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SPEED POST



GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)  
8<sup>th</sup> Floor, World Trade Centre, Centre - I, Cuffe Parade,  
Mumbai-400 005

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**F.No. 371/218/B/WZ/2021-RA/A601** : **Date of Issue : 23.10.2023**

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ORDER NO. 774/2023-CUS (WZ)/ASRA/MUMBAI DATED 19.10.2023 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.

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**Applicant** : Mrs. Kuntal Rajan Khona

**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-CUSTOM-PAX-APP-1774/2020-21 dated 25.02.2021 [Date of issue: 08.03.2021] [F. No. S/49-828/2019] passed by the Commissioner of Customs (Appeals), Mumbai Zone-III.

**ORDER**

The Revision Application has been filed by Mrs Kuntal Rajan Khona (herein referred to as the 'Applicant') against the Order-in-Appeal No. MUM-CUSTM-PAX-APP-1774/2020-21 dated 25.02.2021 [Date of issue: 08.03.2021] [F. No. S/49-828/2019] passed by the Commissioner of Customs (Appeals), Mumbai Zone-III.

2. Brief facts of the case are that on 31.07.2019, the officers of Air Customs, Chhatrapati Shivaji International Airport, Mumbai, intercepted the Applicant, who had arrived by Flight No. IX-248 from Dubai, after she had cleared herself through the Customs green channel. The personal search of the Applicant led to the recovery of one crude gold chain weighing 116 grams and valued at Rs. 3,66,000/-.

3. The case was adjudicated after waiver of show cause notice and the Original Adjudicating Authority (OAA) i.e. Deputy Commissioner of Customs, 'UNI-A' CSI Airport, Mumbai, vide Order-in-Original No. Air Cus/49/T2/994/2019/UNI-A dated 31.07.2019 confiscated the impugned one crude gold chain weighing 116 grams valued at Rs. 3,66,000/- under Section 111 (d) of the Customs Act, 1962 but allowed the Applicant the option to redeem the same on payment of fine of Rs. 40,000/-, in lieu of confiscation. Penalty of Rs. 20,000/- was imposed on the Applicant under Section 112 of the Customs Act, 1962.

4. Aggrieved by the Order, the Applicant filed an appeal before the Appellate Authority (AA) viz, Commissioner of Customs (Appeals), Mumbai Zone-III who vide Order-in-Appeal No. MUM-CUSTM-PAX-APP-1774/2020-21 dated 25.02.2021 [Date of issue: 08.03.2021] [F. No. S/49-828/2019] upheld the order passed by the OAA.

5. Aggrieved with the above order of the Appellate Authority, the Applicant has filed this revision application on the following grounds:

5.01. That the Respondent had misdirected themselves by detaining the Applicant even when there was no concealment of the gold chain worn by the Applicant and therefore the order demanding duty, imposing fine and penalty is illegal, bad in law and liable to be set aside;

5.02 That the Respondent has misdirected himself by passing an order when the goods could have been allowed to be re-exported on payment of redemption fine and penalty as the Applicant was a Non Resident Indian; The Applicant has relied on the decision in the case of In RE: Surya Babbar [2018(364) ELT 1196(GOI)];

5.03. That the Applicant had arrived from Dubai only to be with her ailing father-in-law and was under tremendous stress due to the illness of her father-in-law and thus did not declare the impugned gold chain;

5.04. That there was no allegation that the Applicant had concealed the gold chain as it was worn by the Applicant and was a personal effect with low monetary value;

5.05. That as per the Kyoto convention, passenger going through the green channel is itself declaration that she had no dutiable or prohibited article. The Applicant relies on the judgement of the Hon'ble Supreme Court in the case of DRI vs. Pushpa Lekhumal Tolani [20179(353) ELT 129(SC)];

5.06. That the Respondent erred in not allowing re-export of the goods when there was no concealment and the gold chain was purchased by the Applicant from her own earnings and she committed no violation of law or infraction of any instruction for clearance of the baggage through the green channel as she being a NRI had no dutiable goods to declare under the Baggage Rules;

5.07. That the Respondent erred in confiscating the goods and made to pay duty and imposing fine and penalty even when there was no concealment and any intention of not declaring the gold;



5.08. That the findings of the Respondent are unsustainable and unjustifiable in law;

5.09 That the Respondent failed to appreciate that the goods were not gold bars but gold chain and no person in the right frame of mind will not declare a chain valued at Rs. 3,66,000/- even when concession is available to the Applicant;

5.10. That the Applicant acted in good faith and there is no malafide and/or any mensrea on the part of the Applicant and thus the order is bad in law and merits to be set aside;

Under the circumstances, the Applicant prayed for the OIA be set aside and the chain be allowed to be re-exported and duty paid be refunded and fine and penalty be set aside.

6. Personal hearing in the case was scheduled for 09.08.2023 or 23.08.2023. Shri N.D George, Advocate appeared online for the personal hearing on 09.08.2023 on behalf of the Applicant. He submitted that the Applicant was a NRI and was wearing a gold chain when visiting India. He further submitted that the Applicant came to India when her father-in-law passed away. He requested to allow re-export of gold chain to the Applicant. No one appeared for the personal hearing on behalf of the Respondent.

7. The Government has gone through the facts of the case and observes that the Applicant had brought one crude gold chain weighing 116 grams valued at Rs.3,66,000/- 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, after clearing the green channel of Customs and after being intercepted, the impugned one crude gold chain weighing 116 grams, which was worn by the Applicant was recovered and clearly revealed her intention not to declare the said gold chain

and thereby evade payment of Customs Duty. The confiscation of the gold was therefore justified and thus, the Applicant had rendered herself liable for 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, 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, 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 vs. 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."*

12.1. Government further observes that there are a 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 Jhamatma] 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 Bi 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.

12.2. 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.

13. In the instant case, the quantum of gold under import is small and is *not of commercial quantity*. The impugned gold was worn by the Applicant and was recovered from the Applicant. There are no allegations that the Applicant is a habitual offender and was involved in similar offence earlier or that there was an ingenuous concealment of gold. Also there is nothing on record to prove that the Applicant was part of an organized smuggling syndicate.

14. Government finds that this is a case of non-declaration of gold and observes that in the instant case the absolute confiscation of the impugned gold leading to dispossession of the Applicant of the gold in the instant case would have been harsh and not reasonable. Government notes that in view of provisions of Section 125 of the Customs Act, 1962 and the judgements cited supra, the Original Adjudicating Authority has been reasonable and fair in using discretion to allow the Applicant the option to redeem the gold chain on payment of redemption fine and duty.

15. Applicant has also pleaded for reduction of the penalty imposed on him. The market value of the gold in this case is Rs. 3,66,000/-. From the facts of the case as discussed above, Government finds that the penalty of Rs. 40,000/- imposed on the Applicant under Section 112 of the Customs Act,

1962 is commensurate considering the omissions and commissions of the Applicant.

16. As regards the averment of the Applicant in the Revision Application and *at the time of personal hearing that the re-export of the gold be allowed as the Applicant is a Non Resident Indian*, Government observes that the issue of allowing re-export is dependent on the current status of the Applicant and *though the Applicant has claimed to be a NRI*, there is nothing on record that the Applicant held the status of a NRI as on date. As a consequence, Government is not inclined to accede to the request of the Applicant to allow *re-export of the impugned gold chain*.

17. In view of the above, the Government upholds the impugned Order-in-Appeal No. MUM-CUSTOM-PAX-APP-1774/2020-21 dated 25.02.2021 [Date of issue: 08.03.2021] [F. No. S/49-828/2019] passed by the Commissioner of Customs (Appeals), Mumbai Zone-III and is not inclined to interfere with the same.

18. The Revision Application is rejected as being devoid of merit.

*Shrawan Kumar*  
19/10/23  
( SHRAWAN KUMAR )

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

ORDER NO. 77H/2023-CUS (WZ)/ASRA/MUMBAI DATED 19.10.2023

To,

1. Mrs Kuntal Rajan Khona, 32, Mohan Niwas, Dr. Ambedkar Road, Matunga (East), Mumbai 400 019.
2. The Pr. Commissioner of Customs, Terminal-2, Level-II, Chhatrapati Shivaji International Airport, Mumbai 400 099.



Copy to:

1. The Commissioner of Customs (Appeals), Mumbai Zone - III, Awas Corporate Point, 5<sup>th</sup> Floor, Makwana Lane, Behind S.M.Centre, Andheri-Kurla Road, Marol, Mumbai - 400 059.
2. Shri N.D.George, Advocate, 2<sup>nd</sup> Floor, Office No. 13, Sethi mansion, Kumpta Street, Fort, Mumbai 400 001
3. Sr. P.S. to AS (RA), Mumbai.
4. File copy.
5. Notice Board.

