

**SPEED POST**



F. No. 373/357/B/SZ/2019-RA  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)

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

Date of Issue..19/02/24

Order No. 52/24-Cus dated 19-02-2024 of the Government of India passed by Smt. Shubhagata Kumar, Additional Secretary to the Government of India, under Section 129DD of the Customs Act, 1962.

Subject : Revision Applications under Section 129 DD of the Customs Act, 1962, against the Order-in-Appeal C.Cus. I. No. 154/2019 dated 29.08.2019, passed by the Commissioner of Customs (Appeals-I), Chennai.

Applicant : Shri Natarajan Govindasamy Shanmugam, Cuddalore

Respondent : The Principal Commissioner of Customs, Chennai-I

.....

**ORDER**

Revision Application No. 373/357/B/SZ/2019-RA dated 09.09.2019 has been filed by Shri Natarajan Govindasamy Shanmugam, Cuddalore (hereinafter referred to as the Applicant) against the Order-in-Appeal C.Cus. I. No. 154/2019 dated 29.08.2019, passed by the Commissioner of Customs (Appeals-I), Chennai. The Commissioner (Appeals-I) has rejected the appeal filed by the Applicant against the Order-in-Original passed by the Joint Commissioner of Customs (Adjudication-AIR), New Custom House, Chennai, bearing No. 234/2018-19-Commissionerate-I dated 24.01.2019, vide which five gold rods weighing 793 grams and valued at Rs. 19,51,573/-, recovered from the Applicant, were confiscated absolutely under Section 111(d) and 111(l) of the Customs Act, 1962 read with Section 3(3) of the Foreign Trade (Development & Regulation) Act, 1992. Besides, a penalty of Rs. 1,00,000/- was also imposed on the Applicant under Section 112 (a) of the Customs Act, 1962.

2. Brief facts of the case are that, the Applicant arrived from Singapore on 25.10.2018, at Anna International Terminal of Chennai Airport, Meenambakkam, Chennai. He was intercepted by the customs officers while walking towards the exit of arrival hall after passing through green channel, on reasonable suspicion that he might be carrying gold/contraband goods either in his baggage or on his person. On examination of one of his checked-in stroller suitcase, five black coloured metal rods were found which were found to be suspicious and unusually heavy. Suspecting the same to be of gold, Shri Gopi Achari, Government of India approved gold appraiser examined the said five numbers of black colour metal rods using heat, touch stone and acid method and certified them to be gold rods of 18 carat purity totally weighing 793 grams valued at Rs. 19,51,573/-. As the Applicant attempted to smuggle the gold by way of concealment and non-declaration of the same to the customs at Chennai airport and as he was not an eligible passenger to bring gold into India and was not in possession of an valid document/permit/licence for the legal import of impugned gold into India, the impugned gold was seized under Section 110 of Customs Act, 1962 under mahazar on 25.10.2018. A voluntary statement was recorded from him under Section 108 of Customs Act, 1962, in which he stated inter-alia that he used to carry goods given by one Sri Rao from Chennai to Singapore and while

coming back bring back goods for Sri Rao who would collect them outside the airport; that he did not know his address; that the suitcase containing the said gold rods were handed over to him by an unknown person in Singapore Airport with instruction to smuggle the same by way of concealment to avoid customs detection and to hand over the same to Sri Rao outside Chennai airport for a monetary benefit of Rs. 2,000/-. Vide letter dated 25.10.2018, the Applicant requested for adjudication of the case without issue of Show Cause Notice. The adjudicating authority adjudicated the matter vide Order-in-Original No. 234/2018-19-Commissionerate-I dated 24.01.2019. Aggrieved, the Applicant filed an appeal before the Commissioner of Customs (Appeals-I), Chennai, which has been rejected.

3. The instant revision application has been filed mainly on the grounds that order of the adjudicating authority is against law, weight of evidence and circumstances and probabilities of the case. It is prayed to return the goods, set aside the impugned order and to permit the Applicant to re-export the impugned goods and also to set aside/ reduce the penalty. The Applicant has also quoted case laws in support of their case.

4. Personal hearing in the matter was fixed on 10.01.2024 and 12.02.2024 in virtual mode. On 10.01.2024, Shri S. Ramesh, Assistant Commissioner (Legal), Chennai appeared on behalf of Respondent and submitted that the Applicant brought 793 grams of gold rods concealed in baggage and was detected only when customs intercepted him near the exit gate; that he later admitted that the goods were given to him to be handed over to an unknown person for which he would be paid Rs. 2,000/-; that he did this out of temptation and that this was not his bonafide baggage; that he was aware if any restrictions on the import of articles are violated that amounts to those items being prohibited for import and thus liable for absolute confiscation. Therefore, the Order-in-Appeal is proper & should be upheld. Smt. P. Kamalamalar, Advocate on behalf of the Applicant appeared on 12.02.2024 and reiterated the written submissions and submitted that the Applicant brought 18 carat gold rods weighing 793 grams in his checked-in luggage. She admitted that the gold was brought for someone else but that there was no ingenious concealment and that the statement given was not voluntary. She sought a

lenient view and the option to redeem or re-export the impugned gold upon payment of dues.

5. The Government has examined the matter. It is observed that the Applicant was intercepted with the above said impugned gold concealed in his baggage. He had not declared the import of gold item voluntarily to the Customs officers, as required under Section 77 of the Customs Act, 1962 rather he admitted to having brought these impugned items for monetary gain. The Applicant had appeared before the original authority for hearing after waiving the requirement of Show Cause Notice. Further, though the Applicant claimed that his statement was not voluntary, the same has not been retracted. Further, the entire proceedings have been covered under mahazar in the presence of independent witnesses and the proceeding has not been disputed with any evidence. Therefore, the sequence of events recorded under the mahazar has to be relied upon. Thus, it is not open to the Applicant to dispute the facts at this stage. As such, the subject contentions of the Applicant are without merit.

6. As per Section 123 of the Act, *ibid*, 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. The Applicant did not declare the gold items, as stipulated under Section 77 of the Customs Act, 1962. The Applicant has, thus, failed to discharge the burden placed on him, in terms of Section 123, *ibid*. Keeping in view the facts and circumstances of the case and as the Applicant has failed to discharge the onus placed on him in terms of Section 123, the Government agrees with the lower authorities that the seized gold item was liable to confiscation under Section 111 *ibid* and that the penalty was imposable on the Applicant.

7.1 The Applicant has contended that the import of gold is not 'prohibited'. However, the Government observes that this contention of the Applicant is against several judgements of the Hon'ble Supreme Court in which it has been held that the goods, import/export whereof is allowed subject to certain conditions, are to be treated as 'prohibited goods' in case such conditions are not fulfilled. In the case of *Sheikh Mohd. Omer vs Collector of Customs, Calcutta & Ors {1971 AIR 293}*, the Apex Court 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 fulfilment of certain conditions. In the present case, as correctly brought out by the lower authorities, the Applicant in this case did not fulfil the conditions specified in this behalf. In the case of *M/s Om Prakash Bhatia Vs. Commissioner of Customs, Delhi {2003(155) ELT423(SC)}*, the Hon'ble Supreme 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.*"

7.2 In the case of *Malabar Diamond Gallery P. Ltd. Vs ADG, DRI, Chennai [2016(341) ELT65(Mad.)]*, the Hon'ble Madras High Court (i.e the Hon'ble jurisdictional High Court) has summarized the position on the issue, specifically 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----."*

7.3 Moreover, the Hon'ble High Court of Delhi in its order dated 23.11.2023 in Writ Petition No. 8976 of 2020 in the matter of *Kiran Juneja Vs. Union of India & Ors.* has held that "*A fortiori and in terms of the plain language and intent of Section 2(33), an import which is effected in violation of a restrictive or regulatory condition would also fall within the net of "prohibited goods"*. Hence, there is no doubt that the goods seized in the present case are to be treated as "prohibited goods", within the meaning of assigned to it under Section 2(33) of the Act, *ibid.*

7.4 In view of the above, the contention of the Applicant that the offending goods are not 'prohibited goods', cannot be accepted.

8. The Government observes that the original authority had denied the release of gold items on payment of redemption fine, under Section 125 of Customs Act, 1962. It is settled by the judgment of 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.)], that the option to release 'prohibited goods' on redemption fine is discretionary. Hon'ble Delhi High Court has, in the case of Raju Sharma [2020 (372) ELT 249 (Del)], held that "*Exercise of discretion by judicial, or quasi-judicial authorities, merits interference only where the exercise is perverse or tainted by patent illegality, or is tainted by oblique motive.*" Further, the Hon'ble Delhi High Court in its order dated 21.08.2023 in W.P. (C) Nos. 8902/2021; 9561/2021; 13131/2022; 531/2022; & 8083/2023 held that "*.....an infraction of a condition for import of goods would also fall within the ambit of Section 2(33) of the Act and thus their redemption and release would become subject to the discretionary power of the Adjudging Officer*". Therefore, keeping in view the judicial pronouncements above, the Commissioner (Appeals) has correctly refused to interfere with the discretion exercised by the original authority.

9. The Applicant has requested to be allowed to re-export the offending goods. The Government observes that a specific provision regarding re-export of baggage articles has been made under Section 80 of the Act, *ibid*. On a plain reading of Section 80, it is apparent that a declaration under Section 77 is a pre-requisite for allowing re-export. Hon'ble Allahabad High Court has, in the case of *Deepak Bajaj {2019 (365) ELT 695 (All.)}*, held that a declaration under Section 77 is a *sine qua non* for allowing re-export under Section 80 of the Act, *ibid*. In this case, the Applicant had made no declaration in respect of the subject goods. Further, the Hon'ble Delhi High Court has, in the case of *Jasvir Kaur vs. UOI {2019 (241) ELT 521 (Del.)}*, held that re-export "*cannot be asked for as of right-----*. The passenger cannot be given a chance to try his luck and smuggle Gold into the country and if caught he should be given permission to re-export." Hence, the request for re-export cannot be allowed.

10. The case laws relied upon by the Applicant, in support of his various contentions, are not applicable in view of the dictum of Hon'ble Supreme Court and Hon'ble High Courts, as above.

11. In the facts and circumstances of the case, the penalty imposed by the original authority, as upheld by the Commissioner (Appeals), is neither harsh nor excessive.

12. The revision application is, accordingly, rejected.

*Shubhagata Kumar*  
19/2/24

(Shubhagata Kumar)

Additional Secretary to the Government of India

Shri Natarajan Govindasamy Shanmugam,  
S/o Shri Govindasamy Shanmugam,  
Old No.12, New No. 17, Lalpettai Street,  
Chidambaram, Cuddalore - 608001

Order No. S 2/24-Cus dated 19-02-2024

Copy to:

1. The Commissioner of Customs (Appeals-I), Chennai Airport & Air Cargo, 3<sup>rd</sup> floor, New Custom House, GST Road, Meenambakkam, Chennai – 600016
2. The Principal Commissioner of Customs, Commissionerate-I, Chennai-I (Airport), New Custom House, Meenambakkam, Chennai-600027
3. Sh. S. Palanikumar, Kameshwaran & P. Kamala Malar, Advocates, No. 10, Sunkurama Street, 2<sup>nd</sup> Floor, Chennai-600001.
4. PPS to AS (RA).
5. Guard file.
6. Spare Copy
7. Notice Board

ATTESTED

*19/2/24*  
सरबजीत सिंह / SARABJEET SINGH  
अधीक्षक / Superintendent (R.A. Unit)  
वित्त मंत्रालय / Ministry of Finance  
राजस्व विभाग / Department of Revenue  
Room No. 605, 6th Floor, B-Wing  
14, Hudco Vishala Building, Bhikaji Cama Place,  
New Delhi-110066