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SPEED POST



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

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

F.No. 371/166/B/2021-RA / 7850 :

Date of Issue: 06 .11.2023

ORDER NO. S/2/2023-CUS (WZ)/ASRA/MUMBAI DATED 06 .11.2023
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 : Shri Abubakar Ahmed Ibrahim Abdalla

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-CUSTM-PAX-APP-23/2021-22 dated 05.04.2021
[F.No. S/49-308/2020] [Date of issue: 15.04.2021]
passed by the Commissioner of Customs (Appeals),
Mumbai-III.

ORDER

This Revision Application has been filed by Shri Abubakar Ahmed Ibrahim Abdalla (herein referred to as the "Applicant") against the Order-in-Appeal No. MUM-CUSTOM-PAX-APP-23/2021-22 dated 05.04.2021 [F.No. S/49-308/ 2020] [Date of issue: 15.04.2021] passed by the Commissioner of Customs (Appeals), Mumbai-III.

2. Brief facts of the case are that on 08.11.2019, the AIU Officers at CSMI Airport, Mumbai, intercepted Shri Abubakar Ahmed Ibrahim Abdalla, the applicant, a Foreign National holding Sudanese passport No. P 06280010 on his arrival from Adis Ababa vide Flight No. ET 610, after he had opted to pass through Green Channel. The personal search of the Applicant resulted in recovery of 02 Crude Gold bars collectively weighing 212 grams and valued at Rs.7,32,672/- which were concealed in his innerwear and pasted by cello tape. 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 Assistant Commissioner of Customs, C.S.I. Airport, Mumbai, vide his OIO no. AirCus/T2/49/1307/2019 'C' dated 08-11-2019 ordered absolute confiscation of the recovered 02 Crude Gold bars collectively weighing 212 grams and valued at Rs.7,32,672/- under Section 111 (d), (l) and (m) of Customs Act, 1962. A personal penalty of Rs 70,000/- 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-23/2021-22 dated 05-04-2021 [F.No. S/49-308/ 2020] [Date of issue: 15.04.2021] upheld the order passed by the OAA.

5. Aggrieved with the above order, the Applicants have made an exhaustive submission of case laws and have submitted copies including their submissions made before the lower authorities etc. They have filed these revision applications on the following main points:

- 5.1 that he had brought gold for the first time and was not aware of the Customs Rules and Regulations;
- 5.2 that gold is not a prohibited item and was not liable for absolute confiscation;
- 5.3 that the gold may be released for the re-export on payment of reasonable fine and penalty;
- 5.4 that the applicant claimed ownership of the impugned gold and prayed for redemption;
- 5.5 The applicant concluded by submitting that it was a single and solitary incident of an alleged act of smuggling and can never be justifiable ground for absolute confiscation of the goods; that he committed the mistake of non-declaration of gold out of ignorance only. The applicant submitted that he is from a respectable family and a law abiding citizen and has never come under any adverse remarks.

Under the circumstances, the applicant has prayed to the Revision Authority for redemption of the gold bars for re-export on payment of reasonable fine and penalty.

6. Personal hearing in the matter was scheduled for 17-08-2023. Shri Prakash Shingarani, Advocate of the applicant, appeared for the hearing and submitted that the applicant is a foreign national who brought small amount of gold for personal use. He further submitted that the applicant is not a habitual offender. He requested to allow re-export of the gold on reasonable redemption fine and penalty.

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 him 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 the dutiable goods. By not declaring the gold bars carried by him, the applicant clearly revealed his intention not to declare the gold. 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 the impugned gold were not ingeniously concealed, it was carried in person. The applicant has claimed ownership of the gold for personal use and his desire to take it back. Government, notes that there were no allegations that the Applicant is a habitual offender and was involved in similar offence earlier. 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. Government notes

that the applicant who is a foreign national has prayed that the absolute confiscation be set aside and he 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 and 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 national, the absolute confiscation of the same was not justified. Considering the above facts, Government is inclined to modify the absolute confiscation upheld by the AA and allow the impugned 02 Crude Gold bars collectively weighing 212 grams and valued at Rs.7,32,672/- to be re-exported on payment of redemption fine.

15. Government finds that the value of the impugned gold is Rs.7,32,672/- under Section 112(a) & (b) of the Customs Act, 1962 and the penalty imposed is Rs.70,000/-, which 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 02 Crude Gold bars collectively weighing 212 grams and valued at Rs.7,32,672/- for re-export on payment of redemption fine of Rs.1,40,000/- (Rupees One Lakh Forty Thousand Only).

16.2 The penalty of Rs. 70,000/- 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 KUMAR)

Principal Commissioner & ex-officio

Additional Secretary to Government of India

ORDER NO. 812/2023-CUS (WZ)/ASRA/MUMBAI DATED 06.11.2023

To,

1. Shri Abubakar Ahmed Ibrahim Abdalla, C/o Advocate Prakash K. Shingarani, 12/334, Vivek, New MIG Colony, Bandra East, Mumbai-400051
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. Prakash K. Shingarani (Advocate), 12/334, Vivek, New MIG Colony, Bandra East, Mumbai-400051
2. Sr. P.S. to AS (RA), Mumbai.
3. File Copy.
4. Notice Board.

