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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. 371/50/B/2020-RA/6691 :

Date of Issue: 12.09.2023

ORDER NO. 647/2023-CUS (WZ)/ASRA/MUMBAI DATED 11.09.2023
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.

Applicants : Ms Asha Ibrahim Yusuf.

Respondent : Pr. Commissioner of Customs, CSI Airport, Mumbai.

Subject : Revision Application filed, under Section 129DD of the
Customs Act, 1962 against the Order-in-Appeal No.
MUM-CUSTOMS-PAX-APP-816/2019-20 dated 26.12.2019
[F.No. S/49-512/2019] [Date of issue: 02.01.2020]
passed by the Commissioner of Customs (Appeals),
Mumbai-III.

ORDER

This Revision Application has been filed by Ms Asha Ibrahim Yusuf (herein referred to as the "Applicant") against the Order-in-Appeal No. MUM-CUSTM-PAX-APP-816/2019-20 dated 26.12.2019 [F.No. S/49-512/2019] [Date of issue: 02.01.2020] passed by the Commissioner of Customs (Appeals), Mumbai-III.

2. Brief facts of the case are that on 17.04.2019, the Customs Officers at CSI Airport Mumbai intercepted one passenger Ms. Asha Ibrahim Yusuf, the applicant, holding Sudanese passport number B 045570 who had arrived from Adi Ababa, Flight No. ET-640, after she had cleared herself through Green channel of Customs Mumbai. The applicant cleared herself without any declaration of dutiable goods to Customs. During personal search the Officers recovered assorted gold jewellery i.e. 02 gold rings and one gold necklace totally weighing 61 grams valued at Rs.1,76,660/-. The same were seized by the officers in the reasonable belief that the same was smuggled into India in a clandestine manner in contravention of the provisions of the Customs Act, 1962.

3. The Original Adjudicating Authority (OAA) viz the Deputy Commissioner of Customs, C.S.I. Airport, Mumbai, vide his OIO no. AirCus/49/ T2/672/ 2019, 'B' dated 18.04.2019 ordered absolutely confiscation of the recovered assorted gold jewellery i.e. 02 gold rings and one gold necklace totally weighing 61 grams valued at Rs.1,76,660/- under Section 111 (d), (l) and (m) of Customs Act, 1962. A personal penalty of Rs. 5,000/- under section 112(a) & (b) of the Customs Act, 1962 was also imposed on the applicant.

4. Aggrieved, with this Order, the Applicant filed an appeal before the Appellate Authority (AA) viz, Commissioner of Customs (Appeals), Mumbai-III, who vide Order-in-Appeal No. MUM-CUSTOM-PAX-APP-816/2019-20 dated 26.12.2019 [F.No. S/49-512/2019] [Date of issue: 02.01.2020] upheld the order passed by the OAA.

5. Aggrieved by this Order, the applicant has filed this revision application on the undermentioned grounds of revision;

5.1 That the Applicant is a Foreign National and does not know to read and write English Language & understands only her mother tongue.

5.2 That the Applicant when arrived at Airport was asked by the officer in plain clothing whether Applicant was carrying any Gold, to which the Applicant answered in affirmative and then the Applicant took out the Gold from her person and handed over to the Custom Officer. The Applicant submits that the officer had taken the charge of Gold and prepared some papers in English Language & obtained her signature on those papers.

5.3 The Statement of the applicant was also recorded by the Customs u/s. 108 of the Customs Act, which was typed in English Language which is not known to the Applicant and the customs dept. made out the case of non-declaration.

5.4 That the Applicant is the owner of the goods and ready to pay the customs dues and she was not aware that being a Foreign National she was not supposed to import Gold.

5.5 That the Gold brought by the Applicant is neither restricted nor prohibited and can be released for Re-export under section 125 of the Customs Act, 1962.

5.6 That the violation if any occurred, was out of ignorance, technical in nature and due to language problem.

5.7 That the Respondent has come to the conclusion that the acts and/ or omissions on the part of the Applicant were to evade Customs duty. The evasion of Customs duty can be done only in respect of dutiable goods and not prohibited goods. The Applicant humbly submits 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 Applicant. A bare perusal of the above sub-section (1) of Section 125 of the Customs Act, 1962, makes it crystal clear that the Respondent is required to give the Noticee an option to pay fine in lieu of confiscation in respect of the impugned goods, which even as per the Respondent are dutiable goods.

5.8 The Applicants relied on various judgments passed by various authorities, wherein re-export of goods have been granted even when the goods were not declared which are as follows:

1. Collector of Customs vs. Elephanta Oil and Inds. Ltd.; 2003-(152)-ELT-0257-Supreme Court.
2. Kusum Bhai DayaBhaiPatel Vs. Commissioner of Customs 1995 (79) ELT 292 Tri Mumbai
3. A.K.Jewellers vs. Commissioner of Customs Mumbai: 2003 (155) E.L.T. 585 (Tri- Larger Bench)
4. Patel vs. Commissioner of Customs Citation: 2003 (153) ELT 226 Tr

5. M.V. Marketing and Supplies vs. Commr.Of Customs (Import), Chennai; 2004 (178) E.LT. 1034 (Tri-Chennai).

5.9 The applicant also listed the cases wherein re-export has been granted by the Government of India, New Delhi:

1. Revision order no.38/2008 in case Mrs. Majeeda Mohammed Yonus
2. Revision order no.178 /2008 in case Mr. RavinderSadhuram Dulari
3. Revision order no.33/2008 in case Shri DeepakHiralal Parekh
4. In Revision order no.34/2008 in case Shri Pradeep Kumar Bhanwarlal
5. In Revision order no.392/2002 in case Shri Nasir AsgarMirab

5.10 That in view of the aforesaid submissions, the Customs department shall release the goods u/s. 125 of Customs Act, 1962 for Re-export on nominal redemption fine and reduce the personal penalty as the violation, if any, is of technical in nature.

In view of the above the applicant prayed that the Gold may kindly be released for re-export on nominal fine and personal penalty may kindly be reduced substantially.

6. Personal hearing in the matter was scheduled for 27-07-2023. Shri N. J. Heera, Advocate of the applicant, appeared for the hearing and submitted that the applicant is a foreign national and brought small quantity of gold jewellery for personal use. He requested to allow re-export of the same.

7. The Government has gone through the facts of the case, and observes that the applicant had failed to declare the impugned gold carried by her 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 the dutiable goods. By not declaring the gold carried by her, the applicant clearly revealed

her intention not to declare the gold and pay Customs duty on it. The Government finds that the confiscation of the impugned gold was therefore justified.

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, 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 (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 it liable for confiscation under Section 111(d) of the Customs Act.

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”

in terms of Section 2(33) and hence it is liable for confiscation under Section 111(d) of the Customs Act, 1962.

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. Once goods are held to be prohibited, Section 125 still provides discretion to consider release of goods on redemption fine. 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.”

12. In the instant case, the quantum of gold involved is small and is not of commercial quantity. The quantum of the same does not suggest the act to be one of organized smuggling by a syndicate. Government, notes that there is neither any allegation that the impugned gold was ingeniously concealed nor that the Applicant is a habitual offender and was involved in similar offences earlier. The applicant has claimed ownership of the gold and her desire to take it back. The facts of the case indicate that it is a case of non-declaration of gold, rather than a case of smuggling for commercial considerations. Under the circumstances, the seriousness of the misdemeanor is required to be kept in mind when using discretion under Section 125 of the Customs Act, 1962 and while imposing quantum of penalty. Government notes that the applicant who is a foreign national has prayed that the absolute confiscation be set aside and she be allowed to re-export the gold.

13. In a recent judgement passed by the Hon'ble High Court, Madras on 08.06.2022 in WP No. 20249 of 2021 and WMP No. 21510 of 2021 in respect of Shri Chandrasegaram Vijayasundaram + 5 others in similar matter of Shri Lankans wearing 1594 grams of gold jewellery (i.e. around 300 grams worn by each person) upheld the Order No. 165-169/2021-Cus(SZ) ASRA, Mumbai dated 14.07.2021 in F. No. 380/59-63/B/SZ/2018-RA/3716, wherein Revisionary Authority had ordered for restoration of OIO wherein adjudicating authority had ordered for the confiscation of the gold jewellery but had allowed

the same to be released for re-export on payment of appropriate redemption fine and penalty.

14. In view of the foregoing paras, the Government finds that as the applicant had not declared the gold at the time of arrival, the confiscation of the same was justified. However, considering the quantity of gold, the same not being concealed in an ingenious manner, applicant being a foreign/ Sudanese national, the absolute confiscation of the same was harsh and not justified. Considering the above facts, Government is inclined to modify the absolute confiscation upheld by the AA and allow the impugned gold i.e assorted gold jewellery of 02 gold rings and one gold necklace totally weighing 61 grams, to be re-exported on payment of redemption fine.

15. The Applicant has also pleaded for reduction of the penalty imposed on him. The value of the gold in this case is Rs. 1,76,660/-. Government finds that the penalty of Rs. 5,000/- imposed on the Applicant under Section 112(a) & (b) of the Customs Act, 1962 is appropriate and commensurate to the omissions and commissions of the Applicant.

16.1 In view of the above, the Government modifies the impugned order passed by the Appellate authority and allows the applicant to redeem the impugned gold i.e assorted gold jewellery of 02 gold rings and one gold necklace totally weighing 61 grams valued at Rs.1,76,660/- for re-export on payment of redemption fine of Rs. 35,000/- (Rupees Thirty-five Thousand only).

16.2 The penalty of Rs. 5,000/- imposed by the OAA, under Section 112(a) and (b) of the Customs Act, 1962, and upheld by the AA being appropriate and commensurate with the omissions and commissions of the Applicant, is sustained.

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

Shrawan
11/9/23
(SHRAWAN KUMAR)

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

ORDER NO. 647/2023-CUS (WZ)/ASRA/MUMBAI DATED 11.09.2023

To,

1. Ms. Asha Ibrahim Yusuf, C/o Advocate N. J. Heera, Nulwala Building, Ground Floor, 41, Mint Road, Opp. G.P.O. Fort, Mumbai-400001
2. The Pr. Commissioner of Customs, C.S.I Airport, Terminal 2, Level-II, Sahar, Andheri (East), Mumbai 400 099.
3. The Commissioner of Customs (Appeals), Mumbai-III, 5th Floor, Avas Corporate Point, Makwana Lane, Behind S.M.Centre, Andheri Kurla Road, Andheri (East), Mumbai 400 059.

Copy to:

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

