

SPEED POST



F.No. 372/07/B/2020-RA
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

14, HUDCO VISHALA BLDG., B WING
6th FLOOR, BHIKAJI CAMA PLACE,
NEW DELHI-110 066

Date of Issue...13/12/21...

Order No. 282/21-Cus dated 13-12-2021 of the
Government of India passed by Sh. Sandeep Prakash,
Additional Secretary to the Government of India, under Section
129DD of the Customs Act, 1962.

Subject : Revision Application filed, under Section 129 DD
of the Customs Act 1962 against the Order-in-
Appeal No. KOL/CUS(Prev)/PTPL/AKR/38/2020
dated 29.01.2020 passed by the Commissioner
of Customs (Appeals), Kolkata.

Applicant : Sh. Parvez Alam, North 24 Parganas (West
Bengal).

Respondent : Commissioner of Customs (Preventive),
Kolkata.

ORDER

A Revision Application No. 372/07/B/2020-RA dated 14.07.2020 has been filed by Sh. Parvez Alam, North 24 Parganas, West Bengal (hereinafter referred to as the Applicant) against the Order-in-Appeal No. KOL/CUS(Prev)/PTPL/AKR/38/2020 dated 29.01.2020 passed by the Commissioner of Customs (Appeals), Kolkata. Commissioner (Appeals) has upheld the Order-in-Original No. 01/AC/CUS/PTPL/19-20 dated 22.08.2019, passed by the Assistant Commissioner of Customs, Petropole, wherein, 02 pieces of gold chains of 24 Karats, collectively weighing 143.960 gms and valued at Rs. 3,90,635/-, were confiscated absolutely under Section 111(d) and 111(l) of the Customs Act, 1962. Penalty of Rs. 10,000/-, was also imposed on the Applicant under Sections 112(a) and 112(b) of the Customs Act, 1962.

2. Brief facts of the case are that 02 pieces of gold chains, collectively weighing 143.960 gms and valued at Rs. 3,90,635/-, were recovered by the Petropole customs officers from the Applicant, on 31.01.2016 at the baggage hall of Petropole Customs Office. The 24 karat gold chains were not declared by the Applicant before customs on his arrival from Bangladesh. In his statement dated 31.01.2016, tendered under Section 108 of the Customs Act, 1962, the Applicant stated that he was not the owner of the gold chains and some unknown person in Dhaka had given him these chains to be delivered to some receiver and the Applicant would be getting Rs. 2500/- for this. Later, in his statement recorded on 17.03.2016, the Applicant

contended that the chains belonged to him and he had lied in his earlier statement. He also requested for release of the chains as he was ready to pay duty/fine/penalty for getting them released. The original authority absolutely confiscated the gold chains and a penalty of Rs. 10,000/- was also imposed on the Applicant. Aggrieved, the Applicant filed an appeal before Commissioner (Appeals), who, vide the impugned Order-in-Appeal, rejected the appeal.

3. The instant revision application has been filed, mainly, on the grounds that the Applicant was not provided with any declaration opportunity; that the gold chains were not concealed, as alleged; that gold ornaments are allowed as a part of baggage as per Baggage Rules and are not "prohibited goods"; and that the goods should be allowed to be redeemed on payment of duty/fine/penalty, being non-prohibited goods.

4. The revision application has been filed with a delay of 71 days. The reason attributed for this delay is the prevalent pandemic conditions. Delay is condoned.

5. Personal hearing was held on 10.12.2021, in virtual mode. Sh. Parvez Alam, Applicant appeared and reiterated the contents of the revision application. He requested for the offending goods to be released on payment of fine, duty and penalty. None appeared for the Respondent department and no request for adjournment has also been received. Hence, the matter is being taken up for disposal on the basis of records available.

6. The Government has carefully examined the case. Gold chains were not declared by the Applicant, in violation of Section 77 of the Customs Act, 1962. In his statement tendered under Section 108 of Customs Act, 1962, the Applicant admitted that he was not the owner of the gold chains and some unknown person in Dhaka had given him these chains to be delivered to some receiver and would be getting Rs. 2500/- for this. Later, the Applicant, in his second statement, contended that the chains belonged to him and he had lied earlier. The Government does not consider this about turn tenable. A statement in immediate proximity of the incident is more reliable than a statement made after a long gap, which could be an afterthought.

7. Section 123 of Customs Act 1962 reads as follows:

123. Burden of proof in certain cases.

(1) Where any goods to which this section applies are seized under this Act in the reasonable belief that they are smuggled goods, the burden of proving that they are not smuggled goods shall be—

(a) in a case where such seizure is made from the possession of any person,—

(i) on the person from whose possession the goods were seized; and

(ii) if any person, other than the person from whose possession the goods were seized, claims to be the owner thereof, also on such other person;

(b) in any other case, on the person, if any, who claims to be the owner of the goods so seized.

(2) *This section shall apply to gold and manufactures thereof watches, and any other class of goods which the Central Government may by notification in the Official Gazette, specify.*"

Hence, in respect of the gold and manufactures thereof, the burden of proof that such goods are not smuggled is on the person, from whom goods are recovered. In the present case, the gold chains were not declared by the Applicant to the customs officers, as required under Section 77 of Customs Act, 1962. He admitted that he had intentionally not declared the gold items to evade customs duty. The Applicant has, thus, failed to discharge the burden placed on him, in terms of Section 123, *ibid*.

8.1 The Applicant has contended that the import of gold is not 'prohibited'. The Government observes that Hon'ble Supreme Court, in the case of Sheikh Mohd. Omer vs Collector of Customs, Calcutta & Ors [1971 AIR 293], has held that for the purpose of Section 111(d) of the Customs Act, 1962, the term *"Any prohibition" means every prohibition. In other words all types of prohibition. Restriction is one type of prohibition*". Gold is not allowed to be imported freely in baggage and it is permitted to be imported by a passenger subject to fulfillment of certain conditions. In the case of M/s Om Prakash Bhatia Vs. Commissioner of Customs, Delhi [2003(155) ELT423(SC)], the Apex Court has held that *"if the conditions prescribed for import or export of goods are not complied with, it would be considered to be prohibited goods"*. Further, in the case of UOI & Ors vs. M/s Raj Grow Impex LLP & Ors (2021-TIOL-187-SC-CUS-LB), the Hon'ble Supreme Court has followed the

judgments in Sheikh Mohd. Omer (supra) and Om Prakash Bhatia (supra) to hold that "any restriction on import or export is to an extent a prohibition; and the expression "any prohibition" in Section 111(d) of the Customs Act includes restrictions."

8.2 In the case of Malabar Diamond Gallery P. Ltd. Vs ADG, DRI, Chennai [2016(341) ELT65(Mad.)], the Hon'ble Madras High Court has summarized the position on the issue, in respect of gold, as under:

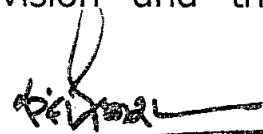
"64. Dictum of the Hon'ble Supreme Court and High Courts makes it clear that gold, may not be one of the enumerated goods, as prohibited goods, still, if the conditions for such import are not complied with, then import of gold, would squarely fall under the definition "prohibited goods", in Section 2 (33) of the Customs Act, 1962-----."

8.3 The gold and gold ornaments are allowed to be imported subject to certain conditions and ~~the~~, in this case, the conditions, subject to which these could have been legally imported, have not been fulfilled. Thus, following the ratio of the aforesaid judgments, there is no doubt that the subject goods are 'prohibited goods'.

9. The original authority has denied the release of offending goods on redemption fine under Section 125 of Customs Act, 1962. In terms of Section 125, the option to release 'prohibited goods', on redemption fine, is discretionary, as held by the Hon'ble Supreme Court in the case of Garg Woollen Mills (P) Ltd vs. Additional Collector of Customs, New Delhi [1998

(104) E.L.T. 306 (S.C.)]. In the case of Raj Grow Impex (supra), the Hon'ble Supreme Court has held "*that 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 according to the rules of reason and justice; has to be based on relevant considerations*". Further, in the case of Commissioner of Customs (Air), Chennai-I Vs P. Sinnasamy {2016(344) ELT1154 (Mad.)}, the Hon'ble Madras High Court, after extensive application of several judgments of the Apex Court, has held that "*non-consideration or non-application of mind to the relevant factors, renders exercise of discretion manifestly erroneous and it causes for judicial interference.*". The Hon'ble High Court has further held that "*when discretion is exercised under Section 125 of the Customs Act, 1962, the twin test to be satisfied is 'relevance and reason'*". In the present case, no grounds are established to consider the order of absolute confiscation of goods to be based on irrelevant or unreasonable considerations.

10. In view of the above, the impugned Order of the Commissioner (Appeals) does not merit revision and the revision application is rejected.



(Sandeep Prakash)

Additional Secretary to the Government of India

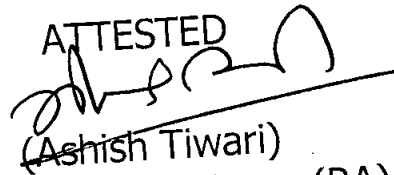
Sh. Parvez Alam, S/o Sh. Aslam,
14, Loot bagan, Kamarhati, Belghoria,
North 24 Parganas-700058
West Bengal.

Order No. 282/21-Cus dated 13-12-2021

Copy to:

1. The Commissioner of Customs, Kolkata.
2. The Commissioner of Customs (Appeals), Kolkata
3. PA to AS(RA).
4. Guard File.
5. Spare Copy.

ATTESTED



(Ashish Tiwari)
Assistant Commissioner (RA)