

REGISTERED
SPEED POST



F.No. 375/57/B/2016-RA
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

14, HUDCO VISHALA BLDG., B WING
6th FLOOR, BHIKAJI CAMA PLACE,
NEW DELHI-110 066

Date of Issue... 4.11.18

Order No. 181/18-Cus dated 3-10-2018 of the Government of India passed by Shri R.P.Sharma, Principal Commissioner & Additional Secretary to the Government of India, under Section 129DD of the Custom Act, 1962.

Subject : Revision Application filed under Section 129 DD of the Customs Act 1962 against the Order-in-Appeal No. CC(A)CUS/D-I/AIR/480/2016 dated 14.07.2016 passed by the Commissioner of Customs(Appeals), Near IGI Airport, New Delhi.

Applicant : Mrs. Subha Mehra, Delhi.

Respondent : Commissioner of Customs, T-3, IGI Airport, New Delhi

ORDER

A Revision Application No. 375/57/B/2016-RA dated 10.09.16 is filed by Ms. Subha Mehra, R/o A-7/4, Krishna Nagar, Delhi (hereinafter referred to as the applicant) against the Order in Appeal No. CC(A)CUS/D-I/Air/284/2016 dated 16.05.2016, passed by the Commissioner of Customs (Appeals), New Delhi, whereby the order-in-original dated 25/08/2015 confiscating 4650 grams of gold valued at Rs. 1,11,14,260/- and imposing a penalty of Rs. 16,67,140/- has been upheld.

2. The revision application is filed mainly on the ground that the order of the Commissioner (Appeals) is erroneous as the gold which is not a prohibited item, it was declared to the customs officers at Red Channel at the time of arrival by the applicant and accordingly absolute confiscation of the gold was not warranted in this case.

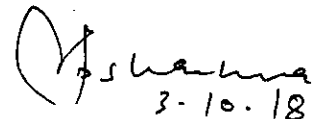
3. A personal hearing was fixed on 02.08.2018 and it was attended by Sh. Amit Atri, Advocate, on behalf of the applicant who reiterated the grounds of revision already pleaded in the revision application. However, no one appeared for the respondent and also no request for any other personal hearing is also received from which it is implied that the respondent is not interested in any personal hearing in this matter.

4. Government has examined the matter and it observed that the applicant had declared the gold brought from Dubai to the Customs officers at the Red Channel Counter and thus Section 77 of the Customs Act was complied with. However, the Commissioner (Appeals) has held in his order that the applicant was not an eligible passenger as defined in the Notification No. 12/2012-Cus dated 17.03.2012 and gold brought by her is of commercial quantity for the purpose of earning profit. He further concluded that the gold was not part of bonafide baggage and, therefore, it became prohibited in the light of Hon'ble Supreme Court decision in the case of M/s Sheikh Mohd Omer vs Collector of Customs, Calcutta, as reported in 1983(13) ELT 1439(SC) and Om Prakash Bhatia vs Commissioner of Customs, Delhi, as reported in 2003(155)ELT 423(SC). While the Government does not have any doubt that the gold brought by the applicant cannot be termed as bonafide baggage and Section 7 of the Foreign Trade (Development and Regulation) Act, 1992 is contravened by bringing gold without obtaining Import Export Code from the DGFT to render the goods liable to confiscations, it does not agree with the Commissioner(Appeals)'s view that the gold become prohibited merely for the reason that the applicant was not eligible passenger under Notification No. 12/2012-Cus dated 17.03.2012. In fact, Notification No. 12/2012-Cus dated 17.03.2012 is a General Exemption Notification under which concessional rate of duty is provided for gold along with other several goods on fulfilment of conditions specified therein. Thus this notification is relevant only where the concessional rate of duty is claimed by the

passenger, but it has no bearing for the purpose of determining whether the gold is prohibited goods or not. Prohibited goods are notified under Section 11 of the Customs Act or the Foreign Trade (Development and Regulation) Act, 1992, etc. But no such notification has been mentioned either in the Order-in-Original or Order-in-Appeal whereby the gold has been notified as prohibited goods. The Commissioner (Appeals) has also not explained as to how the above mentioned two decision of the Hon'ble Supreme Court cover the present case. Instead, the decision in the case of M/s Sheikh Mohd. Omer vs Collector of Customs, Calcutta, as reported in 1983(13)ELT 1439(SC), is not found relevant to the present case as the said decision involved the issue regarding importation of live animal which was specifically banned under Imports Control Order,1955. Similarly in the case of Om Prakash Bhatia vs Commissioner of Customs, Delhi also, as reported in 2003(155) ELT 423(SC), the Hon'ble Supreme Court dealt the issue regarding confiscation of textile goods which were attempted to be exported in violation of some legal provisions and the Hon'ble Supreme Court held that the Departmental authorities had power to confiscate such goods and release the same on payment of fine etc. But the Hon'ble Court has nowhere held that such goods are to be confiscated absolutely only. The Government finds that prohibited goods is a distinct class of goods which can be notified by the Central Government only and the goods cannot be called as prohibited goods simply because it was brought by any person in violation of any legal provision or without payment of customs duty. Further there is a difference between the prohibited goods and general regulatory restrictions imposed under the Customs Act or any other law with regard to importation of goods. While prohibited goods are to be notified with reference to specified goods only which are either not allowed at all or allowed to be imported on specified conditions only, regulatory restrictions with regard to importation of goods is generally applicable like goods will not be imported without declaration to the Customs Authorities and without payment of duty leviable thereof etc. Such restriction is clearly a general restriction/regulation, but it cannot be stated that the imported goods become prohibited goods if brought in contravention of such restriction. Apparently because such goods when imported in violation of specified legal provisions are also liable for confiscation under Section 111 of the Customs Act, the Apex Court held in the above mentioned case of Om Prakash Bhatia that importation of such goods became prohibited in the event of contravention of legal provisions or conditions which are liable for confiscation. If all the goods brought in India in contravention of any legal provision are termed as prohibited goods, as envisaged in Section 11, Section 111(i) and 125 of Customs Act, then all such goods will become prohibited and other category of non-prohibited goods for which option of redemption is to be provided compulsorily under Section 125 of the Customs Act will become redundant. Thus while the Government does not have any doubt that the goods imported in violation of any provision of the Customs Act, 1962 or any other Act are also certainly liable

for confiscation under Section 111 of the Customs Act, confiscated goods are not necessarily to be always prohibited goods. Accordingly there is no dispute in this case that the gold bars brought by the applicant from Dubai are liable for confiscation because she did not follow the proper procedure for import thereof in India. But at the same time, the fact cannot be overlooked that the gold is not notified as prohibited goods under Customs Act. The Hon'ble Madras High Court, in its decision in the case of T. Elavarasan Vs CC(Airport), Chennai [2011(266)ELT 167(Mad)] has also held that gold is not prohibited goods and a mandatory option is available to the owner of the goods to redeem the confiscated gold on payment of fine under Section 125 of Customs Act, 1962. Even the Hon'ble High Court of Andhra Pradesh in the case of Shaikh Jamal Basha Vs GOI [1997(91) ELT 277(AP)] has also held that as per Rule 9 of Baggage Rules, 1979 read with Appendix B, gold in any form other than ornament could be imported on payment of customs duty only and if the same was imported unauthorisedly the option to owner of the gold is to be given for redemption of the confiscated gold on payment of fine. In fact the Commissioner (Appeals), Delhi and the Government of India have consistently held the same view in a large number of cases that gold is not prohibited goods as it is not specifically notified by the Government. For example the same Commissioner (Appeals), in his Order-in-Appeal No. CC (A)Cus/D-I/Air/629/2016 dated 14.07.2016 in the case of Mohd. Khalid Siddique, has categorically held that gold is not prohibited goods. Subsequently the Commissioner of Customs (Appeals), New Delhi maintained the same view in his order-in-appeal no. CC (A) Cus/823/2016 dated 03/10/2016 in the case of Mr. Vinay Gupta. Therefore, the Commissioner (Appeals) has taken a totally different stand by upholding absolute confiscation of gold in this case. Accordingly the Commissioner (Appeals) should have provided an option to the applicant under Section 125 of the Customs Act, 1962 to redeem the confiscated gold on payment of customs duties, redemption fine and penalty and because it was not done so earlier, the Government now allows the applicant to redeem the confiscated gold within 30 days of this order on payment of customs duty, Redemption fine of Rs.45,00,000/-(forty five lakhs) and penalty of Rs. 10,00,000/-(ten lakhs). The Government considers this penalty quite reasonable and appropriate in the context of the present case by considering the fact that the applicant had declared the gold honestly to the Custom Officers on her arrival.

5. In terms of the above discussion, the order-in-appeal is modified and the revision application is allowed to the above extent.


3-10-18

(R.P.Sharma)

Additional Secretary to the Government of India

Ms. Subha Mehra,
R/o A-7/4, Krishna Nagar,
Delhi-110 051

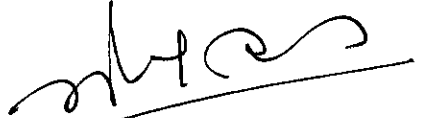
Order No. 181/18-Cus dated 3-10-2018

Copy to:

1. The Commissioner of Customs, New Customs House, New Delhi-37
2. The Commissioner of Customs (Appeals), New Customs House, New Delhi-37
3. The Additional Commissioner, Customs, IGI, Airport, New Delhi-37
4. Sh. Amit Atri, Advocate, Ch. No. 952, Patiala House Court, New Delhi
5. PA to AS(RA)
6. Guard File.
7. Spare copy.

ATTESTED

(Nirmala Devi)
Section Officer(RA)


आशीष तिवारी / ASHISH TIWARI
सहायक आयुक्त/ Assistant Commissioner
केन्द्रीय वस्तु एवं सेवा कर, केन्द्रीय उत्पाद एवं सीमा शुल्क
CGST, Central Excise & Customs
राजस्व विभाग / Department of Revenue
वित्त मंत्रालय / Ministry of Finance
भारत सरकार / Government of India
नई दिल्ली / New Delhi