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GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

8th Floor, World Trade Centre, Centre – I, Cuffe Parade,
Mumbai-400 005

F.No. 371/190/B/2021-RA/330 Date of Issue : 17.01.2024

ORDER No 23/2024-CUS (WZ)/ASRA/MUMBAI DATED 12.01 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 Mr Mayur Haresh Kumar

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-CUSTM-PAX-APP-1448/2020-21 dated 29.01 2021 [Date of issue 12 02 2021] [F No S/49-823/2020] passed by the Commissioner of Customs (Appeals), Mumbai Zone-III

ORDER

This Revision Application has been filed by Mr Mayur Haresh Kumar (herein referred to as 'Applicant') against the Order-in-Appeal No MUM-CUSTM-PAX-APP-1448/2020-21 dated 29 01 2021 [Date of issue 12 02.2021] [F. No S/49-823/2020] 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, was found in possession of 02 gold biscuits weighing 210 grams and valued at Rs 6.62 580/- which was seized under the reasonable belief that the same was being smuggled into India and hence liable to confiscation under the provisions of the Customs Act 1962 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, Assistant Commissioner of Customs, Chhatrapati Shivaji International (C S I) Airport, Mumbai vide Order-In-Original No AirCus/49/ T2/974/2021 'UNI C' dated 26 07 2019 ordered absolute confiscation of the said 02 gold biscuits weighing 210 grams and valued at Rs 6,62,580/- under Section 111 (d), (l), and (m) of the Customs Act, 1962 Personal penalty of Rs 70,000/- was imposed on the Applicant under Section 112(a) and (b) of the Customs Act, 1962

4 Aggrieved by this order, the Applicant filed an appeal with the Appellate Authority viz, Commissioner of Customs (Appeals), Mumbai Zone-III, who vide Order-in-Appeal MUM-CUSTM-PAX-APP-1448/2020-21 dated 29 01 2021 [Date of issue. 12 02 2021] [F No S/49-823/2020] upheld the absolute confiscation of the impugned gold and the personal penalty imposed by the OAA in the Order-in-Original.

5 Aggrieved with the above order of the appellate authority, the Applicant has filed this revision application on the following grounds of revision, that;

5 1 They submitted that the impugned order-in-appeal was bad in law and unjust and had been passed without giving due consideration to the documents on record and facts of the case, that dutiable goods brought in were neither restricted nor prohibited that there was no previous case registered against the applicant

5 2 that a bare perusal of sub-section (1) of Section 125 of the Customs Act, 1962, made it crystal clear that an option to pay fine in lieu of confiscation was required to be given in respect of the impugned goods, which even as per the Respondent were dutiable goods

5 3 that absolute confiscation of the impugned dutiable goods would only mean interpreting or giving a meaning to the said sub-section (1) of Section 125 of the Customs Act, 1962, in a manner neither authorized nor intended by the Act

5 4 They relied upon a number of judgments of the Courts and the Tribunal, wherein it was held that gold is not a prohibited item and the same is restricted and therefore it should not be confiscated absolutely and option to redeem the same on redemption fine ought to be given

5 4 1 The Hon'ble Supreme Court of India in Hargovind Das K. Joshi Versus Collector of Customs reported in 1992 (61) E L T 172 (S C)

5 4 2 The Hon'ble Tribunal in the case of ALFRED MENEZES v/s COMMISSIONER OF CUSTOMS, MUMBAI reported in 2011 (236) E.L T. 587 (Tri. - Mumbai)

5 4 3 The Hon'ble Tribunal in the case of T. ELVARASAN v/s COMMISSIONER OF CUSTOMS (AIRPORT), reported in 2011 (266) E L T 167 (Mad)

5 4 4 The Hon'ble Tribunal in the case of YAKUB IBRAHIM YUSUF v/s COMMISSIONER OF CUSTOMS, MUMBAI reported in 2011 (263) E.L.T. 685 (Tri. - Mumbai)

5 4 5 The Hon'ble Tribunal in the case of Mohini Bhatia Vs Commissioner of Customs reported in 1999 (106) E L T 485 (Tri - Mumbai)

5 4 6 Universal Traders v Commissioner - 2009 (240) E L T A78 (S.C) also the Apex Court allowed redemption of exported goods being not prohibited

5 4 7 Gauri Enterprises v. CC, Pune - 2002 (145) E L.T. 706 (Tri.-Bang) the CESTAT held that if similar goods have been released on fine earlier, selective absolute confiscation is not called for absolute confiscation should be an exception rather than a rule

5 4 8 In Shaik Jamal Basha v. Government of India - 1997 (91) E L.T 277 (A.P.) the Hon'ble High Court held that gold is allowed for import on payment of duty and

therefore Gold in the form other than ornaments imported unauthorized can be redeemed

5 4 9 In VP Hameed v Collector of Customs, Mumbai - 1994 (73) E L T. 425 (Tri.) it was held that there is no bar in allowing redemption of gold being an item notified under Section 123 of Customs Act, 1962 or for any other reason

5 4 10 In P Sinnasamy Commissioner of Customs, Chennai - 2007 (220) E L.T. 308 (Tri - Chennai), the Hon'ble Court allowed redemption of absolutely confiscated gold.

5 4 11 In Union of India Vs Dhanak M Ramji - 2009 (248) E L T 127 (Bom.) affirmed vide 2010 (252) E L T A102 (S C) it was held that gold is not a prohibited item and discretion of redemption can be exercised to the person from whom it was recovered

5 4 12 In A Rajkumary CC (Chennai) - 2015 (321) E L T 540 (Tri -Chennai) the redemption of 70 gold bars brought by concealing in air conditioner was allowed and fine was reduced to 14%

5 4 13 In Kadar Mydin v Commissioner of Customs (Preventive), West Bengal - 2001 (136) E L T 758 it was held that in view of the liberalized gold policy of the Government, absolute confiscation is unwarranted and redemption can be allowed.

5 4 14 In Sapna Sanjeev Kohli v Commissioner of Customs, Airport, Mumbai - 2008 (230) E L T 305 the Tribunal observed that the frequent traveller was aware of rules and regulations and absolute confiscation of gold jewellery not warranted which may be cleared on payment of redemption fine

5 4 15 In Vatakkal Moosa v collector of Customs, Cochin - 1994 (72) E L T 473 (G O I) Halithu Ibrahim v CC [2002-TIOL 195-CESTAT-MAD. = 2002 (148) E L T 412 (Tribunal), Krishnakumari v CC, Chennai - 2008 (229) E.L.T. 222 (Tri-Chennai) , S Rajagopal v CC, Trichy - 2007 (219) E L T 435 (Tri-Chennai); M Arumugam v. CC, Tiruchirappalli, 2007 (220) E L T 311 (Tri-Chennai) also it was held that absolute confiscation was not warranted and redemption of gold should be allowed

5 4 16 In the COMMR OF C EX & S T , LUCKNOW V/s MOHD. HALIM MOHD SHAMIM KHAN it was held only prohibited goods cannot be released on payment of redemption fine - Gold not prohibited goods and cannot be confiscated absolutely - Order permitting release of such gold on payment of redemption fine in lieu of confiscation upheld - Section 125 of Customs Act, 1962 [paras 4, 5]

5 5 Applicant prayed to the revisionary authority to release the gold in terms of section 125 of the Customs Act 1962 on nominal Redemption Fine along with

applicable duty, substantial reduction of personal penalty or pass any order as deemed fit

The applicant has prayed to the revisionary authority to quash and set aside the OIA passed by the lower authorities and to allow the gold for redemption on nominal fine and penalty and to grant any other reliefs as deemed fit. The Applicant also filed an 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. He requested to allow redemption of the same on reasonable fine and penalty.

7 At the outset, the Government notes that the Applicant has filed for condonation of delay. The Revision Application was filed on 08.06.2021. The date of issue of the Order of the Appellate Authority is 12.02.2021. Based on the date of issue of the said Order of the Appellate Authority, the Applicant was required to file the Revision Application by 11.05.2021 (i.e. taking the first 3 months into consideration) and by 11.08.2021 (i.e. taking into consideration a further extension period of 3 months). The Applicant has accepted that there was a delay in filing the Revision Application from the date of receipt of the order. Thus it is seen that the Revision Application has been filed within the date, after considering the extended period.

7.2 The Applicant in his application for condonation of delay has stated that the revision application could not be filed due to the lockdown in India due to the covid situation and requested that the delay be condoned.

7.3 For understanding the relevant legal provisions, the relevant section is reproduced below.

SECTION 129DD. Revision by Central Government.-

(1) The Central Government may, on the application of any person aggrieved by any order passed under section 128A, where the order is of the nature referred to in the first proviso to sub-section (1) of section 129A, annul or modify such order.

(2) An application under sub-section (1) shall be made within three months from the date of the communication to the Applicant of the order against which the application is being made

Provided that the Central Government may, if it is satisfied that the Applicant was prevented by sufficient cause from presenting the application within the aforesaid period of three months, allow it to be presented within a further period of three months

7 4 From above, it is clear that the Applicant was required to file the Revision Application within 3 months from the communication of the Appellate Order. The delay thereafter, upto 3 months can be condoned. Since, the Revision Application is filed within the condonation period of three months, and the reason also being genuine, Government condones the delay on the part of the Applicant in filing the application and proceeds to examine the case on merits.

8 The Government has gone through the facts of the case and observes that the Applicant had brought said 02 gold biscuits weighing 210 grams and valued at Rs 6,62,580/- 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 he was carrying dutiable goods. However, 02 gold biscuits weighing 210 grams and valued at Rs 6,62,580/- was recovered from the Applicant and it revealed his 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 himself liable to penal action.

8 2 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, give to the owner of the goods or, where such 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 (t) 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 3 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 it 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 (Air), Chennai-I V/s P Sinnasamy reported in 2016 (344) E.L T. 1154 (Mad), relying on the judgment of the Apex Court in the case of Om Prakash Bhatia v Commissioner of Customs, Delhi reported in 2003 (155) E L T 423 (S.C.), has held that “ *if there is any*

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, "prohibited goods"

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

11 A plain reading of the section 125 shows that the Adjudicating Authority is bound 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 Grow Impex [CIVIL APPEAL NO(s) 2217-2218 of 2021 Arising out of SLP(C) 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 debate 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, Aliganj, Lucknow vs Rajesh Jhamatmal Bhat, [2022(382) E L T 345 (All)], 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 Shaik Mastani B1 vs Principal Commissioner of Customs, Chennai-I [2017(345) E L T 201 (Mad)] upheld the order of the Appellate Authority allowing re-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 Cochin [2016(336) 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) Judgement 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 2 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 02 gold biscuits weighing 210 grams and valued at Rs 6,62,580/- at the time of arrival, the confiscation of the same was justified. However though the quantum of gold under import is not substantial and is not of commercial quantity. There are no allegations that the Applicant is a habitual offender and was involved in similar offence earlier 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. There are no allegations that the Applicant is a habitual offender and was involved in similar offence earlier or there is nothing on record to prove that the Applicant was part of an organized smuggling syndicate. This case is at best a case of mis-declaration rather than smuggling. Government finds that the discretion not to allow the redemption of the impugned gold jewellery under Section 125 of the Customs Act, 1962 and order absolute confiscation by the Original Adjudicating Authority and 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

16 Applicant has also pleaded for setting aside the penalty imposed on him. The market value of the impugned said 02 gold biscuits weighing 210 grams and valued at Rs 6,62,580/-. From the facts of the case as discussed above, Government finds that the penalty of Rs 70,000/- 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 modifies the impugned order 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 02 gold biscuits weighing 210 grams and valued at Rs. 6,62,580/- is allowed redemption on payment of a fine of Rs 1,25,000/- (Rupees One Lakh Twenty Five Thousand only) and with duty at applicable rates. The penalty of Rs. 70,000/- imposed under Section 112(a) and (b) of the Customs Act, 1962 by the Original Adjudicating Authority and upheld by the Appellate Authority is sustained.

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


(SHRAWAN KUMAR)
Principal Commissioner & ex-officio
Additional Secretary to Government of India

ORDER No 23/2024-CUS (WZ)/ASRA/MUMBAI DATED 12.01.2024.

To,

- 1 Mr Mayur Haresh Kumar c/o Shri. N J Heera, Advocate, Nulwala Building, Ground Floor, 41, Mint Road, Opp GPO, Fort, Mumbai 400001 .
- 2 The Pr Commissioner of Customs, Chhatrapati Shivaji International Airport, Terminal 2, Level-II, Sahar, Andheri (East), Mumbai 400 099.

Copy to

- 1 The Commissioner of Customs (Appeals), Mumbai-III, Awas Corporate Point, 5th Floor, Makwana Lane, Behind S M Centre, Andheri-Kurla Road, Marol, Mumbai - 400 059

- 2 Shri N J Heera, Advocate, Nulwala Building, Ground Floor, 41, Mint Road, Opp GPO. Fort, Mumbai 400001
- 3 Sr P S to AS (RA), Mumbai
- 4 File Copy
- 5 Notice board