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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. 371/231/B/2022-RA / 8468 Date of issue: 18.12.2023

ORDER NO. **926/2023-CUS (WZ)/ASRA/MUMBAI** DATED **15.12.2023**
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.

Applicant : Ms. Tabassum Shakil Mirza
Respondent : Pr. Commissioner of Customs, CSMI, Mumbai
Subject : Revision Application filed under Section 129DD of the
Customs Act, 1962 against the Order-in-Appeal No. MUM-
CUSTM-PAX-APP-630/2020-21 dated 24.12.2020 [Date of
issue: 08.01.2021] [F. No. S/49-637/2020] passed by the
Commissioner of Customs (Appeals), Mumbai Zone-III.

ORDER

This Revision Application is filed by Ms. Tabassum Shakil Mirza (here-in-after referred to as the 'Applicant') against the Order-in-Appeal (OIA) No. MUM-CUSTM-PAX-APP-630/2020-21 dated 24.12.2020 passed by the Commissioner of Customs (Appeals), Mumbai Zone-III.

2. Brief facts of the case are that on 11.02.2020, the applicant on arrival at Chhatrapati Shivaji Maharaj International Airport, Mumbai, from Iran by Flight No. IR-810 was found in possession of one gold chain weighing 109 grams and valued at Rs.2,99,564/-.
3. The case was adjudicated after waiver of show cause notice and the Original Adjudicating Authority (OAA) i.e., Assistant Commissioner of Customs 'B' Batch, CSMI Airport, Mumbai, vide Order-in-Original (OIO) dated 11.02.2020 ordered absolute confiscation of the seized one gold chain weighing 109 grams and valued at Rs.2,99,564/- under Section 111 (d) of the Customs Act, 1962. A penalty of Rs.5000/- was imposed on the Applicant under Section 112 of the Customs Act, 1962.
4. Aggrieved, the Applicant filed an appeal before the Appellate Authority (AA) who vide impugned OIA upheld the order of the OAA and rejected the appeal.
5. Hence, the Applicant has filed the instant revision application on the following grounds:
 - i. that the Applicant is an India Passport holder and it was first time she brought gold chain from Iran as a symbol of prosperity for the purpose of her personal use. Thereafter officers of the customs recovered one Gold Chain of 109 grams total valued Rs. 2,99,564/-.
 - ii. that she has brought the gold from Iran and she has sufficient capacity to bought the same. On her arrival at C.S.I. Airport, Mumbai in baggage hall the Applicant was confused regarding the declaration of gold as she

- had received her education only till 10th grade from urdu medium school.
- iii. that the Ld. Commissioner of Customs (Appeal) has wrongly arrived on the conclusion that the Applicant had concealed her jewellery because he failed to consider that the Applicant is a practicing Muslim woman who wears Burqa as a symbol of piety which covers her whole body.
 - iv. that it was very first time she had brought gold for her own use as a symbol of prosperity from the holy city of Najaf, Iran out of her hard earned money, she is not indulged in any manner in illegal transaction to acquire gold for sale in market and to get profit, She further submits that she has not made any attempts in any manner to evade duty thereon as allegedly recorded by Ld. Deputy/Asstt. Commissioner of the Customs and Commissioner of Customs (Appeal) in his discussion and findings. The Applicant submits that the real fact is that she did not get opportunity to declare the goods and pay the customs duty thereon and, thus no question arises for violation of provision of section 77 of the Customs Act, 1962.
 - v. that dutiable goods brought by her are neither restricted nor prohibited and can be released on applicable customs duty under section 125 of the Customs Act, 1962.
 - vi. that no incriminating material or evidence has been found with the Applicant, or associated to him pertaining to his alleged activity. The Applicant states that it is a fit case wherein Section 125 of the Indian Customs Act, 1962 should be invoked, The Applicant states that Section 125 of the Customs Act, 1962 gives the option to pay fine in lieu of confiscation, which is not considered or appropriately discussed by the learned authority while passing the order.
 - vii. that in so far as absolutely confiscating the goods in question is concerned, the burden lies upon the Respondent to show that the Applicant has acted dishonestly or contumaciously or with the deliberate or distinct object of breaching the law.

6. Personal hearing in the case was held on 29.08.2023. Mr. Maaz Ansari, Advocate appeared for the personal hearing on behalf of the applicant and submitted that the applicant had brought small quantity of gold for personal use. He further submitted that applicant has no past history of any offence and gold was not ingeniously concealed. He requested to allow redemption of same on nominal fine and penalty. No one appeared for the personal hearing on behalf of the Respondent.

7. Government has gone through the facts of the case and observes that the Applicant had brought crude gold chain weighing 109 grams but 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, after clearing himself through the green channel of Customs and on being intercepted, one gold chain weighing 109 grams and valued at Rs.2,99,564/- were recovered from the Applicant and revealed his intention of 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 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 became 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 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 is 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 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.
- 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.
- f) The Hon’ble High Court, Madras on 08.06.2022 in WP no. 20249 of 2021 and WMP No. 21510 of 2021 in r/o. Shri. Chandrasegaram Vijayasundaram + 5 others in a matter of Sri Lankans wearing 1594 gms of gold jewellery 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 the 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.

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 one gold chain weighing 109 grams and valued at Rs.2,99,564/- at the time of arrival, the confiscation of the same was justified. However, the quantum of gold under import is small and is not of commercial quantity. There are no allegations that the Applicant is a habitual offender and was involved in similar offence earlier. Further, there is nothing on record to prove that the Applicant was part of an organized smuggling syndicate. Considering these facts, Government is inclined to modify the absolute

confiscation and allow the redemption of impugned one gold chain weighing 109 grams and valued at Rs.2,99,564/- on payment of a redemption fine.

15. Applicant has also pleaded for setting aside the penalty imposed on him. The market value of the gold in this case is Rs.2,99,564/-. From the facts of the case as discussed above, Government finds that the penalty of Rs.50,000/- imposed on the Applicant under Section 112 of the Customs Act, 1962 commensurate with the omissions and commissions of the Applicant.

16. In view of the above, the Government modifies the impugned OIA and allows the Applicant to redeem the impugned one gold chain weighing 109 grams and valued at Rs.2,99,564/-, on payment of a redemption fine of Rs.60,000/-. The penalty of Rs.50,000/- imposed on the Applicant under Section 112 of the Customs Act, 1962 is sustained.

Shrawan Kumar
15/12/23

(SHRAWAN KUMAR)

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

ORDER NO. **926**/2023-CUS (WZ)/ASRA/MUMBAI DATED **15/12/23**

To,

1. Ms. Tabassum Shakil Mirza,
Room No. 7/8, 2nd Floor, 4th Kamal Khan Building,
Imamwada Road, Dongri, Mumbai - 400 009.
2. The Pr. Commissioner of Customs,
Terminal-2, Level-II,
Chhatrapati Shivaji Maharaj International Airport,
Sahar, Mumbai - 400 099.

Copy to:

1. Adv. Maaz Ahmed Ansari,
Shop No.1, Varaya House (Amina Building),
Maulana Azad Road, Madanpura, Mumbai - 400 008.
2. Sr. P.S. to AS (RA), Mumbai.
3. Guard file.

