention not to declare the said gold and thereby evade payment of Customs Duty. The confiscation of the gold was therefore justified and thus the Applicant had rendered herself liable to penal action.

8.1. The relevant sections of the Customs Act are reproduced below.

Section 2(33)

prohibited goods means any goods the import or export of which is subject to any prohibition under this Act or any other law for the time being in force but does not include any such goods in respect of which the conditions subject to which the goods are permitted to be imported or exported have been complied with.

Section 125

"Option to pay fine in lieu of confiscation - (1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall, in the case of any other goods, owe to the owner of the goods or, where said owner is not known, the person from whose possession or custody such goods have been seized, an option to pay in lieu of confiscation such fine as the said officer thinks fit.

Provided that where the proceedings are deemed to be concluded under the proviso to sub-section (2) of section 28 or under clause (i) of sub-section (6) of that section in respect of the goods which are not prohibited or restricted, the provisions of this section shall not apply.

Provided further that, without prejudice to the provisions of the proviso to sub-section (2) of section 115, such fine shall not exceed the market price of the goods confiscated, less in the case of imported goods the duty chargeable thereon.

(2) Where any fine in lieu of confiscation of goods is imposed under sub-section (1), the owner of such goods or the person referred to in sub-section (1), shall in addition be liable to any duty and charges payable in respect of such goods.

(3) Where the fine imposed under sub-section (1) is not paid within a period of one hundred and twenty days from the date of option given thereunder, such option shall become void, unless an appeal against such order is pending.

8.2 It is undisputed that as per the Foreign Trade Policy applicable during the period, gold was not freely importable and it could be imported only by the banks authorized by the RBI or by others authorized by DGFT and to some extent by passengers. Therefore, gold which is a restricted item for import but which was imported without fulfilling the conditions for import becomes a prohibited goods in terms of Section 2(33) and hence liable to confiscation under Section 111(d) of the Customs Act, 1962.

9. The Hon'ble High Court Of Madras in the case of Commissioner of Customs And Chemist V. S.P. Srinivasamy reported in 2010 (134) E.L.T. 1154 clarifying on the judgment of the Apex Court in the case of Om Prakash Bhatnagar Commissioner of Customs, Delhi reported in 2003 (157) E.L.T. 423 (S.C.), has held that *"if there is a prohibition of import or export of goods under the Act or any other law for the time being in force, it would be considered to be prohibited goods, and (b) this would not include any such goods in respect of which the conditions subject to which the goods are imported or exported, have been complied with. This would mean that if the conditions prescribed for import or export of goods are not complied with, it would be considered to be prohibited goods. Hence prohibition of importation or exportation could be subject to certain prescribed conditions to be fulfilled before or after clearance of goods. If conditions are not fulfilled, it may amount to prohibited goods. It is thus clear that gold may not be one of the enumerated goods as prohibited goods, still if the conditions for such import are not complied with, then import of gold would squarely fall under the definition of prohibited goods."*

10. Further, in para 47 of the said case the Hon'ble High Court has observed *"Scrutinizing a declaration to declare goods as prohibited and to declare prohibited goods to check the goods at the arrival at the customs station and payment of duty at the rate prescribed would fall under the second part of section 112(a) of the Act which states omission to do any act which act or omission would render such goods liable to confiscation."* Thus, failure to declare the goods and failure to comply with the prescribed conditions has made the imported gold 'prohibited' and therefore liable for confiscation and the Applicant thus liable for penalty.

11. A perusal reading of the section 25 shows that the Adjudicating Authority is

be and to give an option of redemption when goods are not subjected to any prohibition. In case of prohibited goods such as the gold, the Adjudicating Authority may allow redemption. There is no bar on the Adjudicating Authority allowing redemption of prohibited goods. This exercise of discretion will depend on the nature of the goods and the nature of the prohibition. For instance, spurious drugs, arms, ammunition, hazardous goods, contaminated flora or fauna, food which does not meet the food safety standards, etc. are harmful to the society if allowed to find their way into the domestic market. On the other hand, release of certain goods on redemption fine, even though the same becomes prohibited as conditions of import have not been satisfied, may not be harmful to the society at large.

12. Hon'ble Supreme Court in case of *M. S. Raj Grew Impex (CIVIL APPEAL NO(s) 2217, 2218 of 2021 Arising out of SLP(s) Nos. 14633, 14634 of 2020 - Order dated 17.06.2021* has laid down the conditions and circumstances under which such discretion can be used. The same are reproduced below.

“71. Thus, when it comes to discretion, the exercise thereof has to be guided by law, has to be according to the rules of reason and justice, and has to be based on the relevant considerations. The exercise of discretion is essentially the discernment of what is right and proper, and such discernment is the critical and cautious judgment of what is correct and proper by differentiating between shadow and substance as also between equity and pretence. A holder of public office, when exercising discretion conferred by the statute, has to ensure that such exercise is in furtherance of accomplishment of the purpose underlying conferment of such power. The requirements of reasonableness, rationality, impartiality, fairness and equity are inherent in any exercise of discretion, such an exercise can never be according to the private opinion.”

71.1. It is hardly of any doubt that discretion has to be exercised judiciously and for that matter, all the facts and all the relevant surrounding factors as also the implication of exercise of discretion either way have to be properly weighed and a balanced decision is required to be taken.”

13.1. Government further observes that there are catena of judgements, over a period of time, of the Hon'ble Courts and other forums which have been categorical in the view that grant of the option of redemption under Section 125 of the Customs Act, 1962 can be exercised in the interest of justice. Government places reliance on some of the judgements as under:

- a) In the case of Commissioner of Customs (Aligarh), Lucknow vs. Ramesh Chandra Prasad [2022] 382 E.L.T. 315 (AP) the Lucknow Bench of the Hon'ble High Court of Allahabad has held at Para 22 that *'Customs Excise & Service Tax Appellate Tribunal, Allahabad' has not committed any error in upholding the order dated 27/08/2018 passed by the Commissioner (Appeals) holding that Gold is not a prohibited item and, therefore, it should be offered for redemption in terms of Section 125 of the Act.*
- b) The Hon'ble High Court of Judicature at Madras in the judgment in the case of State of Madras vs. Principal Commissioner of Customs - Chennai I [2017] 34 E.L.T. 291 (Mad) upheld the order of the Appellate Authority allowing the export of gold on payment of redemption fine.
- c) The Hon'ble High Court of Kerala at Ernakulam in the case of R. Mohandas vs. Commissioner of Customs, Cochin [2019] 339 E.L.T. 399 (Ker) has observed at Para 8 that *'The intention of Section 125 is that after adjudication the Customs Authority is bound to release the goods to any such person from whom such custody has been seized.'*
- d) Also in the case of Union of India vs. Dhanak M. Ramji [2010] 252 E.L.T. A102(S.C.) the Hon'ble Apex Court vide its judgement dated 08/03/2010 upheld the decision of the Hon'ble High Court of Judicature at Bombay [2009] 248 E.L.T. 127 (Bom) and approved redemption of absolutely confiscated goods to the passenger.
- e) Judgment dated 17/02/2022 passed by the Hon'ble High Court, Rajasthan Jaipur Bench in D.B. Civil Writ Petition no. 12001 / 2020 in the case of Manoj Kumar Sharma vs. UOI and others.

13.3 Government, observing the ratios of the above judicial pronouncements, arrives at the conclusion that decision to grant the option of redemption would be appropriate in the facts and circumstances of the instant case.

14. In view of the foregoing paras, the Government finds that as the Applicant had not declared said 12 gold bangles, 09/04 gold necklaces, collectively weighing 426.98 gm, valued at Rs. 15,95,921/- at the time of arrival, the confiscation of the same was justified. However, albeit, the quantum of gold under import is not

substantial and it is not in commercial quantity. The Applicant has claimed to be for personal use and nothing contrary has been proved. There are no allegations that the Applicant is a habitual offender and was involved in similar offence either or there is nothing on record to prove that the Applicant was part of an organized smuggling syndicate.

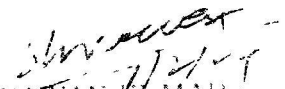
15. The Government finds that the quantum of gold involved in this case is not substantial and the Applicant has claimed ownership of the impugned gold jewellery after explaining the purpose of getting the gold into the country. In the instant case the impugned 12 gold bangles and 04 gold necklaces collectively weighing 412 grams and valued at Rs. 15,98,032/- was declared by her to the Customs after she was diverted to Red channel. Also, considering the issue of parity and fairness as mentioned above, Government finds that this is a case of non-declaration of gold. This case is at best a case of mis-declaration rather than smuggling. Government finds that the discretion to allow the redemption of the impugned gold jewellery under Section 125 of the Customs Act, 1962 by the Original Adjudicating Authority is judicious and fair and the order absolute confiscation by the Appellate Authority is excessive and is therefore liable to be modified and the impugned gold jewellery is liable to be allowed redemption on suitable redemption fine.

15.1. The absolute confiscation of the gold bars, leading to dispossession of the applicant of the gold in the instant case is therefore, harsh and not reasonable. Since applicant is NRI with a UAE resident visa and is still working in Dubai, Government is inclined to accept the prayer put forth by the applicant for redemption of the impugned gold on payment of a redemption fine.

16. Applicant has also pleaded for setting aside the penalty imposed on her. The market value of the impugned said 12 gold bangles and 04 gold necklaces collectively weighing 412 grams and valued at Rs. 15,98,032/-. From the facts of the case as discussed above, Government finds that the penalty of Rs. 1,60,000/- imposed on the Applicant under Section 112(a) and (b) of the Customs Act, 1962 is commensurate to the omissions and commissions of the Applicant.

17. In view of the above, the Government is directed to impound 09% of the Appellate authority in respect of the absolute confiscation of the impugned gold jewellery and allows the same to be redeemed on payment of redemption fine. The said 12 gold bangles and 04 gold necklaces collectively weighing 4.20 grams and valued at Rs. 15,98,052/- is allowed redemption on payment of a fine of Rs. 3,20,000/- (Rupee Three Lakh Twenty Thousand only). The penalty of Rs. 1,00,000/- imposed under Section 112(a) and (b) of the Customs Act, 1962 by the Original Appellate Authority, an order held by the Appellate Authority is sustained.

18. The Revision Application is disposed of on the above terms.


 S SHIRWAN KUMARI
 Principal Commissioner & ex-officio
 Additional Secretary to Government of India

ORDER No. 147/2024-CUS (WZ) ASRA MUMBAI DATED 7.02.2024

To

1. Mrs. Ramakrishna Subhasri Balapaleo Shri. N.J. Heera, Advocate, Nalwala Building, Ground Floor, 41, Mint Road, Opp. GPO, Fort, Mumbai-400001
2. The Principal Commissioner of Customs, Chhatrapati Shivaji International Airport, Terminal 2, Level II, Sahakar, Airport Road, Mumbai-400099

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3. Sr. P.S. to AS (RM), Mumbai
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