SPEED POST

F.No. 373/378/B/SZ/2019-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 27/02/24.

Order No. 57/24-Cus dated 27-02-2024 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. 187/2019 dated 30.08.2019, passed by the Commissioner of Customs (Appeals-I), Chennai.
Applicant	:	Shri Fahurudeen Ahamed, Chennai
Respondent	:	The Principal Commissioner of Customs, Chennai-I

ORDER

Revision Application No. 373/378/B/SZ/2019-RA dated 17.09.2019 has been filed by Shri Fahurudeen Ahamed, Chennai (hereinafter referred to as the Applicant) against the Order-in-Appeal C. Cus. I. No. 187/2019 dated 30.08.2019, passed by the Commissioner of Customs (Appeals-I), Chennai. The Commissioner (Appeals) has rejected the appeal filed by the Applicant against the Order-in-Original passed by the Assistant Commissioner of Customs (Airport), Anna International Airport, Chennai, bearing OS No. 480/2018-Batch-D dated 08.11.2018, vide which 31 gold bits totally weighing 114.6 grams valued at Rs. 3,76,231/-, recovered from Applicant, were confiscated absolutely under Section 111(d), 111(l) and 111(m) of the Customs Act, 1962 and Personal Penalty of Rs. 10,000/- was also imposed on the Applicant under Section 112 (a) of the Act, ibid.

2. Brief facts of the case are that the Applicant is an Indian passport holder who arrived at Anna International Airport, Chennai from Singapore by Srilankan Airlines Flight No. UL 0127 dated 07.11.2018. He was intercepted by Customs when he attempted to walk through green channel and was diverted to red channel. The Applicant had not declared any dutiable goods or gold in the customs declaration form. During examination of his checked in baggage, concealment of 31 numbers of gold bits was found. He attempted to clear the above items without declaring the same to Customs officials. It was noticed that the Applicant is a frequent traveller. The Applicant was not an eligible passenger to bring gold into India as he did not satisfy the conditions as laid down in Customs Notification 50/2017 under chapter 98, Sl. No.356 on condition 41 as he had not declared the gold even though opportunities were there to declare. He admitted that he is not the owner of the impugned gold and that the same was to be handed over to someone outside the airport. Issuance of Show Cause Notice was waived by the Applicant. The impugned goods were seized by the Customs officers and the matter was adjudicated by the adjudicating authority vide the aforesaid Order-in-Original bearing OS No. 480/2018-Batch-D dated 08.11.2018. 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 adjudicating authority is against law, weight of evidence and circumstances and probabilities of the case; he was all along under the control of the officers of customs and he was at the red channel and has not pass through the green channel; gold is restricted item not prohibited goods; option ought to have been given for the release of impugned gold under Section 125 of the Customs Act, 1962 on payment of redemption fine. It is prayed to set aside the impugned order and to permit the Applicant to re-export or release the gold and also penalty may be set aside/ reduced.

4. Personal hearing in the matter was granted on 14.02.2024. Smt. Palanikumar Kamalamalar, Advocate appeared on behalf of the Applicant and reiterated the written submissions and prays for a lenient view. No one appeared from the department's side nor has any request for adjournment been received, hence it is presumed that the department has nothing to add in the matter.

5. The Government has examined the matter. It is observed that the Applicant was intercepted by Customs when he attempted to walk through green channel. It is a fact on record that the gold bits were recovered from his baggage. He has also admitted in his statement that he is not the owner of the impugned gold; that the same was to be handed over to someone outside the airport after clearing the concealed gold items without declaring to Customs and without payment of Customs duty. He was a frequent traveller and not in possession of any valid permit/license/document for the legal import of gold. The Applicant was also not an eligible passenger to import gold as part of baggage.

7. 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 Act, ibid. 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 concurs with the lower authorities that the seized gold bits were liable to confiscation under Section 111 ibid and that the Applicant was liable for penalty.

8.1 Another contention of the Applicant is 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."*

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 (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----."*

8.3 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.

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

9. 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.

10.1 The Applicant has requested for permitting re-export for the offending goods. The Government observes that a specific provision regarding re-export of articles imported in baggage is made in Chapter-XI of the Customs Act, 1962, by way of Section 80. 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 vs Commissioner of Customs (P), Lucknow{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 not made a true declaration under Section 77.

10.2 Further, the Hon'ble Delhi High Court has, in the case of *Jasvir Kaur vs. UOI {2009 (241) ELT 621 (Del.)}*, held that re-export is not permissible when article is recovered from the passenger while attempting to smuggle it. Hence, the question of allowing re-export does not arise.

11. 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.

10. Keeping in view facts and circumstances of the case, the penalty imposed is just and fair.

11. In view of the above, the revision application is rejected.

27/2/24

(Shubhagata Kumar)
Additional Secretary to the Government of India

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Order No. 57 /24-Cus dated 27-02-2024

Copy to:

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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, 2nd Floor, Chennai-600001.

4. PPS to AS (RA).
5. Guard file.
6. Spare Copy
7. Notice Board

ATTESTED

27-1-24

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