	OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS CUSTOMS HOUSE, MP & SEZ MUNDRA, KUTCH-GUJARAT – 370421 Email: group3-mundra@gov.in	सत्यमेव जयते

A. File No.	**:**	**CUS/APR/MISC/6165/2024-Gr3**
B. SCN No.	**:**	**145/2026-27/ADC/ZDC/MCH**
C. Date of Issue		**10.09.2026**
D. Passed by	**:**	**Dipak Zala, Additional Commissioner of Customs, Customs House, AP&SEZ, Mundra.**
E. Noticess(s)/Importer	**:**	**(i) M/s. Real Traders (AANFR4482L)**

SHOW CAUSE NOTICE

(Issued under section 28(4) of Customs Act, 1962)

M/s. Real Traders, 1st Floor, Plot No. 63, Shakti Industrial Estate, B/H GSPC Gas Office, NH-8-A Morbi, Gujarat – 363642 having IEC No. AANFR4482L (hereinafter also referred to as "the importer" for the sake of brevity") has filed various Bills of Entry as listed in Annexure-A for import of "Velcro-Pieces" under CTH 58061000 and availed the benefit of Sr. No. 145 of Notification No. 82/2017-Customs dated 27.10.2017 to evade higher BCD.

2. It is noticed that the importer has misclassified the goods under CTH 58061000 (BCD- 10%) instead of correct classification under CTH 58063200 (BCD-20%) and wrongly claimed the benefit of Sr. No. 145 of Notification No. 82/2017-Customs dated 27.10.2017 to evade higher BCD under the said CTH which has resulted into short payment of Customs duty on part of the importer.

3. Whereas, 'Other narrow woven fabrics made of man-made fibres' are classifiable under CTH 58063200 and attract BCD at the rate of 20 per cent (Notification No. 82/2017-Customs, Serial No.146 dated 27 October 2017). The imported goods were classified under CTH 58061000 and cleared levying BCD at concessional rate of 10 per cent under aforesaid notification, serial no.145.

4. Whereas, serial no. 145 for concessional BCD was applicable for import of 'other narrow woven fabrics of cotton' and 'of other textile materials' respectively. Although, imported goods appear to be made of Polyester/Nylon which are a kind of man-made fibres, accordingly merit classification under CTH 58063200 and leviable to BCD at the rate of 20 percent instead of 10 percent applied. Thus, misclassification of imported goods resulted in short levy of duty.

5. **Classification**: The goods classified under CTH 5806 are as given below:

(1)		(2)	(3)	(4)	(5)
5806		**NARROW WOVEN FABRICS OTHER THAN GOODS OF HEADING 5807; NARROW FABRICS CONSISTING OF WARP WITHOUT WEFT ASSEMBLED BY MEANS OF AN ADHESIVE (BOLDUCS)**			
5806 10 00	-	Woven pile fabrics (including terry toweling and similar terry fabrics) andchenille fabrics	kg.	10%	-
5806 20 00	-	Other woven fabrics, containing by weight 5% or more of elastomeric yarnor rubber thread	kg.	10%	-
	-	*Other woven fabrics :*			
5806 31	--	*Of cotton :*			
5806 31 10	---	Typewriter ribbon cloth	kg.	10%	-
5806 31 20	---	Newar cotton	kg.	10%	-
5806 31 90	---	Other	kg.	10%	-
5806 32 00	--	Of man-made fibres	kg.	20%	-
5806 39	--	*Of other textile materials :*			
5806 39 10	---	Goat hair puttis tape	kg.	10%	-
5806 39 20	---	Jute webbing	kg.	10%	-
5806 39 30	---	Other narrow fabrics of jute	kg.	10%	-
5806 39 90	---	Other	kg.	10%	-
5806 40 00	-	Fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)	kg.	10%	-

From the above table, it can be seen that for all the goods covered under CTH 5806, BCD is 10% except for CTH 58063200, wherein BCD is 20%.

6. **Notification:** The relevant extract of Notification No.82/2017-Customs dated 27.10.2017 is as given below:

S. No.	Chapter/Heading/ Sub-heading/ Tariff item	Description	Rate
145.	5806 (except 5806 32 00)	All goods	10%
146.	5806 32 00	All goods	20%

It is noticed the importer has misclassified the goods, "Velcro-Pieces" made of Polyester/Nylon which are a kind of man-made fibres, under CTH 58061000 instead of correct classification under CTH 58063200 and wrongly claimed the benefit of Sr.No. 145 of Notification No. 82/2017-Customs dated 27.10.2017 to evade higher BCD.

7. Relevant Legal provisions, in so far related to the facts of the case are as under:-

Section 17. Assessment of duty. –

(1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.

….

(4) Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.

Section 28. Recovery of duties not levied or not paid or short-levied or short-paid or erroneously refunded. –

(4) Where any duty has not been levied or not paid or has been short-levied or short-paid or erroneously refunded, or interest payable has not been paid, part-paid or erroneously refunded, by reason of,-

(a) collusion; or

(b) any willful mis-statement; or

(c) suppression of facts,

by the importer or the exporter or the agent or employee of the importer or exporter, the proper officer shall, within five years from the relevant date, are a serve notice on the person chargeable with duty or interest which has not been [so levied or not paid] or which has been so short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice".

Section 28AA. Interest on delayed payment of duty. –

(1) Notwithstanding anything contained in any judgment, decree, order or direction of any court, Appellate Tribunal or any authority or in any other provision of this Act or the rules made thereunder, the person, who is liable to pay duty in accordance with the provisions of section 28, shall, in addition to such duty, be liable to pay interest, if any, at the rate fixed under sub-section (2), whether such payment is made voluntarily or after determination of the duty under that section.

(2) Interest at such rate not below ten per cent. and not exceeding thirty-six per cent. per annum, as the Central Government may, by notification in the Official Gazette, fix, shall be paid by the person liable to pay duty in terms of section 28 and such interest shall be calculated from the first day of the month succeeding the month in which the duty ought to have been paid or from the date of such erroneous refund, as the case may be, up to the date of payment of such duty.

Section 46: Entry of goods on importation:

(4) The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, relating to the imported goods.

(4A) the importer who presents a bill of entry shall ensure the following, namely:

(a) The accuracy and completeness of the information given therein;

(b) The authenticity and validity of any document supporting it; and

(c) Compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

Section 111. Confiscation of improperly imported goods, etc. – *The following goods brought from a place outside India shall be liable to confiscation:-*

….

(m) any goods which do not correspond in respect of value or in any other particular with the entry made under this Act or in the case of baggage with the declaration made under section 77 in respect thereof, or in the case of goods under transhipment, with the declaration for transhipment referred to in the proviso to sub-section (1) of section 54;

…

Section 112. Penalty for improper importation of goods, etc. *–Any person,-*

(a) who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111, or abets the doing or omission of such an act, or

(b) ….

shall be liable,-

(i) ....

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher:

Section 114A. Penalty for short-levy or non-levy of duty in certain cases. *- Where the duty has not been levied or has been short-levied or the interest has not been charged or paid or has been part paid or the duty or interest has been erroneously refunded by reason of collusion or any willful mis-statement or suppression of facts, the person who is liable to pay the duty or interest, as the case may be, as determined under sub-section (8) of Section 28 shall also be liable to pay a penalty equal to the duty or interest so determined:*

8. With the introduction of self-assessment under Section 17, more faith is bestowed on the importer, as the practices of routine assessment, concurrent audit etc. have been dispensed with. As a part of self-assessment by the importer, they have been entrusted with the responsibility to correctly self-assess the duty. However, in the instant case, the importer intentionally abused this faith placed upon them by the law of the land. Therefore, it appears that the importer has wilfully violated the provisions of Section 17(1) of the Act in as much as Importer has failed to correctly self-assess the duty on the impugned goods and has also wilfully violated the provisions of sub-section (4) and (4A) of Section 46 of the Act. Therefore, the goods having Assessable Value of **Rs. 17,18,444/-** imported vide various Bills of Entry as listed in Annexure-A appear liable for confiscation under Section 111(m) of the Customs Act, 1962.

9. Whereas, it appears that the importer has misclassified the goods "Velcro-Pieces" under CTH 58061000 instead of correct classification under CTH 58063200 and wrongly claimed the benefit of Sr. No. 145 of Notification No. 82/2017-Customs dated 27.10.2017 to evade higher BCD as well as other duties (SWS, IGST) under the said CTH, which has resulted into short payment of Customs duty amounting to **Rs. 1,98,480/- (BCD:Rs. 1,71,844/-, SWS: 17,184/- & IGST: 9,451/-) (Rupees One Lakh Ninety Eight Thousand Four Hundred Eighty only)** and the same is required to be recovered from the importer under Section 28(4) of the Customs Act, 1962 along with applicable interest under Section 28AA of the Act. For such act of omission and commission, the importer

has rendered themselves liable to penalty under Section 112(a)(ii) and/or 114A of the Customs Act, 1962. Details of the duty difference is as under:

Duty Difference in terms of Noti. No.82/2017-Cus			
DESCRIPTIONS	PAID (A)	PAYABLE (B)	DIFFERENCE (B-A)
ASSESS VALUE	17,18,444	17,18,444	-
BCD	1,71,844	3,43,689	1,71,844
SWS	17,184	34,369	17,184
ADD	91,501	91,501	-
IGST @5	99,949	1,09,400	9,451
TOTAL	3,80,479	5,78,959	1,98,480

10. Now, therefore, M/s. Real Traders, 1st Floor, Plot No. 63, Shakti Industrial Estate, B/H GSPC Gas Office, NH-8-A Morbi, Gujarat – 363642, are hereby called upon to show cause to the **Additional Commissioner of Customs, Import Assessment,** Custom House, Mundra, having office situated at office of the Pr. Commissioner of Customs, 5B, Port User Building, Adani Ports & SEZ, Mundra, Kutch, Gujarat – 370421 within 30 (thirty) days from the date of receipt of this notice, as to why and asking them as to why:

(i) The classification of the goods declared under CTH 58061000 and imported vide various Bills of Entry as listed in Annexure-A, should not be rejected and the said goods should not be classified under CTH 58063200;

(ii) The above said goods having assessable value of **Rs. 17,18,444/- (Rupees Seventeen Lakh Eighteen Thousand Four Hundred Forty Four only)** should not be held liable for confiscation under Section 111(m) of the Customs Act, 1962;

(iii) Differential Customs duty of **Rs. 1,98,480/- (BCD:Rs. 1,71,844/-, SWS: 17,184/- & IGST: 9,451/-) (Rupees One Lakh Ninety Eight Thousand Four Hundred Eighty only)** in respect of the above said goods imported vide various Bills of Entry as listed in Annexure-A,

should not be recovered from them under Section 28(4) of the Customs Act, 1962 along with applicable interest under Section 28AA of the Customs Act, 1962.

(iv) Penalty should not be imposed upon them under Section 112(a) and/or 114A of the Customs Act, 1962.

11. The importer is further required to produce at the time of show cause, all the evidences upon which they intend to rely in support of their defense. They are further called upon to inform in writing to the Additional Commissioner of Customs, Custom House, Mundra as to whether they desire to be heard in person before the case is adjudicated. If no cause is shown within 30 days from the date of receipt of this notice or if they fail to appear for Personal Hearing when the case is posted for hearing, the case will be decided ex-parte on the basis of evidences available on record.

12. This Show Cause Notice is being issued as per the scrutiny of records conducted so far. Hence, the department reserves its rights under the provisions of Customs Act, 1962 to conduct further Audit/Scrutiny of the records and issue subsequent or separate show cause notice(s), if any.

13. The present Show Cause Notice is issued without prejudice to any other action that may be taken under any other provision of the Customs Act, 1962 and/or rules made there under and/or under the provisions of any other law for the time being in force in India. The department is also free to issue addendum to this Show Cause Notice, if any, further fact/documents come to notice.

14. The importer is further informed that they have the right to opt for closure of these proceedings under Section 28(6) of Customs Act, 1962. If they so decide, then in terms of Section 28(5) of the Customs Act, 1962, they may pay the duty demanded in this Show Cause Notice in full or in part, as may be accepted by them, and the interest payable thereon under Section 28AA and penalty equal to fifteen percent of the duty specified in this notice or the duty so accepted by them, within 30 days of the receipt of the notice and inform the concerned Adjudicating and/or of such payment in writing.

Digitally signed by Dipakbhai Zala
Date: 11-09-2026 11:17:27

(DIPAK ZALA)
Additional Commissioner of Customs,
Import Assessment,
Custom House, Mundra.

Encl: As above (Annexure-'A')

To,
M/s. Real Traders,
1st Floor, Plot No. 63,
Shakti Industrial Estate,
B/H GSPC Gas Office, NH-8-A,
Morbi, Gujarat – 363642.

Copy to:

1. The Deputy/Assistant Commissioner of Customs (EDI), Custom House, Mundra.
2. Office Copy.

B/E NO.	B/E DATE	INV.S.NO.	ITEMDESCRIPTION	ITEM S.NO.	CTH	QUANTITY	UQC	A.V. (IN RS.)	BCD_RTA	BCD_AMT	IGST_ASS_VAL
5452112	9/15/2021	1	VELCRO PIECES : 130*60 (100000 PCS)	2	58061000	416	KGS	263,419.84	10	26,342.00	349923.21
5875095	10/17/2021	1	VELCRO PIECES : 132X60MM (60000 PCS)	3	58061000	240	KGS	166,344.69	10	16,634.50	218616.77
6450891	11/29/2021	1	VELCRO PIECES : 132X60MM (50000 PCS)	4	58061000	204	KGS	135,418.74	10	13,541.90	150314.8
7021076	1/10/2022	1	VELCRO PIECES : 132X60MM (102000 PCS)	2	58061000	388	KGS	265,168.14	10	26,516.80	294336.64
8246810	4/12/2022	1	VELCRO PIECES : 132X60MM (247500 PCS)	7	58061000	1060	KGS	888,092.61	10	88,809.26	985782.8
					TOTAL DECLARED			1,718,444		171,844	1,998,974